

20 September 2018

Suncorp 2018 AGM Chairman's address and CEO's address

Suncorp Group Limited's (ASX: SUN ADR: SNMCY) 2018 AGM will be held today at 2.30pm at the Sofitel, 249 Turbot Street, Brisbane. For shareholders who are not able to attend the AGM, a webcast will be available on the Suncorp Group website www.suncorpgroup.com.au.

The Chairman's address and CEO and Managing Director's address to be delivered at the AGM are enclosed.

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For more information contact:

Media

Brett Zarb

+61 417 256 563

brett.zarb@suncorp.com.au**Analysts/Investors**

Kelly Hibbins

+61 414 609 192

+61 2 8121 9208

kelly.hibbins@suncorp.com.au

Chairman's address

Dr Ziggy Switkowski AO, Chairman

This is my final AGM as Chairman after seven years in the role, and a total of 13 years on the Board.

When I reflect on this period, I am pleased that we have built a resilient business that has strengthened in the face of considerable change.

Like the financial sector itself, Suncorp looks very different from the company I joined as a Director in 2005. Today, we have more than 9 million customers, a strong stable of trusted brands, and we are making great progress in becoming more digitally enabled and customer-centric with operations spanning Australia and New Zealand.

There have been many achievements over the years – too many to mention today - however I'd like to share a few key highlights which helped shape the character of today's Suncorp.

Although 10 years have passed, it feels like only yesterday, that we were all grappling with the fallout of the Global Financial Crisis. Grateful for the intervention and support of the Federal Government - we were able to trade through a devalued property book. This led us to establishing the non-operating holding company (NOHC) allowing us, to this day, to optimise capital across the Group. As the business stabilised, we went on to complete the integration of the Promina acquisition and began to invest in the systems, data and technology that created strong foundations for the future.

You can't look back, without calling out the devastating natural disasters during the summer of 2010-2011 which spanned Australia and New Zealand. It began with the Brisbane floods where 35 people lost their lives and another 200,000 were impacted. Suncorp's response was commendable – offering flood cover for 'all' our customers.

With the clean-up still underway, Yasi, a category five cyclone crossed the far north Queensland coast in the early hours of 3 February 2011, bringing 285 kilometres per hour winds and leaving a path of destruction. With local teams still dealing with the floods – Suncorp drew on resources from right around the country and dispatched a company-wide Customer Response Team to ensure we could get our customers back on their feet as soon as possible.

Mother Nature continued to wreak havoc – and on Tuesday 22 February 2011 at 12.51 p.m. Christchurch was hit by a destructive magnitude 6.3 earthquake, which killed 185 people and left several thousand injured.

While these events remain deeply etched into our memories, we have continued to experience severe storms, cyclones, fires and droughts. The cruelty of these events cannot be underestimated. As we are seeing today with the severe drought affecting our farming customers and communities.

It is during these difficult and challenging times – that we are starkly reminded of the value of insurance and importance of a banking partner.

And while we have done this, we've not lost sight of delivering positive shareholder returns especially through healthy dividends.

Last month we were pleased to announce strong results for the full year, with net profit after tax of \$1,059 million driven by a 34 per cent uplift between the first and second half. This demonstrates the considerable momentum in the business as we begin to see the benefits of our strategy.

The Board has declared a final ordinary dividend of \$0.73 per share, and a special dividend of \$0.08 per share, bringing this year's total dividend to \$0.81 per share which represents about 5½ per cent fully-franked yield.

Culture & Conduct

The Board understands that it is not enough to deliver profits and dividends - growth must be sustainable and profits achieved in a responsible and ethical way.

The Royal Commission has placed poor processes and behaviours within our industry under the spotlight and, while this is not always comfortable, we welcome any measures that promise to deliver improved outcomes for customers.

To that end, last year we established the Office of the Customer Advocate, and this has become a fundamental part of the business - ensuring that we are making decisions driven by customer insights, and identifying how we can make things easier for them.

The next generation of this initiative will be described by Christine McLoughlin when she addresses you later in this AGM.

We recognise that to achieve our purpose to create a better today and maintain our social licence to operate we need to be a responsible corporate citizen. This means that we must balance the needs of our customers, shareholders, and our people, as well as deliver positive benefits to the communities in which we operate. At a time when the financial services industry is under great scrutiny, we must aim to strike the right balance between financial, social and environmental outcomes.

To that end, our Responsible Investment Policy, established last August, underpins our commitment to achieving sustainable investment returns. We have also released our Climate Change Action Plan and Environmental Performance Plan to outline the actions we are taking as we transition to a low-carbon economy. Addressing climate change not only makes good environmental sense but our Action Plan also supports the business to protect and enhance shareholder value under various climate scenarios.

This year we refreshed our Financial Inclusion Action Plan, which demonstrates our commitment to providing responsible financial services and meeting the needs of our most vulnerable customers. Similarly, our Reconciliation Action Plan details how we will support the social and economic prosperity of Aboriginal and Torres Strait Islander peoples. These are key planks of our corporate responsibility agenda.

I am pleased to report that we continue to lead the way in achieving gender balance across the Board, the Executive team and our Business Leaders. We recognise that we can only perform at our best when we are supported by a workforce which reflects the diversity, aspirations, goodwill, and spectrum of views to be found in our communities.

Technology

Today Suncorp is a robust financial services organisation with the customer at its core. The Marketplace is embedded across our operations and the new Suncorp App has been launched. These developments are significant and are giving customers the flexibility to choose how they access our brands, products and services,

whether that is through our App, online, in person through our contact centres, stores, or our network of intermediaries.

Technology is changing all aspects of our lives, particularly in those big moments, such as making important decisions around our homes, our cars and other personal finances.

Our customers have told us that they want information and support when making big financial decisions. This is where initiatives, such as our Home Services portal, are there to assist. The portal helps customers buy, sell, maintain and improve their homes.

We have also launched a Reward and Recognition program that is delivering meaningful savings and creating engagement with more than 400,000 of our customers. This is another way for Suncorp to be there in the moments that matter.

We are building a resilient organisation that will continue to adapt to meet customer expectations and be relevant for the 2020s.

The additional investment to accelerate the benefits of the Marketplace has enabled us to quickly put in place the foundations and we are optimising how we distribute our products and services. This has brought together products from our own brands, as well as our partners, to bring the most innovative and compelling offering to our customers.

At the same time as improving customer experience, we are also delivering operational excellence, with significant savings and efficiencies being delivered through our Business Improvement Program. Michael will talk to the operational performance of the business shortly.

The Board

During the year, the Suncorp Board reappointed KPMG as its external auditor following a comprehensive tender process.

The Group received proposals for the external audit of Suncorp Group Limited, and its controlled entities, for both its Australian and New Zealand operations. The review process forms part of good corporate governance which commits the Group to reviewing its external services providers.

Also in accordance with KPMG Rotation Policy, Chris Hall – KPMG Group Lead Partner will be retiring from the audit. Chris has been on the engagement for the past 4 years and we would like to thank him for his contribution during this time.

A key part of my role as Chairman is to identify and source the most relevant skills and experience for the Board, particularly given the changing environment within the financial services sector. Today, members of the Board have a carefully considered mix of industry, regulatory, political and strategic skills that are required to guide Suncorp in its next phase of growth.

In January, we welcomed Lindsay Tanner to the Board, followed by Sylvia Falzon who joined us earlier this month.

Lindsay brings to Suncorp an acute appreciation of the technological, regulatory and political changes shaping our industry, having worked at the highest levels of government and business for more than 35 years.

Sylvia has held senior positions within the financial services sector over a 30-year career, gaining valuable insights working in large consumer-facing businesses within highly regulated industries. Sylvia and Lindsay's contributions are already proving valuable and both are seeking election today.

I'm pleased to be handing over the role of Chairman to Christine McLoughlin. Christine is an experienced director with expertise in financial services and brings a sharp focus on customer outcomes, technology-enabled disruption and on contemporary governance processes within the Group.

I am very confident that she will work well with the Board, the CEO, and the Executive Team and will guide Suncorp to the next level of performance. Christine is standing for re-election today and you will hear from her shortly.

I want to thank my fellow Board members for their support, counsel and camaraderie over the years, and to thank our people for their ongoing hard work and dedication.

Finally, thanks to you, our loyal shareholders and customers, for your ongoing support. As we navigate through the changes ahead, we will continue to keep the needs of all our stakeholders foremost in our minds. I would like to reiterate – it has been a privilege to chair the Suncorp Board over the past seven years. I leave the company in robust shape, and as a fellow shareholder, I very much - look forward to seeing the Group continue to prosper.

I would now like to invite Michael Cameron to address the meeting.

Thank you

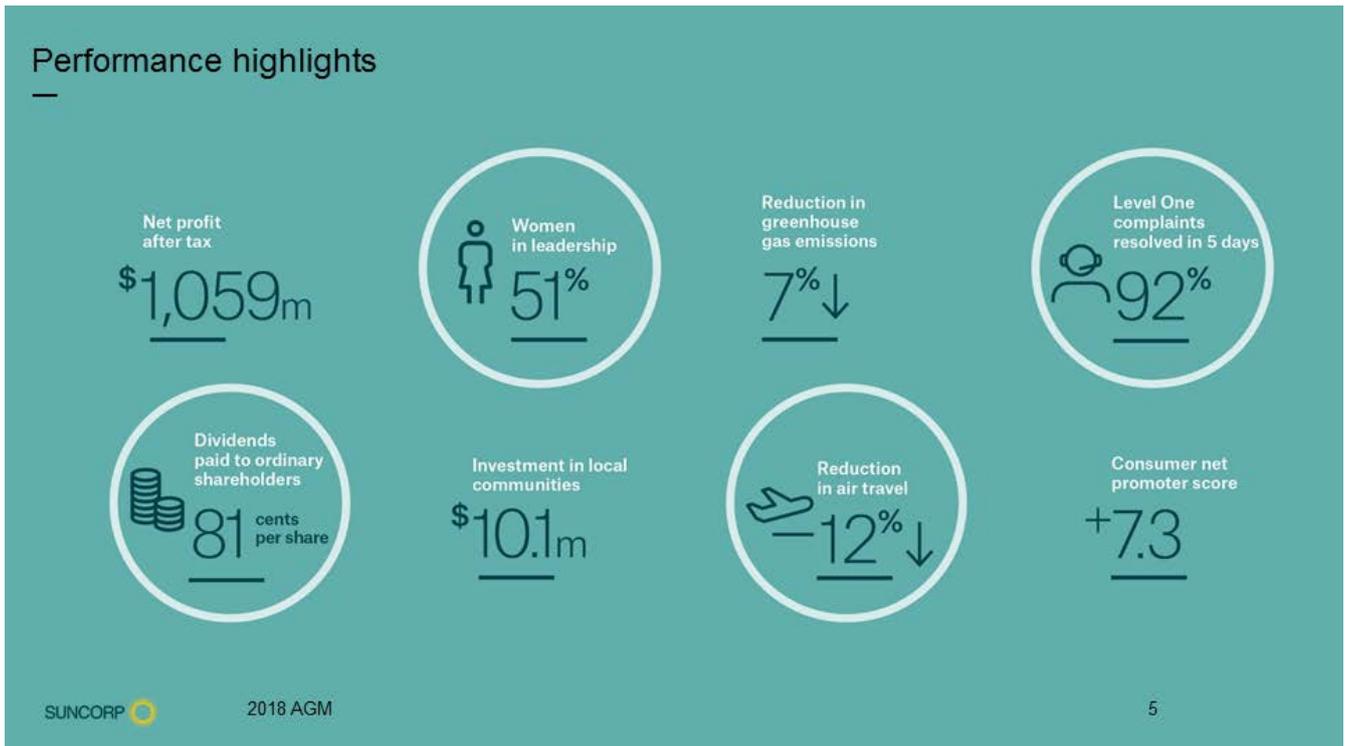
CEO's address

Michael Cameron, CEO & Managing Director

Good afternoon everyone and welcome.

Today it's my pleasure to update you on the progress that our teams have made against the strategy, and I'll also talk about the priorities for the coming year.

Performance highlights



The 2018 financial year has been a milestone year in the Group's transformation. Our people are delivering an improved experience for our customers, stronger returns for our shareholders, and supporting our communities.

Net profit after tax for the full year was \$1.059 billion and as Ziggy outlined, shareholders received a total dividend of 81 cents per ordinary share, fully franked.

The Insurance business delivered a net profit after tax of \$739 million, with consumer Gross Written Premium growth of 4.7%.

The Banking & Wealth business delivered a net profit after tax of \$389 million, with home lending growth 20% higher than the industry. It was pleasing to see the New Zealand business increase their net profit after tax to \$148 million.

The momentum in the business provides a clear pathway for a significant uplift in shareholder returns this coming year.

We continue to make progress to digitise and transform the business. The one-off investment made last year, will increasingly deliver value to all stakeholders. This focus on improving customer experience has led to higher levels of customer satisfaction, as reflected in our surveys, which you can see on this slide.

Diversity and inclusion are very important to me, and to the business, and this was reflected in us achieving gender balance across all leadership roles. We were also recognised as an Employer of Choice for gender equality for the fifth consecutive year.

We remain committed to playing our part in the transition to a low carbon economy. We have reduced air travel by a further 12% and lowered greenhouse gas emissions by 7%.

You may have noticed that our Annual Review has a number of additional disclosures this year. I am pleased to report 92% of our complaints handled by our customer facing teams, were resolved within five days.

Business Improvement Program – ahead of targets

- **Improved customer experience and increased efficiencies**
- **\$144m in gross benefits**
- **Net benefits of \$40m** versus target of \$10m for FY18
- On track to **exceed FY19 benefits**, with **\$187m already locked in**
- Embedded an **‘owner’s mindset’** and a culture of a **continuous improvement**

The first year of the Business Improvement Program has been successful in delivering a net benefit of \$40 million. That was \$30 million ahead of our target.

We start FY19 with \$187 million of benefits already locked in. We are confident that we will exceed the \$274 million target for FY19.

I'll give you some examples of where we are adding value. We have increased the percentage of motor claims processed by our own SMART repair shops from 42% to 45%. That's an increase of 6,000 cars per annum.

On the digital side, customers are benefitting from the increased use of e-statements, and the introduction of self-service password resets and SMS renewal alerts.

Making it easier for our customers

New Suncorp App: staged release

Launch of Customer Reward and Recognition Program

New payment options: Google and Apple Pay

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Digitisation of the business is beginning to enable our strategy, as customers can choose to access a broad range of brands and products through the Suncorp Marketplace.

Excluding the impact of NSW CTP, net customer inflows have doubled to 66,000.

The new Reward and Recognition program, already has over 400,000 users, with an early 3% uplift in products per customer, and a 1.7% uplift in retention.

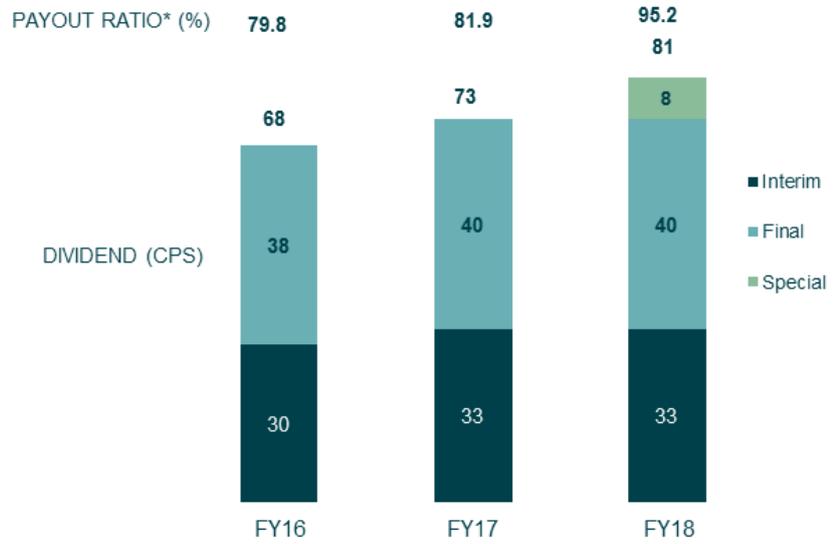
We launched the new Suncorp App, and if you haven't already, I'd encourage you to download it. We've also rolled-out the refreshed branding.

So, it's early days, but these indicators are a pleasing start.

Robust balance sheet underpins special dividend

- Suncorp remains committed to **returning excess capital** to shareholders

*Cash earnings



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The balance sheet is in very good shape, and has underpinned the full year dividend.

The total dividend represented a payout ratio of 95% of cash earnings.

We have continued to lift the dividend to shareholders and we remain committed to returning excess capital.

Sale of the Australian Life business

- **Divestment to TAL**, one of Australia's leading life insurance specialists
- Transaction due to **complete by end of 2018**
- **20 year strategic alliance** offering life insurance products through Suncorp's distribution channels
- \$600 million **capital return** to shareholders
- **Accretive** to Cash ROE in FY19
- No impact on **New Zealand** Life business

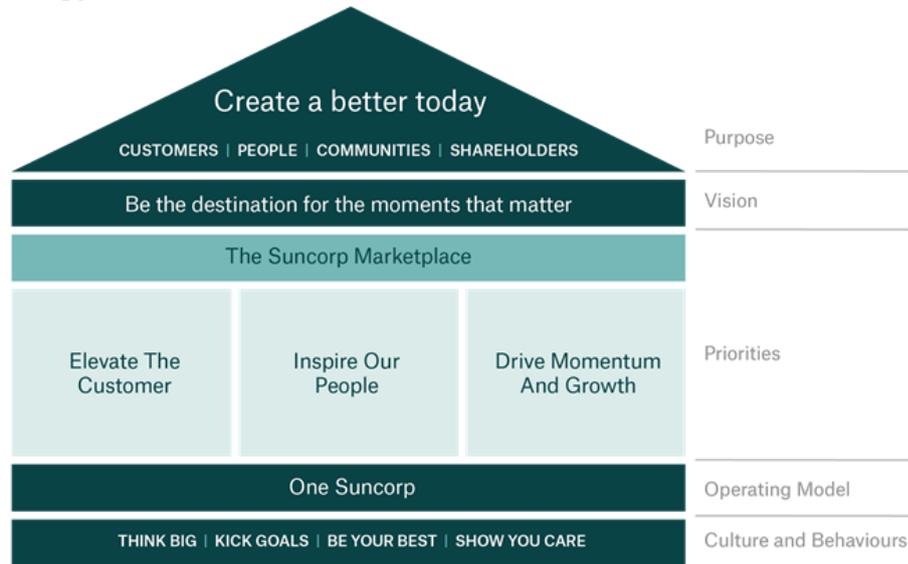
Last month, we agreed to sell the Australian Life insurance business to TAL Dai-ichi Life.

The sale is expected to be completed by the end of the calendar year.

It includes a 20-year strategic alliance to distribute Life insurance products through our contact centres, store network and digital channels.

The sale will free up around \$600 million of capital which will be returned to shareholders later in FY19.

Our Suncorp Strategy



I now want to speak about the Royal Commission. While I am sure every financial institution is taking lessons from the hearings, we cannot yet know and do not seek to pre-empt the extent of regulatory changes that will result from the Commissioner's findings and recommendations.

What we do know, is that the current regulatory environment continues to sharpen the focus on the importance of culture and behaviours in driving positive outcomes for customers.

Against this backdrop, the strategic changes that we have been implementing are proving to be timely for customers, and shareholders.

Our focus is on continually improving in order to meet customer and community expectations.

We will continue to build a culture that appropriately balances the needs of all of our stakeholders.

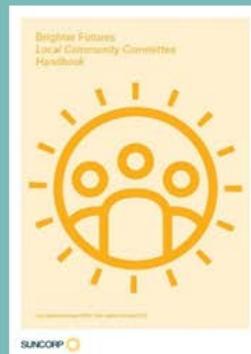
Corporate Responsibility initiatives - making a difference in our communities



Climate Change
Action Plan



Reconciliation
Action Plan



Brighter Futures
employee giving
program



Financial Inclusion
Action Plan

Suncorp has made significant progress on our corporate responsibility initiatives. As Ziggy mentioned we have introduced a new Responsible Investment Policy, as well as action plans for Climate Change, Reconciliation and Financial Inclusion.

We all have a responsibility to continue to reduce our environmental impact and be transparent about environmental performance.

An important focus for us, is ensuring our drought affected farmers have access to financial relief, including a range of flexible finance options and additional customer support.

We are also making it easier for our teams to support those in need through our employee giving program - Brighter Futures.

FY19 Targets¹

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FY19 target Cash Return on Equity of 10%.

Our target is driven by:

- top line growth of 3% to 5%
- an expense base of \$2.7bn
- an underlying ITR of at least 12%,
- a Bank Cost to Income of around 50%, and
- a Net Interest Margin (NIM) at the low end of a 1.80% to 1.90% range.

We intend to deliver an ordinary dividend in the 60% to 80% target range.

1. Subject to natural hazards at or below budget, movements in investment markets and regulatory reform

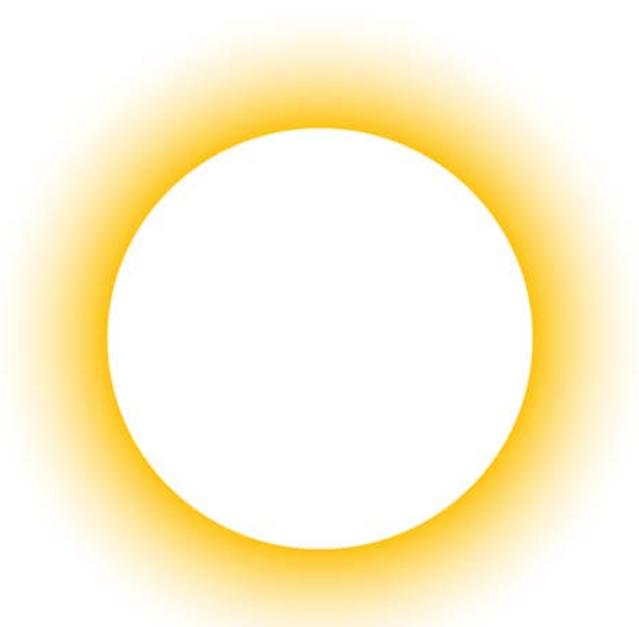
We have an intense focus on creating shareholder value – but as you know, this can only be achieved by maximising positive outcomes for all of our stakeholders.

We remain confident of achieving our target of Cash ROE of 10% for FY19 and beyond. This excludes the positive impact of the divestment of the Australian Life insurance business.

We intend to deliver an ordinary dividend in the 60-80% target range, and we remain committed to returning excess capital to shareholders.

Thank you

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To sum up we've got good momentum in the business and there is a clear pathway for a significant uplift in shareholder returns in FY19.

I want to close this presentation by acknowledging the enormous effort of the senior executive team, and our people, in delivering the FY18 result.

Thank you also to my fellow directors for their support and guidance, particularly Ziggy who has been an outstanding Chairman. I wish you all the best in retirement.

I also would like to congratulate you Christine on your appointment, and I look forward to working closely with you, in your new role, as Chairman.

Thank you for joining us this afternoon and hopefully I will get the chance to speak with many of you after the conclusion of the formal proceedings.

Before handing back to the Chairman, we have a short video that gives you more insight into some of the good work happening across the company.