

ASX announcement

22 September 2016

CEO and Managing Director's Address Suncorp Group Limited Annual General Meeting Thursday 22 September 2016



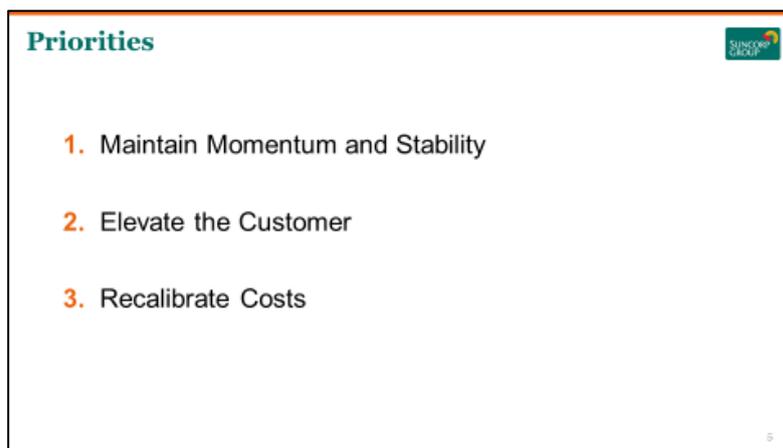
Good afternoon and welcome to the 2016 Suncorp AGM. It's certainly been a big year, much has been achieved, and I'm pleased to report on the progress we are making.

My time on the Board before becoming CEO gave me great insight into the opportunities and challenges that the organisation faces.

Suncorp has strong foundations – a large base of customers, many trusted and valuable brands, excellent technology and a strong balance sheet. The Group also has a high performance culture and industry-leading people.

Like every industry, there are headwinds that challenge our business. These include factors beyond our control including volatile investment markets, frequent and severe natural hazards, increasing Government regulation and ongoing competitive pressures.

In response, we are building a more resilient Suncorp.



This is reflected in three key priorities – maintaining momentum and stability, elevating the customer, and recalibrating costs.

In terms of maintaining momentum and stability, we finished the year in good shape delivering a full year net profit after tax of \$1,038 million.

The Insurance business achieved a net profit after tax of \$624 million – a solid result given the lower investment returns and higher claims costs. We were able to partially offset the impact of these with reserve releases arising from low inflation.

It was however, disappointing to report an increase in the cost of working claims at the end of last year. Fixing this remains my number one priority. The initiatives we have put in place are delivering improved operational metrics which are now translating into lower claims costs.

To further build resilience of the organisation, we have purchased additional reinsurance cover to protect against the impact of increased natural hazards that we may experience.

Suncorp Bank delivered a strong result with the net profit after tax of \$393 million, up 11% on the previous year, and Suncorp Life improved its net profit after tax by 14% to \$142 million.

The New Zealand business contributed \$182 million in net profit after tax to the Group.

It is pleasing to see top line growth of 2.9% across the Group, with all key business lines delivering.

During the year, a number of Suncorp people were recruited by our competitors, highlighting the quality of our people and the current high demand for talent.

Yesterday, we announced some further additions to our senior team and I am confident we are well resourced for the future.

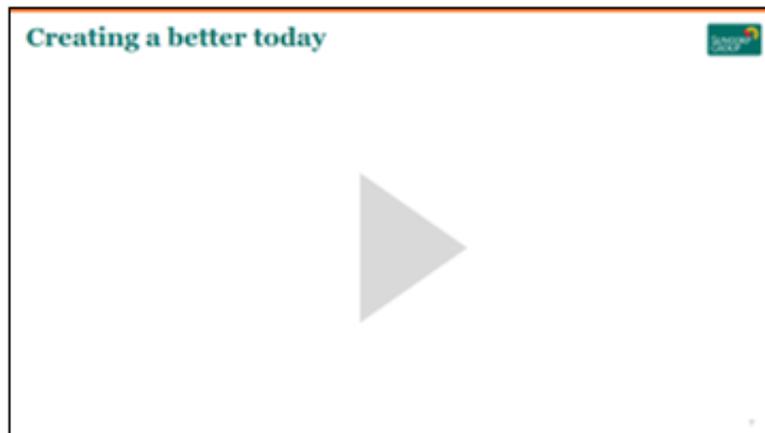
Turning to my second priority – Elevating the Customer. As you know, Suncorp has a large customer base, however our structure has made it difficult for us to view customers across brands and products. As a result, the value we deliver tends to be price driven, and this is not sustainable.

So in February, I announced a new operating model that removed these constraints. We also eliminated some areas of duplication that existed. We have reorganised the entire business to support our priorities which will enable us to broaden and deepen our relationships with our customers.

The ‘One Suncorp’ business model will allow us to better meet our customers’ needs across brands and lines of business.



We have also launched a new purpose – to create a better today. This extends to our customers, our employees and our shareholders, and today I'd like to show a few stories that really highlight our commitment to this purpose.



[Video – Creating a better today for Customers]

For our customers, we are focused on creating value **for** them, not **from** them. Under 'One Suncorp', our customers are customers of the Group, not just insurance, banking or life. This means we can better understand and satisfy their needs.

To build a resilient organisation we are putting the customer at the heart of our business.

We are creating a unique financial services Marketplace, different to anything, anywhere. This will create tangible value for our customers and shareholders.

Our people are passionate and excited by the possibility of what we can achieve. Here's another short video to explain the Suncorp Marketplace.



[Video – The Suncorp Marketplace]

We know by meeting two or more of our customer's needs they are genuinely more satisfied – we call them Connected Customers.

To achieve more Connected Customers we will also extend beyond our existing products and services in insurance and banking – offering attractive new services such as health insurance and annuities provided by third parties and partners.

We are creating a better today by supporting, protecting and enhancing the communities in which we live. This next video shows how our employees contribute to specific community initiatives through our Brighter Futures program.

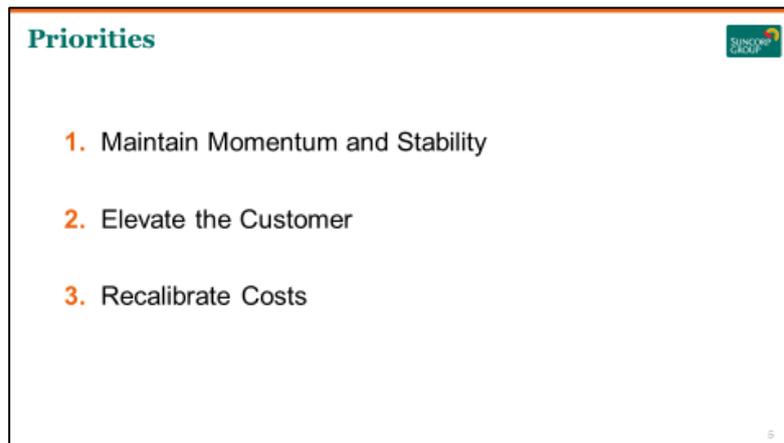


[Video – Creating a better today for the community]

We are also aiming to Create a better today for you, our loyal shareholders.

Our recent track record has been strong. As an example, if five years ago, you invested \$10,000 in Suncorp shares at the price of \$7.48, your shares would have increased in value by 66%. You would have also received over \$5,200 in dividends. In total, over \$21,000, representing a shareholder return of 118% – almost double the performance of the ASX 200.

My remaining priority is to recalibrate our costs. It is important to be disciplined and even a little frugal with spending shareholders' money. We will continue to keep costs flat notwithstanding business growth, the need to reinvest, and inflation.



To summarise my presentation, we will deliver value to shareholders by focusing on our three key priorities:

- Firstly, maintaining momentum and stability of the business;
- Secondly, elevating the customer with a focus on growing Connected Customers and building the Suncorp Marketplace; and
- Finally, by recalibrating our cost base to create a more competitive business.

This will create a more resilient Suncorp, and deliver on our shareholder promise of a return on equity of at least 10%.

With our revised strategy and new operating model, I'm confident that we will create a better today for all of our stakeholders.