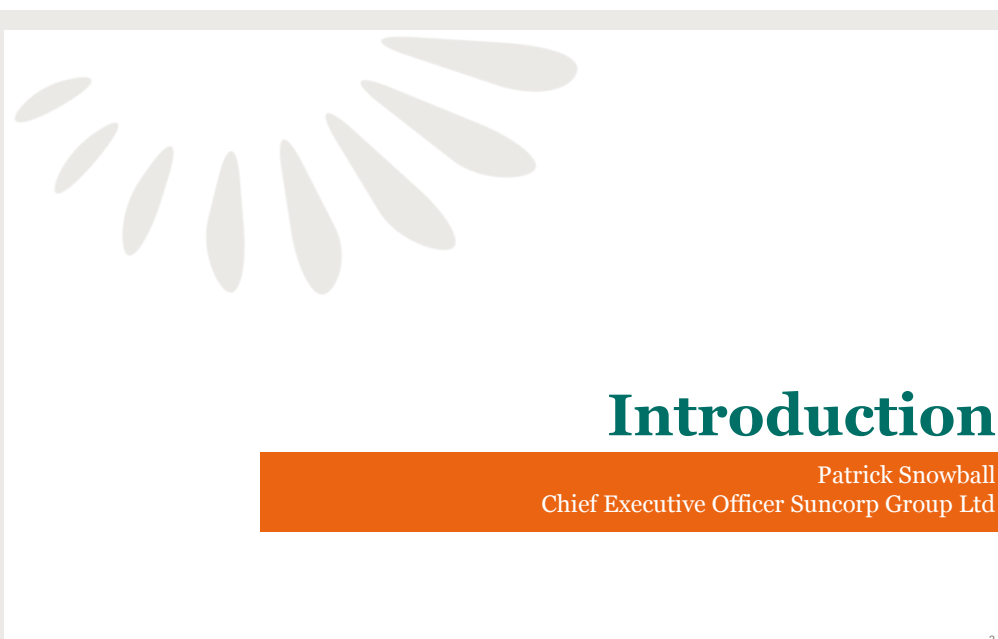




## Suncorp Group Limited

Investor Day 2012

Suncorp Group Limited  
May 2012



## Introduction

Patrick Snowball  
Chief Executive Officer Suncorp Group Ltd

Suncorp Group Limited  
May 2012



## Suncorp investor day 2012

### ...four takeaway messages

- |   |  |
|---|--|
| 1 | The Building Blocks are in place and delivering                          |
| 2 | A further simplification program underway                                |
| 3 | All Group businesses are growing strongly                                |
| 4 | The Group strategic assets ('the 4C's') will drive competitive advantage |

Suncorp's transformation is on track

3

## Suncorp investor day 2012

### Phases of transformation

## One Company Many Brands



Strengthening core businesses

4

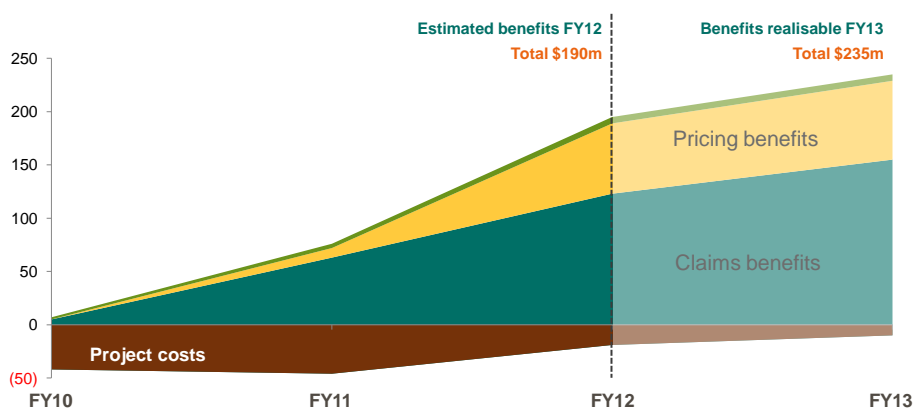
# Agenda

Part 1 – Introduction – Patrick Snowball									
Part 2 – Simplification breakout sessions	Part 3 – Group strategic benefits								
<b>General Insurance system decommissioning and license consolidation</b> Mark Milliner, Andrew Mulvogue and Darren O'Connell  <b>Suncorp Bank</b> David Foster and Jeff Smith  <b>Operational excellence and partnering</b> Anthony Day, Matt Pearson, Vicki Doyle, Jason McCracken and Jim Rush	<table> <tr> <td><b>Capital</b></td><td>John Nesbitt</td></tr> <tr> <td><b>Cost</b></td><td>Jeff Smith</td></tr> <tr> <td><b>Customer</b></td><td>Mark Reinke</td></tr> <tr> <td><b>Culture</b></td><td>Amanda Revis</td></tr> </table>	<b>Capital</b>	John Nesbitt	<b>Cost</b>	Jeff Smith	<b>Customer</b>	Mark Reinke	<b>Culture</b>	Amanda Revis
<b>Capital</b>	John Nesbitt								
<b>Cost</b>	Jeff Smith								
<b>Customer</b>	Mark Reinke								
<b>Culture</b>	Amanda Revis								

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## Benefits being realised

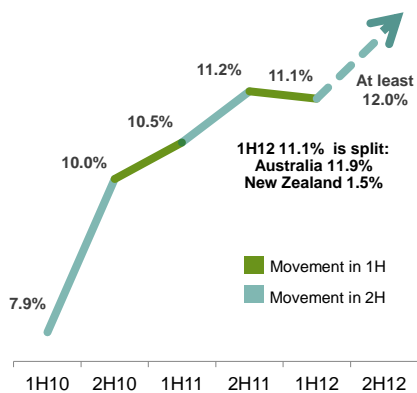


Annualised benefits of \$190m for FY12  
On track to deliver \$235m in annualised savings

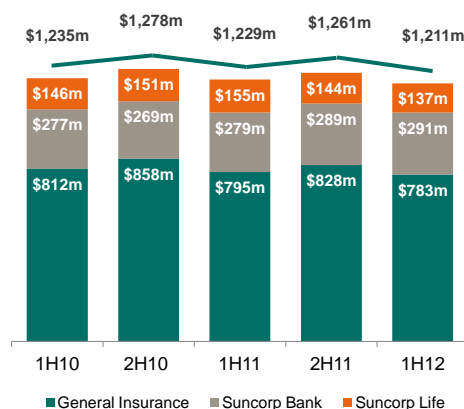
6

## Benefits confirmed by underlying metrics

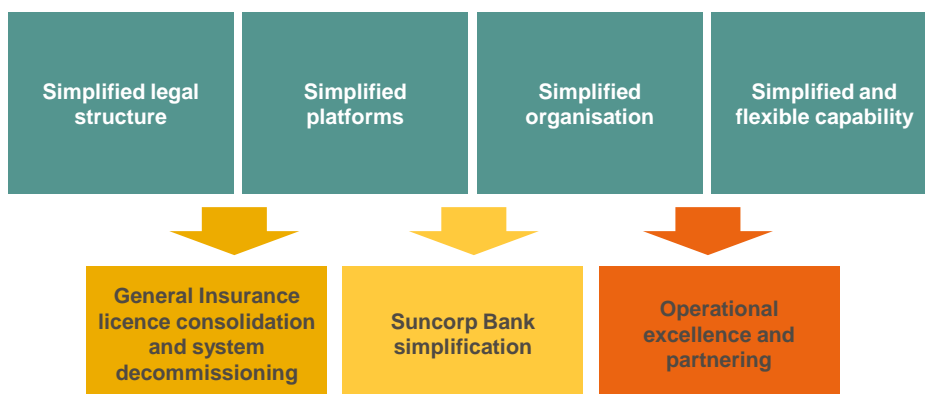
### Underlying ITR



### Operating expenses

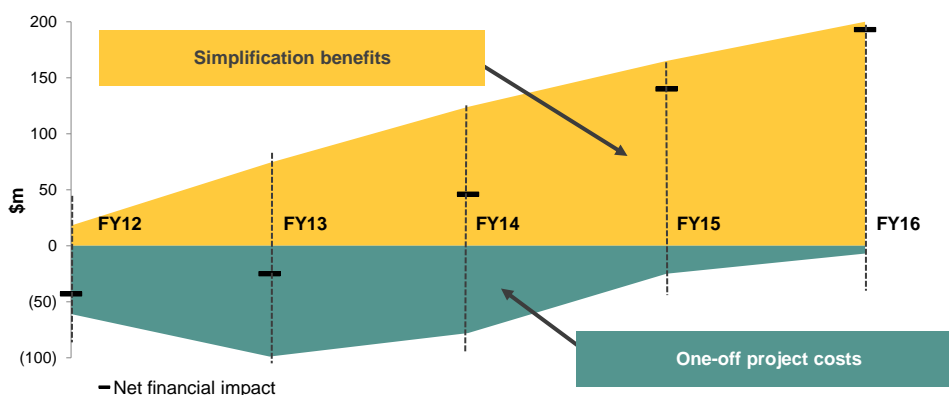


## The next phase of Suncorp's transformation





## Financial impacts of simplification program



Annualised benefits of \$200m from FY16  
One-off total project costs of \$275m

9



## Identifying the Group's strategic assets

Capital	<ul style="list-style-type: none"> <li>• <b>Diversification</b> benefit of managing capital across Group</li> <li>• <b>Fungibility</b> of capital across NOHC and portfolio</li> </ul>
Cost	<ul style="list-style-type: none"> <li>• Deliver scale cost benefits on third party <b>procured goods / services</b></li> <li>• Share <b>scale on infrastructure</b> (real estate, enterprise technology) and <b>non-unique business services</b></li> </ul>
Customer	<ul style="list-style-type: none"> <li>• Realising the benefit of 9 million customers and 13 valuable brands</li> </ul>
Culture	<ul style="list-style-type: none"> <li>• Operating as: <b>"One Company. Many Brands. One Team"</b></li> </ul>

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## Strengthening core businesses

### Targets and commitments

Bank	General Insurance	Life						
<ul style="list-style-type: none"><li>• 1-1.3x system housing lending growth</li><li>• RoE &gt;15% Core Bank</li></ul> <p><b>By 2013:</b></p> <ul style="list-style-type: none"><li>• &gt;1m customers</li><li>• Increase main bank customers by 50%</li><li>• Treble customers &amp; double branches in WA &amp; NSW</li><li>• Cost:income mid-40's</li></ul>	<ul style="list-style-type: none"><li>• \$235m annualised benefit from the building blocks program</li><li>• At least 3% increase in underlying GI margin by FY12</li></ul> <table><tr><td>PI</td><td>One functionally aligned, customer focused team, delivering portfolio growth &amp; scale in pricing and claims</td></tr><tr><td>CI</td><td>Market share growth of 3% over the next 3 years</td></tr><tr><td>Vero NZ</td><td>Double scale and profit over the next 3 years</td></tr></table>	PI	One functionally aligned, customer focused team, delivering portfolio growth & scale in pricing and claims	CI	Market share growth of 3% over the next 3 years	Vero NZ	Double scale and profit over the next 3 years	<p><b>3 year focus:</b></p> <ul style="list-style-type: none"><li>• Double new business</li><li>• Double digit in-force premium growth</li><li>• Reduce acquisition expenses</li><li>• Reduce expenses as % of in-force premium</li><li>• Improve disability claims experience</li></ul>
PI	One functionally aligned, customer focused team, delivering portfolio growth & scale in pricing and claims							
CI	Market share growth of 3% over the next 3 years							
Vero NZ	Double scale and profit over the next 3 years							

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## Strengthening core businesses

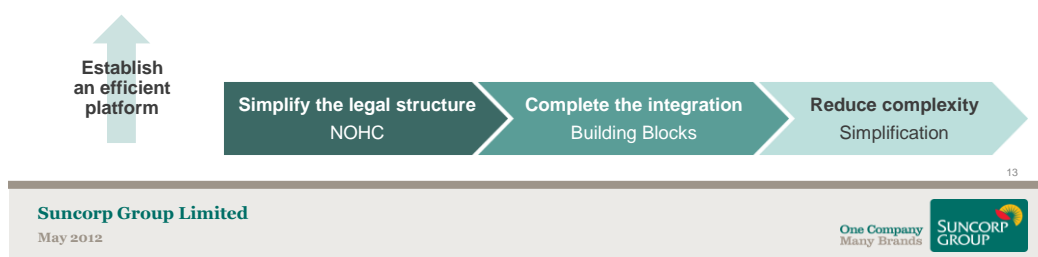
### Targets and commitments

<b>Achieved</b>	<p><b>PI</b> - One functionally aligned, customer focused team, delivering portfolio growth, scale in pricing and claims</p> <p><b>BANK</b> - 1 to 1.3 times system housing lending growth by Dec 2010</p> <p><b>BANK</b> - Sustained RoE &gt;15% in Core Bank</p> <p><b>BANK</b> - Over 1 million customers</p>
<b>On track</b>	<p><b>GROUP</b> - \$235 million benefit from the building blocks program</p> <p><b>GI</b> - At least 3% increase in underlying GI Margin by FY12</p> <p><b>BANK</b> - Treble customers and double branches in WA and NSW</p> <p><b>BANK</b> - Increase main bank customers by 50%</p> <p><b>LIFE</b> - Reduce acquisition expenses as % of new business premium</p> <p><b>LIFE</b> - Reduce expenses as % of in-force premium</p>
<b>Delayed</b>	<p><b>CI</b> - Market share growth of 3% over the next 3 years</p> <p><b>NZ</b> - Double scale and profit over the next 3 years</p> <p><b>BANK</b> - Cost to income ratio in the mid-40's</p> <p><b>LIFE</b> - Improve disability claims experience</p> <p><b>LIFE</b> - Double new business volume</p> <p><b>LIFE</b> - Double digit in-force premium growth with focus on retention</p>

12

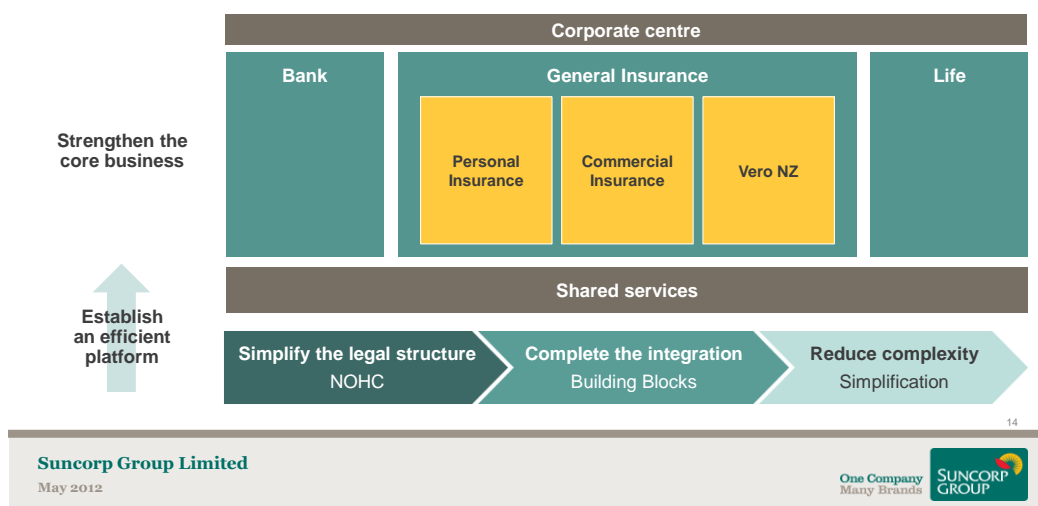
# Transformation

Establishing the platform...



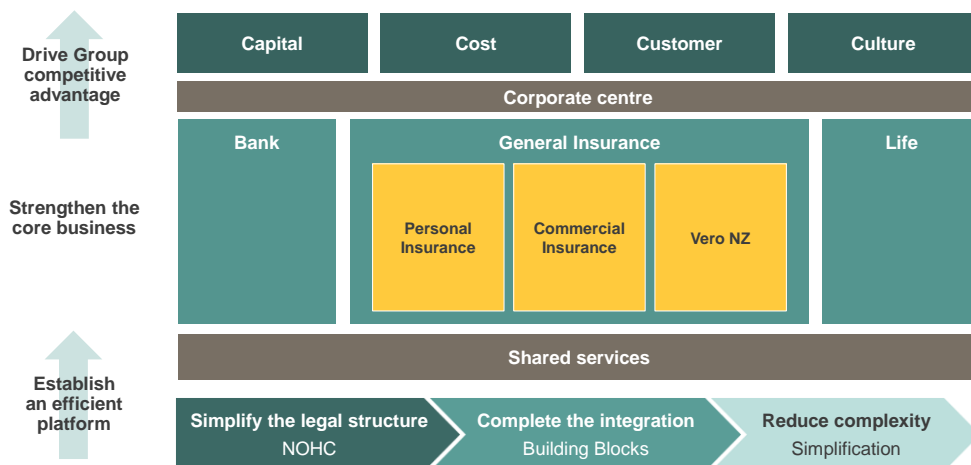
# Transformation

Strengthening the core...



# Transformation

Driving competitive advantage...



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## Part Two

Simplification breakout sessions

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# Suncorp Bank simplification

David Foster and Jeff Smith

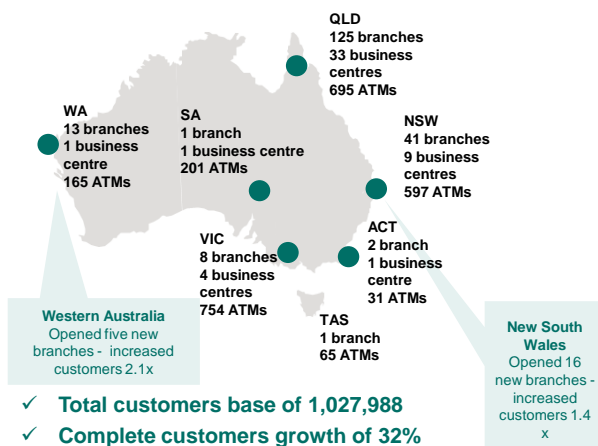
17

Suncorp Group Limited  
May 2012

One Company  
Many Brands



## Suncorp Bank The best bank for middle Australia



\*TNS Market Monitor, MFI Customer Satisfaction, Jan 11 to Mar 2012

### Competitive Advantage

- **A+ credit rating**
- Part of the Suncorp Group
- Strong capital and funding position

### Customer Satisfaction \*

- **Consistently better than the majors** in Queensland and nationally for personal and business customers

### Recent Award wins

- **Money Magazine** Gold, Silver and Bronze awards and Editor's Choice for the best bank online security
- **CANSTAR** five star ratings for business and personal products
- **Mozo People's Choice** Award for Top 5 banking accounts in Australia

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Suncorp Group Limited  
May 2012

One Company  
Many Brands



# Strategic drivers

## Delivering results

- Optimising distribution channels
- Simplifying systems - progressing the Banking Platform Program
- Ongoing process improvement

### Cost

- Developing and training our people
- Building and embedding a robust risk culture

### Culture

## Big bank capability, small bank connection

- Profitable growth

### Customer

- Actively managing non-core portfolio
- Enhancing risk management - Basel Advanced Accreditation

### Capital

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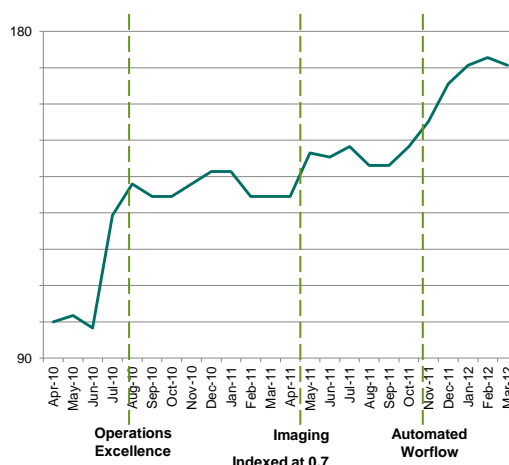
# Simplification in action

## Banking Operations: Extracting cost and improving efficiency

Increase in files settled per staff member 2010- 2012, indexed

- Process improvement
- Imaging
- Automated workflow

- ✓ Productivity gains
- ✓ Better customer experience
- ✓ Lowered cost to serve
- ✓ Greater accuracy



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# Simplification in Action

## Banking Platform Program

### Situation

- 15 legacy systems on ageing platforms
- Specialist knowledge required to maintain obsolete systems
- Existing systems don't talk to each other
- Few streamlined workflows

### Implications

- Aging systems risk profile
- Cost and complexity
- Issues with speed to market
- Diminished customer experience
- Undermined competitive positioning
- Poorly positioned to fully exploit growth opportunities

### Solution

- A prudent approach to mitigate cost and risks
- Staged program allowing for go/no-go decisions based on exploratory work and proven technology and systems
- Partnering with Oracle

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# Banking Platform

## Three staged implementation program manages cost and risk

1

### CRM, Commissions and Trade

- Implement Customer Relationship Management and Commissions system (completed)
- Trade Finance system (June)

2

### Origination and fulfilment

- Simplify customer interfaces (enablers)
- Upgrade or replace various platforms to deliver a complete system from origination to fulfilment

3

### Decommissioning and archiving

- Remove complexity, extract cost and drive simplification

### Bringing real benefits

- ✓ Better customer insight
- ✓ Better broker service
- ✓ Removed duplication
- ✓ Accurate sales forecasts
- ✓ Improved data quality
- ✓ Richer reporting
- ✓ Sophisticated online service
- ✓ Reduced operational risk
- ✓ Learnings for phase two

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# Simplification of Banking Platforms

## Outcome for stakeholders

- Improved reliability
- Greater speed to market
- More intuitive systems for the user – both staff and customers
- Customer orientated versus a product system
- Better, more efficient service
- A stable, sustainable technology model
- A system capable of scalability without additional investment



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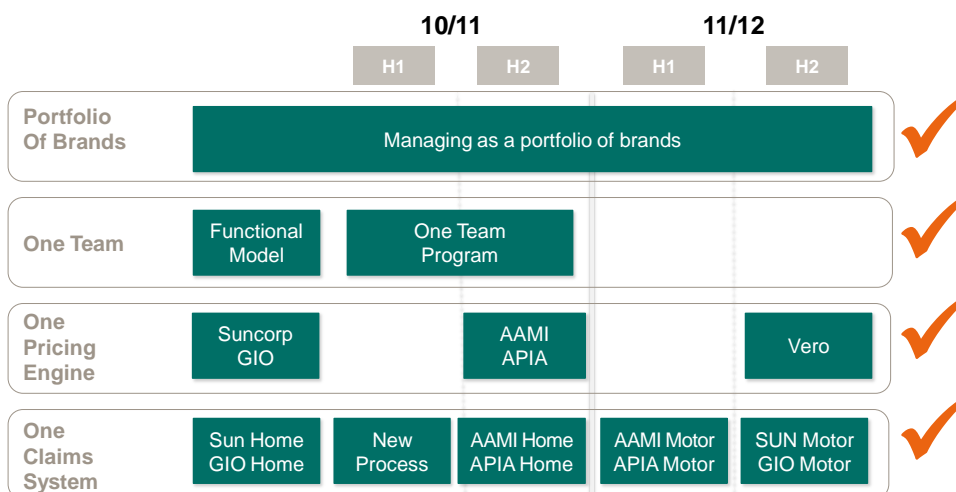
## Simplification in action Decommissioning and licence consolidation

Mark Milliner, Andrew Mulvogue and Darren O'Connell

24

## Building blocks benefits achieved

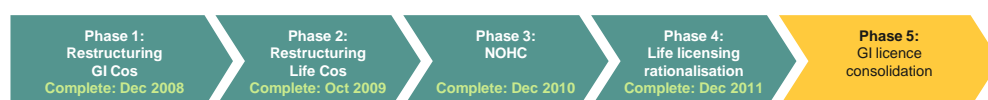
Delivered ahead of schedule and contributing to ITR uplift



25

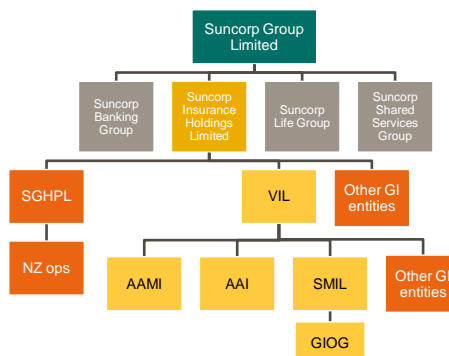
## Licence consolidation initiative

Simplifying the General Insurance licensing regime



### GI Domestic (Aust) Today

- 5 licensed General Insurers
- 4 CTP licences
- 4 WC licences
- 7 AFSL licences
- Statutory reporting for over 15 legal entities
- Over 20 GI regulatory returns
- 4 internal reinsurance treaties



### Benefits

- ✓ Simplification
- ✓ Financial
- ✓ Regulatory
- ✓ Strategic

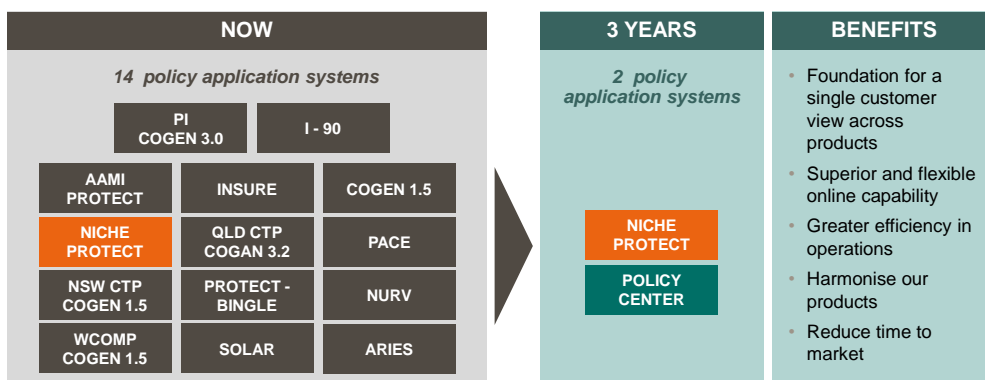
26

# Legacy simplification program

Rationalising policy applications from 14 to 2 in the next 3 yrs

## Currently:

- High complexity and duplication across the group
- Significant "lights on" technology and business costs
- High costs for simple changes across multiple brands



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Suncorp Group Limited

May 2012

One Company  
Many Brands



## Simplification in action

Operational Excellence  
Partnering

Anthony Day, Matt Pearson, Vicki Doyle, Jason McCracken and Jim Rush

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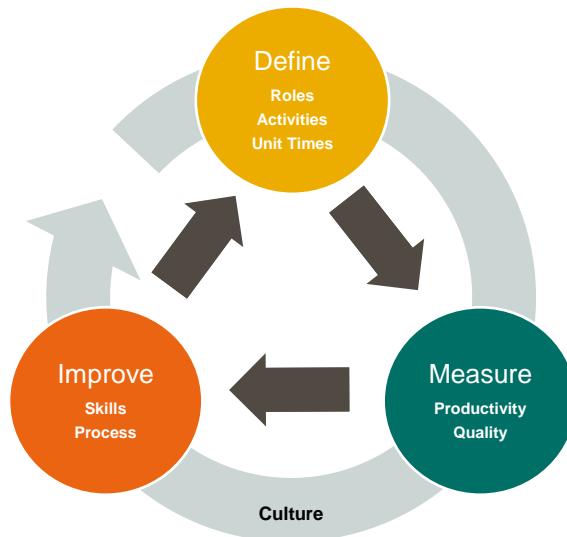
Suncorp Group Limited

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One Company  
Many Brands



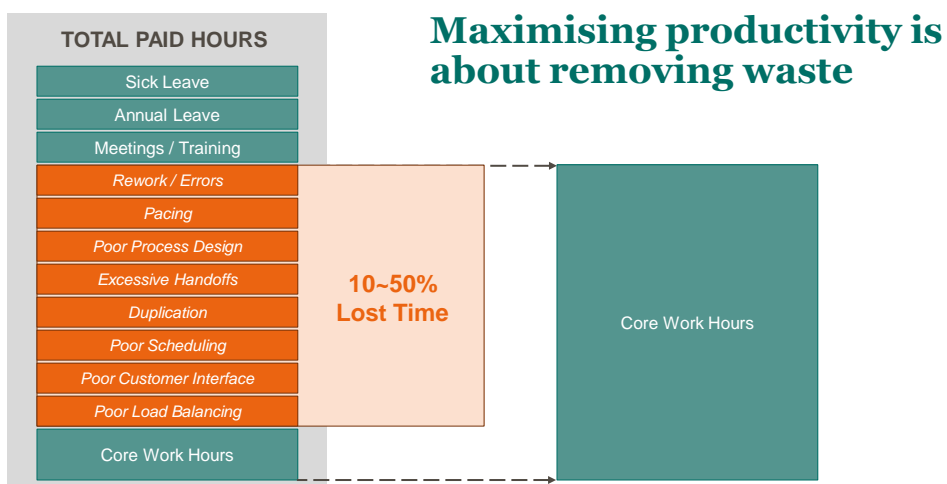
## What is Operational Excellence?



29

## Operational Excellence

### How it works



30

# Life Operational Excellence Journey

Group leverage delivers accelerated outcomes...



In Week 17 of a **24-week** program

**End to end** coverage from Claims, Administration, Underwriting to Call Centres, Business Development & Financial Planners

**50%** of Life's employees participating in OE program across Sydney, Brisbane, Wellington & Auckland

**20%** productivity uplift on track - releasing capacity to support growth at the front end

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**Suncorp Group Limited**  
May 2012

One Company  
Many Brands  
**SUNCORP GROUP**

## Partnering – Personal insurance

**Recoveries and Settlements WNS - overseas partnership**

- Large back office processing function
- Time and resource intensive

**Results**

- Faster invoice processing
- Reduction in cost per process

✓ Customer  
✓ Cost

**Claims Assist AEGIS - Australian partnership**

- Improved customer experience
- Flexible claims lodgement work force

**Results**

- 200 FTE available on demand
- 50% reduction in upscale timing
- Flexible during events

✓ Customer  
✓ Cost

**Distribution WNS - overseas partnership**

- Increased cross-sell opportunities
- Enhanced customer experience at low cost

**Results**

- Improvement in warm leads generated
- Conversion currently at 30%

✓ Customer  
✓ Cost  
✓ New business

**Finance Genpact and WNS - overseas partnership**

- Management Information Systems
- Process simplification and automation

**Results**

- Faster processing
- Reduction in cost per process

✓ Customer  
✓ Cost

### Lessons

- Phased approached
- Partnership selection
- Progressing cautiously due to financial and customer risks

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**Suncorp Group Limited**  
May 2012

One Company  
Many Brands  
**SUNCORP GROUP**



## Partnering - Finance

### 3 year program

Simplification	Using Lean techniques to remove blockages
Automation	Investing in one accounting systems
Standardisation	<b>One</b> Suncorp way to achieve cost synergies: Oracle GL and one accounting system vision
Consolidation	Shared services entity and a lean Centre
Genpact partnering	<ul style="list-style-type: none"><li>• Locked in productivity gains for Finance functions</li></ul>
Procurement	<ul style="list-style-type: none"><li>• Target from 6% up to 60% for purchase orders</li><li>• Target from 13% up to 60% for supplier contract compliance</li></ul>

33

## Part Three

Strategic assets of the Group – 4C's

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## Identifying the Group's strategic assets

Capital	<ul style="list-style-type: none"> <li>• <b>Diversification</b> benefit of managing capital across Group</li> <li>• <b>Fungibility</b> of capital across NOHC and portfolio</li> </ul>
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## Capital

John Nesbitt  
Chief Financial Officer

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## Capital – Strategic Benefit

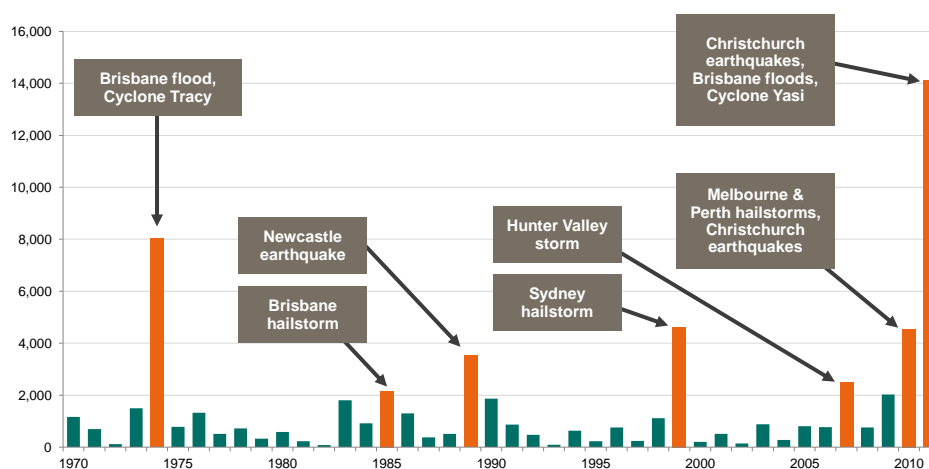
### Key Capital advantages

Diversification	<ul style="list-style-type: none"> <li>Leverage the diversity of managing capital across the group over the long term</li> </ul>
Fungibility	<ul style="list-style-type: none"> <li>The NOHC provides greater transparency to facilitate capital efficiency</li> </ul>
Risk culture & Reinsurance	<ul style="list-style-type: none"> <li>Performance linked to risk and capital</li> <li>Scale to invest in advance risk management capability</li> <li>One of the largest global reinsurance programs</li> </ul>
Bank funding	<ul style="list-style-type: none"> <li>A+ rated regional bank, greater access to wholesale markets</li> <li>Only regional issuing covered bonds</li> </ul>

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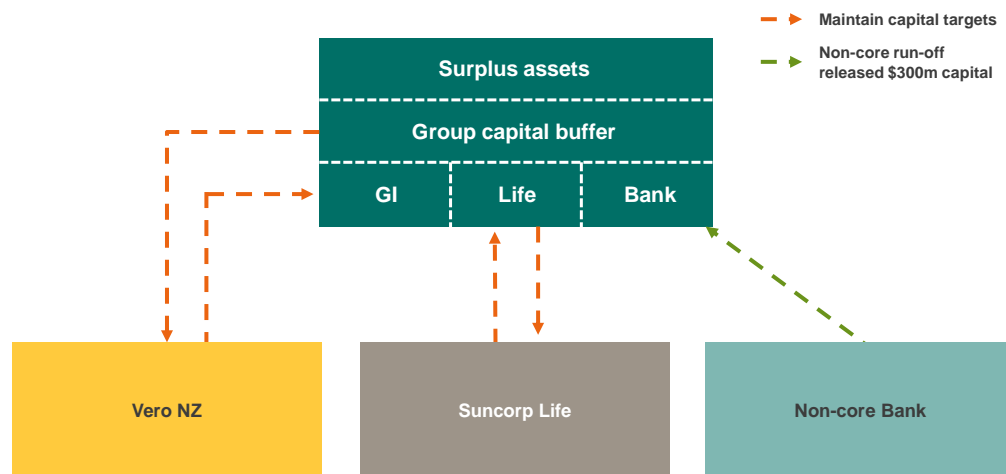
## Major Oceania insurance losses since 1970

in \$AUD million, at 2011 prices



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## Fungibility in action



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# Cost

Jeff Smith  
CEO Suncorp Business Services

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## Costs – scale benefits

### Driving costs down across the Group

Claims Benefits released	Ecommerce Benefits partly released
<ul style="list-style-type: none"> <li>• 14 GI systems into 1 system</li> <li>• Driving down costs</li> <li>• Driving down training costs</li> <li>• Reduced support costs</li> <li>• Increasing customer responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage and reuse – delivering one platform that can be rolled across businesses</li> <li>• One online development team, decreases project costs, increases speed to market and innovation</li> <li>• Internet banking mobile app built for \$100k compared to major bank costing over \$1 million</li> <li>• Platforms for Suncorp Life and GI</li> </ul>

Aggregating for scale, driving down costs and delivery times while improving quality

41

## Costs – scale benefits

### Driving costs down across the Group

Real Estate Benefits partly realised	Group Procurement Benefits yet to be realised
<ul style="list-style-type: none"> <li>• Combining technology and Real estate expertise</li> <li>• Supports flexible workforce which has improved employee engagement</li> <li>• 8 workstations for every 10 employees, released 37,000sqm of space</li> <li>• Flexible work environments assisted customer response in Brisbane floods</li> </ul>	<ul style="list-style-type: none"> <li>• Aggregation of approx 16,000 suppliers lowers unit costs</li> <li>• Supplier Portal– eliminate leakage through automatic matching, ensures spend is with approved suppliers with agreed T&amp;C's</li> <li>• \$1.1 billion in indirect spend, small efficiencies deliver material benefits</li> </ul>

Aggregating for scale, driving down costs and delivery times while improving quality

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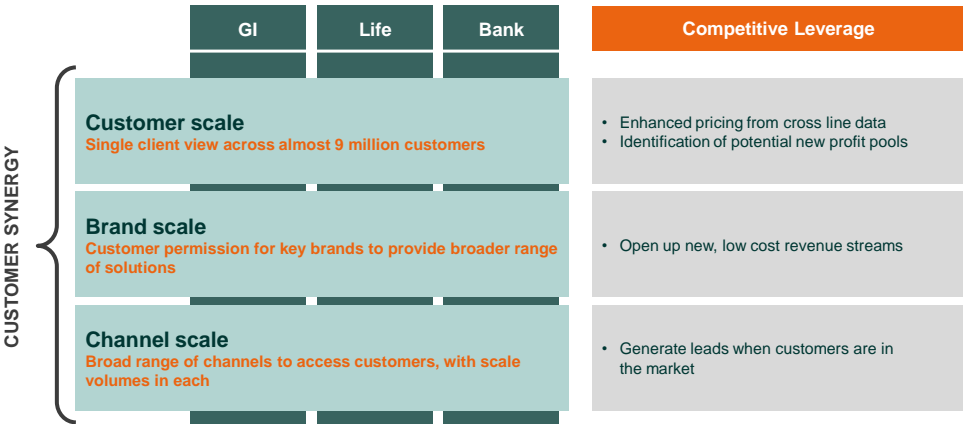
# Customer

Mark Reinke  
Executive General Manager – Group Marketing

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## Customer Synergy

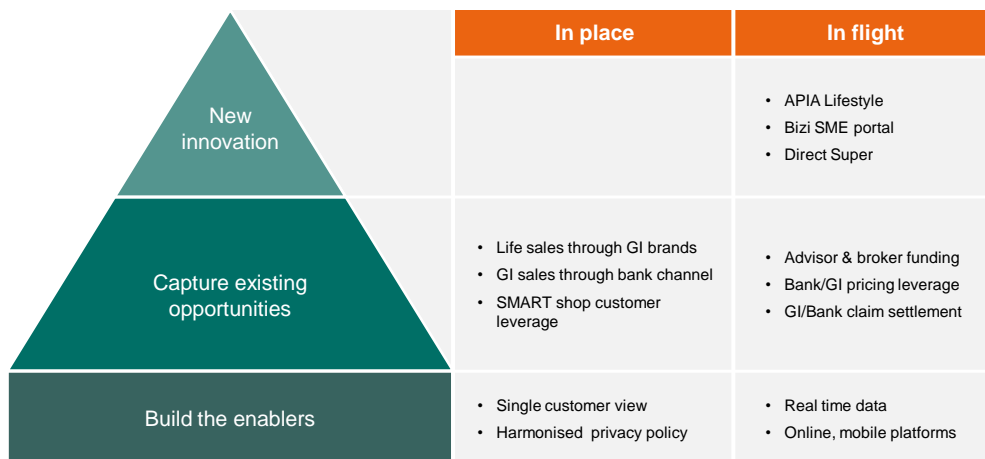
Unlocking low risk, dependable revenue streams



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## Customer Synergy

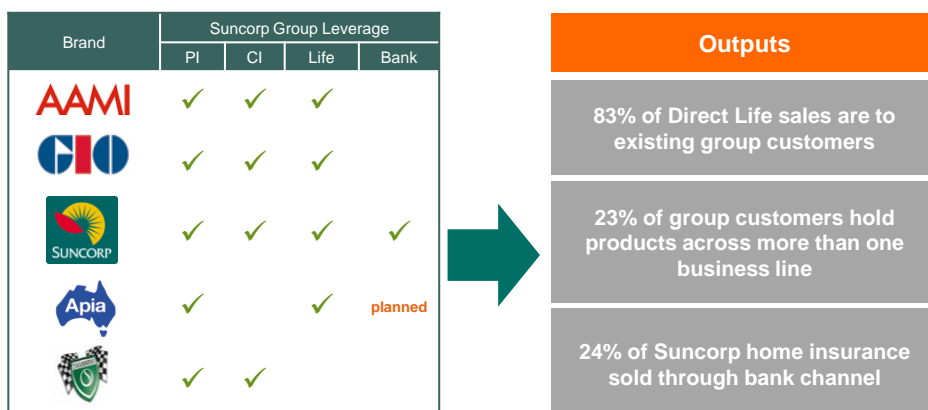
Execution focuses on three areas



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## Customer synergy

Delivering growth by leveraging brands across the group



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# Culture

Amanda Revis  
Group Executive Human Resources

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## Suncorp Culture

One Company Many Brands

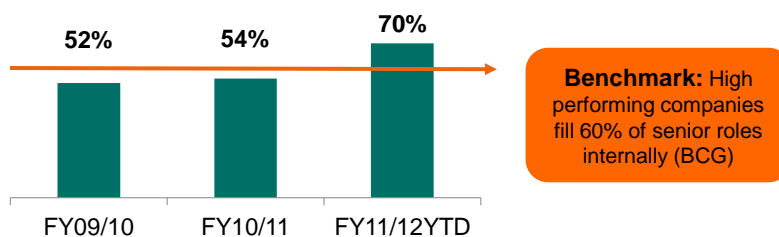
	Engaging our workforce
	Simplified people management frameworks
	Leadership
	Talent

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## Positive trends are emerging...

Employee engagement	• Trending upwards
Employee turnover	• Down 20%
External job applications	• Up nearly 10% this FY
Talent	• Internal appointments to strategically critical roles up 35%



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## Leadership

### A critical driver of cultural change

	Suncorp leadership
	Comprehensive development
	Talent management and succession planning
	Employer of choice for women



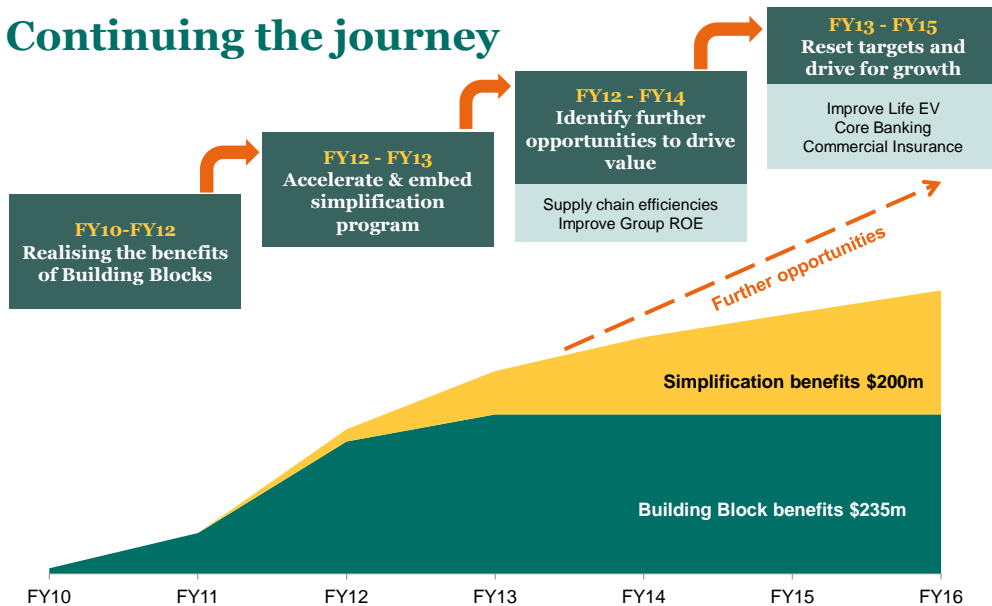
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# Conclusion

Patrick Snowball  
Chief Executive Officer

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## Continuing the journey



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# Q&A session

Suncorp Group Executive Team

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## Important disclaimer

This presentation contains general information about Suncorp Group Limited ('Suncorp') which is current as at 29 May 2012. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to Suncorp or any product or service offered by Suncorp or any of its subsidiaries. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

This report should be read in conjunction with all other information concerning Suncorp filed with the Australian Securities Exchange.

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's intent, belief or current expectations with respect to its business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied.

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# Contacts

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<b>Nick Perchey</b>	<a href="mailto:nick.perchey@suncorp.com.au">nick.perchey@suncorp.com.au</a>	02 8121 9206

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