

29 May 2012

SUNCORP FLAGS ANNUALISED SIMPLIFICATION BENEFITS OF \$200 MILLION

Key points

- Building Blocks program already in place and on track to achieve \$235 million of annualised savings by June 2013.
- New Group simplification program to deliver annualised benefits of \$200 million from FY16.
- Group strategic assets – capital, cost, customer and culture – to drive Suncorp's future competitive advantage.
- Underlying general insurance business performing ahead of expectation – targeting full year underlying ITR of 12 percent for FY12.

Suncorp Group today unveiled a new strategic simplification program that will deliver annualised benefits of \$200 million from the 2016 financial year.

Speaking at Suncorp's Investor Day, Group CEO Patrick Snowball said the program would invest in modern platforms and systems, reduce the cost of operating and maintaining legacy infrastructure, further streamline legal structures and transition more of the Group cost onto a variable footing.

"Simplification will ultimately deliver a lower cost and more productive organisation, with benefits that extend far beyond efficiency gains," he said.

"It will result in a modern and forward looking organisation focussed on high quality services and value for money, and built around an ability to efficiently service customers."

Suncorp's simplification program, which will cost \$275 million and be expensed from within operating budgets, will focus on the following areas:

- Organisational redesign through the Group's operational excellence program, which is aimed at increasing the productivity of Suncorp's workforce and the quality of customer interactions;
- In General Insurance, decommissioning 14 legacy policy systems and consolidating general insurance licences, significantly improving the way Suncorp Insurance services customers;
- A staged investment to improve Suncorp's core banking platform, as well as an enhanced risk management program moving the Bank towards advanced Basel accreditation; and
- Focusing employees on high value activities that deliver the Group a strategic advantage by using two global partners to provide support on a range of activities.

The new program builds on the foundations laid by the Group's Building Blocks initiative, which is on track to deliver \$235 million of annualised savings by June 2013.

Mr Snowball said Building Blocks savings have been achieved through the introduction of a common insurance pricing engine; improving motor claims, including the introduction of SMART facilities; procurement efficiencies; and by simplifying technology and reducing operating costs.

Group strategic assets

Mr Snowball said that, having built an efficient platform for the business, the next phase of the Suncorp's transformation will be to drive value from the Group's unique strategic assets – capital, cost, customer and culture.

“There are four specific reasons why it makes good business sense for us to retain our five lines of business and why, ultimately, the whole of Suncorp is greater than the sum of its parts,” Mr Snowball said.

“By leveraging the diversity and capital return of each of our businesses we can effectively direct capital throughout the Group to where it can achieve the greatest return while aggregating for scale achieves the cost benefits of an ASX 25 organisation without diminishing brand differentiation.”

“Enhancing the value of our nine million strong customer base provides us with a clear strategic advantage as does building on the common elements of our culture.”

Core businesses performing strongly

Mr Snowball said Suncorp’s businesses were performing strongly and broadly on track to deliver the growth targets outlined in May 2010, although some of these would be over a longer timeframe than originally anticipated due to volatile market conditions.

He also confirmed the underlying general insurance business had improved ahead of expectation in the second half and the Group would now be targeting an underlying margin of 12 percent for the full year.

“I am proud of our achievements over the last few years, particularly around our key commitments to improve the underlying general insurance margin and delivering the Building Blocks savings,” he said.

“In summary, our businesses have been de-risked and simplified, with an organic strategy focussed entirely on domestic Australian and New Zealand markets. We’re defensively positioned if markets continue to be volatile but we also have a platform for growth into the future.”

“All of this is aimed at improving the Group’s return on equity and taking the value we are creating through to our shareholders in the form of total shareholder returns.”

Ends

For more information contact:

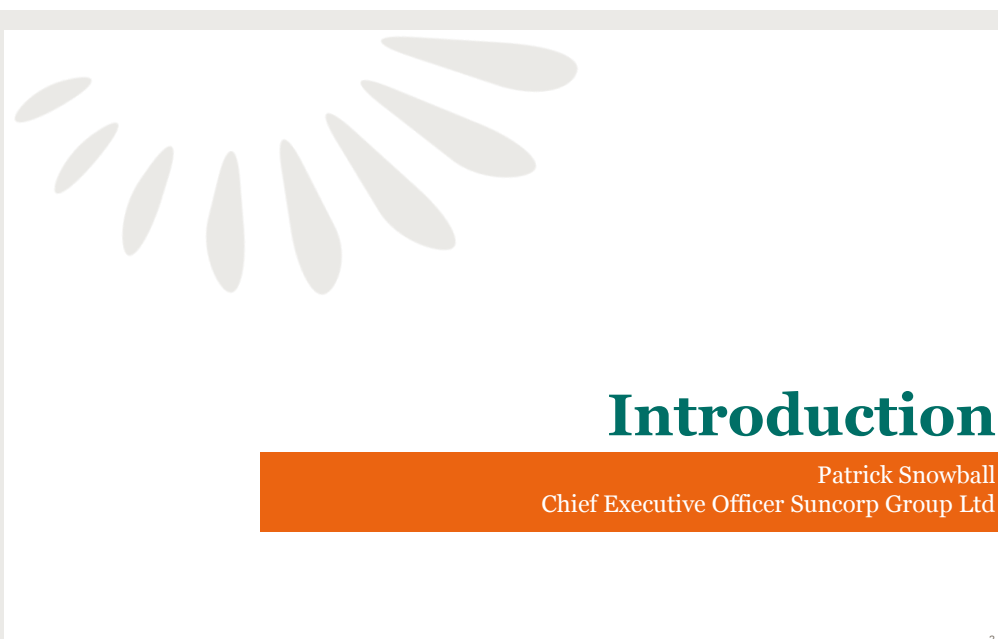
Media:	Jamin Smith on 0409 170 035
Analysts/Investors:	Mark Ley on 0411 139 134



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

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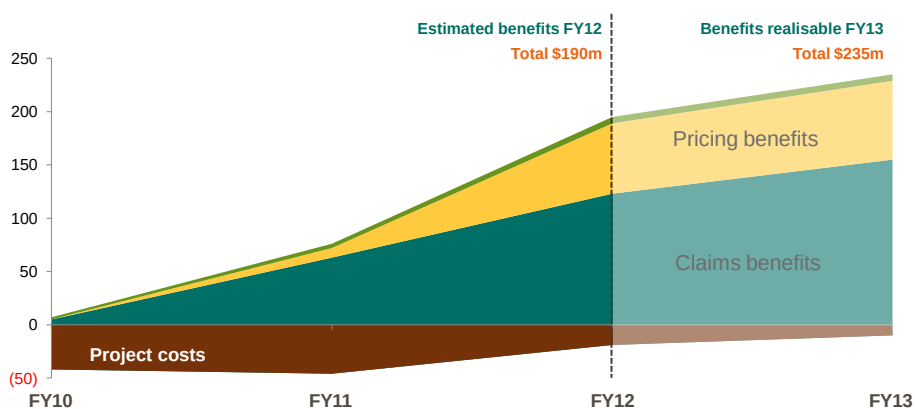
Agenda

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

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Benefits being realised

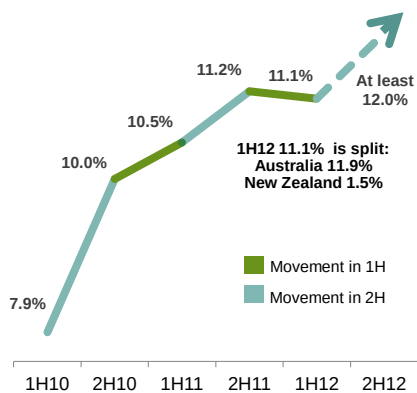


Annualised benefits of \$190m for FY12
On track to deliver \$235m in annualised savings

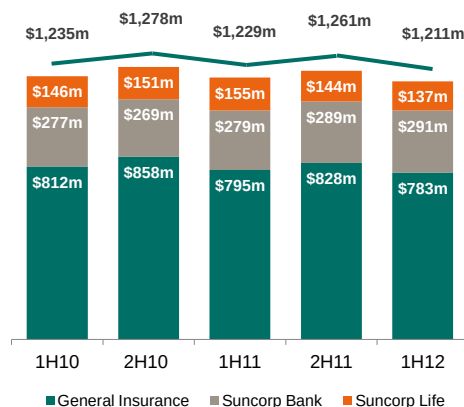
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Benefits confirmed by underlying metrics

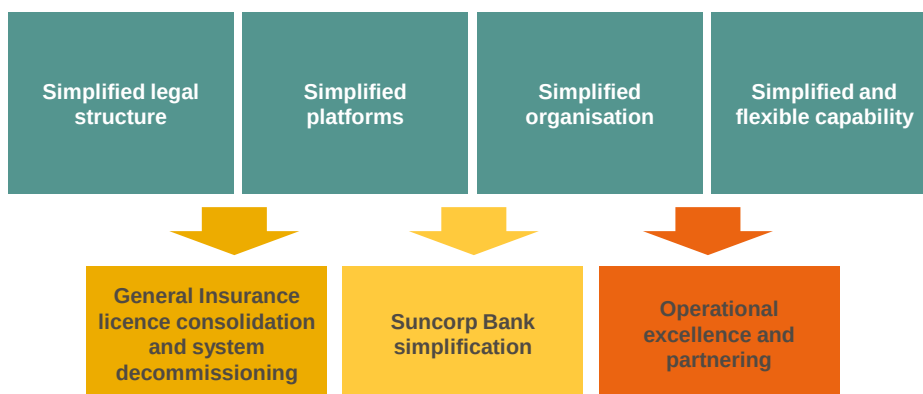
Underlying ITR



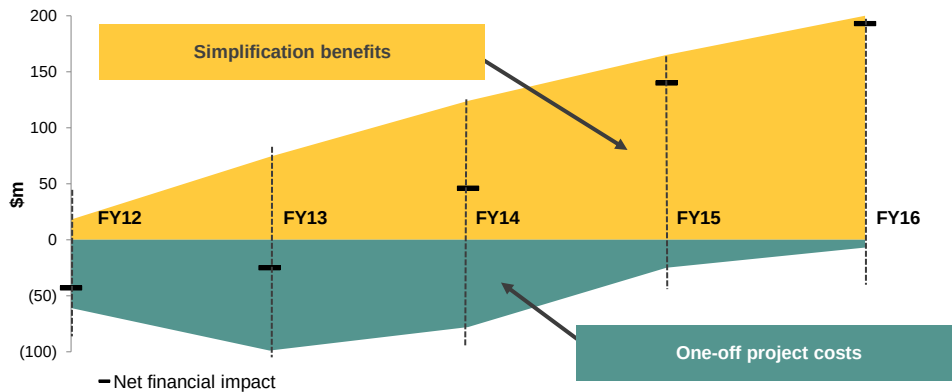
Operating expenses



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

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Identifying the Group's strategic assets

Capital	• Diversification benefit of managing capital across Group • Fungibility of capital across NOHC and portfolio
Cost	• Deliver scale cost benefits on third party procured goods / services • Share scale on infrastructure (real estate, enterprise technology) and non-unique business services
Customer	• Realising the benefit of 9 million customers and 13 valuable brands
Culture	• Operating as: "One Company. Many Brands. One Team"

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Strengthening core businesses

Targets and commitments

Bank	General Insurance	Life						
• 1-1.3x system housing lending growth • RoE >15% Core Bank By 2013: • >1m customers • Increase main bank customers by 50% • Treble customers & double branches in WA & NSW • Cost:income mid-40's	• \$235m annualised benefit from the building blocks program • At least 3% increase in underlying GI margin by FY12 <table><tr><td>PI</td><td>One functionally aligned, customer focused team, delivering portfolio growth & 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	3 year focus: • Double new business • Double digit in-force premium growth • Reduce acquisition expenses • Reduce expenses as % of in-force premium • Improve disability claims experience
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

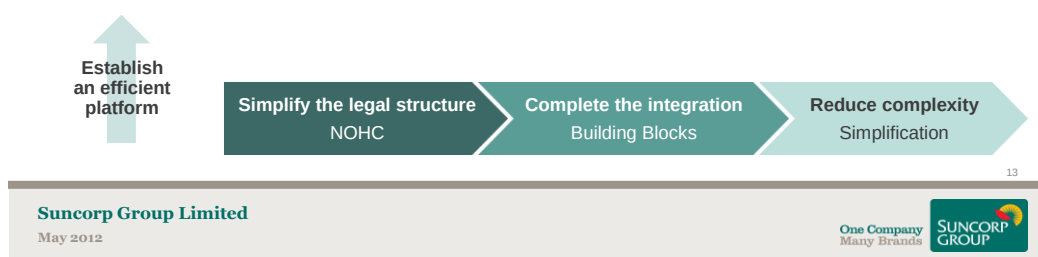
Targets and commitments

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

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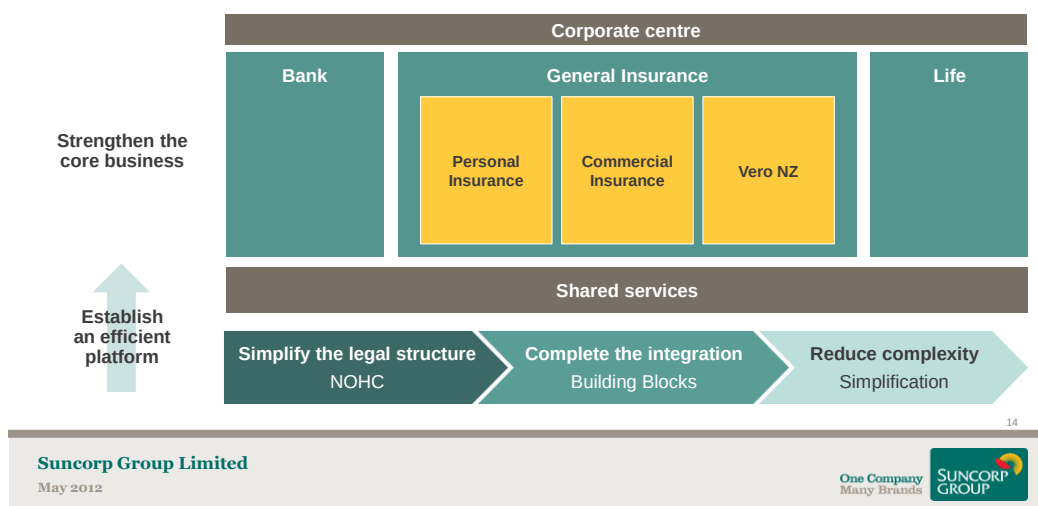
Transformation

Establishing the platform...



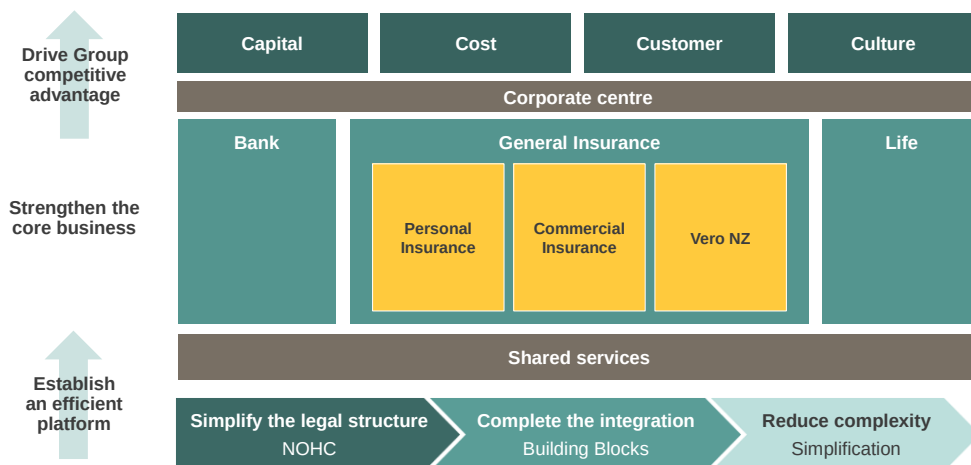
Transformation

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

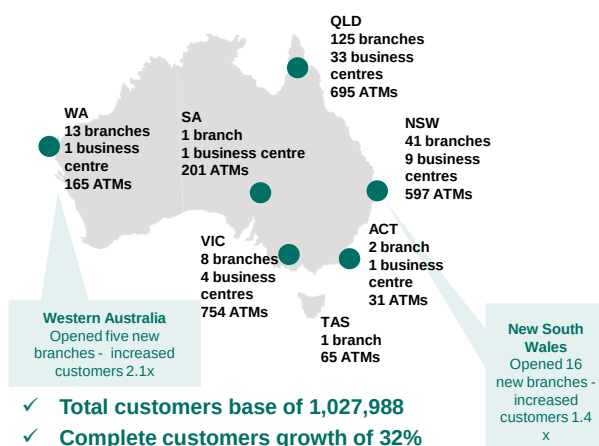
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Many Brands



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

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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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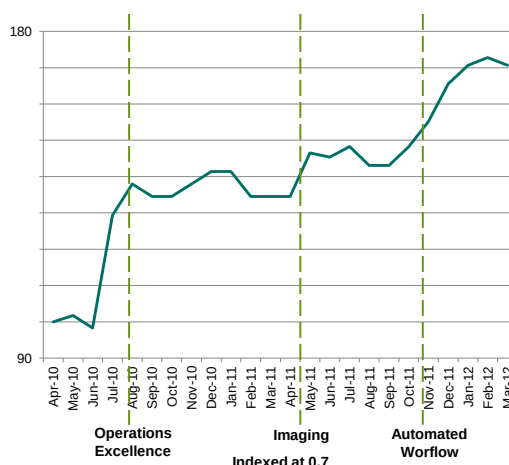
Simplification in action

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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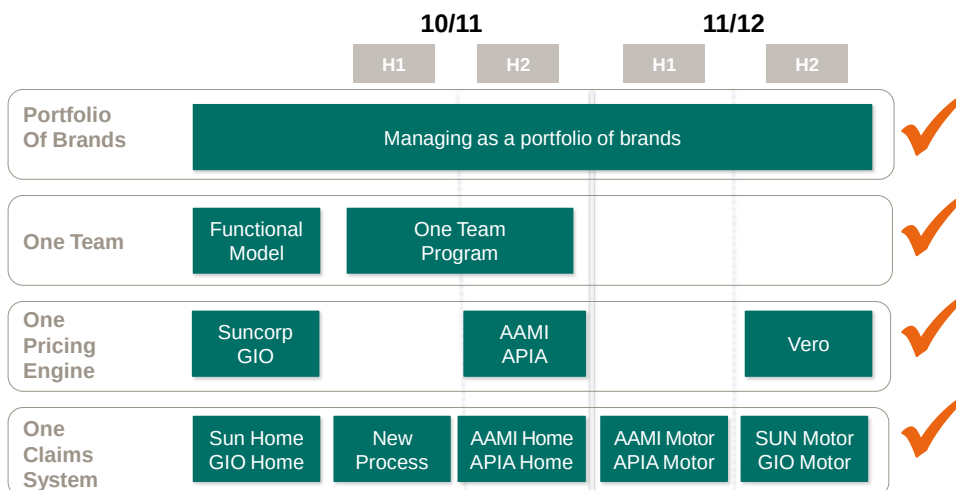
Simplification in action Decommissioning and licence consolidation

Mark Milliner, Andrew Mulvogue and Darren O'Connell

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Building blocks benefits achieved

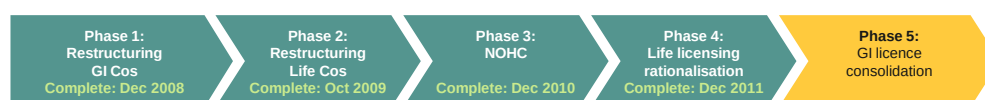
Delivered ahead of schedule and contributing to ITR uplift



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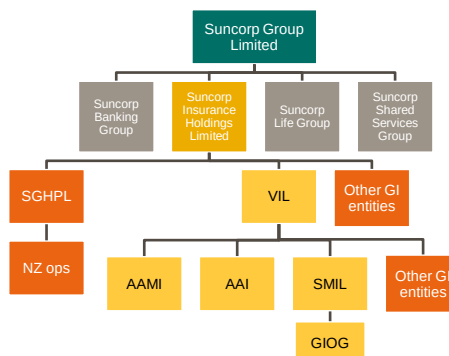
Licence consolidation initiative

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

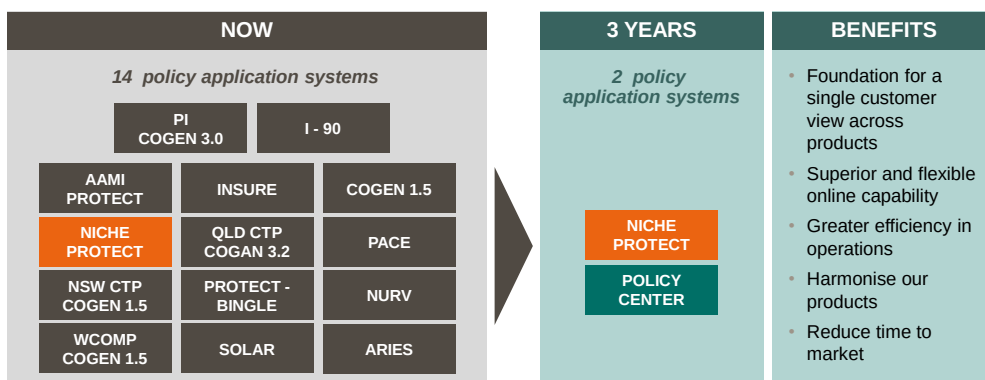
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Legacy simplification program

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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Simplification in action

Operational Excellence
Partnering

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

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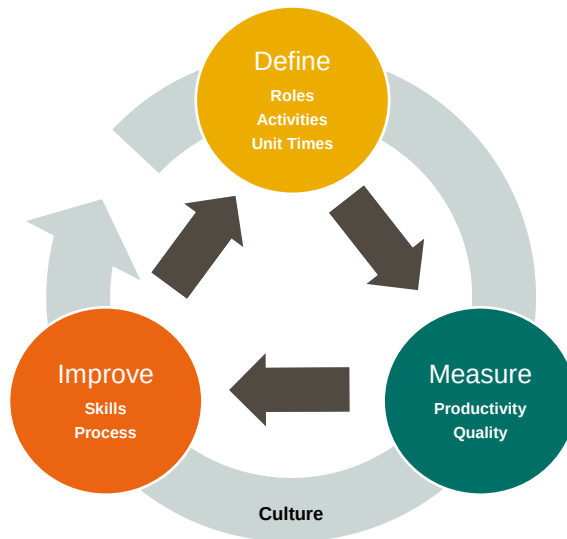
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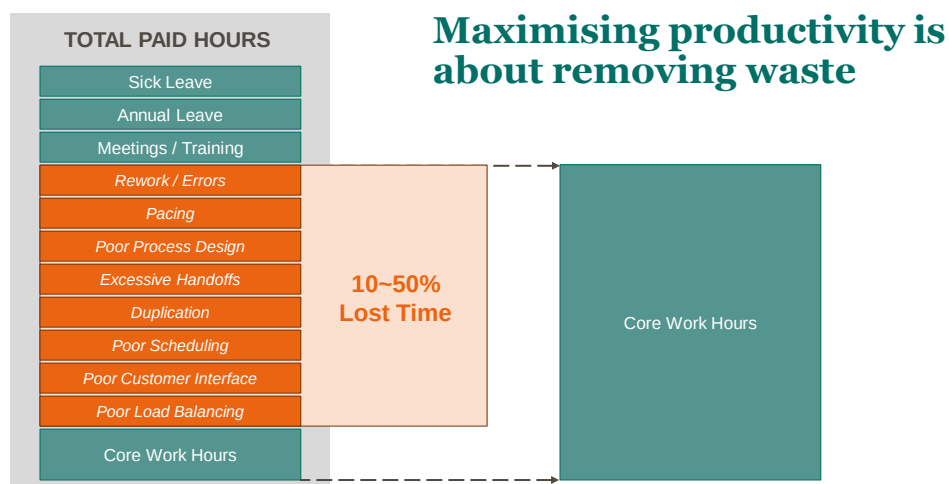
What is Operational Excellence?



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Operational Excellence

How it works



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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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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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Partnering - Finance

3 year program

Simplification	Using Lean techniques to remove blockages
Automation	Investing in one accounting systems
Standardisation	One Suncorp way to achieve cost synergies: Oracle GL and one accounting system vision
Consolidation	Shared services entity and a lean Centre
Genpact partnering	• Locked in productivity gains for Finance functions
Procurement	• Target from 6% up to 60% for purchase orders • Target from 13% up to 60% for supplier contract compliance

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Part Three

Strategic assets of the Group – 4C's

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Identifying the Group's strategic assets

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Capital

John Nesbitt
Chief Financial Officer

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Capital – Strategic Benefit

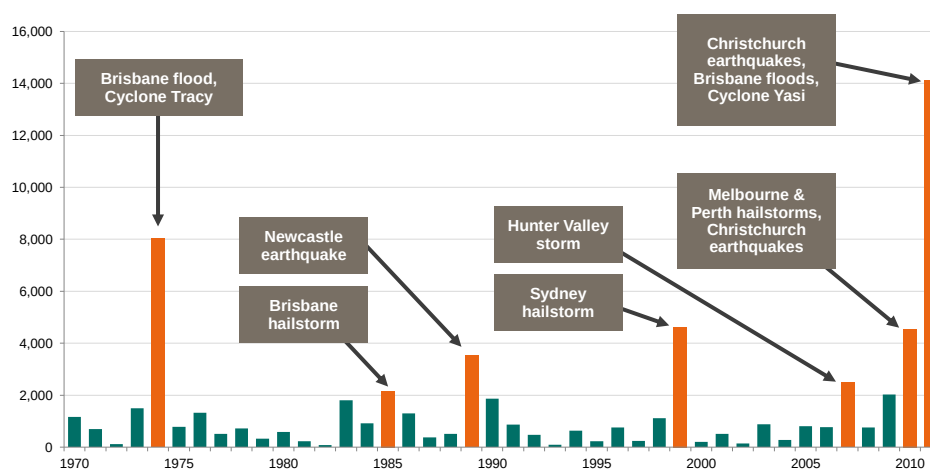
Key Capital advantages

Diversification	Leverage the diversity of managing capital across the group over the long term
Fungibility	The NOHC provides greater transparency to facilitate capital efficiency
Risk culture & Reinsurance	- Performance linked to risk and capital - Scale to invest in advance risk management capability - One of the largest global reinsurance programs
Bank funding	- A+ rated regional bank, greater access to wholesale markets - Only regional issuing covered bonds

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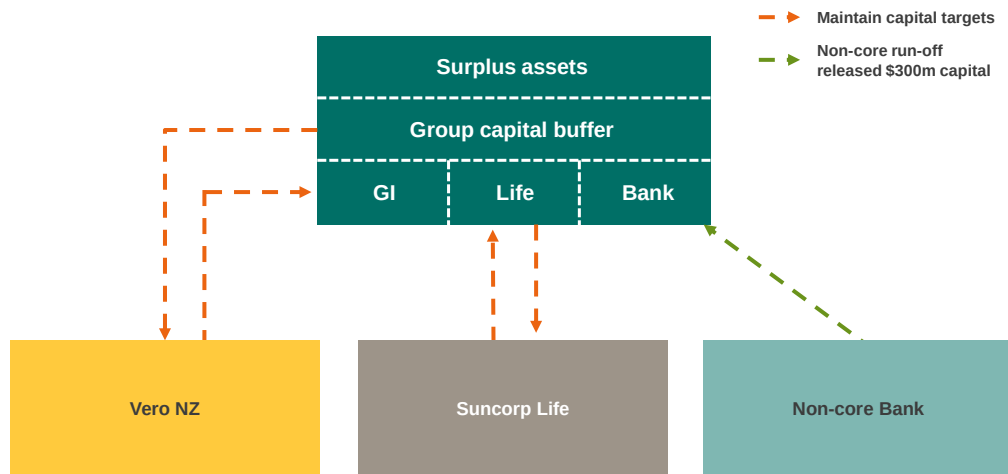
Major Oceania insurance losses since 1970

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
• 14 GI systems into 1 system • Driving down costs • Driving down training costs • Reduced support costs • Increasing customer responsiveness	• Leverage and reuse – delivering one platform that can be rolled across businesses • One online development team, decreases project costs, increases speed to market and innovation • Internet banking mobile app built for \$100k compared to major bank costing over \$1 million • Platforms for Suncorp Life and GI

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

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Costs – scale benefits

Driving costs down across the Group

Real Estate Benefits partly realised	Group Procurement Benefits yet to be realised
• Combining technology and Real estate expertise • Supports flexible workforce which has improved employee engagement • 8 workstations for every 10 employees, released 37,000sqm of space • Flexible work environments assisted customer response in Brisbane floods	• Aggregation of approx 16,000 suppliers lowers unit costs • Supplier Portal– eliminate leakage through automatic matching, ensures spend is with approved suppliers with agreed T&C's • \$1.1 billion in indirect spend, small efficiencies deliver material benefits

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

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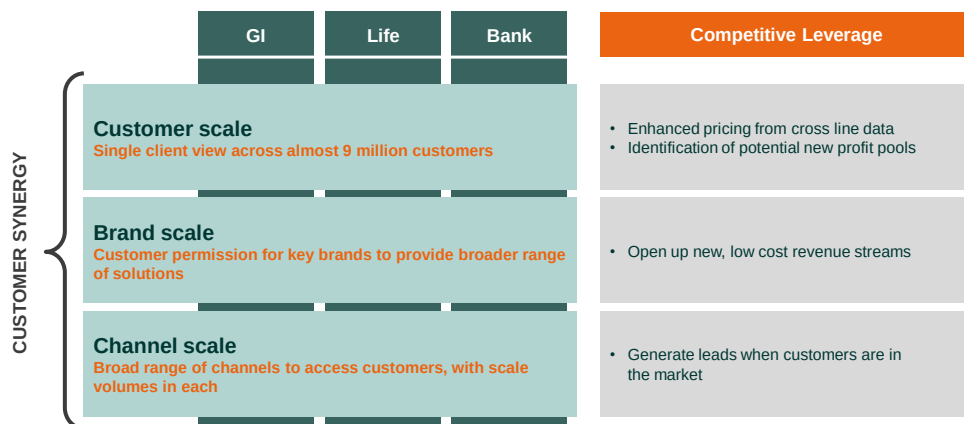
Customer

Mark Reinke
Executive General Manager – Group Marketing

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Customer Synergy

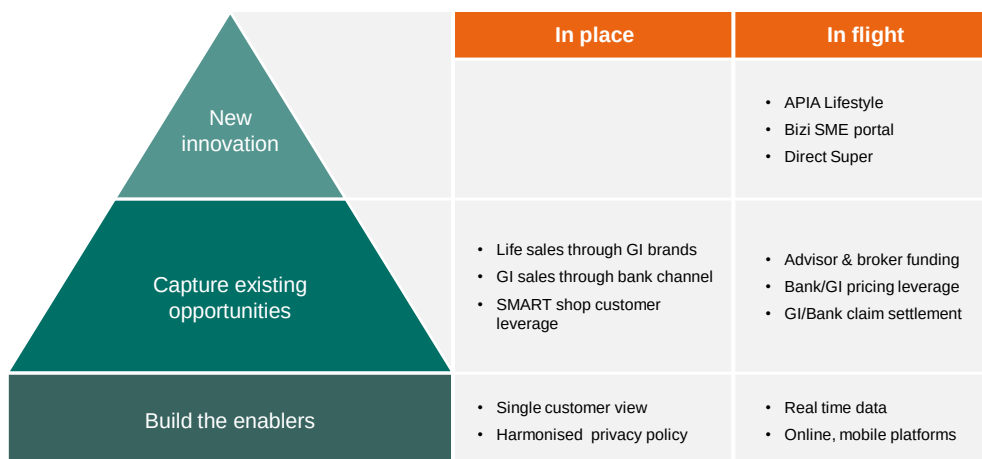
Unlocking low risk, dependable revenue streams



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Customer Synergy

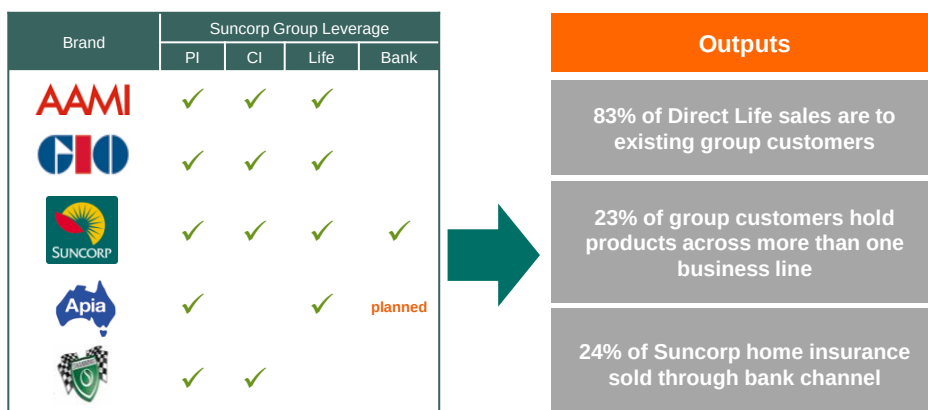
Execution focuses on three areas



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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

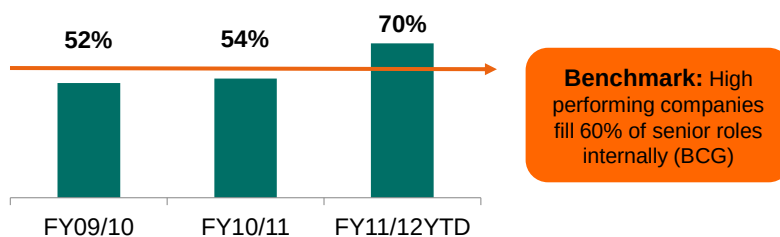
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	Engaging our workforce
	Simplified people management frameworks
	Leadership
	Talent

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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



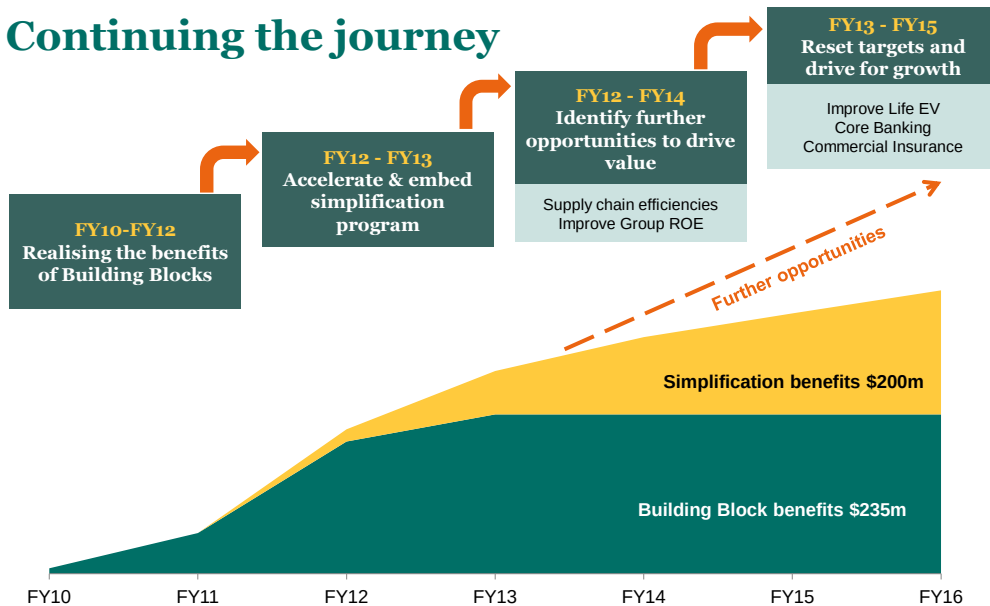
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Conclusion

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

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