



Suncorp Group Investor Day 2013

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Suncorp Group Investor Day
28 May 2013



Suncorp 2013 Investor Day Agenda

Introduction	Patrick Snowball
Personal Insurance CEO	Mark Milliner
Commercial Insurance CEO	Anthony Day
Vero New Zealand CEO	Gary Dransfield
Suncorp Bank CEO	David Foster
Suncorp Life CEO	Geoff Summerhayes
Suncorp Group CFO	John Nesbitt
Q&A	Suncorp Leadership Team
Conclusion	Patrick Snowball

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Patrick Snowball
Group Chief Executive Officer

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Q-Plus – a simple idea, executed well

Demonstrating innovation at Suncorp

- Repairing undriveable vehicles
- ‘One Company, Many Brands’ in action
- Improved customer service
- Reducing vehicle repair time by 2 weeks
- Will process around 150 vehicles per week
- Average savings of \$500 per car
- Fully auditable repair process

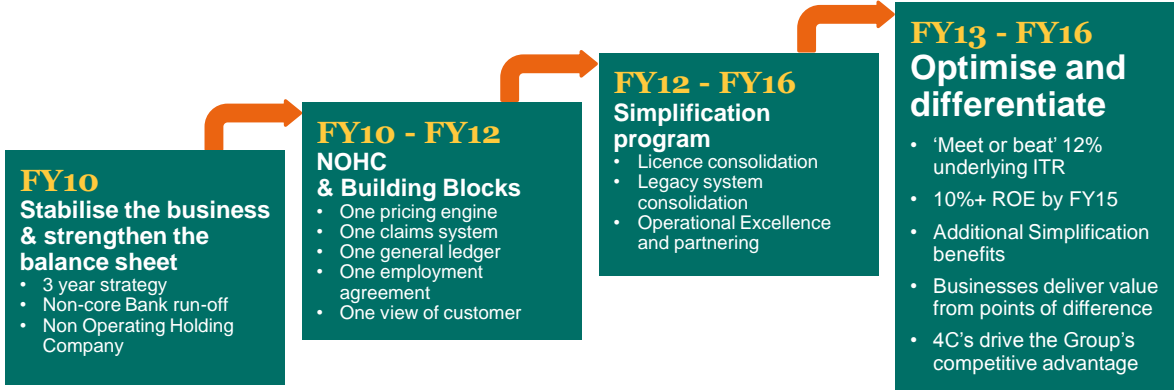
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The Suncorp journey

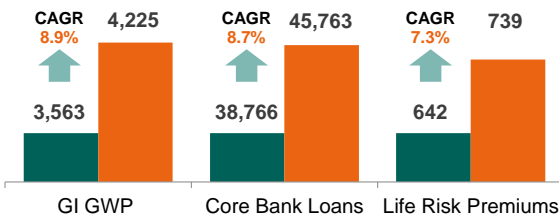
4C's drive the Group's competitive advantage



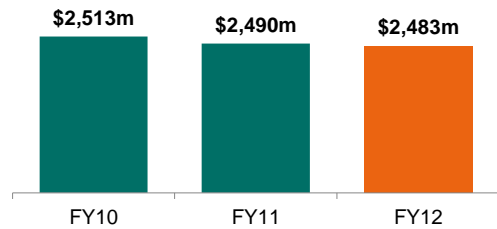
Non core Bank running off

Benefits of Building Blocks and Simplification

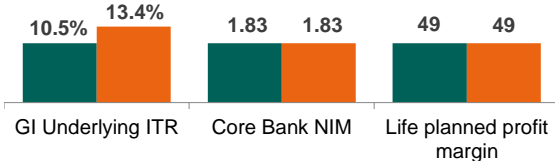
Strong growth (\$m, 1H11 v 1H13)



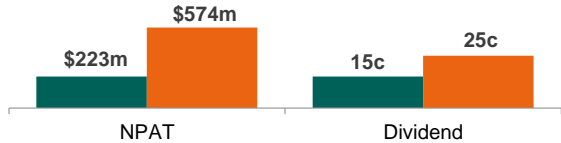
Stable expense base



Strong margins (1H11 v 1H13)



Improved returns (1H11 v 1H13)



The Suncorp journey

More Gas in the Tank

FY13 - FY16 Optimise and differentiate	➔	Additional Simplification benefits
	➔	Businesses deliver value from points of difference
	➔	4C's drive competitive advantage
	➔	'Meet or beat' 12% underlying ITR
	➔	10%+ ROE by FY15

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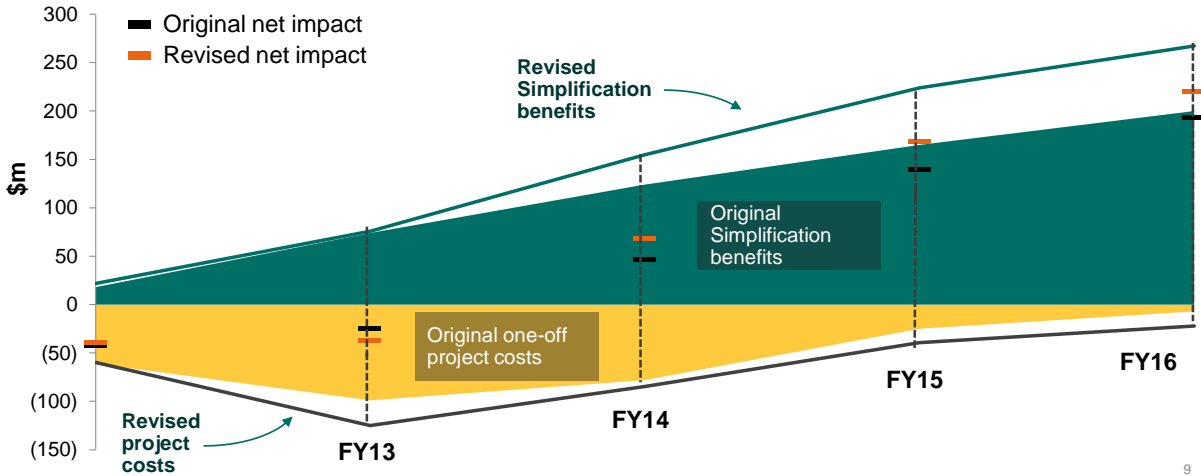
Simplification achievements

Relentless execution

Simplified legal structure	✓	Part 9 Life licence consolidation Single General Insurance licence court approval
Simplified platforms	✓	Moved Suncorp Insurance onto one policy and online system
Simplified organisation	✓	Operational Excellence delivering ahead of plan
Simplified flexible capability	✓	Global partners delivering back office functions

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Additional Simplification benefits Delivering more, sooner - \$225 million in FY15



Suncorp's key commitments 'One Company, Many Brands'

1	Group ROE of at least 10% by FY15
2	Additional Simplification benefits: \$225 million in FY15
3	Group growth of 7% to 9% per annum over the next two years
4	'Meet or beat' an underlying ITR of 12% through the cycle
5	60% to 80% dividend payout ratio
6	Continue to return surplus capital

Suncorp's shareholder focus

Yield

- Dividend payout ratio of 60% to 80%
- Return surplus capital
- Organic strategy
- Focus exclusively in Australia and New Zealand
- Growth in low risk market segments
- 576 million franking credits



Growth

- 7% to 9% per annum growth across the business lines
- Leverage the Group's 9 million customers
- Multi-brand, multi-channel approach
- Simplification benefits

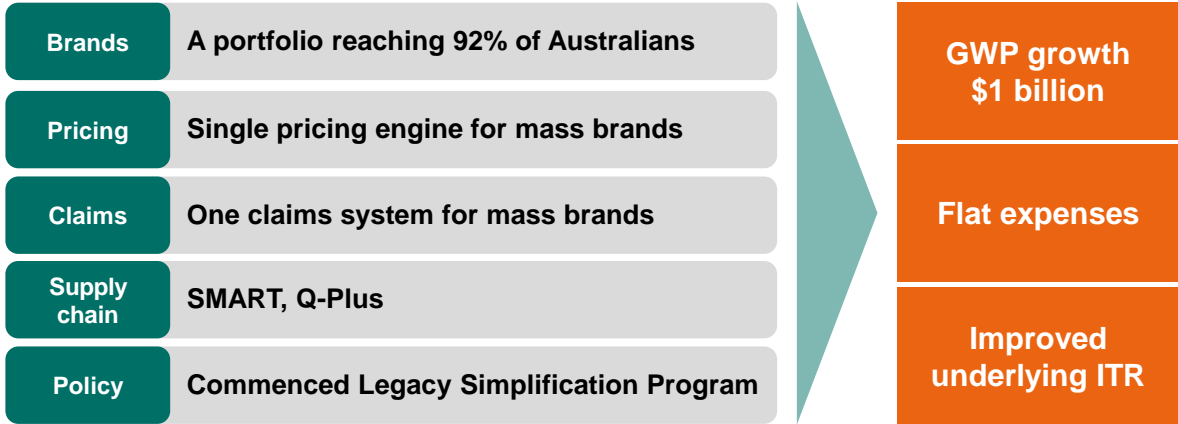


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Mark Milliner
Personal Insurance Chief Executive Officer

The Suncorp Personal Insurance journey

A track record of delivery over the past 3 years



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Personal Insurance market challenges

Suncorp well placed



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Suncorp Personal Insurance strategy

A sustainable cost advantage through scale

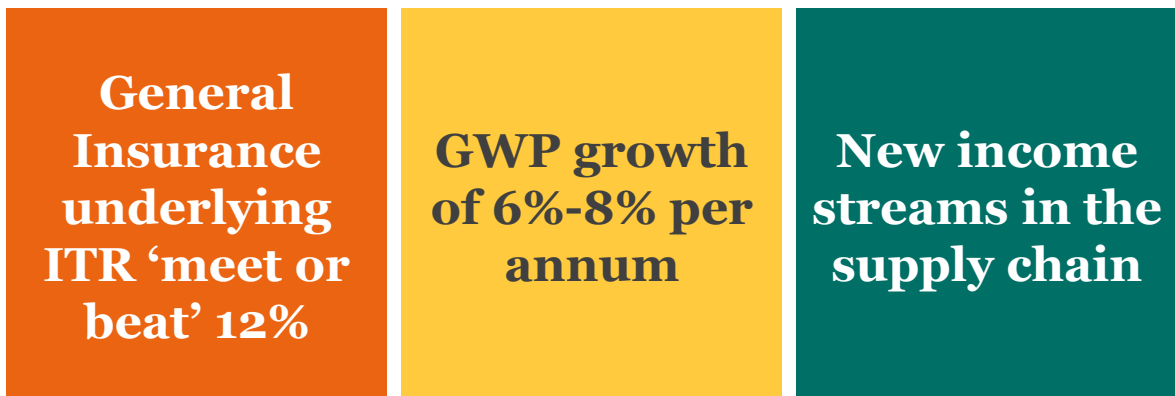
Strategic Objectives



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Suncorp Personal Insurance outlook

Continuing to deliver shareholder value



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Anthony Day
Commercial Insurance Chief Executive Officer

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Suncorp Commercial Insurance

Delivering on our promises

2010 promise

Growth

Cost leadership

Margin

We have delivered...

High single digit growth for three consecutive halves

Expense ratio improvement

Contributed to the underlying ITR of 12%+

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Suncorp Commercial Insurance

We have momentum...

Areas of focus

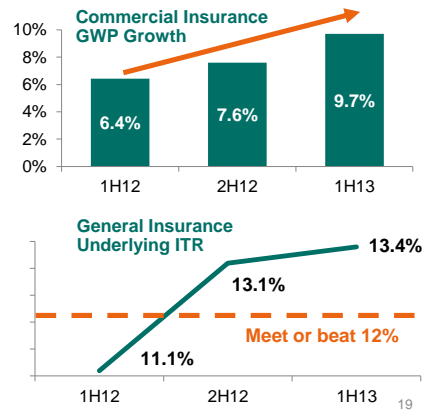
- Underwriting
- Distribution
- Claims
- Simplification



Achievements

- Customer satisfaction improvements
- ANZIIF Claims Manager of the Year 2012

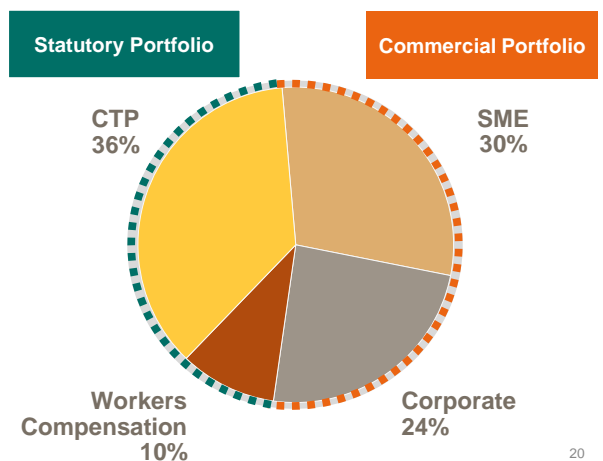
Results



Suncorp Commercial Insurance

Positioned to adapt and capitalise

- Evolving customer preferences
- Changing regulatory landscape
- Competitive market
- Sustained low-yield environment



Suncorp Commercial Insurance

Multi-channel model benefits evolving customer preferences

Customer segments

Global, Corporate, Mid Market, Small Business, Micro

Our channels

Broker

Advisor

Corporate partners and motor dealers

Direct

Brands



Resilium 



AAMI
BUSINESS INSURANCE



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One Company
Many Brands



Suncorp Commercial Insurance

Australia's leading commercial insurer

Our Strategy

- Growing market presence
- Leverage scale
- Engaging our people

supported by

Our Competitive Positioning

- Broadest choice of channels
- Scale in claims
- Expertise in underwriting

will deliver

Our Commitments

- GWP growth of 3%-4% above system
- General Insurance to 'meet or beat' 12% underlying ITR

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One Company
Many Brands



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Gary Dransfield
Vero New Zealand Chief Executive Officer

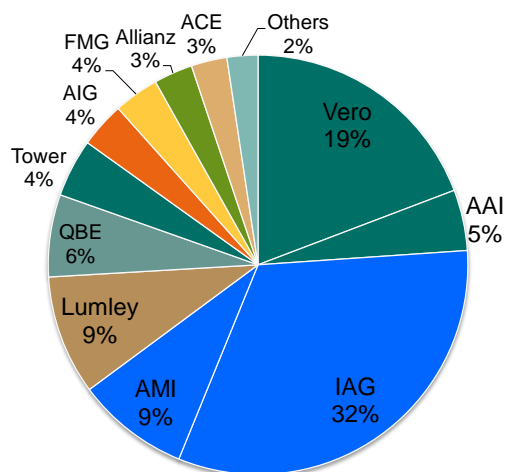
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New Zealand General Insurance Market Concentrated and attractive

- Total market (GWP) NZ\$5.0 billion
- Profitability rising
- Combined ratio falling
- Leaders (IAG and Suncorp) 60%+
- Highly intermediated
- High insurance penetration (70%+)
- Mostly short tail



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New Zealand General Insurance Issues

Structural change, strategic choices

Key issues

- Industry restructuring
- Cost and premium escalation
- 'Back to the future' underwriting changes
- Government fiscal and monetary policy
- EQC reform
- Risk versus social pricing
- Insurer strategic options – Pricing power; Scale; Value generation

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New Zealand – Suncorp Group Presence

Brand power, channel diversity, Group leverage

Vero New Zealand

- Second largest intermediated brand
- Broker; corporate partner; agency channels
- Full range of commercial and personal product lines
- Current market share 19%

AA Insurance

- Third largest direct brand
- Personal lines motor and home
- 18%+ market share of private passenger vehicle market
- Current market share 5%

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Vero New Zealand

Stabilise, prioritise, focus, generate value

Stabilise 2011	Prioritise 2012	Focus 2013+
<ul style="list-style-type: none"> • Earthquake claims cost impacts on capital and balance sheet • Management of massive, complex disaster recovery • Reputation risks • Stakeholder confidence in claims management and industry prospects 	<ul style="list-style-type: none"> • Highly effective earthquake claims management model • Move from disaster recovery to 'BAU' • Pricing and underwriting changes • Advocacy of disaster insurance reform • Review of VNZ strategy, structure, key processes and systems 	<ul style="list-style-type: none"> • New Three Year Plan • Clear strategic direction – aligned with reshaped insurance market • Effective Operating Model • Ongoing Simplification • Consistent value added via profitable growth


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Suncorp NZ General Insurance outlook

Strength, strategic flexibility, value generation

Transformation	
	<ul style="list-style-type: none"> • Strategy, structure and key process transformation – <i>Building a better Vero</i> – well advanced • Sustained growth driven by brand, channel and process strengths • Strategic focus on value generation • GWP – 'meet or beat' New Zealand system growth • Profitability – NZ\$100+ million NPAT now achievable despite earthquake impacts • Underlying ITR – 'meet or beat' 12% General Insurance target

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Brand Showcase

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One Company
Many Brands 

Brand Showcase Booths

‘One Company, Many Brands’ in Action

General Insurance Pricing Engine	General Insurance Policy Admin	Direct Life Insurance	Agribusiness
Refining pricing of home insurance to an individual home basis	A key to Simplification and Improving our ability to better cross-sell Life products	Using the latest technology to sell Life products to General Insurance and Bank customers	How we specifically service the needs of our Agribusiness customers
Commercial Insurance	Suncorp Bank	Self Service Technology	
How the multi-brand, multi-channel approach targets the needs of the Australian Commercial Insurance market	Our Big bank capability coupled with small bank connection shows why are customers are satisfied	Using the latest Apps to improve customers’ experience of making claims and finding banking information	

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One Company
Many Brands 

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David Foster
Suncorp Bank Chief Executive Officer

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Suncorp Bank Core Bank growth opportunities

Current operating environment

- Solid outlook for the Australian economy
- Credit growth below historical averages
- Low interest rates and fiscal policy should support business investment
- Debt markets more accessible
- Deposit competition remains elevated
- Increasing importance of technology
- Increasing regulatory compliance costs

Core Bank opportunities

- Expected growth of 7%-10%
- Measured expansion in core markets of housing and agribusiness
- Strong conversion of new customers to 'complete' customers
- A+ credit rating, strong funding and capital position
- Leverage Group scale

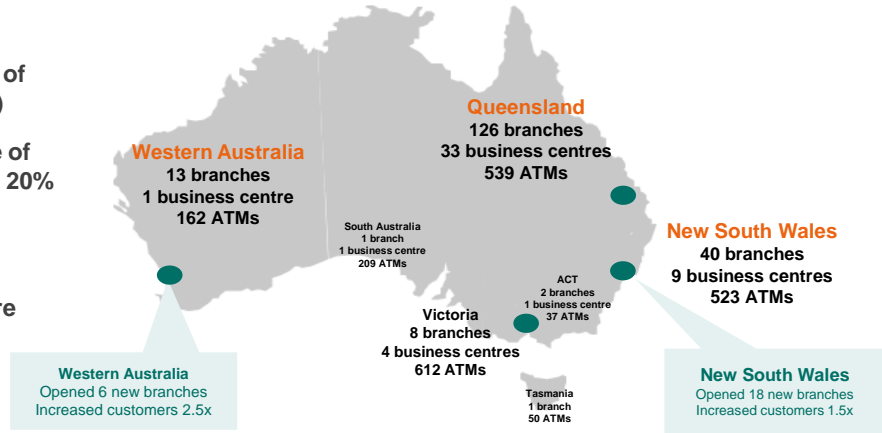
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Suncorp Bank

The best bank for middle Australia...

- AB&F Australian Financial Institution of the year (non-major)
- Total customer base of 1,079,000, growth of 20%
- Complete customer growth of 35%
- Access to 1,121 more ATMs



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Branch, Business Centre and ATM data as at April 2013. Growth from 2009. Customer figures at April 2013. Growth from Jan 2010



Suncorp Bank's core competency

Big enough, but small enough

Big Enough – Operational excellence

- Competitive products and convenient access
- Operational excellence continues to deliver on our unique value proposition
- Cost saving through smart use of technology

Small Enough – Service excellence

- Service quality and connection of a small bank
- Engaging our people
- Superior local sales and service

Cost

Leveraging the Group's scale and investment in back-office efficiency

Capital

A+/A1 credit rating provides lower cost debt and hybrid funding

Customer

Improving CRM capability and launching DirectSuper

Culture

'Better Way' in Bank and more robust risk culture

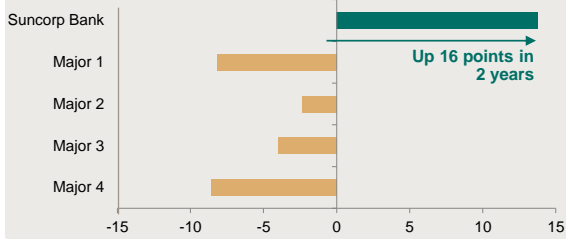
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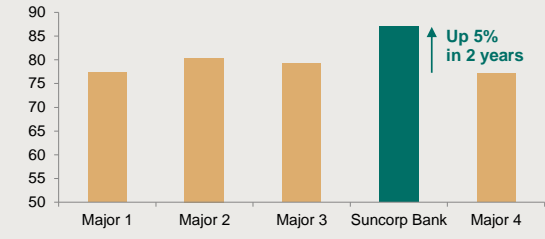
Suncorp Bank

Well ahead of the majors in customer satisfaction

Customer Advocacy*



Retail Customer Satisfaction (%)**



Recent award wins

Money Magazine
Bank of the Year – top of the second-tier and regional banks
Gold Award for ‘My Home’ Package

CANSTAR
Five star ratings for business and personal products

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* Roy Morgan single source Net Promoter Score March 2013 (6mma)
** Roy Morgan single source Retail Satisfaction March 2013 (6mma)



Suncorp Bank

Preparing for next wave of growth

FY09-FY11
Stabilise the business and strengthen the balance sheet

FY11 - FY13
Rejuvenate Core Bank
Non-core run-off

FY13 - FY16
Optimise and differentiate

- Enhance risk management capabilities with Basel II Advanced Accreditation
- Execute Banking Platform Program
- Achieve profitable growth
- Simplification program
- Enhance sales & service with ‘Better Way’ program
- Resolve the Non-core Bank

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Suncorp Bank targets

Sustainable growth over the medium term

Lending growth	7% – 10%
Net Interest Margin	175 – 185bps
Deposit-to-lending ratio	60% – 70%
Cost-to-income ratio	Less than 50%
Return on Common Equity Tier 1	12% – 15%

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Geoff Summerhayes
Suncorp Life Chief Executive Officer

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Suncorp Life

Building blocks for next wave in place

Built a Direct Life business

- ✓ 50,000 customers with a Direct Life product
- ✓ Integrated distribution to Group customers
- ✓ 5 core products incl Suncorp Everyday Super
- ✓ Outsourced manufacturing capability

Revived our Adviser business

- ✓ Established a position of industry leadership
- ✓ Double digit growth in Australia & NZ
- ✓ On-going proposition enhancements
- ✓ Growth of the aligned adviser network

Simplified operating model

- ✓ Focussed on operating as a life specialist
- ✓ Defined core business and divested non-core
- ✓ Removed complexity from the business, Operational Excellence, business model realigned
- ✓ Superannuation fund and trustee rationalisation
- ✓ Created a single Life company
- ✓ Released over \$150 million capital

Suncorp Life

Structural challenges, significant opportunities



Suncorp Life strategy

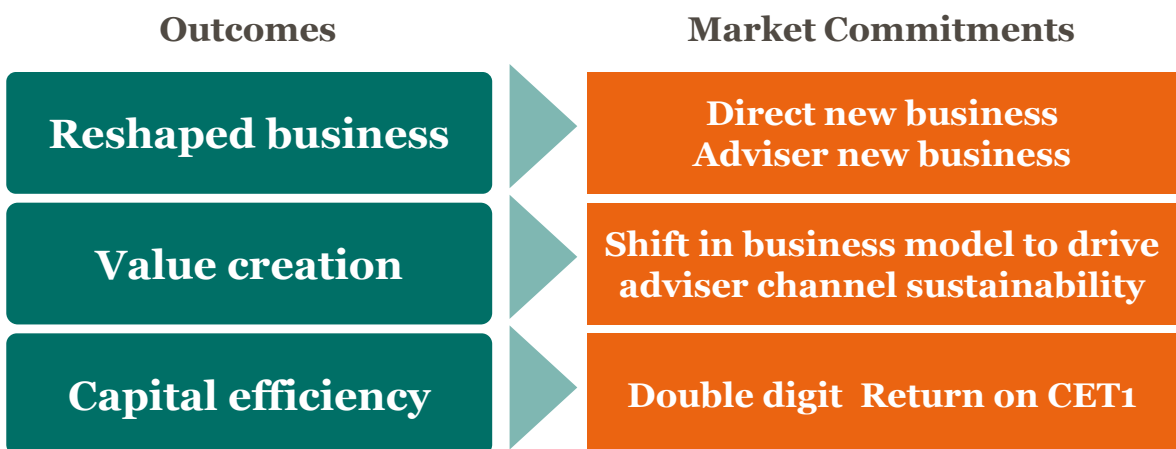
Strategy reset for scale and sustainability



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Suncorp Life strategy

Delivering significant benefits by 2016



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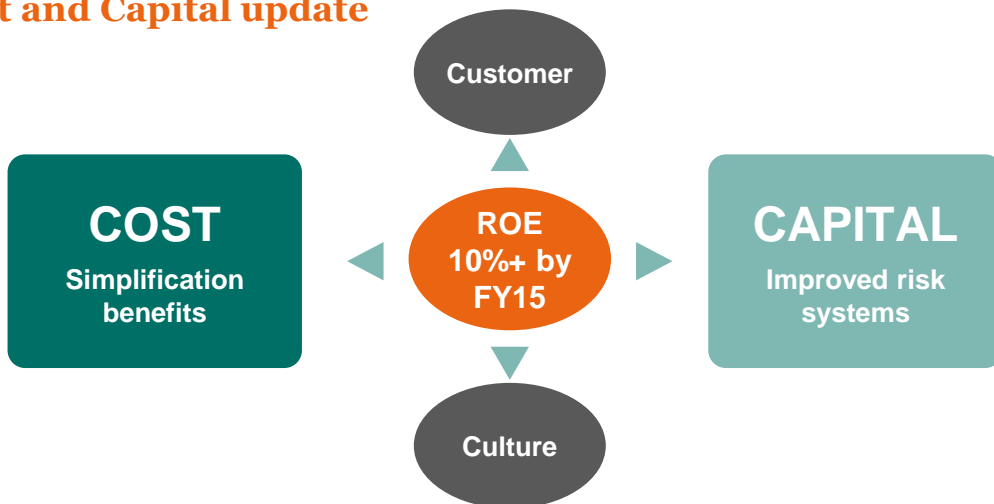
John Nesbitt
Group Chief Financial Officer

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Suncorp's strategic assets – the 4C's Cost and Capital update



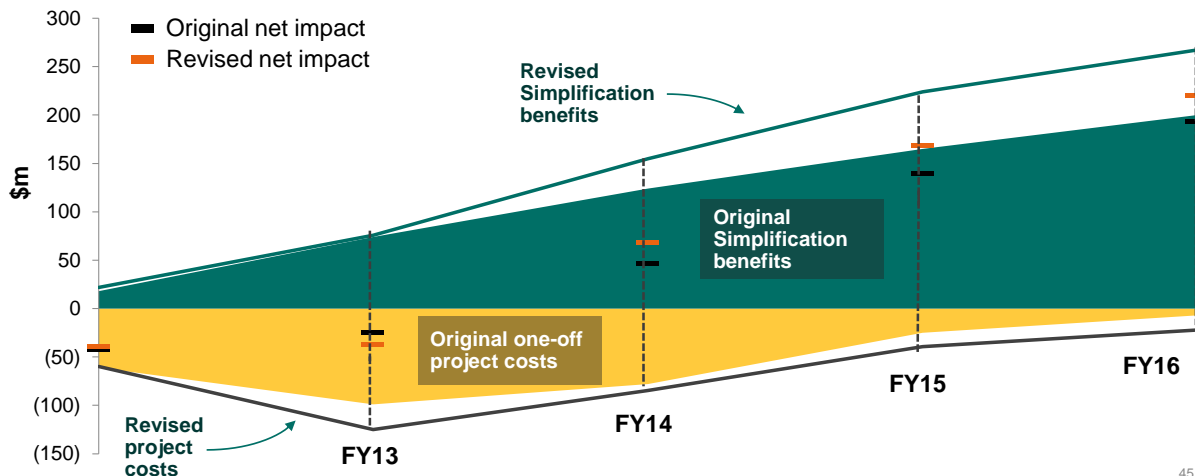
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Additional Simplification benefits

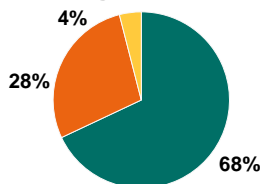
Delivering more, sooner - \$225 million in FY15



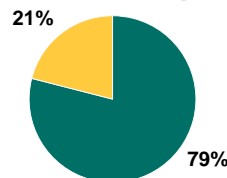
Suncorp capital position at 31 Dec 2012

Pro forma LAGIC & Basel III basis

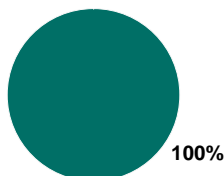
Bank capital target 12.5% RWA



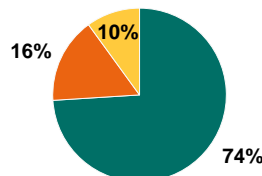
General Insurance capital target 1.50 times PCR



Life target surplus requirement

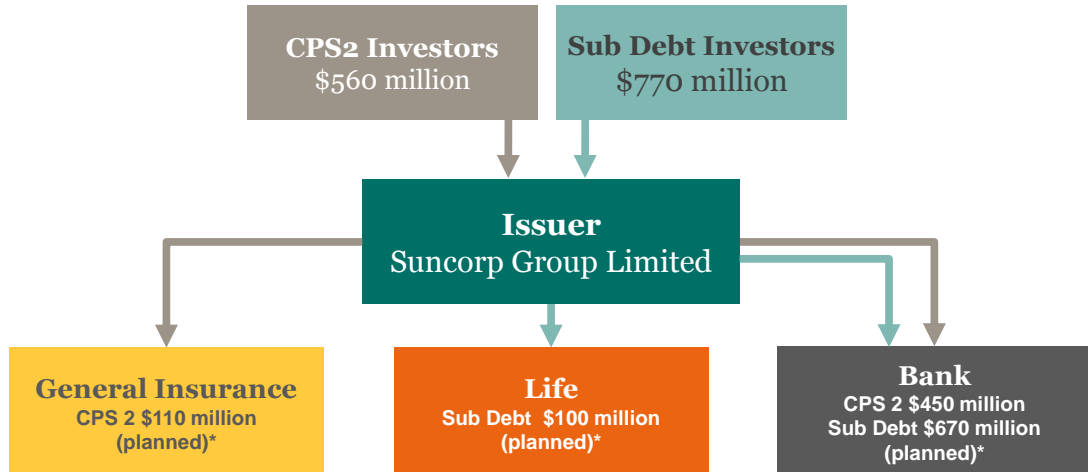


Group holding capital above targets of \$1.3 billion



Capital Strategy

NOHC benefits – Refinancing and improving capital efficiency



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Capital Strategy

Where are the opportunities?

Short Term Improve efficiency

- General Insurance – Review targets and optimise gearing
- Bank – Review targets and optimise gearing
- Life – Review targets, introduce gearing and drive structural efficiencies via product offerings

Medium to Longer Term Reduce Risk

- Further evolve our Risk Based Capital capability across the Group
- Deliver Advanced Accreditation for the Bank & General Insurance
- Articulate the clear diversification benefits
- Deliver value from Life Direct products

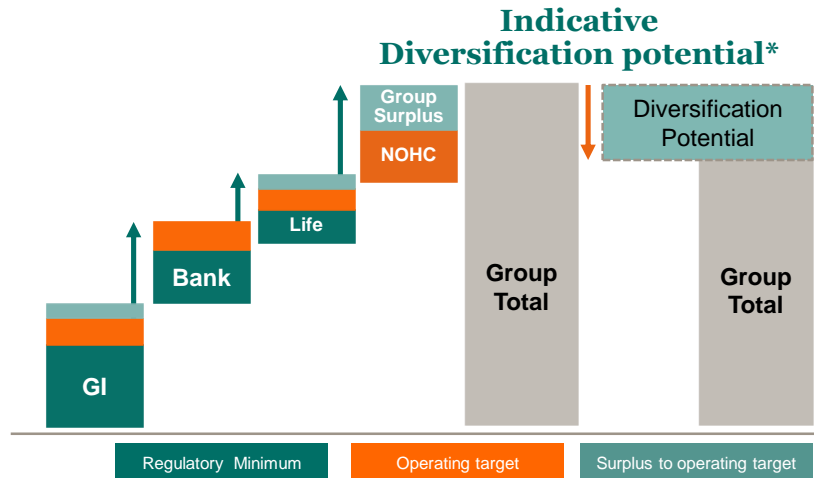
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Capital Strategy

NOHC benefits- Diversification

Risk Based Capital will allow us to:

- Quantify risk and optimise return
- Enhance decision making
- Understand diversification benefits



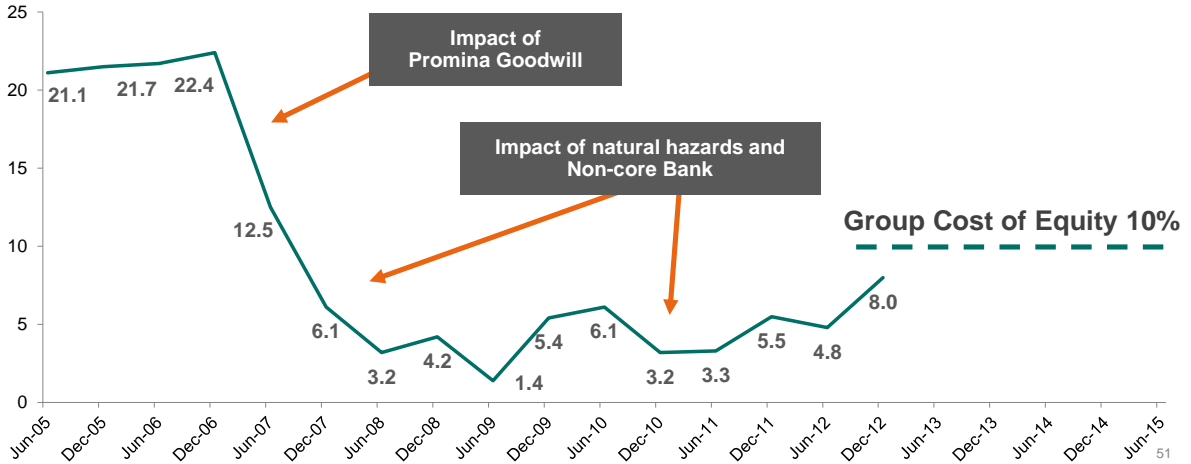
Key commitments

One Company. Many Brands

1	Group ROE of at least 10% by FY15
2	Additional Simplification benefits: \$225 million in FY15
3	Group growth of 7% to 9% per annum over the next two years
4	'Meet or beat' an underlying ITR of 12% through the cycle
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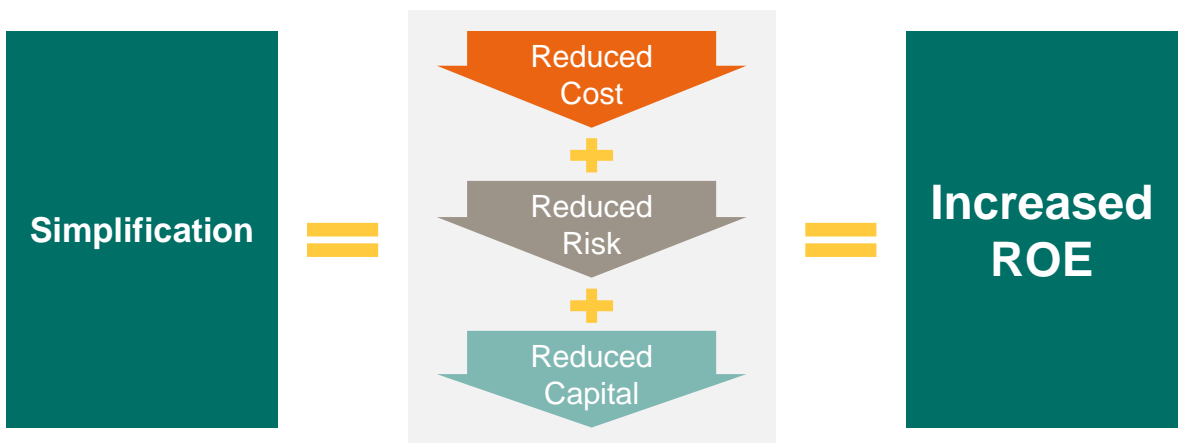
Suncorp historical ROE

Impact of Promina goodwill and Non-core Bank



Suncorp Capital Strategy

The drivers to improve returns



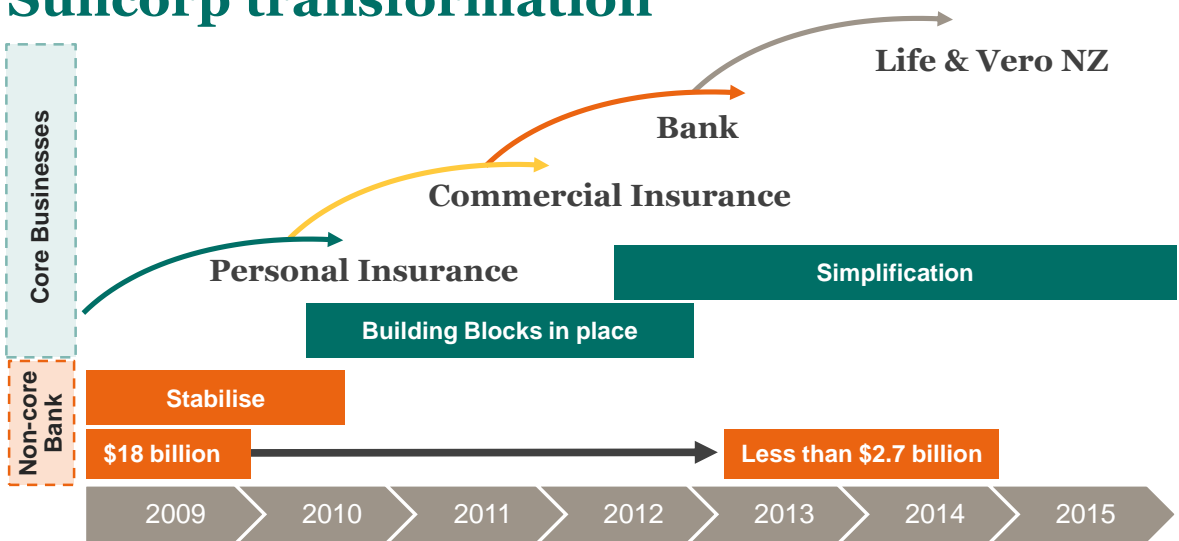
Question & Answer Session

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Suncorp transformation



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