



21 May 2010

SUNCORP OUTLINES GENERAL INSURANCE GROWTH TARGET

KEY POINTS

- 3% improvement in underlying general insurance margin over the next two years.
- Building Blocks program to provide one view of insurance pricing and claims, as well as Group customers, employees and finances.
- Program to deliver \$235 million in annual benefits.

Suncorp's general insurance business will improve its underlying margin (ITR) by at least 3% over the next two years, group chief executive Patrick Snowball said today.

Mr Snowball outlined the target at an investor day which detailed how Suncorp would realise the potential of its general insurance business, which accounts for the majority of the Group's profits on a normalised basis.

He also said the improvement in the underlying insurance margin would be underpinned by the Group's Building Blocks program – five key projects providing one view of insurance pricing and claims, as well as the Group's customers, employees and finances – which will deliver \$235 million in annual benefits by June 2013.

Project costs of \$120 million will be absorbed within the existing cost base by cutting discretionary spending and redirecting other capital expenditure.

Mr Snowball said that, as was the case at a Group level, Suncorp's general insurance business would benefit from simplification of its structure and systems.

"Our insurance business holds a clear advantage over competitors because of its scale; its industry leading suite of brands; and the fact that we have end to end control of our own manufacturing, pricing and distribution channels," he said.

"Our move to a functional model and a single view of pricing and claims will ensure the general insurance business leverages scale advantages across all of its brands and unlocks the potential in functional capability that has not been realised to date."

Personal insurance

The implementation of a single pricing engine and claims model will be the primary driver of the personal insurance business' contribution to the improvement in underlying general insurance margins.

Mark Milliner, personal insurance chief executive, said the strategy was to move from a portfolio of separate businesses to a single functional model.

"One pricing system and one pricing team gives us a consistent view across the portfolio and minimises conflicts between brands, which will help lift yield on new and renewal policies," Mr Milliner said.



NEWS RELEASE

"A single claims model will reduce repair costs and times and optimise our purchasing systems but, more valuably, it will allow our brands to share knowledge and resources when and where it matters most."

Mr Milliner said Suncorp's 'one team, many brands' strategy in the personal insurance business maximised product differentiation and market penetration. This allowed Suncorp to target multiple customer segments simultaneously and provided it with the scale and a strategic defence against new market entrants, including online competitors.

"Importantly, we have already commenced rolling out the strategy across the business," he said.

Commercial insurance

The commercial insurance business is targeting market share growth, particularly in the SME segment, which will contribute to the improvement in underlying margins across general insurance.

Commercial insurance chief executive Anthony Day said an expanding SME market was an area where Suncorp is well positioned to grow profitably.

"Our suite of brands – Vero, AAMI and GIO – all offer different value propositions that allow us to cater for a wide range of SME customer preferences," he said.

"This is a large and growing market and we've concentrated on our online business to business capabilities with some strong results."

Mr Day said the commercial insurance business would also benefit from many of the same initiatives that personal insurance was implementing, including simplified structures that reduced duplication and contained expenses; leveraging the Group's scale in pricing, risk selection and procurement; and using technology to significantly improve claims and customer experiences.

Vero New Zealand

Chief executive of Vero New Zealand Roger Bell said his business planned to double sustainable net profit after tax by June 2013.

"Vero New Zealand can achieve this target organically by extending our specialist focussed business model and integrated portfolio management system, as well as significantly growing our business through the relationship with ANZ National," Mr Bell said.

Group chief financial officer update

New group chief financial officer John Nesbitt was introduced to the market and outlined his priorities in the lead up to Suncorp's full year results announcement on 25 August 2010.

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NEWS RELEASE

These were to renegotiate reinsurance arrangements for the 2010/11 financial year, and to review capital targets across the Group in the context of risk appetites, global and domestic regulatory developments.

Mr Nesbitt said the process of capital reallocation was already well advanced through the divestment of non-strategic assets, and realigning legal and organisational structures within the Group.

ENDS

For more information contact:

Analysts / investors: Mark Ley, 0411 139 134
Media: Jamin Smith, 0409 170 035

Webcast address

Today's market presentation will be webcast on www.suncorpgroup.com.au from 9:30am.

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Suncorp General Insurance Investor Day

21 May 2010



Patrick Snowball

Group Chief Executive Officer



Agenda



| | | |
|---------|-------------------------|------------------|
| 9:30am | Introduction & Overview | Patrick Snowball |
| 9:50am | Chief Financial Officer | John Nesbitt |
| 10:00am | Personal Insurance | Mark Milliner |
| 10:30am | Morning Tea | |
| 11:00am | Commercial Insurance | Anthony Day |
| 11:30pm | New Zealand | Roger Bell |
| 11:45pm | Conclusion | Patrick Snowball |
| 12:00pm | Questions | |
| 1:00pm | Lunch | |

3

Focus for today



3% improvement in underlying GI margins by 2011/12

Five key projects to deliver one view of pricing, claims, finances, customers and people

\$235m in annual benefits for project costs of \$120m by 2012/13


One PI team delivering portfolio growth and using scale in pricing and claims

CI and Vero NZ business focused on growth

4

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Credibility, Confidence, Culture



Recap of the journey to date:


- **Phase 1:** Getting to know the business (Sept 09 to Oct 09)
- **Phase 2:** Laying the foundations of our strategy (Nov 09 to Feb 10)
- **Phase 3:** Setting direction for our five operating divisions (Mar 10 →)

| IMMEDIATE NEEDS | CHALLENGES |
|---|--|
| <ul style="list-style-type: none">✓ Stabilise the business✓ Strengthen balance sheet and capital✓ Appoint new executive team | <ul style="list-style-type: none">• Restore credibility• Rebuild confidence• Change the culture |

ONE COMPANY, MANY BRANDS

5

The Suncorp Group business model



| GROUP | | |
|------------------------------|--|-----------------------|
| Capital and ratings benefits | ONE <ul style="list-style-type: none">• view of customers• financial process• view of employees | Shared Group services |

| UNIQUE BUSINESSES | | |
|---|---|---|
| General Insurer <ul style="list-style-type: none">• Leading operations in both Australia and New Zealand• Scale and iconic brands• End-to-end control of brands, pricing, manufacturing and distribution | Regional Bank <ul style="list-style-type: none">• Regional Bank with HQ in QLD• Leader of 2nd tier banking sector• Rating uplift from Suncorp Group | Niche Life Insurer <ul style="list-style-type: none">• Niche national life insurance business• Independent• Strong IFA Channel |
| Personal Insurance | Commercial Insurance | Vero NZ |

6

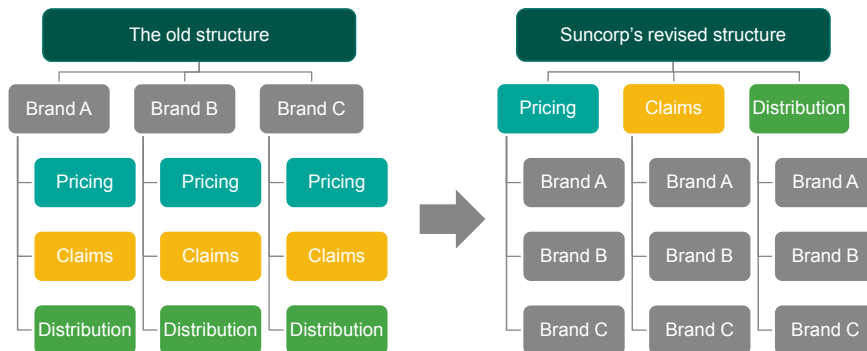
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General Insurance functional model



Many brands, many companies

One company, many brands



Strategic Building Blocks



A single view of...

Customers

One view of our customers across our businesses

People

A single and consistent view of our employees

Financials

A consistent and flexible approach to our financial management systems

Processes

Pricing

Claims

A single claims and pricing system across GI

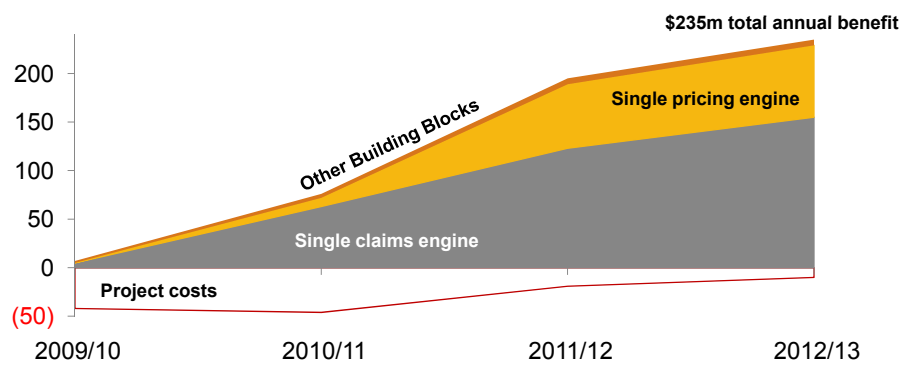
KEY PROJECTS ARE UNDERWAY

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Building Blocks financials



Building Blocks deliver annualised benefits of \$235m for project costs of \$120m



CONTRIBUTES TO AT LEAST 3% IMPROVEMENT IN UNDERLYING GI MARGINS BY 2011/12

John Nesbitt

Group Chief Financial Officer

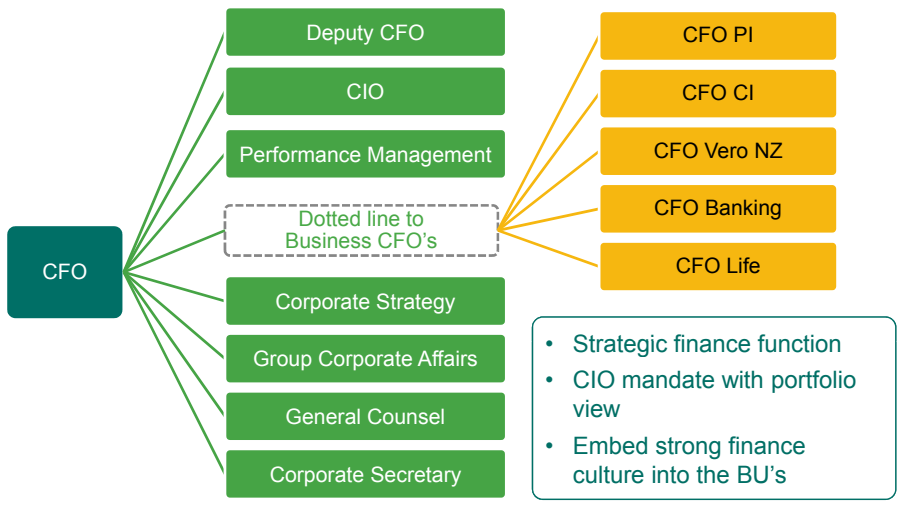


Initial observations



- Focus on the future
- Turnaround opportunity
- Energetic, passionate Executive Team
- Structural simplification
- Strong capital position
- Building Blocks for improved shareholder returns

Reshaping finance



Key focus for the near term



1. Capital

- Transparency improved
- Review targets
- NOHC

2. Reinsurance

- Around \$190m of capacity remaining in the aggregate program for 2009/10
- 2010/11 negotiations underway

3. Non-strategic assets

- Motor club JV valuations completed by early June 2010

4. Single finance system

13

Mark Milliner

Chief Executive Officer, Personal Insurance



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The journey we are taking



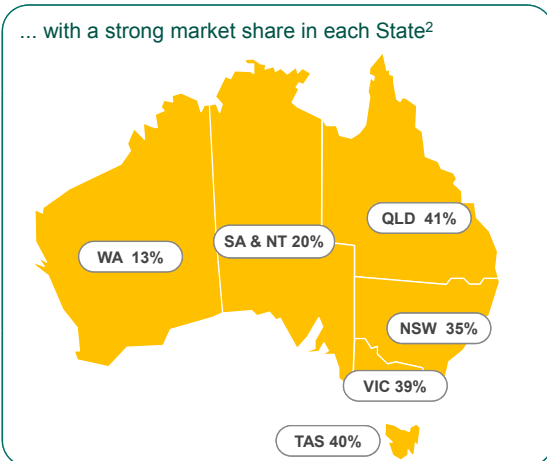
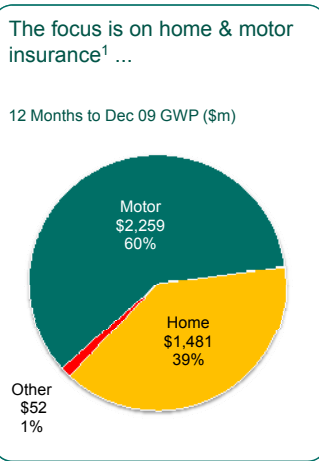
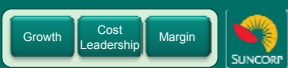
PI's strategy will be delivered by one team focused on margin improvement through cost leadership and the management of a portfolio of aligned brands

Cost Leadership Cost leadership that delivers margin improvement:

- One Team, Many Brands** — One team aligned to a single strategy
— Selectively growing our portfolio of brands
- One Pricing Approach** — Leverage sophisticated pricing capabilities by moving to one single pricing engine and simplifying pricing processes
- One Claims Model** — Leverage our scale to drive industry leading cost control and service

Margin Contribute to an improvement of at least 3% in the underlying margin across GI by 2011/12

Business recap



1: Other relates to Travel insurance and Deposit Power - Covermore is excluded from figures given the termination of the partnership in July 2009
2: Roy Morgan market share (December 2009) - Suncorp share excluding JVs

One team

Growth
Cost Leadership
Margin

We are one team aligned to a single strategy

| | | |
|---|---|--|
| <p>Where have we been?</p> <ul style="list-style-type: none"> — Brand aligned structure — Individual brands focused on driving their respective strategies | <p>What are we doing?</p> <ul style="list-style-type: none"> — Implementing a functional structure — Having one team unified around a single strategy — Aligning cultures — Creating centres of excellence around claims, distribution, product, pricing and other service functions | <p>What is the impact?</p> <ul style="list-style-type: none"> — Full control of the end to end value chain — Strong linkages to customers — Healthy staff engagement — Reduced turnover |
|---|---|--|

17

Portfolio of aligned brands

Growth
Cost Leadership
Margin

Personal Insurance has a portfolio of well known and trusted brands

| | | |
|--|---|--|
| <p>Where have we been?</p> <ul style="list-style-type: none"> — Brands independently managed | <p>What are we doing?</p> <ul style="list-style-type: none"> — Managing brands as a portfolio — Preserving the core elements of each brand — Strengthening key brands | <p>What is the impact?</p> <ul style="list-style-type: none"> — Reduced cannibalisation — Ability to compete effectively against <ul style="list-style-type: none"> • Large competitors and • New entrants |
|--|---|--|

Mass Market Brands

Niche Brands

18

Portfolio of many brands

Growth
Cost Leadership
Margin

Our brands deliver differentiated and valued offerings and we will continue to preserve the core elements of each brand

AAMI

AAMI is our lead national brand focusing on:

- Eliminating stress
- Talking to a real person
- Competitive price positions
- Motor claims management
- “Lucky you’re with AAMI” tagline

APIA

APIA is our national lifestyle brand focusing on:

- Rewarding the older, not working full time customer segment
- Delivering service excellence
- “Rewarding Experience” tagline

GIO

GIO is our state based brand in NSW and VIC focusing on:

- Providing certainty
- Service excellence with a more comprehensive cover
- “We cover details” tagline

Suncorp Insurance

Suncorp Insurance focuses on:

- Providing insurance to Queenslanders
- Strong community connections
- “Must have QLD” tagline

19

One pricing approach

Growth
Cost Leadership
Margin

Simplifying pricing processes and moving to a single pricing engine will enable us to build sophisticated pricing capabilities across all brands

Where have we been?

- Two pricing philosophies
- Brands pricing independently of one another

Current Pricing Capabilities

| | |
|------|-------------------|
| GIO | Suncorp Insurance |
| AAMI | APIA |

Individual Customer Rating

Peril Based Rating

Postcode Averaging

What are we doing?

- One centralised pricing team
- One pricing engine
- Embedding across all brands:
 - Individual Customer Rating
 - Peril Based Rating
- Price increases to account for recent weather events

What is the impact?

- Ability to compete effectively
- Reduced cannibalisation
- Improved margins

YOY Price Increases

| | |
|-------|------|
| Motor | ~3% |
| Home | ~10% |

20

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One claims model



Leveraging Personal Insurance's scale in claims across the Group will drive industry leading cost control and service

Where have we been?

- Four claims systems
- Different processes and capabilities across brands
- Specialist repair technology and techniques utilised in the Suncorp Insurance and AAMI brands

What are we doing?

- One claims team
- One claims system (Guidewire)
- One claims process
- Utilising repairers employing specialist repair technology and techniques across all brands
- Pooling of purchasing across GI

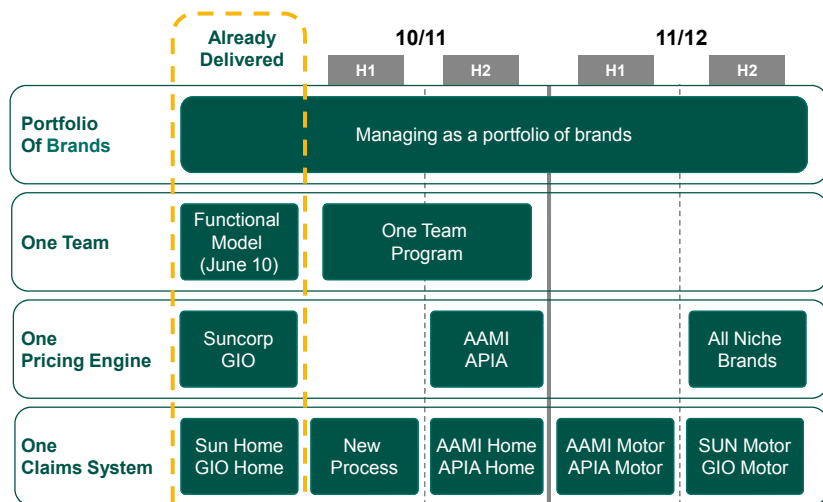
What is the impact?

- Utilising best practices in claims
- Improved customer service
- Improved margins
- More efficient response to catastrophic events

Program of work

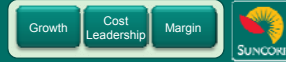


The momentum in the program of work is strong to ensure delivery

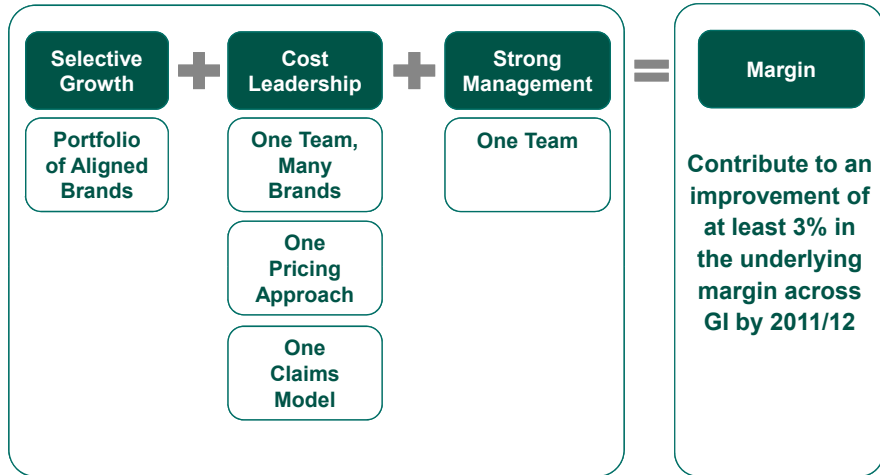


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The journey we are taking



PI's strategy will be delivered by one team focused on margin improvement through cost leadership and the management of a portfolio of aligned brands



Anthony Day

Chief Executive Officer Commercial Insurance



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Our strategy



CI's emphasis is on growth, while improving underlying performance

GROWTH

CI will build market profile through:

- SME – significant opportunity; currently underweight
- Corporate and Specialty – higher margins enables targeted growth
- Statutory – targeted growth focusing on optimising return on capital

COST LEADERSHIP

We will achieve this by leveraging our scale and our role as part of the Suncorp Group

- Scale & Brands
- Collaboration with other divisions, particularly PI

MARGIN

Our actions will contribute to

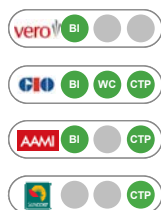
- Market share growth of ~3% over three years
- ~3% improvement in underlying margin across GI by 2011/12

25

Business overview – geographies



CI offers business insurance nationally and participates in all open regulatory schemes for CTP and WC



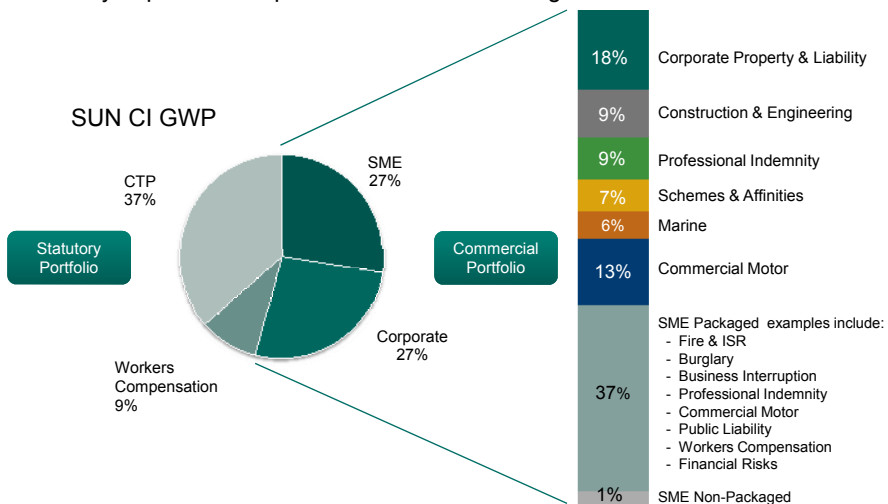
26

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Business overview – products



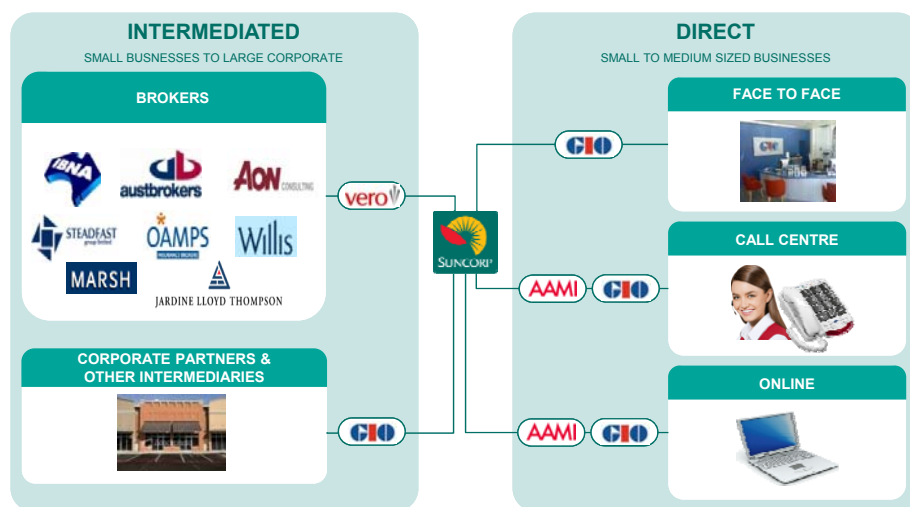
Portfolio management is also key for successful commercial insurers given the diversity of products required across customer segments



Business overview – customers



Suncorp's geographic presence is complemented by our market's broadest range of distribution channels in commercial classes



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Efficient and easy access to customers

Growth
Cost Leadership
Margin

A key enabler of our growth strategy is B2B technology

DIRECT ONLINE

48% of new business (Direct) now coming via referrals from Online portal

| Date | Share |
|-------|-------|
| 08/09 | 37% |
| 09/10 | 48% |

BROKER PORTALS

Timeline:

- Oct 09: Joined AON EMBS
- May 10: (Milestone)
- Near Future: Steadfast Virtual Underwriter under development

BROKERS

CI's share of Premium through the Sunrise platform for SME package products

| Date | Share | Total Premium |
|--------|-------|---------------|
| Jun 08 | 9.2% | \$642M |
| Mar 09 | 12.0% | \$672M |
| Mar 10 | 19.2% | \$762M |

VERO CENTRAL

- Single Login
- Vero Home & Motor Instant Quotes
- Specialty Product Requests
- Claims Online

29

Efficient and easy access to customers

Growth
Cost Leadership
Margin

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30

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31

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32

Capability in pricing and risk selection

Growth

Cost leadership

Margin

PRICING EXPECTATIONS

- Matching pricing to insurance cycle
- Expectations on pricing movements

WHAT WE ARE DOING

- Price increases already put through

| Category | % increase on prior year |
|----------------------|--------------------------|
| SME Packages | ~7% |
| Workers Compensation | ~6% |
| CTP NSW | ~9% |
| Corporate | ~7% |
- Our scale provides advantage:
 - Multiple brands
 - GI Pricing Engine improving speed to market and flexibility across multi-brands
 - Broad technical expertise and capability
- Growth trajectory in SME

33

Claims service and cost leadership

Growth

Cost Leadership

Margin

COST OF CLAIMS

- Claims – single biggest cost to commercial insurers
 - Gross Incurred Claims (GIC) ~70% of GWP
 - Claims Handling Expense (CHE) ~5% of GWP

NO CLEAR LEADER

- No leader in the claims for Commercial Insurance
- However, claims experience is lead driver of broker and customer advocacy

WHAT WE'RE DOING

- Our scale provides cost advantage
 - Single Claims platform drives simplification and efficiency
 - Claims procurement – working with PI
- Equipping our people to deliver positive claims experience

34

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Momentum and execution focus

Growth Cost Leadership Margin

| | Already Delivered | 2011 |
|-----------------------------|--|---|
| One Team | Functional Model (March 2010) | Efficiency and role clarity allows greater collaboration across the business |
| Portfolio Management | Exited Farm; Home Warranty; Aviation; Corporate Agents | Ongoing remediation of underperforming portfolios to focus on profitable growth opportunities |
| Distribution | Multi-brand Strategy – Vero as Broker brand | Continue brand strategy to maximise growth to each customer segment |
| B2B Technology | Sunrise; AON EMBS; Vero Central; Market Stalls | Extend ongoing projects, including Steadfast SVU |
| Pricing | GIPE used for CTP and Commercial Motor | Implement GIPE for SME & continue to generate improvements to pricing capability |
| Claims | WC ClaimCenter (pilot); ClaimCenter Lite | Complete roll-out of CTP & WC ClaimCenter |

35

Wrap-up

Growth Cost Leadership Margin

CI's strategy is fully aligned with the Group – our emphasis is on growth, while improving underlying performance

| | | |
|--------|--|---|
| Growth | OUR FOCUS AREAS Our focus areas are: <ul style="list-style-type: none"> – Growth in the SME segment – Becoming the market leader in Claims – Realising benefits of Scale – Functional structure reducing duplication – Efficiency from B2B Technology – Capability in pricing and risk selection | OUR ACTIONS WILL DELIVER <ul style="list-style-type: none"> – Market share growth of ~3% over three years – Contributing to ~3% improvement in underlying margin across GI by 2011/12 |
|--------|--|---|

36

Roger Bell

Chief Executive Officer Vero New Zealand



The New Zealand insurance market... size is important



- The New Zealand general insurance market represents approximately NZD3.6bn in GWP.
- The competitive environment remains intense.
- A key growth opportunity is the potential privatisation of the Accident Market in New Zealand, which may add up to NZD 2.5bn to the GWP pool.
- In 1999 the New Zealand Government opened up the state monopoly on Worker Compensation insurance . Vero wrote the dominant share of this business insuring 50% of New Zealand employees and made substantial underwriting profits.

Market share in New Zealand



Suncorp is the second largest General Insurer in New Zealand with a market share of 24%

INTERMEDIATED



- 20% Share of Total Market
- Number 1 or number 2 in the majority of classes

DIRECT



- 4% Share of Total Market
- 3rd largest direct player

39

Our brand stands for achievement



About us

- Writer of all major classes of business
- 16 consecutive years of Underwriting Profit
- Insurer Of The Year 2002,2003,2004,2006 and 2009
- Top 5 Best Places To Work in each of the last 5 years
- Accredited with World Class Status under Malcolm Baldrige Performance Excellence Criteria after 10 year journey
- 68% majority ownership of AA Insurance the fastest growing direct writer in New Zealand



We collect the awards. But the real winner is you.



40

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Delivering our future



- **Optimisation**
 - Build on current momentum
 - Proven ability to deploy
 - Organic achievement
- **Expertise**
 - Stability
 - Bench strength
 - Competence, capability, capacity
- **Distribution**
 - Plan A ... AON, AMP, ANZN, AAI ...brokers, advisers, bank, direct

CONTRIBUTES TO THE 3% UPLIFT IN UNDERLYING ITR FOR THE GROUP

41

The accident market... a NZ\$2.5bn opportunity



WORK ACCOUNT

Covers all work related injuries. Funded from levies paid by employers and self employed people

EARNERS' ACCOUNT

Covers non work injuries to earners. Funded from earners levies (paid through PAYE) plus self employed levies based on earnings

MOTOR ACCOUNT

Covers all personal injuries involving motor vehicles on public roads. Funded from petrol excise duty and a levy collected with the vehicle licensing fee

NZ\$750m

NZ\$1,400m

NZ\$350m

Numbers are an approximation using 2009 actuals, known agreed levy increases, and assumed wage roll growth, extrapolated to when it is assumed the scheme would be open to competition

42

Suncorp New Zealand



- Contribute to the 3% uplift in underlying ITR for the Group
- This will be achieved organically with no significant additional investment
- If the Accident Market opens up we will be a leading player
- The potential to double the Group's scale and profit footprint in NZ

43

Patrick Snowball

Chief Executive Officer



Focus for today



3% improvement in underlying GI margins by 2011/12

Five key projects to deliver one view of pricing, claims, finances, customers and people

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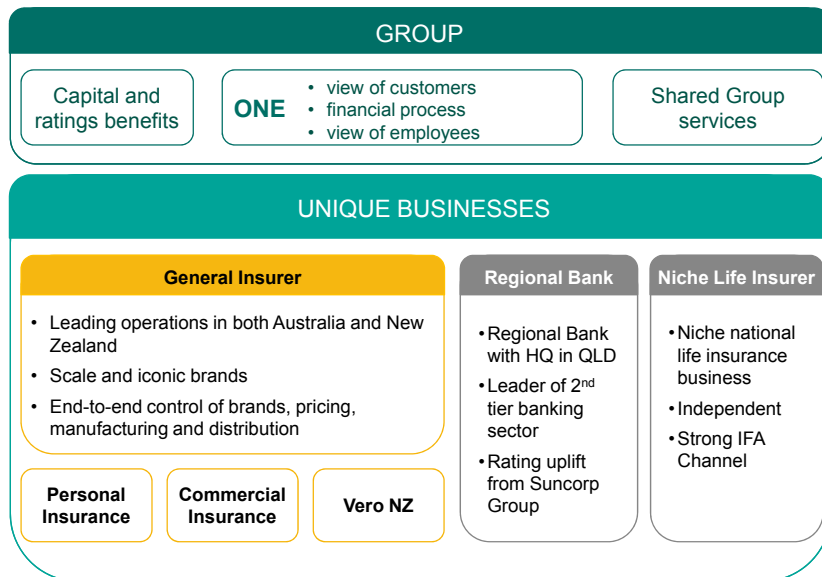
45

Questions?



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The Suncorp Group business model



47

Disclaimer

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