

9 August 2018

Suncorp signs non-binding Heads of Agreement for sale of the Australian life insurance business

As part of Suncorp Group's ("Suncorp") FY18 Results today, which included a Net Profit After Tax of \$1,059 million, Suncorp has also announced that it has entered into a non-binding Heads of Agreement ("Agreement") to sell its Australian life insurance business¹ to TAL Dai-ichi Life Australia Pty Ltd ("TAL") for approximately \$725 million ("Transaction").

The legally binding sale documentation to be entered into between Suncorp and TAL is expected to be executed by the end of this month.

Completion of the Transaction is expected to occur by 31 December 2018, subject to the satisfaction of certain conditions and regulatory approvals in Australia and Japan.

Allowing for separation and transaction costs, provisions and hybrid capital, Suncorp anticipates returning approximately \$600 million to shareholders following the completion of the Transaction. The structure of the capital return and the precise quantum will be announced prior to completion. Assuming completion by 31 December 2018, the Transaction is expected to be marginally accretive to Cash Return on Equity ("ROE") in FY19.

Completion of the Transaction is expected to result in an after tax non-cash loss on sale in FY19 of approximately \$880 million². Suncorp today confirmed its target of a Cash ROE of 10% for FY19, excluding the positive impact of the Australian life insurance business divestment.

The Agreement includes a 20-year strategic alliance with TAL to offer market-leading life insurance solutions through Suncorp's Australian distribution channels, including its digital channels, contact centres and store network. Under the terms of the proposed strategic alliance, Suncorp will continue to earn income on the distribution of life insurance.

The Agreement marks the completion of a comprehensive strategic review of Suncorp's Australian life insurance business and involved the assessment of a number of options, including additional reinsurance, partnership arrangements and divestment.

Suncorp CEO & Managing Director Michael Cameron said the sale of the life company was the superior option, as it will simplify Suncorp's business model, provide a significant release of capital to shareholders, and be accretive to Cash ROE.

"The long-term strategic alliance between TAL and Suncorp will allow us to offer excellent value to Suncorp's Australian customers. The strategic alliance will leverage the strengths of our respective organisations to deliver a superior customer experience," Mr Cameron said.

"We are pleased to be working with one of Australia's leading life insurers with the backing of a successful global insurer in Dai-ichi Life."

TAL Group CEO & Managing Director Brett Clark said, "The Suncorp Group is one of Australia's largest and most important financial services businesses. As Australia's leading life insurance specialist, we are delighted to be partnering with the Suncorp Group. We look forward to extending our life insurance expertise to provide high quality life insurance solutions to Suncorp customers and distribution partners."

¹ The proposed transaction is structured as a sale of 100% of the shares in Suncorp Life & Superannuation Limited, which includes Suncorp's Australian life risk and participating, annuities and unit-linked wealth business but excludes the Australian Wealth Suncorp Portfolio Services Limited superannuation business.

² The final gain / loss on sale will be determined at the completion of the Transaction.

The strategic review of the Australian life insurance business has no impact on the Suncorp life insurance business in New Zealand.

Suncorp CEO & Managing Director, Michael Cameron and Chief Financial Officer, Steve Johnston will be hosting the company's FY18 Results announcement at 10.00am (AEST).

You will be able to view the webcast at: www.suncorpgroup.com.au

About Suncorp

Suncorp Group Limited is a provider of financial services and solutions, helping customers to make good choices and take positive action to improve their financial wellbeing. Since 1902, we have created value for stakeholders while being a responsible and resilient business. Today, we are a top 20 ASX-listed company with \$99 billion in assets. We employ approximately 13,300 people and serve over nine million customers across Australia and New Zealand.

Suncorp's products, services and experiences are designed to make it easier for customers to meet their financial needs. It brings together the Group's strong portfolio of banking & wealth and insurance solutions from across its many brands including Suncorp, AAMI, GIO, Apia, Shannons and Vero as well as those from our partners.

About TAL Life Australia

TAL is one of Australia's leading life insurance specialists. For more than 140 years, TAL has been protecting people, not things. Today, TAL insures almost 4 million Australians and offers life insurance through the following channels: direct to consumer; through a financial adviser; and via group and workplace superannuation schemes. TAL is part of the Dai-ichi Life Group, one of the world's largest insurance groups.

About Dai-ichi Life

Dai-ichi Life Holdings, Inc. ("Dai-ichi Life") is one of the world's largest publicly traded life insurance groups with a current market capitalisation of approximately JPY2.6 trillion (AUD31.5 billion). Founded on September 15, 1902, The Dai-ichi Life Insurance Company, Limited was the oldest mutual life insurance company in Japan until it was demutualised and listed on the Tokyo Stock Exchange on April 1, 2010. As of March 31, 2018, total assets were JPY53.6 trillion (AUD607.9 billion) on a consolidated basis. Effective October 1, 2016, The Dai-ichi Life Insurance Company, Limited reorganised into its current holding company structure and changed its name to Dai-ichi Life Holdings, Inc. to help facilitate its global growth initiatives and provide increased organisational flexibility.

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