

23 January 2017

Suncorp finalises execution on New Zealand Autosure disposal

On 21 November 2016, Suncorp Group (Suncorp) announced that it had executed the sale of its New Zealand Autosure motor insurance business to Turners Limited.

The sale results in a release of capital of approximately A\$30 million and a post-tax loss on disposal of A\$25 million. The transaction will be accretive to the New Zealand business's long term return on equity (ROE). The adjustment will be booked in the Group's HY17 financial result as a non-cash item.

The New Zealand financial result will also be impacted by further claims arising from the 2010/11 Canterbury earthquakes and the 14 November 2016 Kaikoura earthquake.

2010/11 Canterbury earthquakes

The outstanding claims provision for the 2010/11 events has increased by NZ\$112 million primarily due to the notification of new 'over-cap' claims from the New Zealand Earthquake Commission. While the majority of these costs will be absorbed by Suncorp's reinsurance program, the Group expects to incur a net cost of NZ\$18 million in the HY17 financial results.

Kaikoura Earthquake and Natural Hazard Costs

For the six months to 31 December 2016, natural hazard claims costs in Australia and New Zealand are estimated to be \$350 million, \$40 million above the natural hazard allowance of \$310 million. This includes NZ\$50 million for the net impact of the Kaikoura earthquake on 14 November 2016, \$60 million for South Australian/Victorian storms in November 2016 and \$50 million for Victorian/South Australian storms in December 2016.

Suncorp Group will present its financial results for the six months to 31 December 2016 on Thursday 9 February 2017.

Ends

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