



Suncorp Group Limited

Financial results for the six months to 31 December 2012

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20 February 2013

Financial results for the six months to 31 December 2012

One Company
Many Brands



Suncorp results presentation

Agenda

Results and operational highlights

Patrick Snowball

CFO report

- Core business lines
- Non-core Bank
- Group Capital

John Nesbitt

Outlook

Patrick Snowball

Q & A

Suncorp Leadership Team

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Introduction

Patrick Snowball
Chief Executive Officer, Suncorp Group Limited

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1H13 result overview

	1H13	1H12	%Δ
General Insurance NPAT	564	162	large
Core Bank NPAT	144	156	(7.7)
Suncorp Life NPAT	51	133	(61.7)
Business lines NPAT	759	451	68.3
Non-core Bank and other	(143)	(15)	n/a
Acquisition amortisation	(42)	(47)	(10.6)
Net Profit After Tax	574	389	47.6

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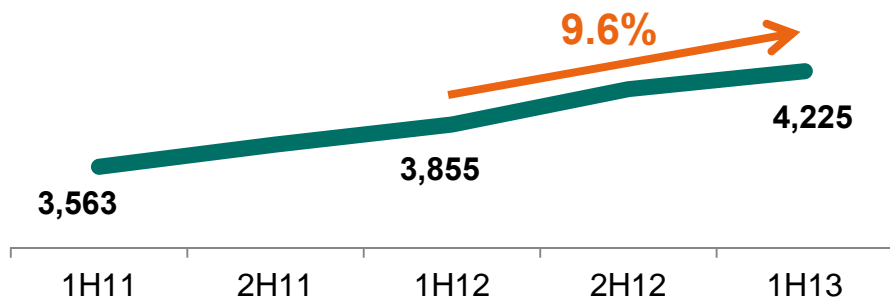
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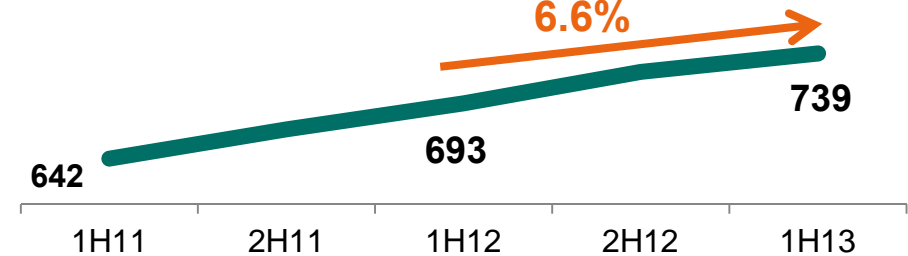
Top line growth

Growth across all three business lines (\$m)

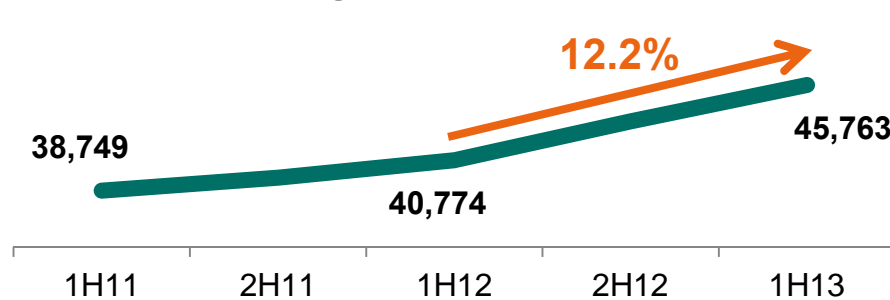
General Insurance GWP



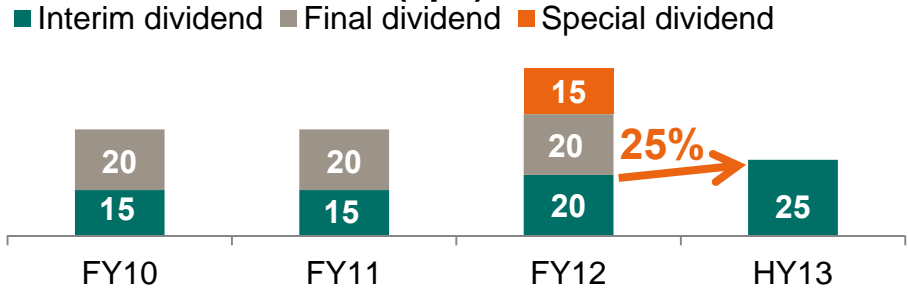
Suncorp Life individual in-force business



Core Bank lending assets



Shareholder returns (cps)



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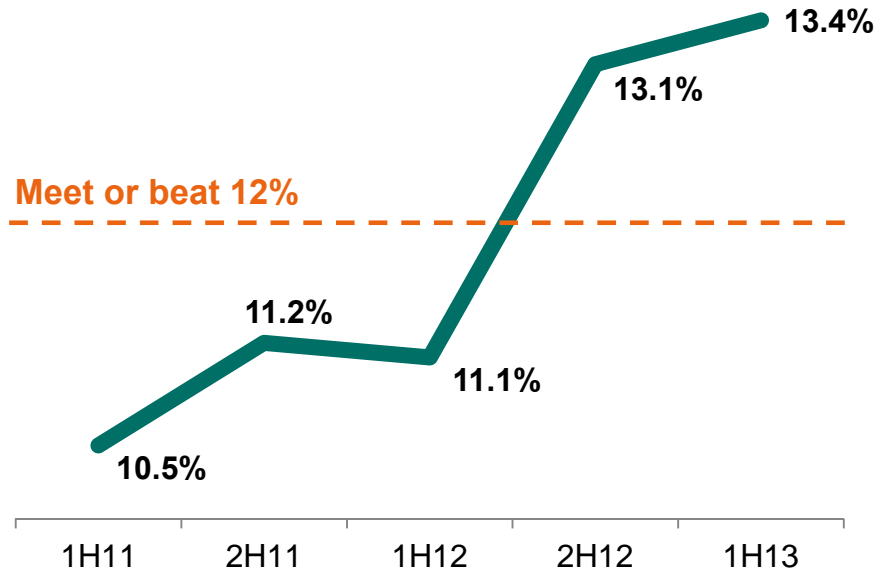
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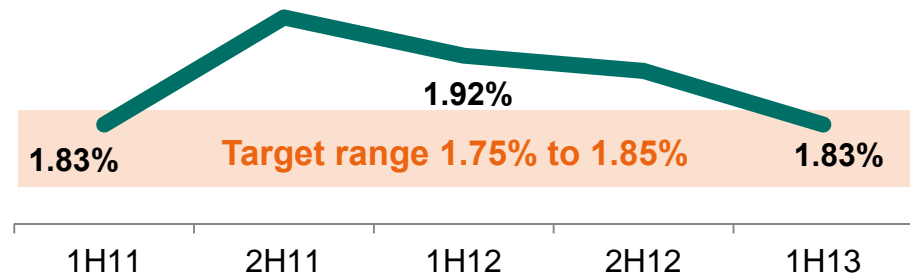
Healthy margins

With profitable growth

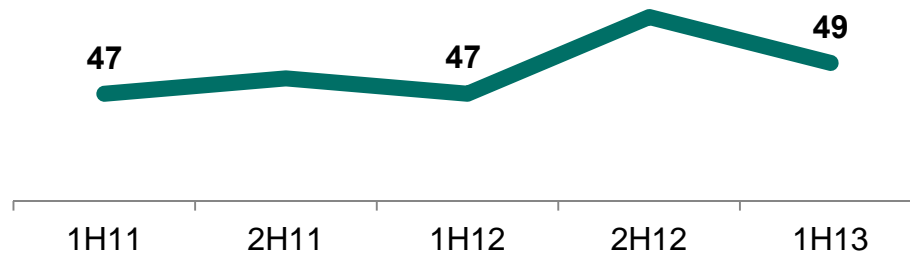
General Insurance underlying ITR



Core Bank NIM



Suncorp Life planned profit margin release (\$m)



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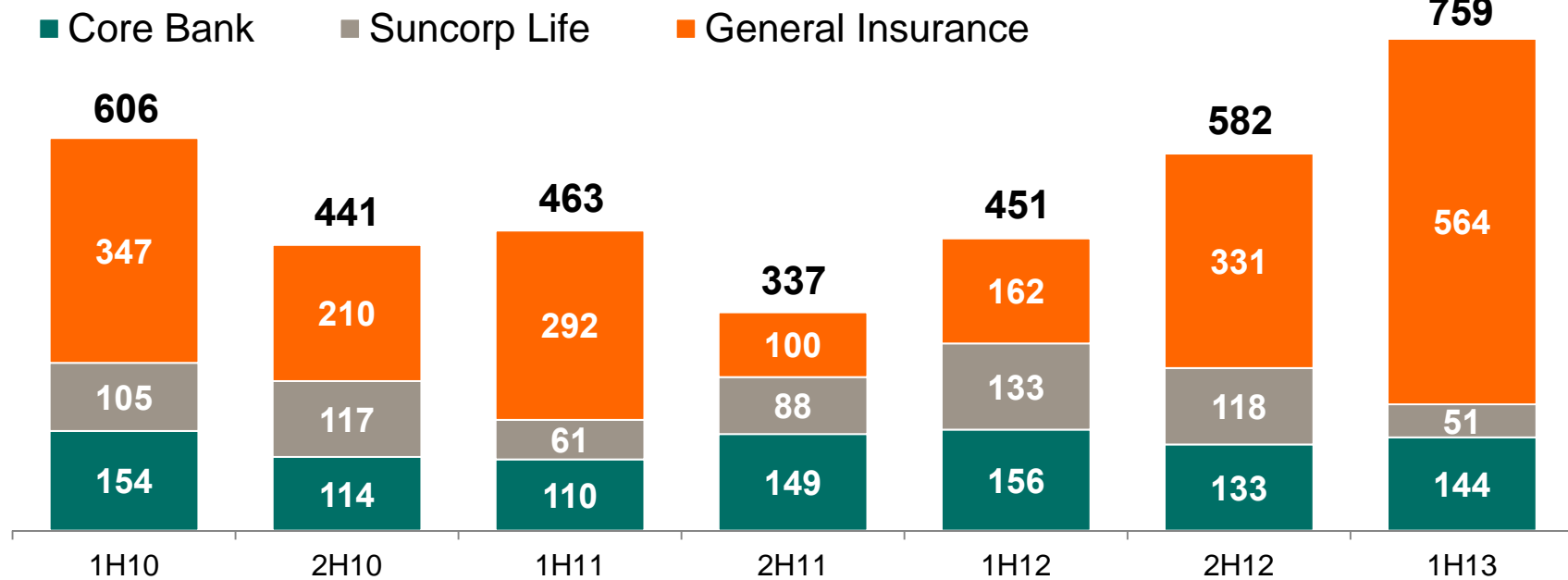
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Core business profitability

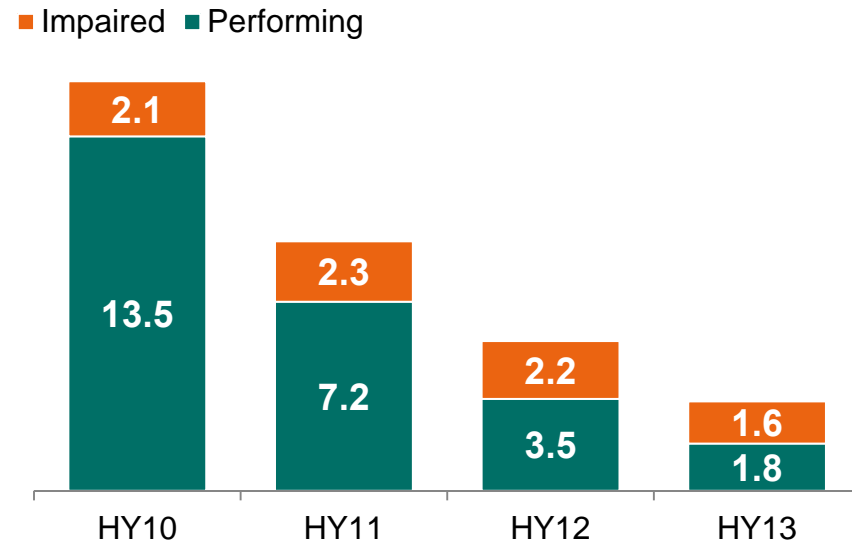
Good earnings and great potential (NPAT \$m)



Suncorp de-risking continues...

- Non-core down to \$3.4 billion, 20% of original size
- Excess capital of \$1.27 billion
- Comprehensive reinsurance program, including Quota Share for Queensland Home
- Divested non-strategic assets, Tyndall and RACQ JV
- Focus on low-risk segments

Non-core Bank (\$bn)



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Financial Results

John Nesbitt
Chief Financial Officer, Suncorp Group Limited

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General Insurance

Underlying ITR of 13.4%

\$m	1H13	%Δ
General Insurance profit after tax	564	large

- GWP up 9.6%
- Reported ITR of 18.6%
- Natural hazard claims below allowance by \$113 million
- Investment markets provided a mismatch benefit of \$118 million
- Delivered on the 'meet or beat' 12% underlying ITR target
- Reserve releases of \$41 million

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Gross Written Premium

GWP up 9.6%

Product	1H13 (\$m)	%Δ	Factors
Motor	1,351	5.2	A combination of unit and premium growth
Home	1,252	14.5	Premium increases to recover additional reinsurance costs
Commercial	1,011	10.1	Strong growth in broker channel
CTP	467	8.1	Strong growth in NSW
Workers' comp & other	144	12.5	Price increases, wage growth and improved retention
Total	4,225	9.6	
Australia	3,761	9.3	
New Zealand	464	12.1	11.3% in NZ\$

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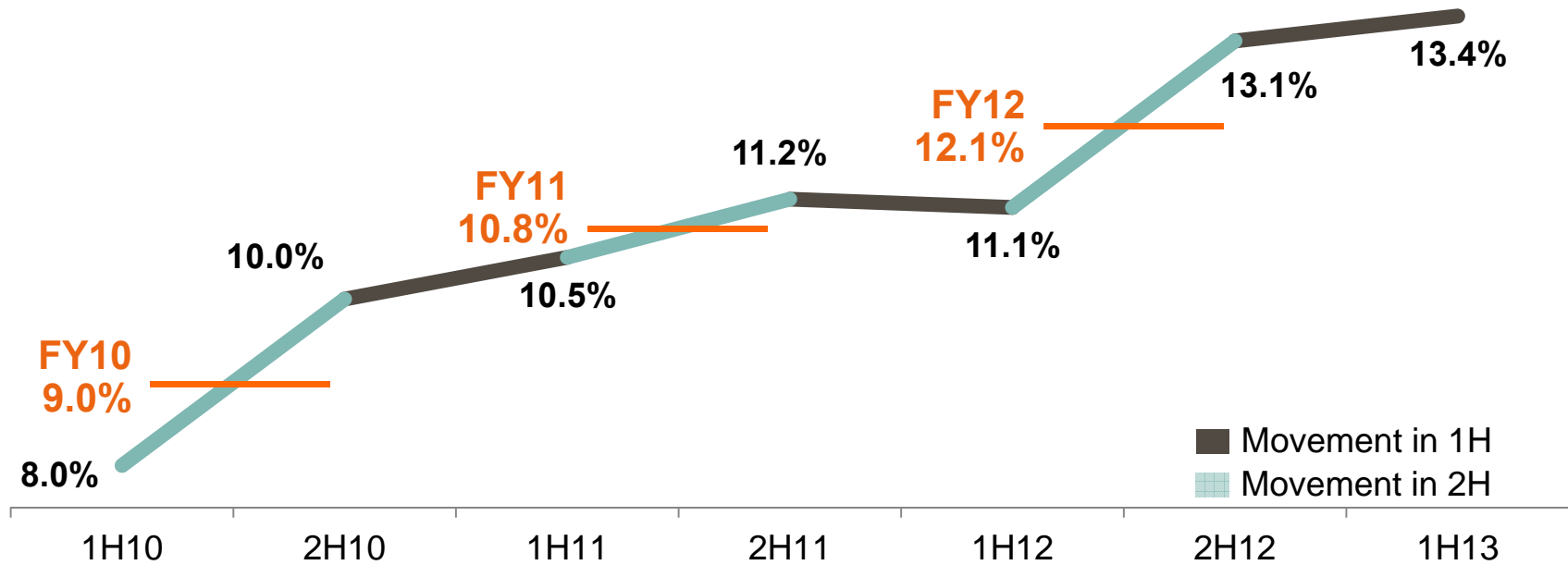
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Underlying ITR

Meet or beat 12% underlying ITR



Core Bank overview

Sustainable growth

\$m	1H13	%Δ
Core Bank profit after tax	144	(7.7)

- Housing lending growth of 5.9% and Agribusiness lending up 4.7% for the half
- NIM 1.83% top end of the target range of 1.75%-1.85%
- Retail deposit to core lending 66% remains in target range of 60-70%
- \$600 million covered bond issued in November
- Net impaired assets down 8.7%
- Underlying NPAT up 4%, adjusted for prior year flood provisioning benefit & other one-offs

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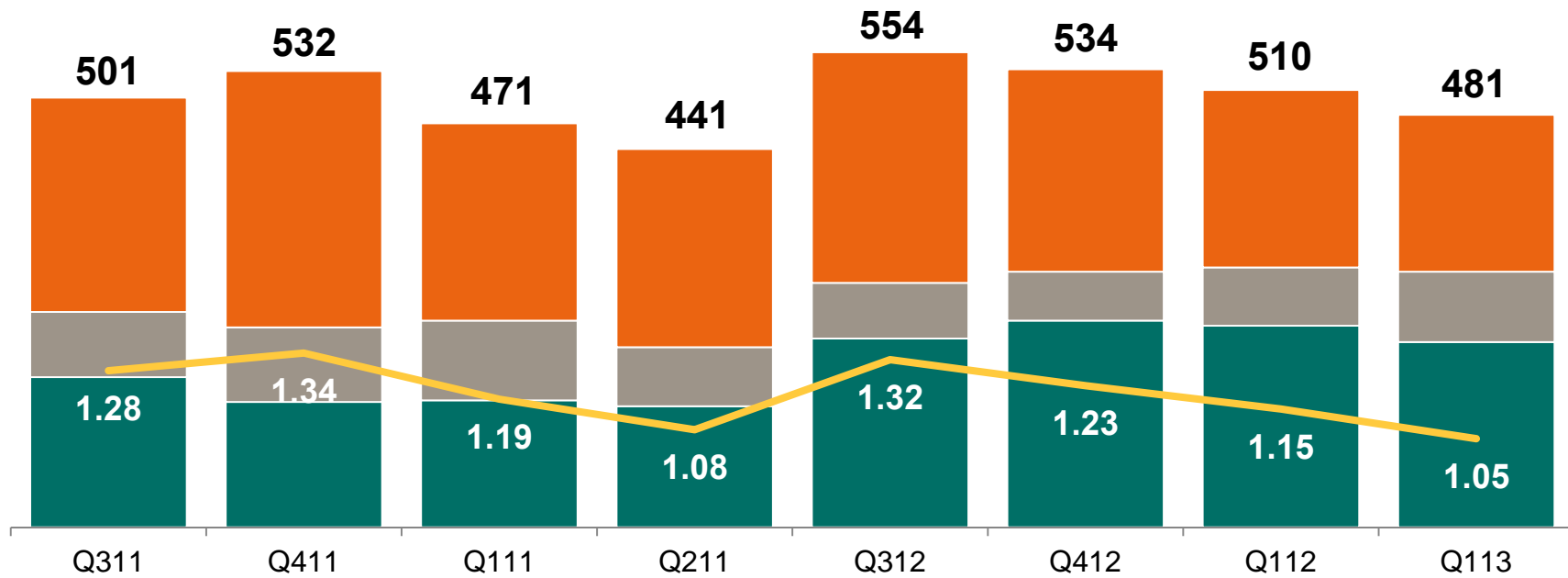
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Core Bank - credit quality improving

Non-performing loans (\$Am)

■ Impaired assets
 ■ > 90 days past due SME & Agribusiness
 ■ > 90 days past due retail
 — NPLs / total loans (%)



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Suncorp Life overview

Strong new business growth

\$m	1H13	%Δ
Life profit after tax	51	(61.7)
Life underlying profit after tax	61	(11.6)

- Life risk new business up 18.2%
- Individual Life Risk in-force up 6.6%
- Embedded Value \$2.4 billion
- VOYS \$46 million

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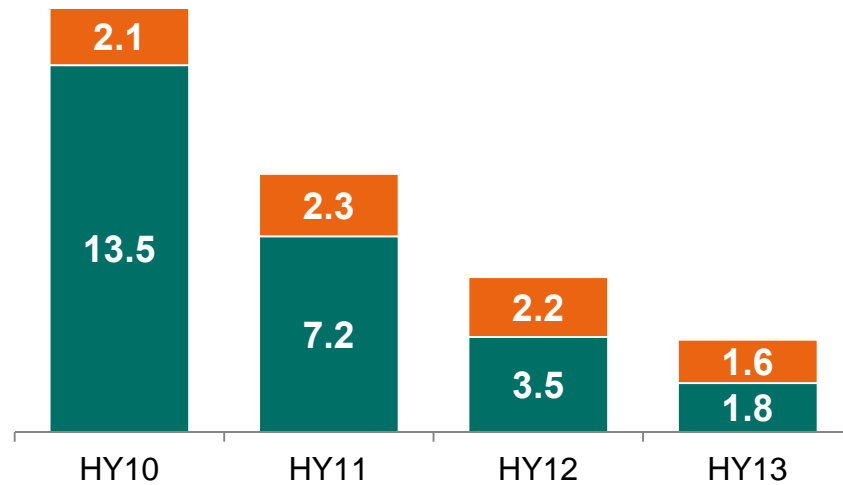
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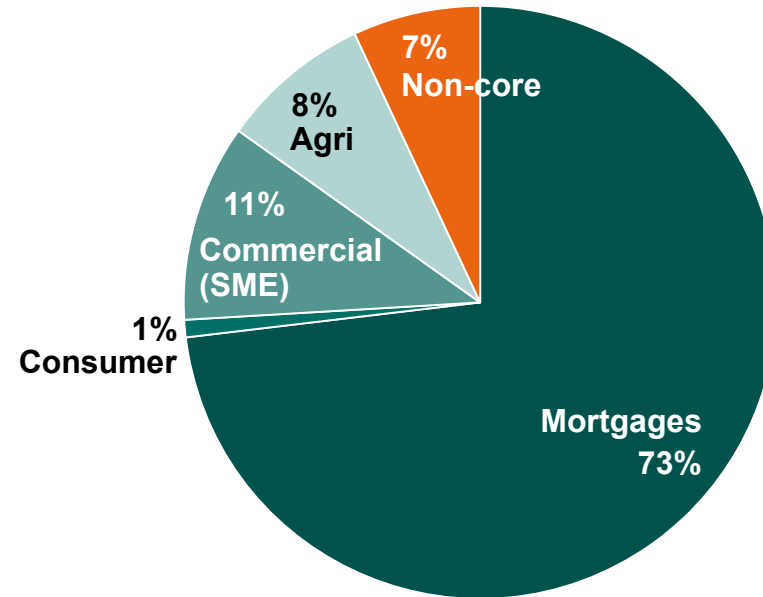
Non-core Bank reduced significantly

Non-core Bank (\$bn)

■ Impaired ■ Performing



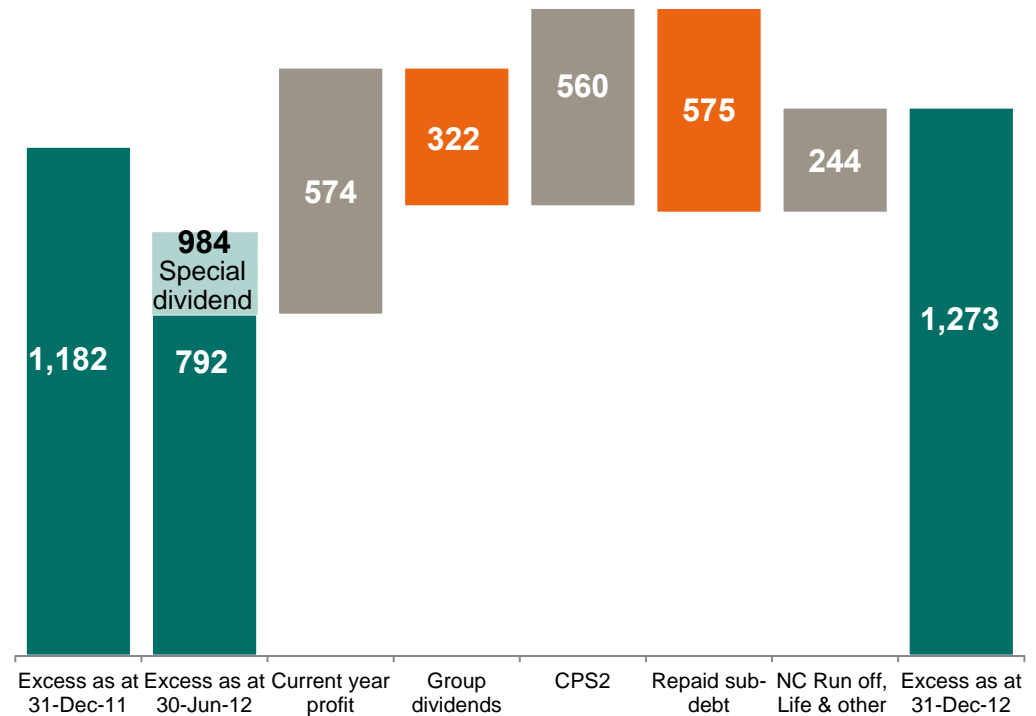
Suncorp Bank portfolio split



Group Capital

Capital strengthening continues

- Repaid \$575 million sub-debt
- Issued Basel III compliant CPS raising \$560 million
- Interim dividend 25 cents, up 25%
- DRP is non-dilutive
- Excess capital increases to \$1.65 billion on Basel III/LAGIC basis
- \$576 million franking credits



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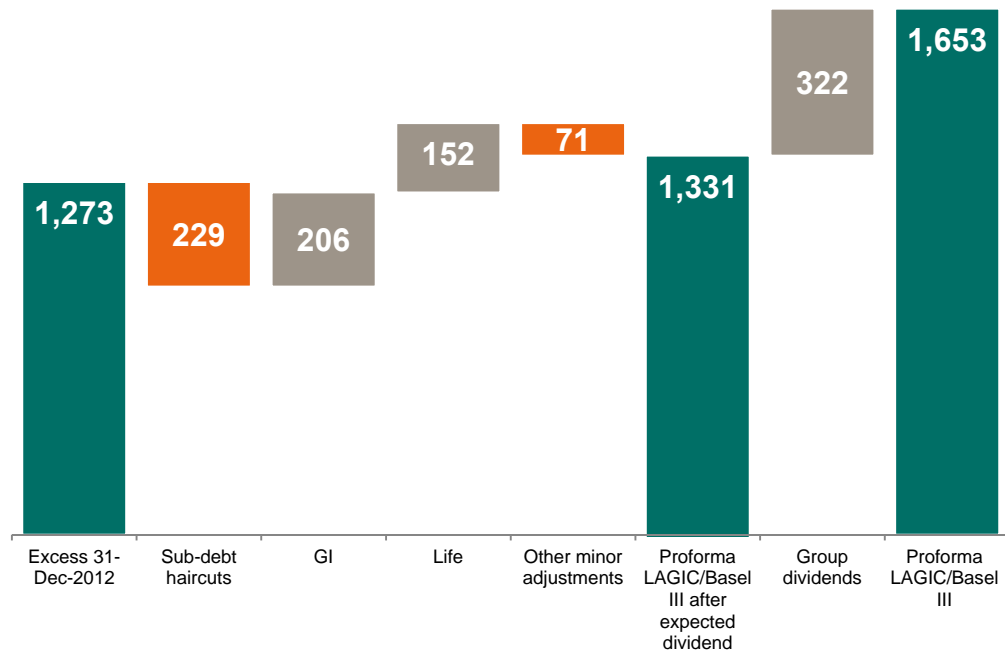
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Group Capital

Proforma LAGIC/Basel III position

- Excess capital increases to \$1,653 million on Basel III/LAGIC basis
- Largest movement is the \$322 million treatment of expected dividend
- Proforma LAGIC/Basel III after expected dividends is \$1,331 million
- GI Group 2.01 times PCA
- Bank CAR at 12.1%
- Sub-debt haircuts of \$229 million



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Conclusion

Patrick Snowball
Chief Executive Officer, Suncorp Group Limited

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Delivered on 3 year Strategy

Improvements across all three core businesses

\$m	31-Dec-12	31-Dec-09	Change
NPAT	574	364	57.7%
Interim dividend (cps)	25c	15c	66.7%
General Insurance GWP	4,225	3,490	21.1%
General Insurance reported ITR (%)	18.6%	12.8%	up 5.8%
General Insurance underlying ITR (%)	13.4%	8.0%	up 5.4%
Core Bank loans	45,763	36,577	25.1%
Core Bank NIM	1.83%	1.76%	up 7 bps
Suncorp Life individual risk premiums	739	602	22.8%
Suncorp Life Planned profit margin release	49	40	22.5%
Non-core Bank loans	3,422	15,645	(78.1%)
Non-core Bank gross impaired loans	1,644	2,077	(20.8%)
Total Group operating expenses	1,332	1,294	2.9%

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Suncorp Group outlook

Build on growth momentum and capitalise on the 4C's

Group	<ul style="list-style-type: none">• Entering 2013 with strong momentum across all businesses• New Simplification projects to build on Building Block benefits• Capitalise on the 4C's – driving the Group competitive advantage• Full year dividend payments in the target range of 60% to 80% of cash earnings
GI	<ul style="list-style-type: none">• Meet or beat 12% underlying ITR• Systems consolidation and Single Licence well advanced• Multi-year quota share program reduces QLD exposure
Bank	<ul style="list-style-type: none">• Core Business geared to support 8-10% lending growth• Non-core run off below \$2.7 billion, with less than half impaired by June 2013
Life	<ul style="list-style-type: none">• Continue to unlock the value of Group's customer base• Market remains challenging, focus on managing experience and costs

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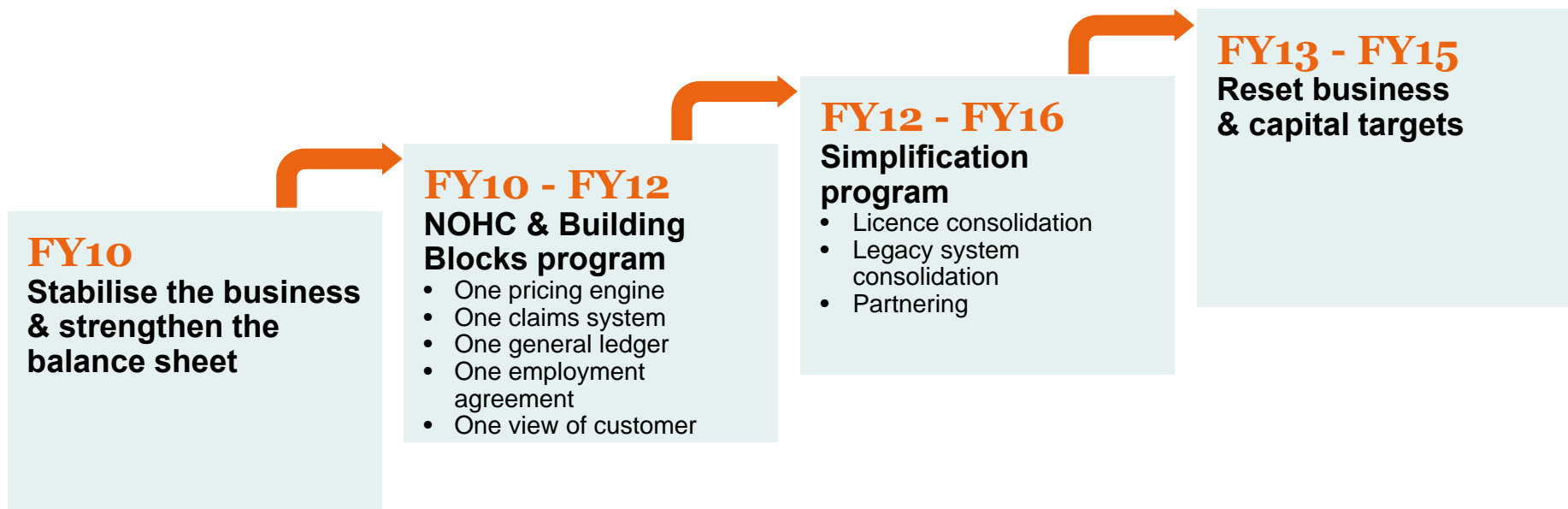
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The Suncorp journey

Clarity, Simplicity and Relentless Execution



Using the 4C's (Cost, Capital, Customer & Culture) to drive the Group's competitive advantage

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Supplementary slides



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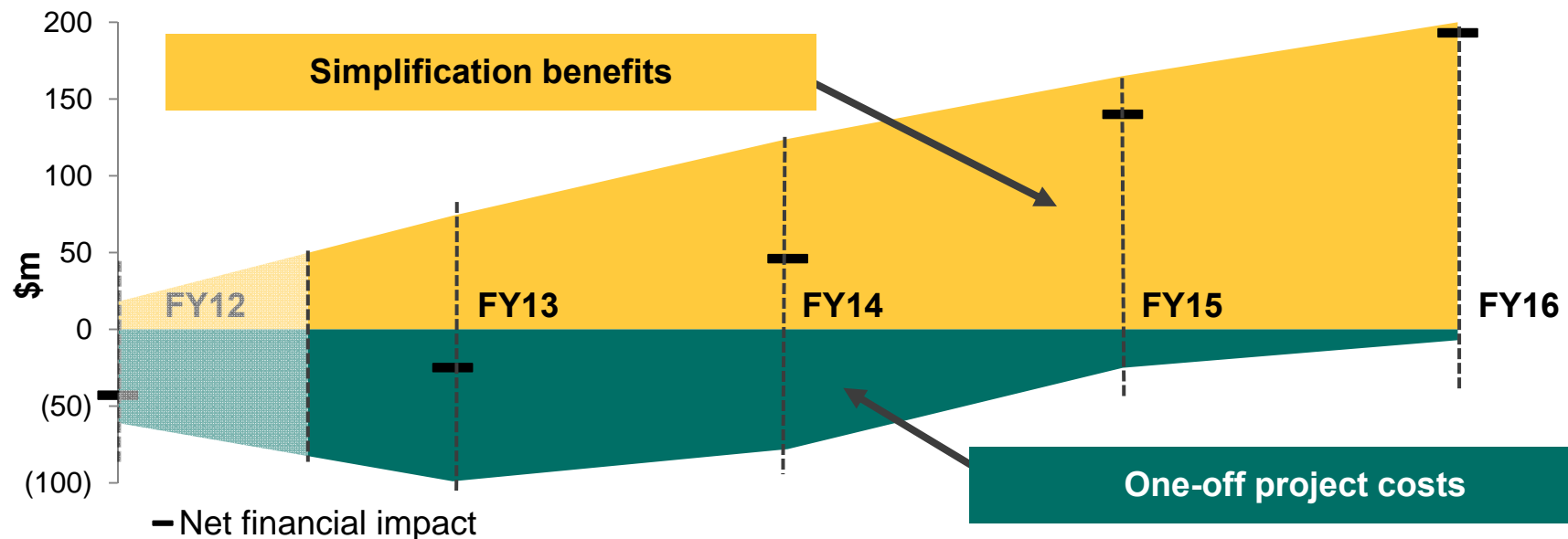
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Simplification costs and benefits

Financial impacts of Simplification program



Annualised benefits of \$200 million from FY16
One-off total project costs of \$275 million

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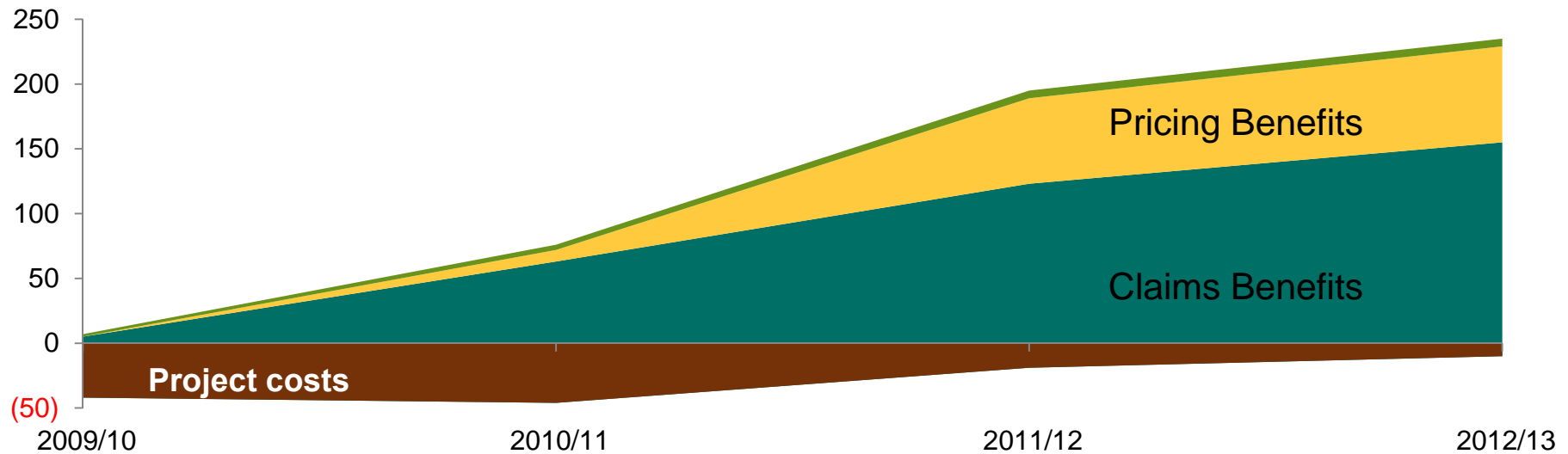
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Building blocks delivering

Contributing to 3%+ improvement in underlying GI margin



\$235 million annualised savings

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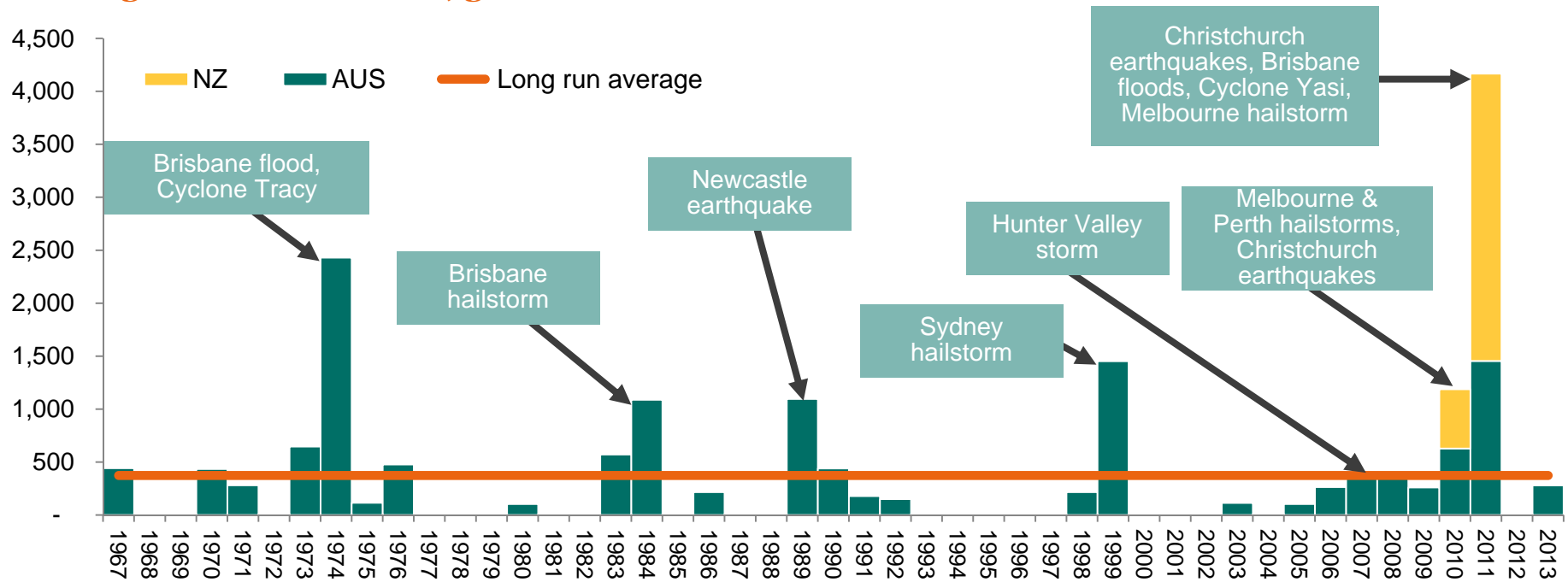
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Natural hazards since 1967

Suncorp long-term catastrophic loss experience
 Events greater than \$100m, gross of all reinsurance



Source: Data supplied by the Insurance Council database.

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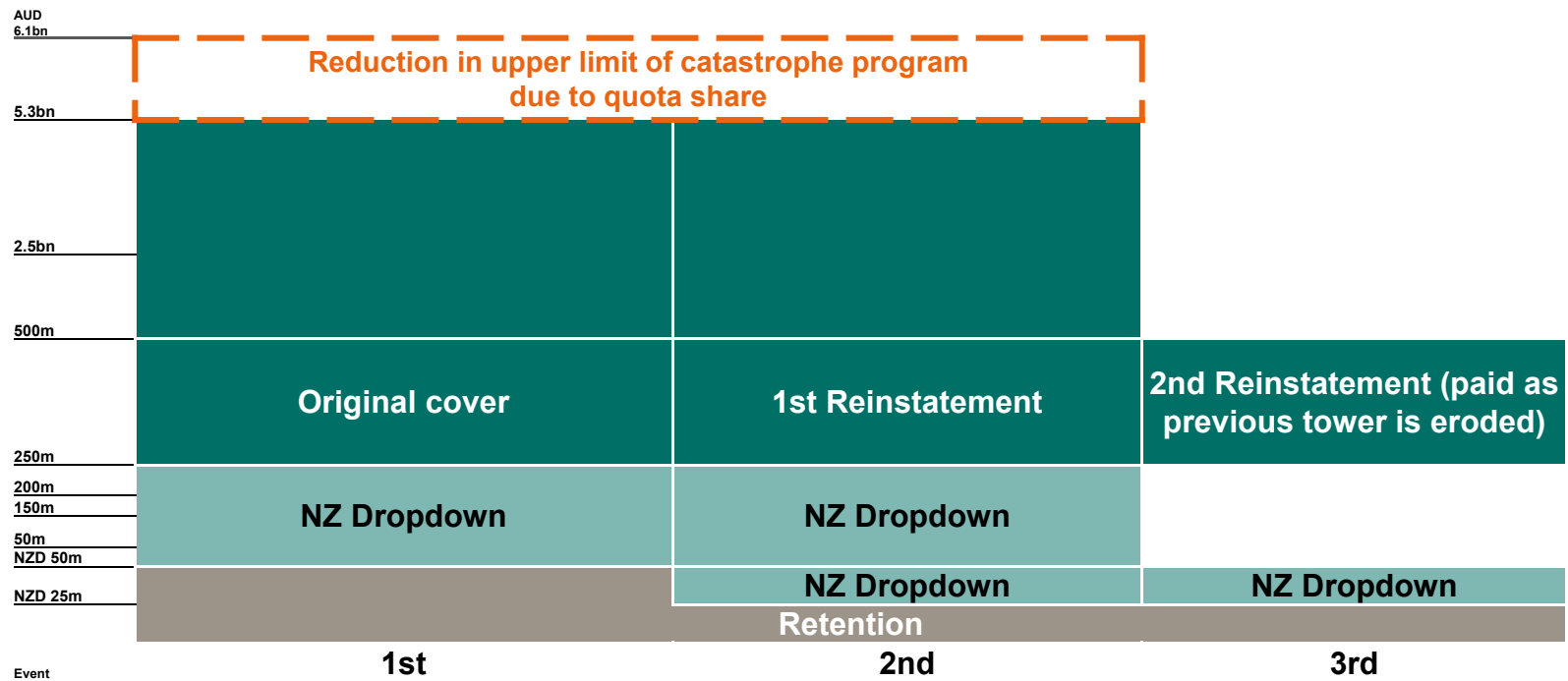
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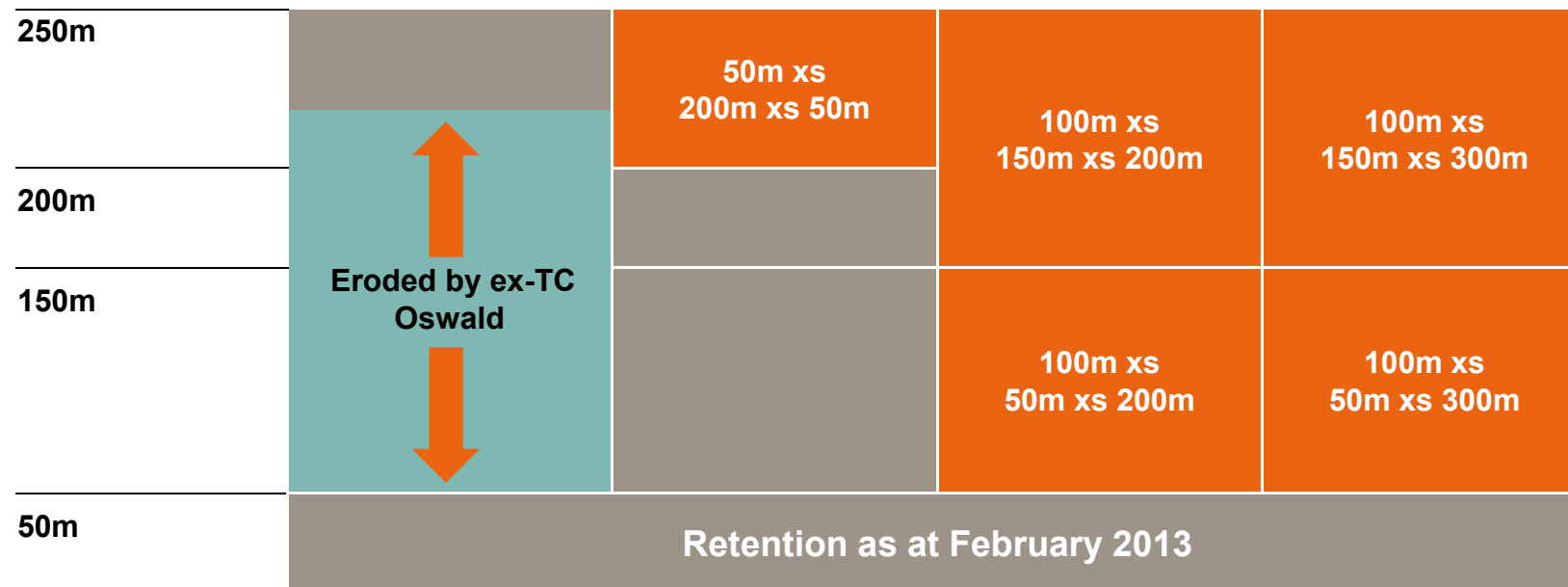
FY13 Reinsurance program

Property catastrophe program



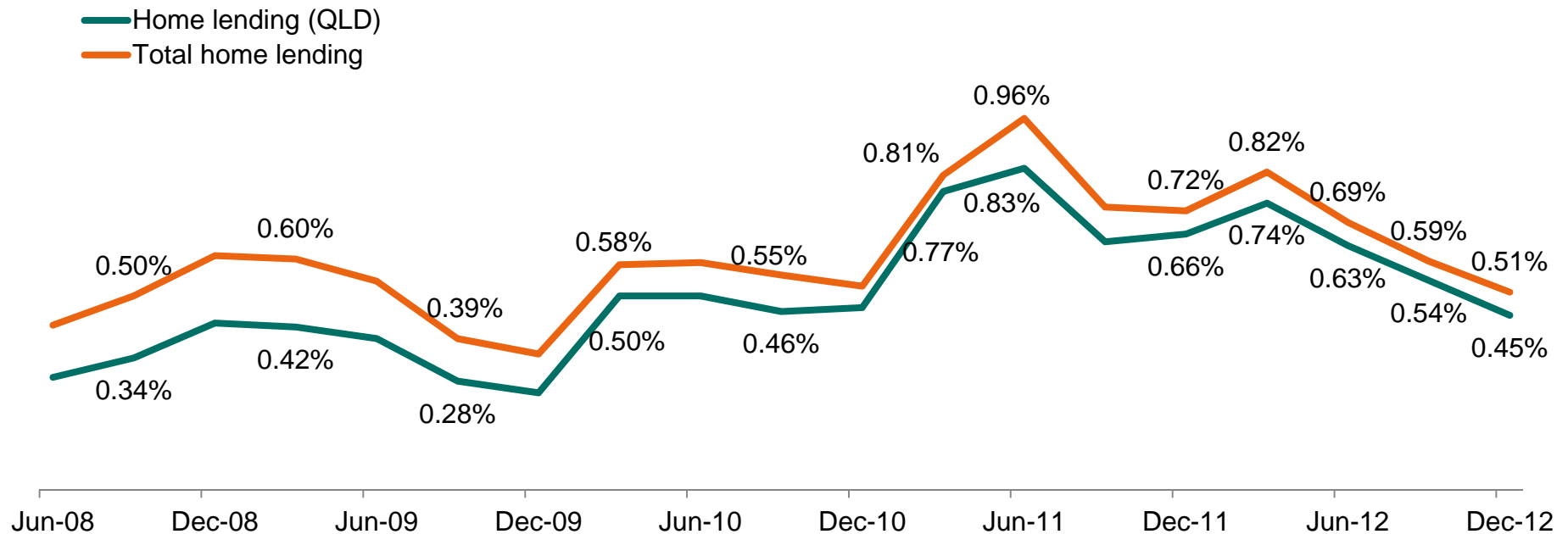
FY13 Reinsurance program

Dropdown aggregate program for Australian risks



Core Bank - credit quality

Past due loans (90 days) to gross loans



Life new business by channel

Strong results in individual business

Channel	1H13 (\$m)	%Δ	Comments
IFA	35	16.7	Compelling proposition in Asteron Life Complete
Direct	16	6.7	70% of sales were made to Group customers through the GI brands
NZ	9	28.6	Comprehensive relaunch of the product offering
Total	60	15.4	

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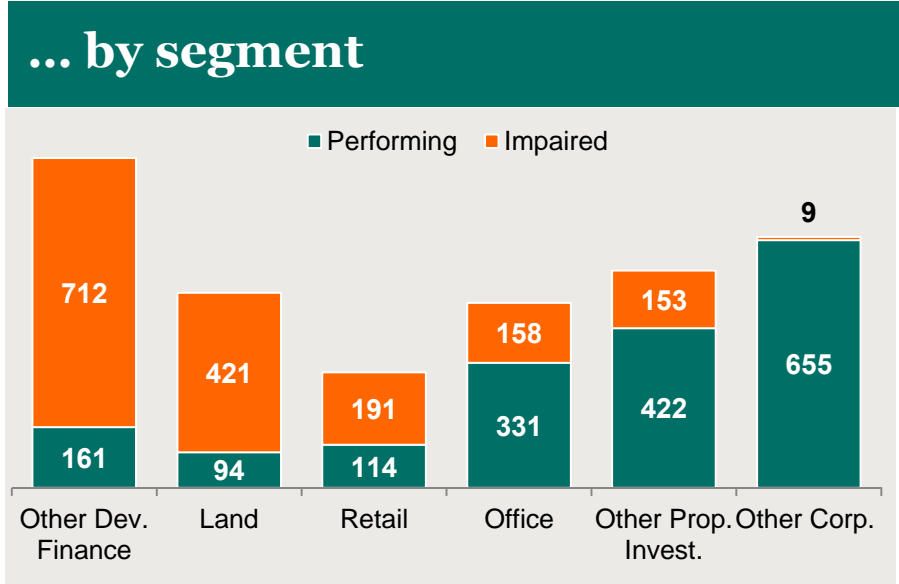
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Non-core Bank

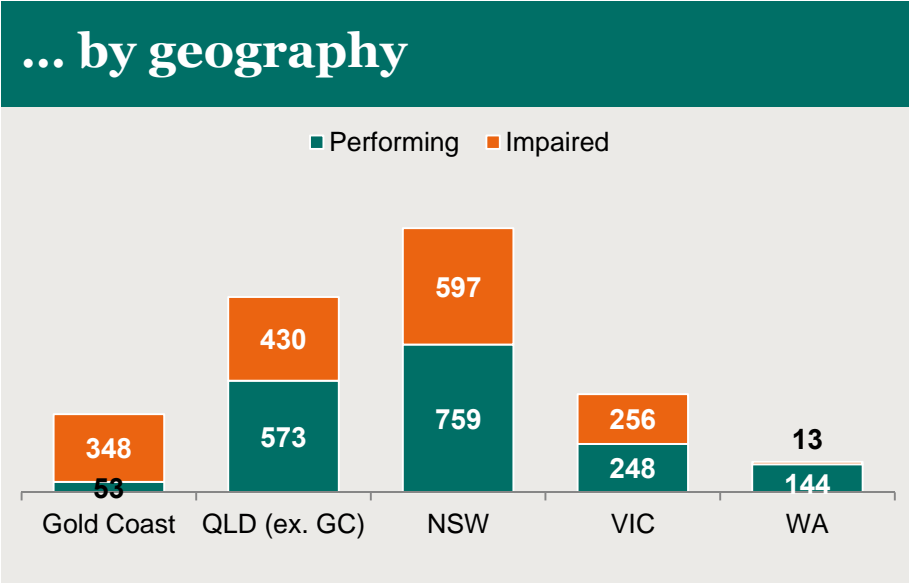
Impaired asset balances...



Development finance remains volatile

Under-performing Retail property impaired exposures written off or written down

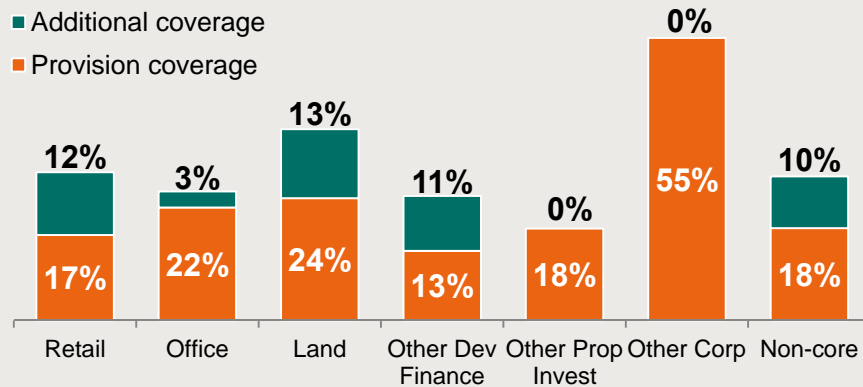
Limited geographic concentration



Non-core Bank

Underperforming segments

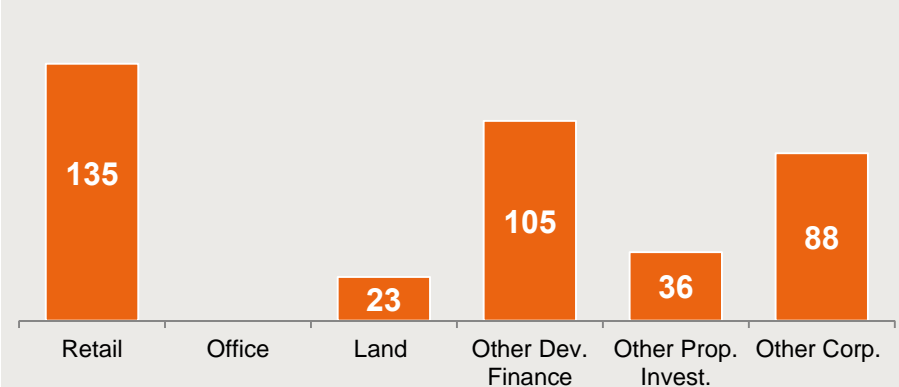
Coverage & additional coverage ⁽¹⁾



Grossing up both provisions and impaired balances for partial write downs shows coverage under a less aggressive write-down strategy would be higher than reported

⁽¹⁾ Additional coverage adjusts the numerator (specific provisions) and denominator (impaired assets) for amounts that have been partially written off.

Impaired asset turnover⁽²⁾



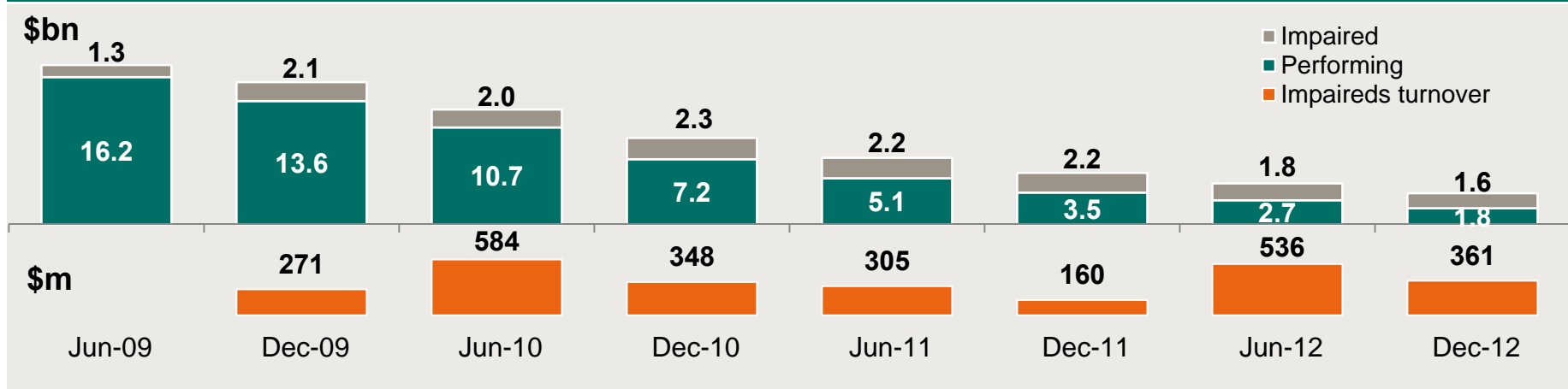
Impaired asset turnover in 1H13 shows the impact of actions taken in under-performing segments

⁽²⁾ Impaired asset turnover represents assets written off, sold, repaid, or returned to performing status over the year.

Non-core Bank

Significant turnover in the impaired asset portfolio

Portfolio run-off & impaired turnover⁽¹⁾



Historical analysis shows composition of Non-core impaired portfolio has changed significantly over time

Non-core bank has actively written down / written off impaired balances and added to the impaired portfolio as risks have emerged

⁽¹⁾ Impaired asset turnover represents assets written off, sold, repaid, or returned to performing status over the year.

Capital position

31 December 2012

A\$m	General Insurance	Bank	Life	NOHC and other entities	Suncorp Group Total
Total capital	3,778	4,085	2,054	776	10,693
Target capital	3,214	4,054	1,920	232	9,420
Surplus capital	564	31	134	544	1,273
Target Ratios	1.45 times MCR	12.50% CAR			
Actual Ratios	1.70 times MCR	12.52% CAR 7.53% CET1			

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Proforma LAGIC & Basel III

31 December 2012

A\$m	General Insurance	Bank	Life	NOHC and other entities	Suncorp Group Total
Total capital	4,171	3,984	785	471	9,411
Target capital	3,007	4,085	499	167	7,758
Surplus capital	1,164	(101)	286	304	1,653
Actual Ratios	2.01 times PCA	7.39% CET1			

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The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied.

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