

Suncorp Group Limited

An introduction

August 2013

One Company
Many Brands



Suncorp Group

Leading financial services brands in Australia and New Zealand

Top 20 ASX listed company

\$16.0 billion market capitalisation at 21 Aug 2013

\$95.9 billion in group assets

15,000 employees in Australia and New Zealand

9 million customers

End to end ownership of brands

AAMI



bingle
.com.au



SUNCORP BANK

Asteron
Life

vero



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
- 275 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

Key commitments

One Company. Many Brands

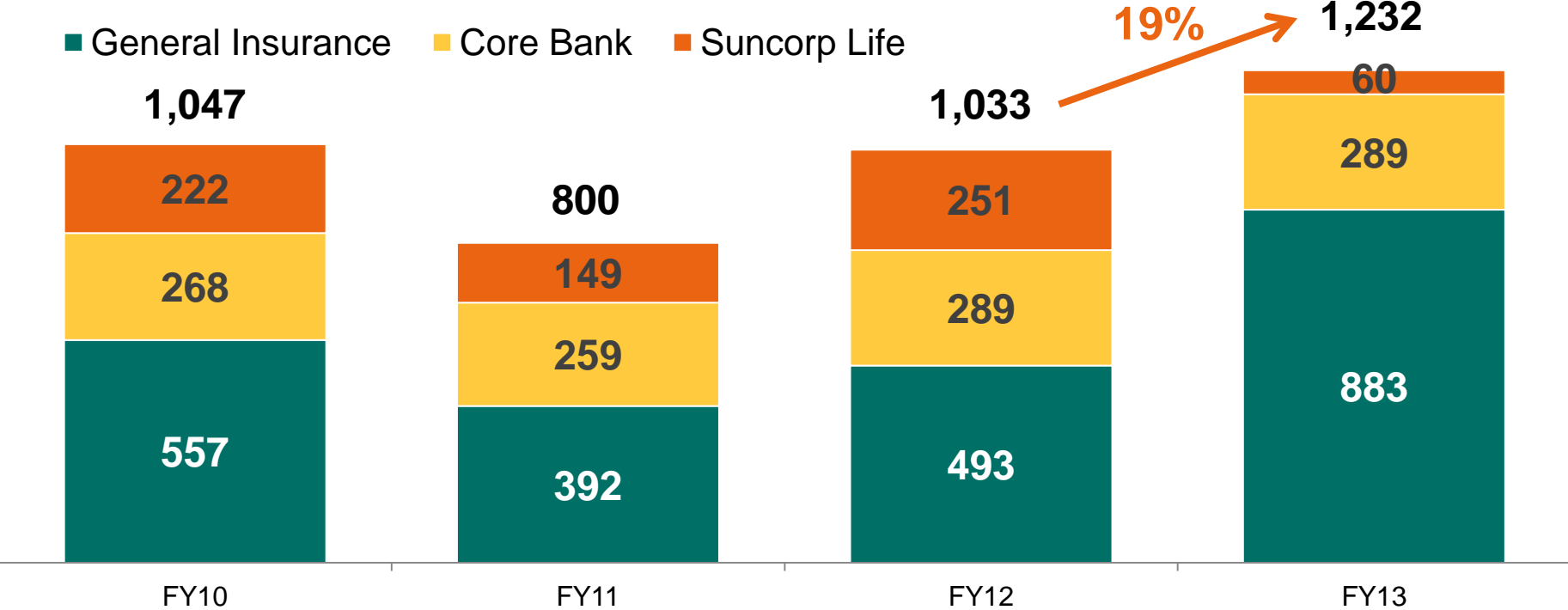
- 1 Group growth of 7% to 9% per annum over the next two years
- 2 Simplification benefits of \$225 million in the 2015 financial year
- 3 'Meet or beat' an underlying ITR of 12% through the cycle
- 4 60% to 80% dividend payout ratio
- 5 Continue to return surplus capital
- 6 Group ROE of at least 10% in the 2015 financial year

FY13 result overview

	FY13	FY12	%Δ
General Insurance NPAT	883	493	79.1
Core Bank NPAT	289	289	-
Suncorp Life NPAT	60	251	(76.1)
Core Business lines NPAT	1,232	1,033	19.3
Non-core Bank	(632)	(263)	n/a
Other profit and acquisition amortisation	(109)	(46)	n/a
Net Profit After Tax	491	724	(32.2)

Core business profitability

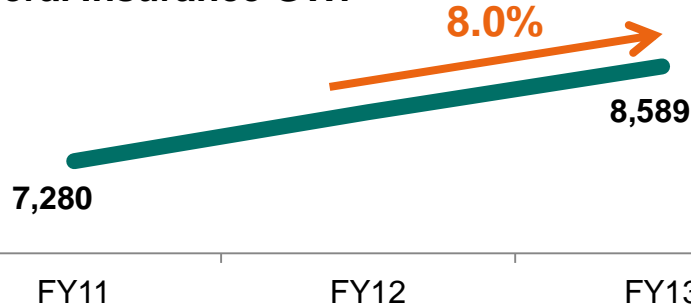
Improved earnings (Profit after tax \$m)



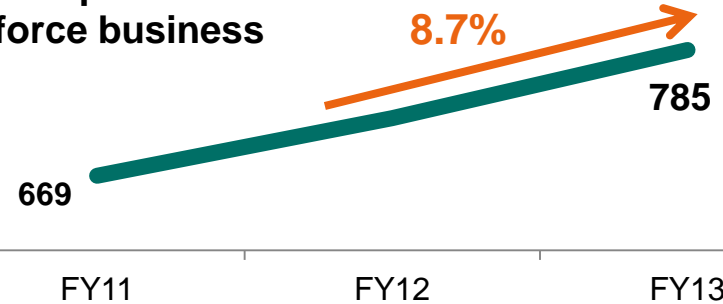
Top line growth

Growth across all three business lines (\$m)

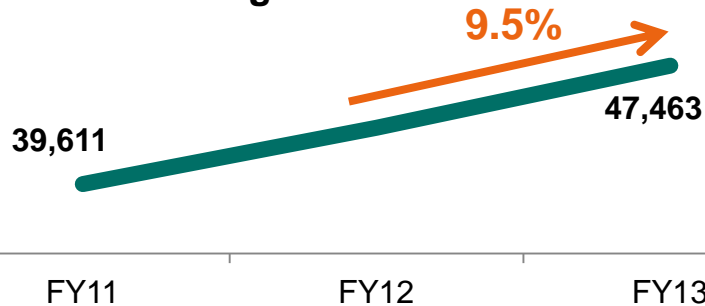
General Insurance GWP



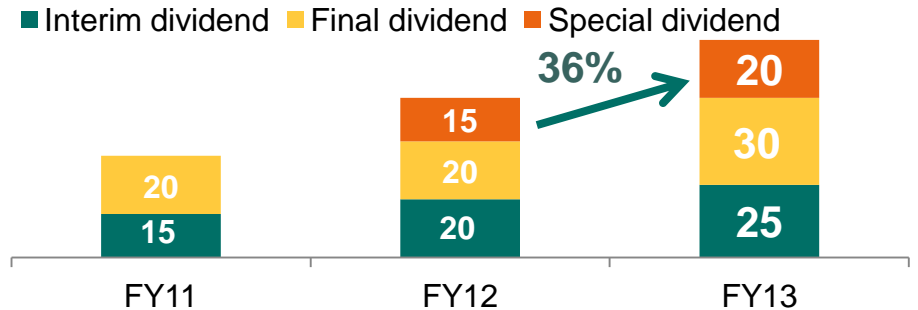
Suncorp Life individual in-force business



Core Bank lending assets



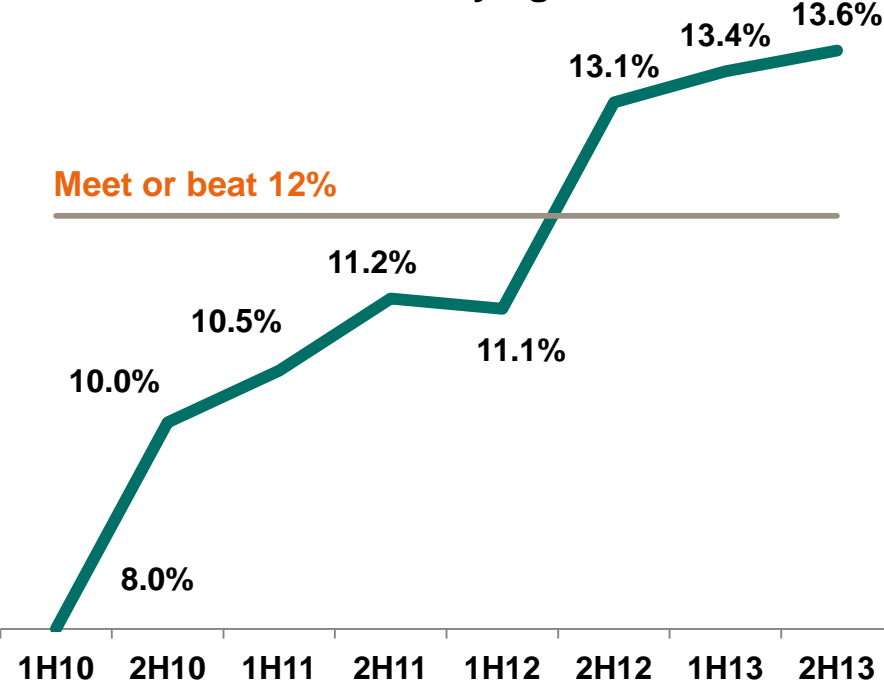
Shareholder returns (cps)



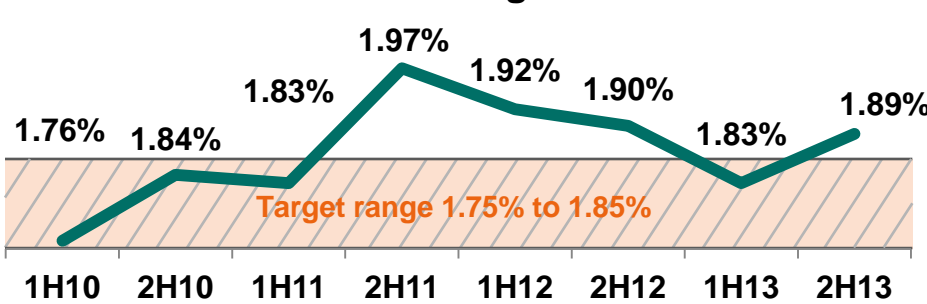
Healthy margins

Above target levels

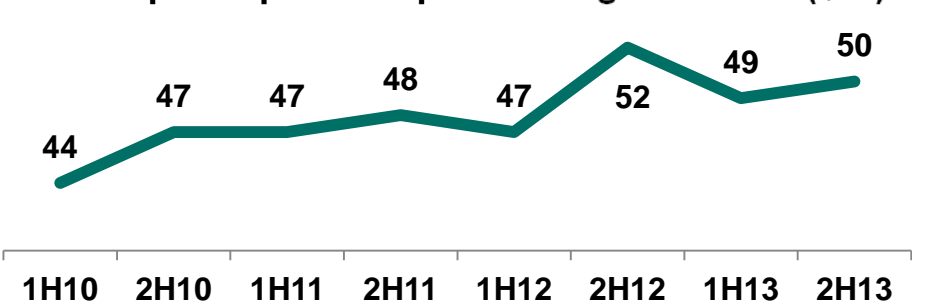
General Insurance Underlying ITR



Core Bank Net Interest Margin

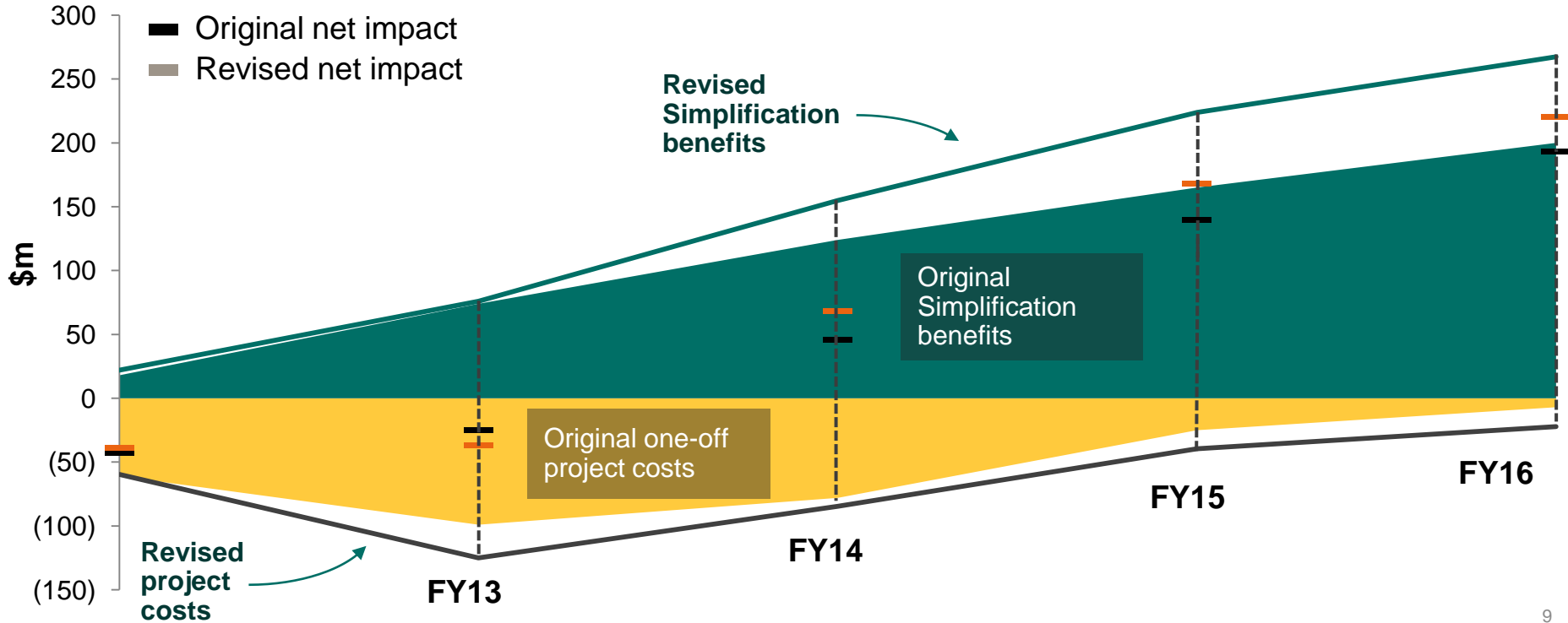


Suncorp Life planned profit margin release (\$m)



Additional Simplification benefits

Delivering more, sooner - \$225 million in FY15



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

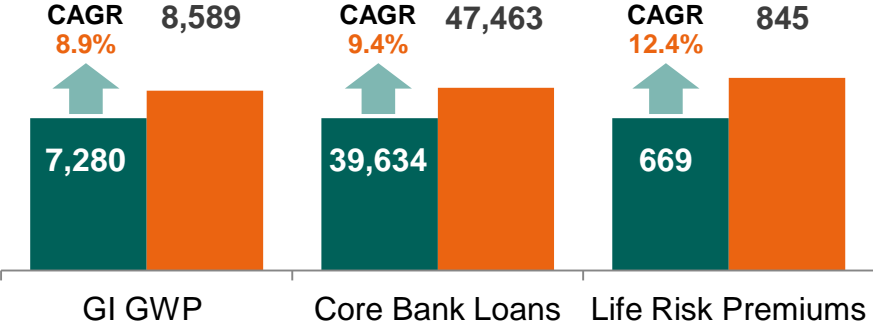
Simplified flexible capability



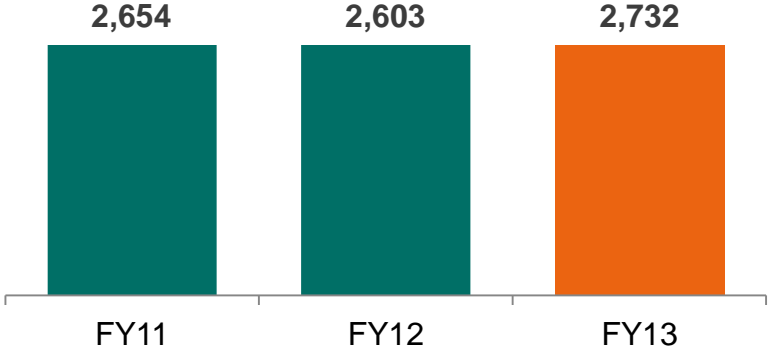
Global partners delivering back office functions

Benefits of Building Blocks and Simplification

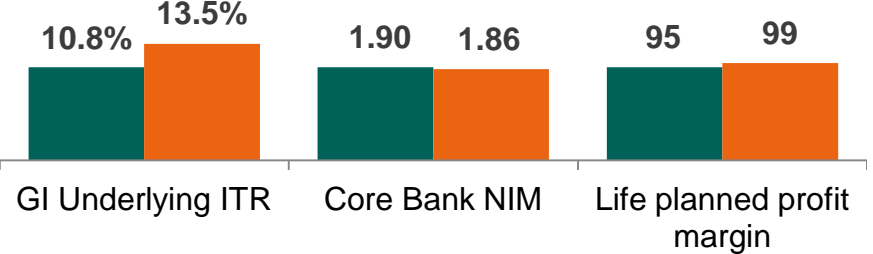
Strong growth (\$m, FY11 v FY13)



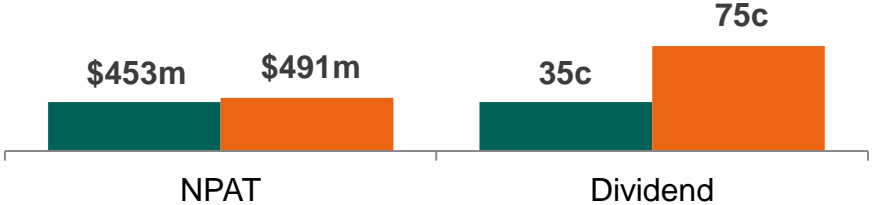
Stable expense base



Strong margins (FY11 v FY13)



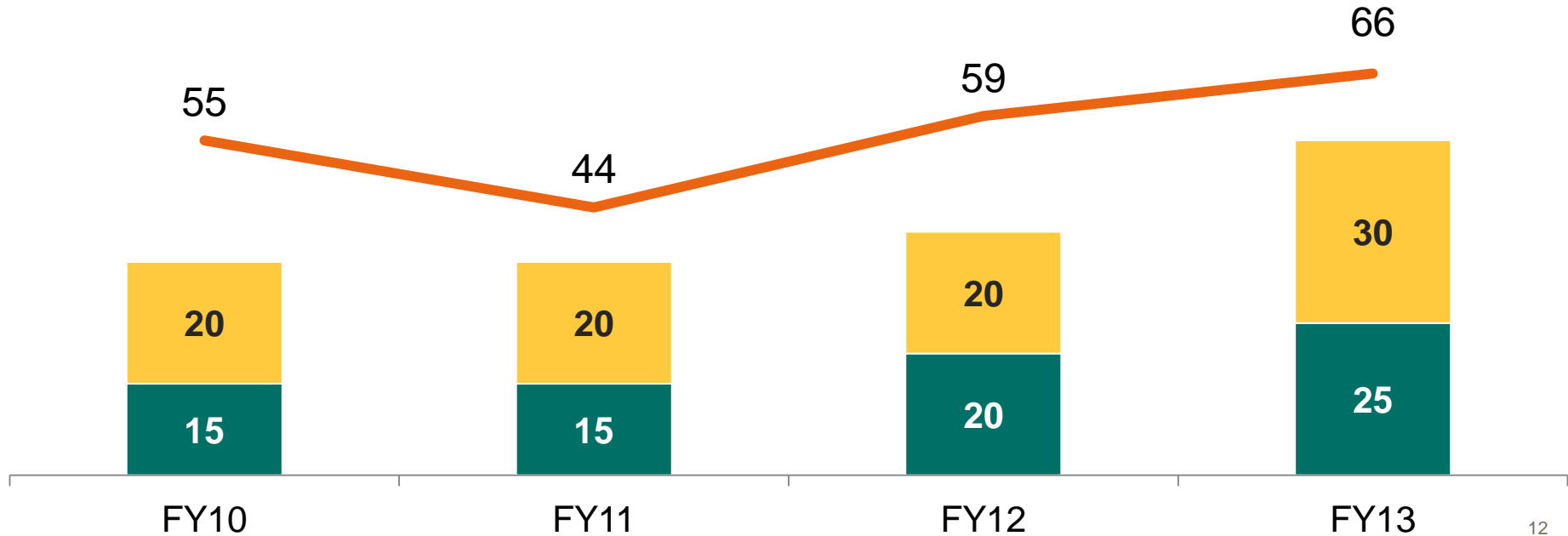
Improved returns (FY11 v FY13)



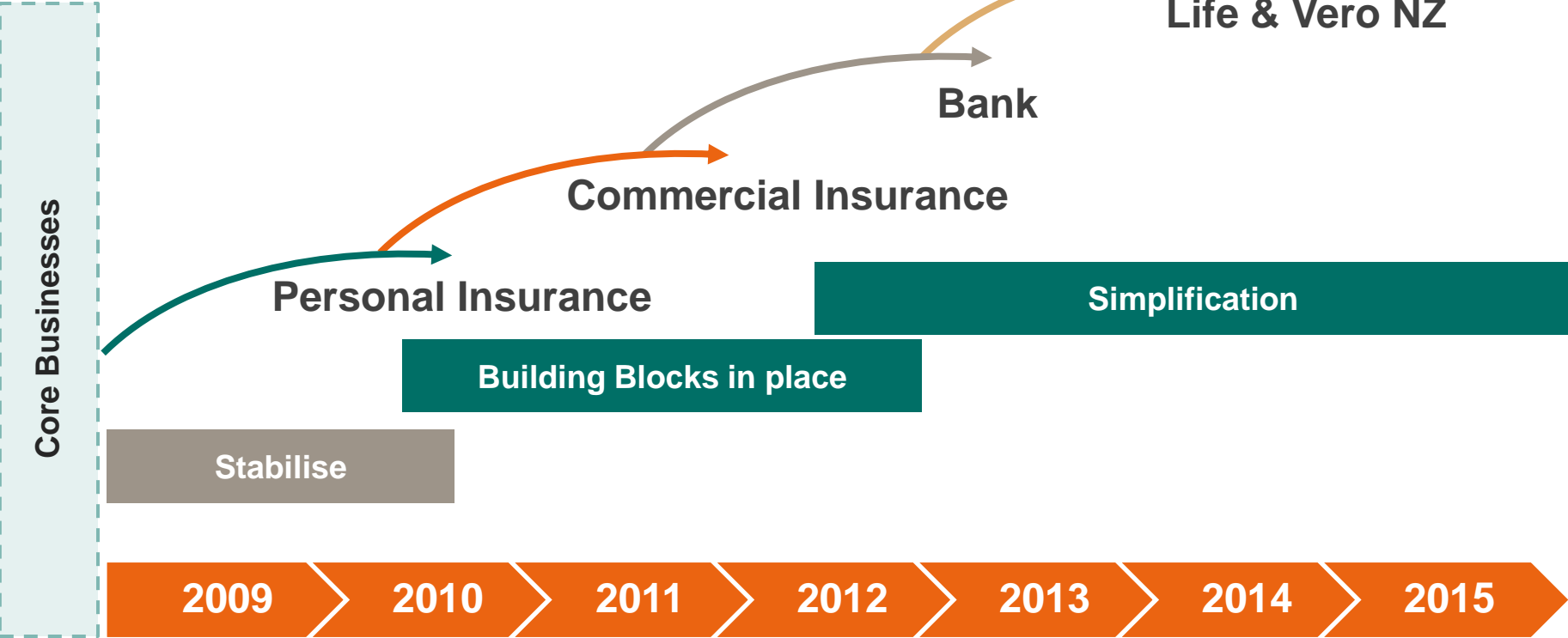
Suncorp's historical dividends

The Non-core Bank impact

■ Interim ■ Final — 70% payout of cash earnings (ex non-core)



Suncorp transformation





General Insurance



General Insurance

Underlying ITR of 13.5%

\$m	FY13	%Δ
General Insurance profit after tax	883	79.1

- GWP up 8.0%
- GWP up 8.5% after adjusting for FSL
- Reported ITR of 13.1%
- Delivered on the 'meet or beat' 12% underlying ITR target
- Natural hazard claims \$75 million above allowance
- Reserve releases of \$105 million broadly in line with long run expectations of 1.5% of NEP

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Gross Written Premium

GWP up 8.5% excluding FSL

Product	FY13 (\$m)	%Δ	Factors
Motor	2,764	4.7	A combination of unit and premium growth
Home	2,498	10.4	Premium increases to recover increased reinsurance
Commercial	1,987	8.4	Growth across all major product lines
CTP	978	8.5	Strong growth in NSW
Workers' comp & other	362	13.5	Price increases, wage growth and improved retention
Total	8,589	8.0	
Australia	7,645	7.3	
New Zealand	944	13.6	10.7% in NZ\$ terms

Personal Insurance brands

Differentiated offerings, preserving core elements of each brand

AAMI

Lead national brand:

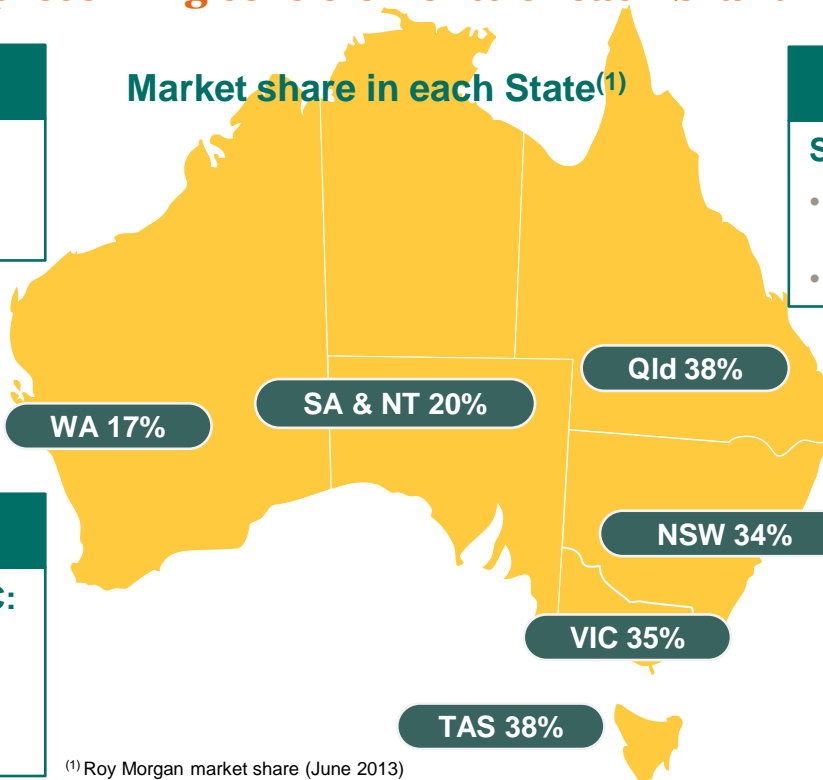
- Eliminating stress
- Competitive price positions



State based brand in NSW and VIC:

- Providing certainty
- Service excellence and more comprehensive cover

Market share in each State⁽¹⁾



⁽¹⁾ Roy Morgan market share (June 2013)



Suncorp Insurance:

- Providing insurance to Queenslanders
- Strong community connections

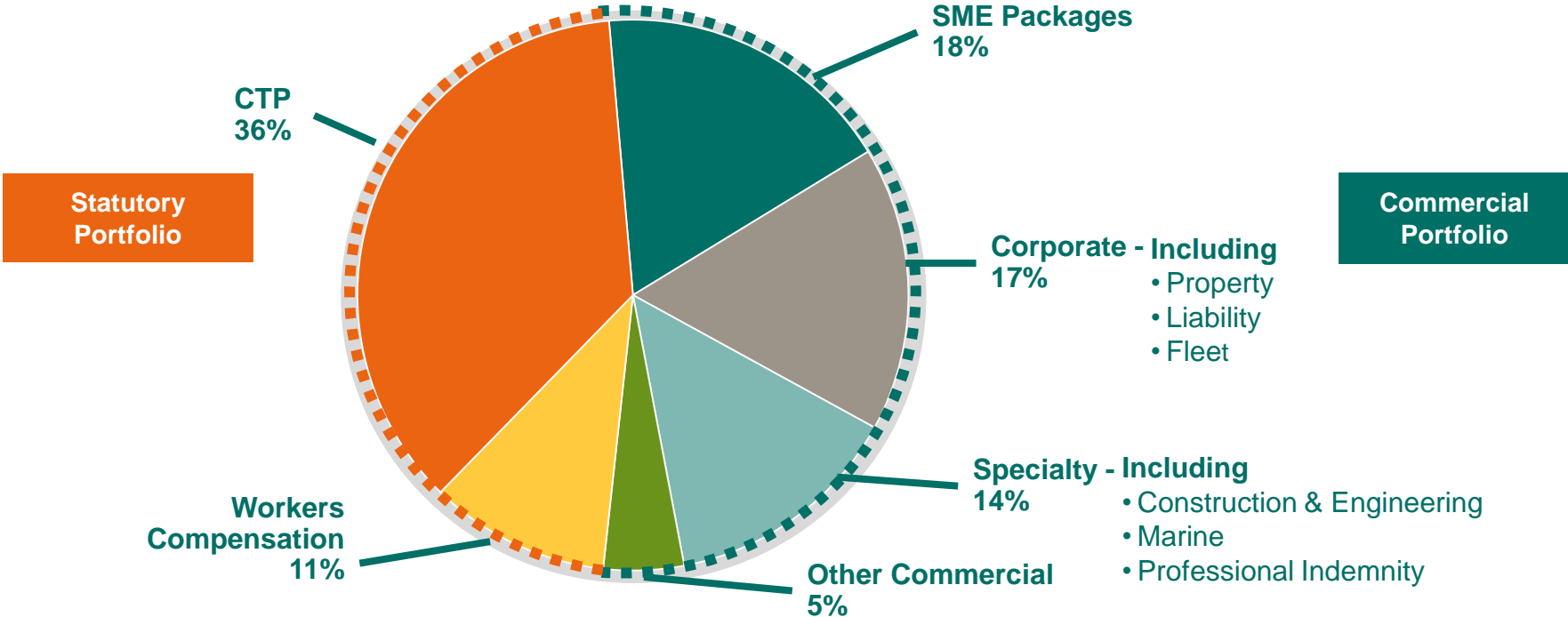


National life stage brand:

- Rewarding experience
- Delivering service excellence
- Protecting what matters to Australia's Over 50s

Commercial Insurance: products overview

GWP \$2.7 billion



New Zealand General Insurance

Second largest with 23% market share

INTERMEDIATED



- 18% share of total market GWP
- 1st or 2nd largest in most classes
- Leader in broker channels

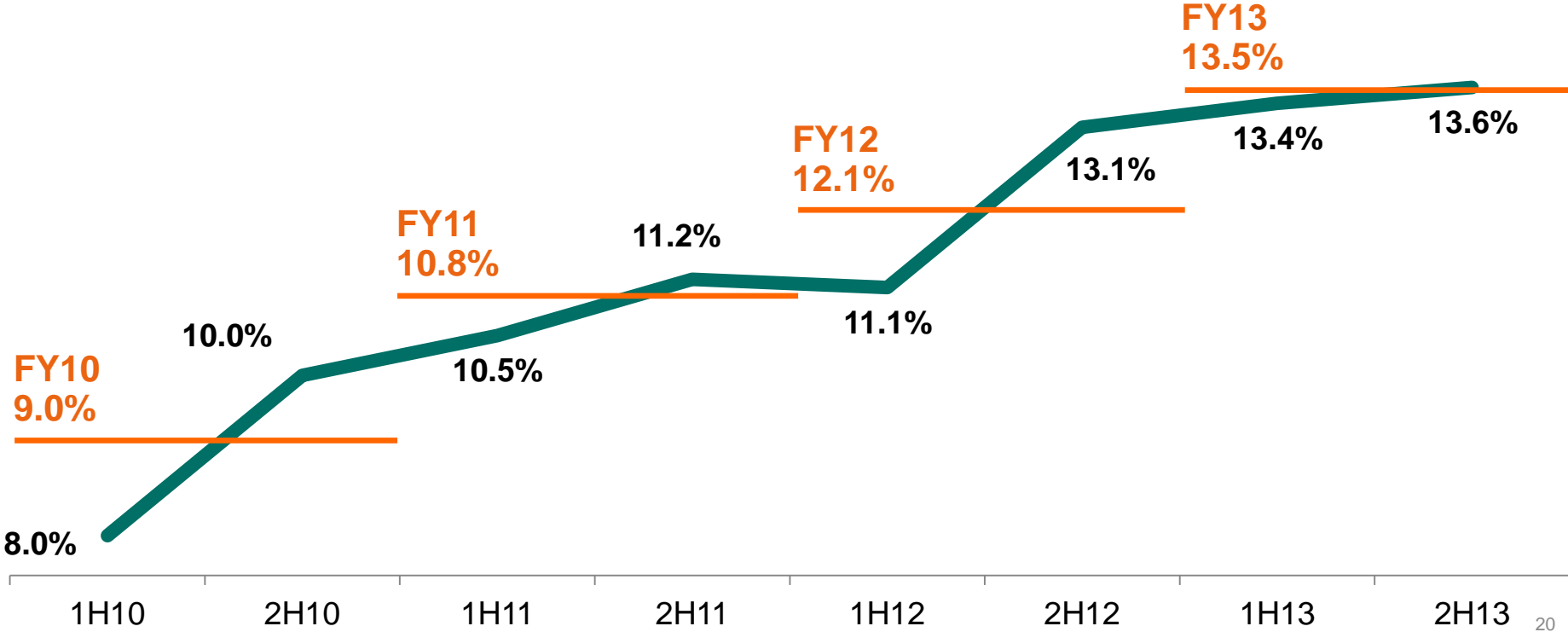
DIRECT



- 5% share of total market GWP
- 2nd largest direct player
- Strong growth in motor insurance

Underlying ITR

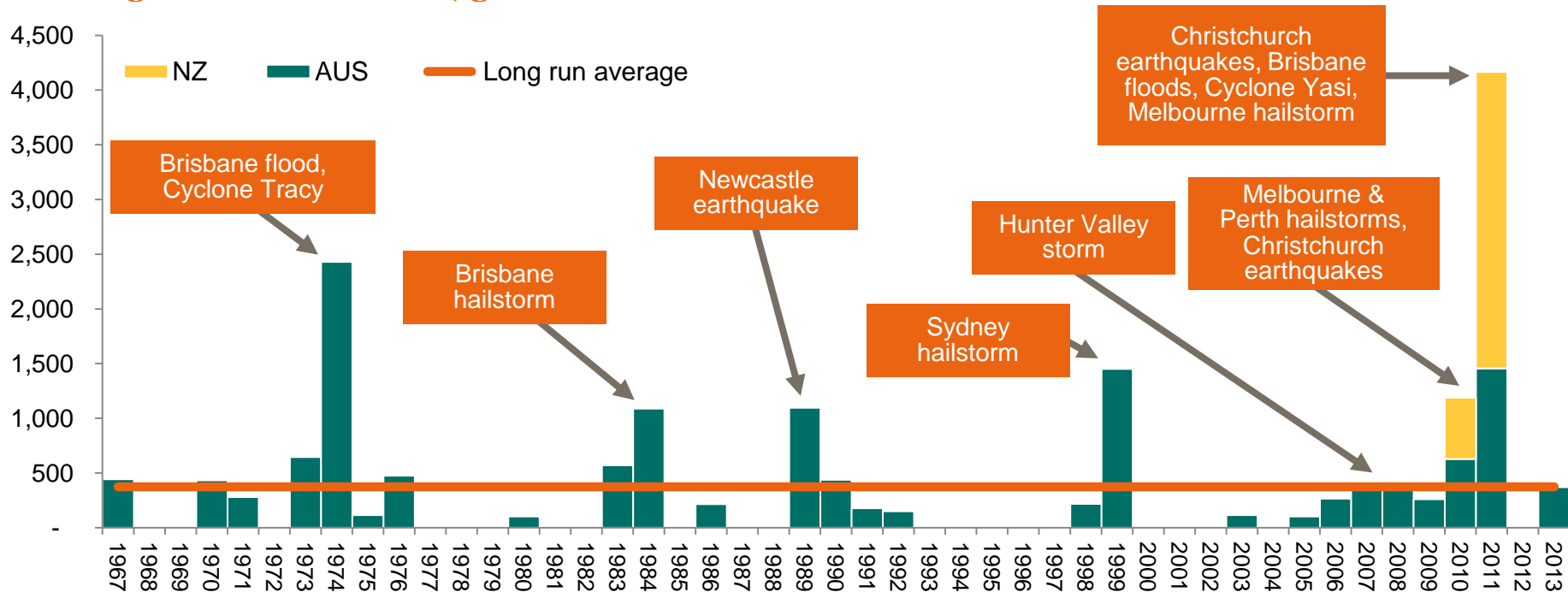
Meet or beat 12% underlying ITR



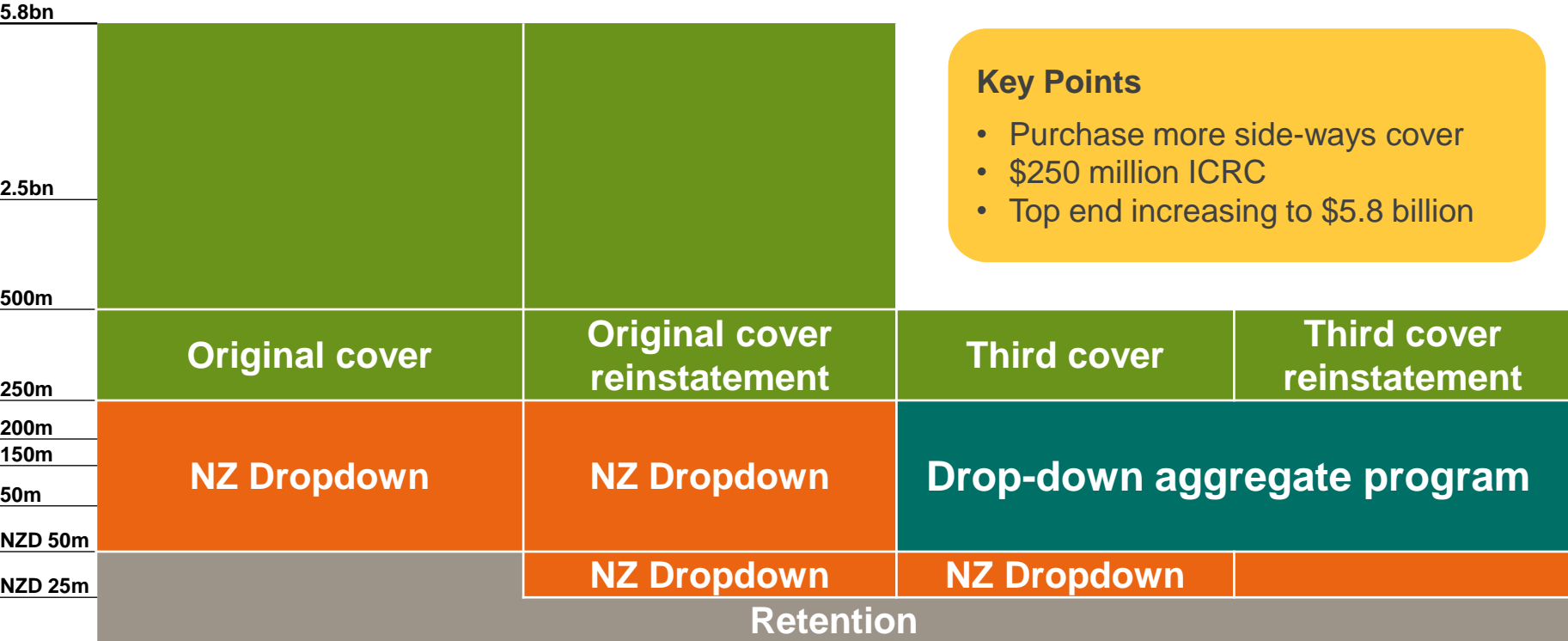
Natural hazards since 1967

Suncorp long-term catastrophic loss experience

Events greater than \$100m, gross of all reinsurance



FY14 Reinsurance program

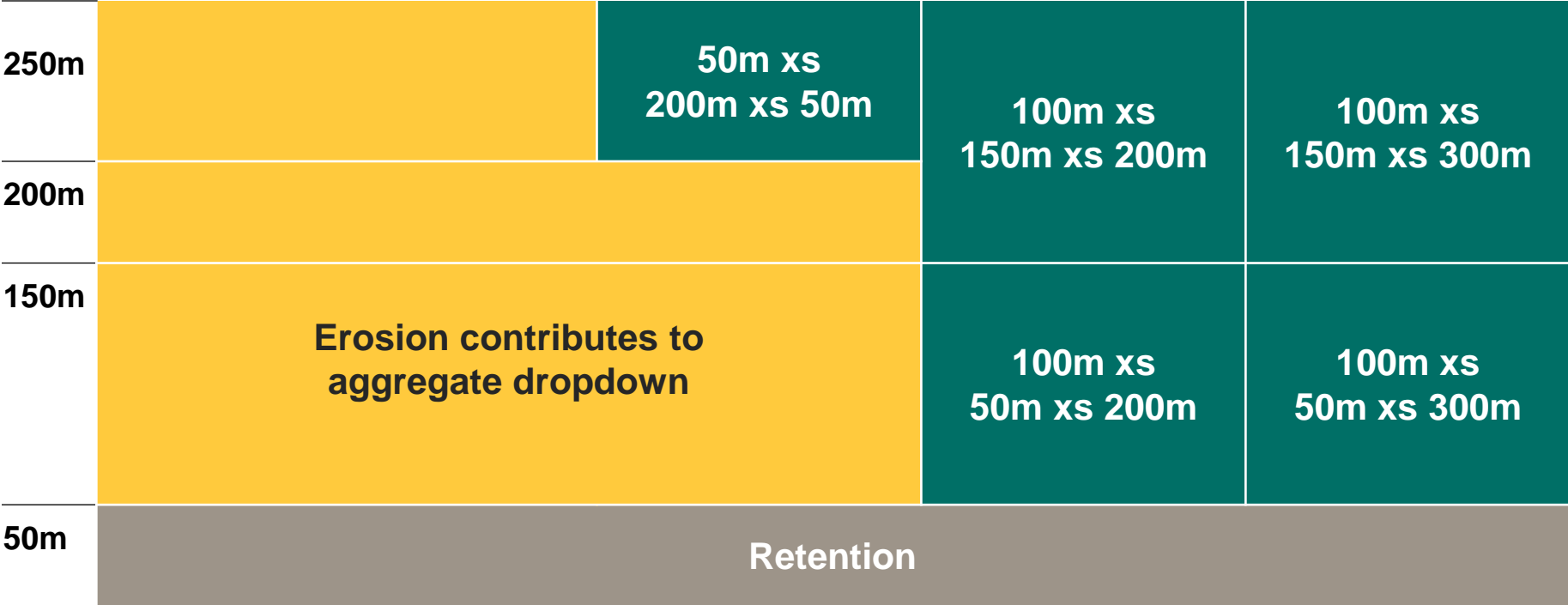


Key Points

- Purchase more side-ways cover
- \$250 million ICRC
- Top end increasing to \$5.8 billion

FY14 Reinsurance program

Drop-down aggregate program



Suncorp Personal Insurance outlook

Continuing to deliver shareholder value

General
Insurance
underlying
ITR 'meet or
beat' 12%

GWP growth
of 6%-8% per
annum

New income
streams in the
supply chain

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



Suncorp Bank



Core Bank overview

Sustainable growth

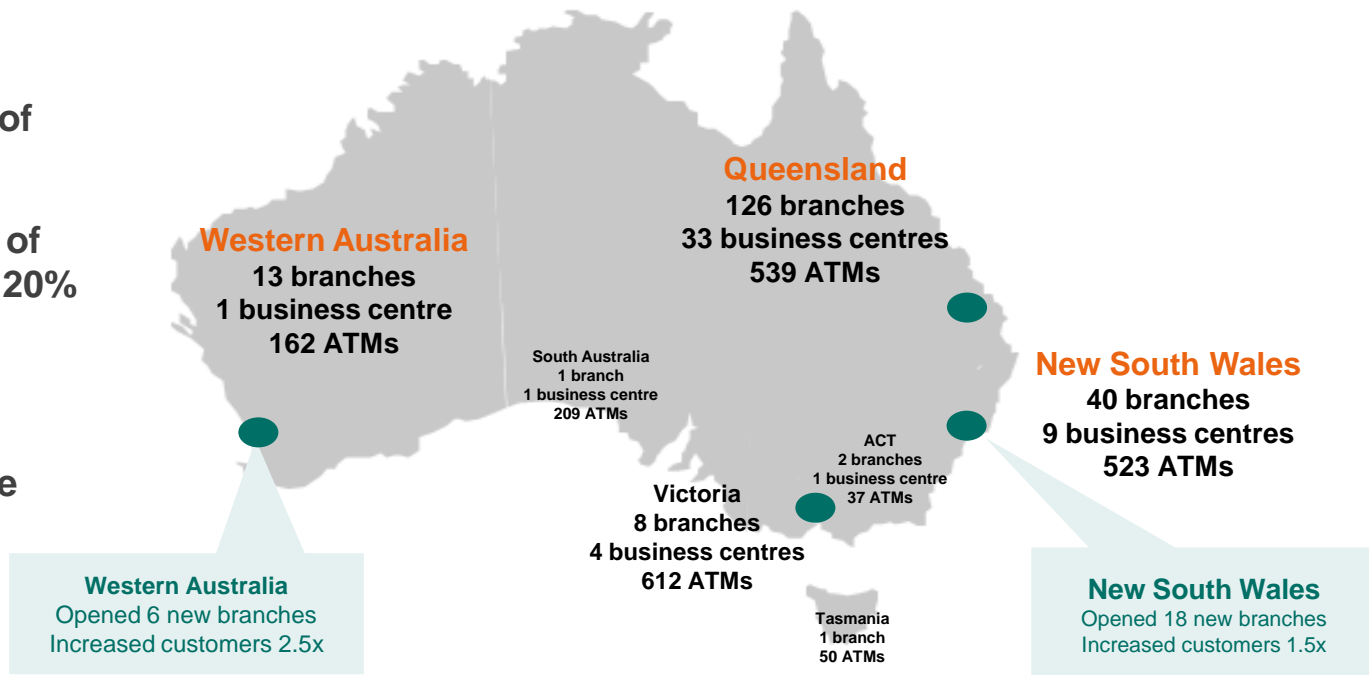
\$m	FY13	%Δ
Core Bank profit after tax	289	Flat

- Home lending up 9.4% and Agribusiness up 11.8%
- Second half NIM was 1.89%, above target range of 1.75% to 1.85%
- Retail deposit to core lending 66.5% in target range of 60% to 70%
- Issued Senior Debt of \$750 million and RMBS of \$1.2 billion
- Impairment losses stable at \$64 million, within operating range

Suncorp Bank

Australia's leading regional bank

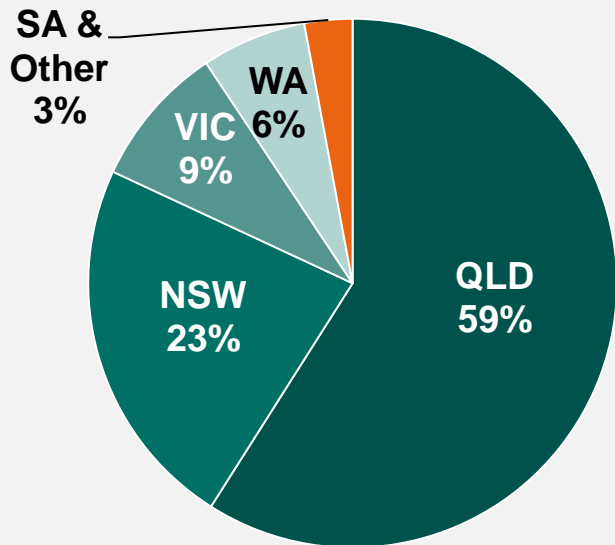
- AB&F Australian Financial Institution of the year (non-major)
- Total customer base of 1,079,000, growth of 20%
- Complete customer growth of 35%
- Access to 1,121 more ATMs



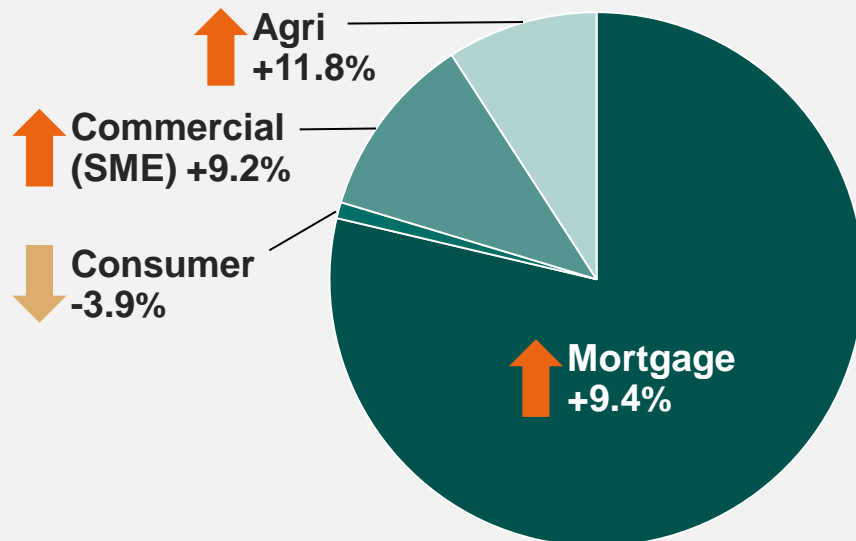
Core Bank

Strong growth across all key segments

Geographic Split

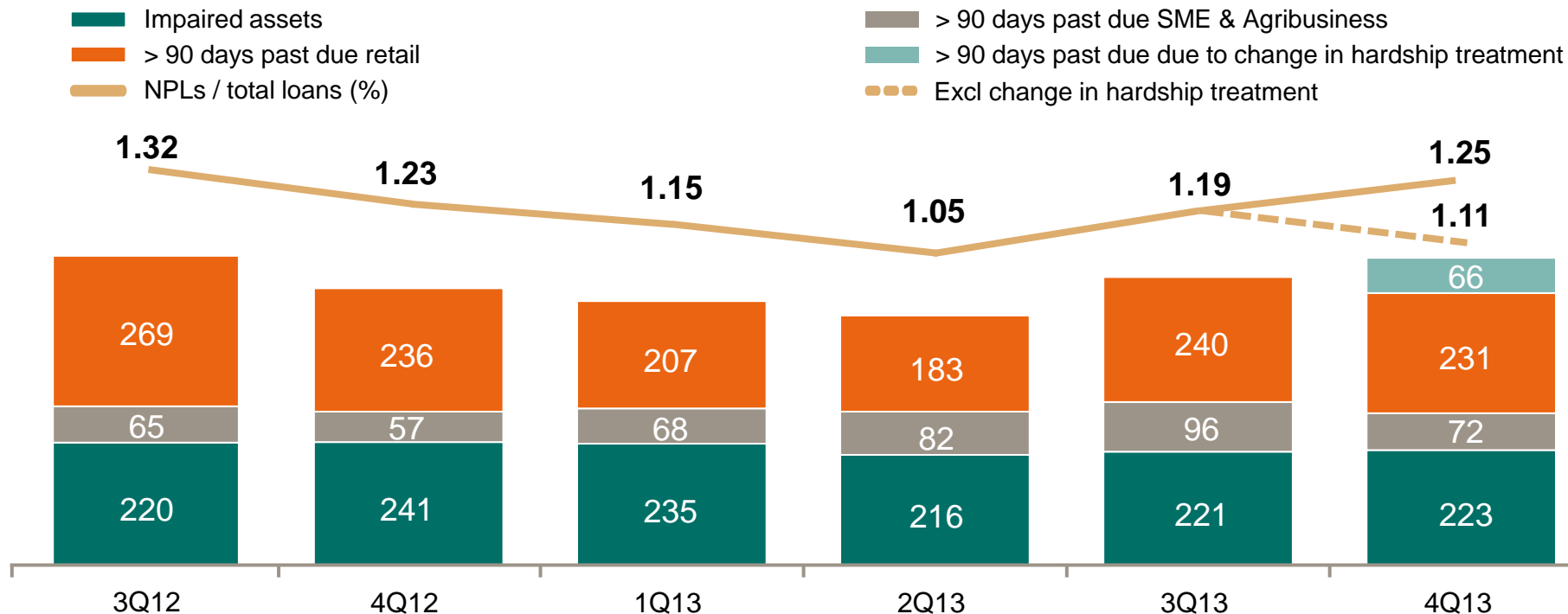


Core lending assets (\$47.5bn) up 9.5%



Core Bank credit quality

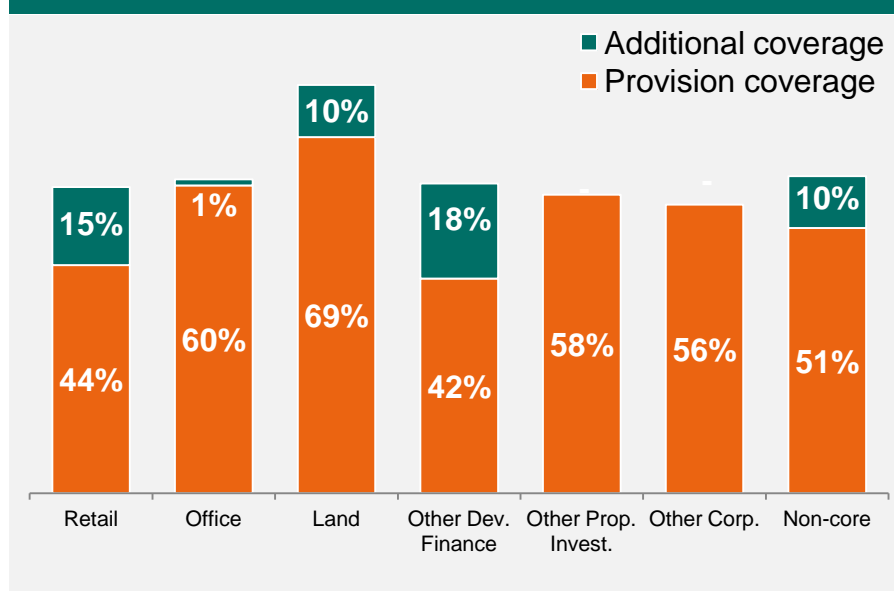
Non-performing loans (\$m)



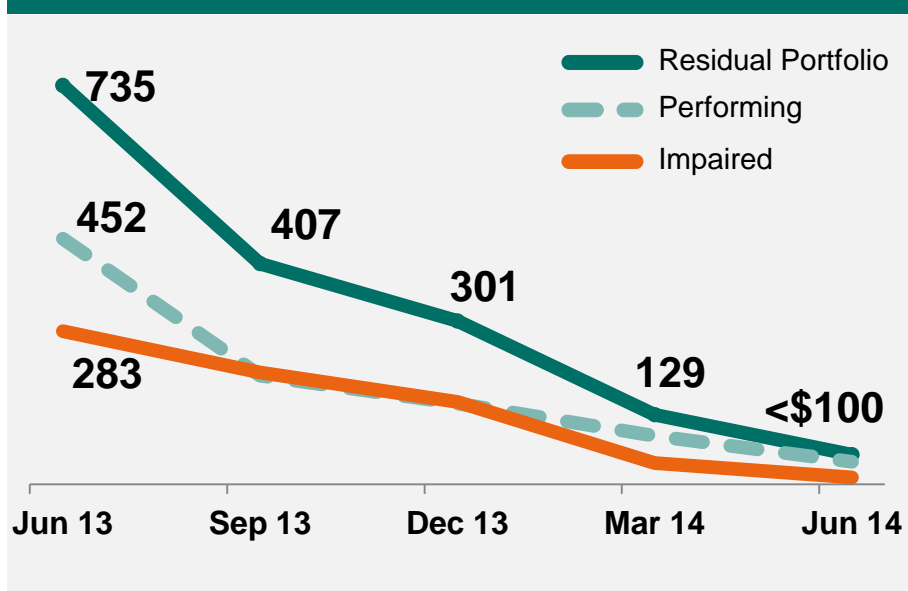
Residual Portfolio

Well provisioned with continued run-off expected

Well provisioned



Residual expected run-off (\$m)



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+/A1 credit rating, strong funding and capital position
- Leverage Group scale

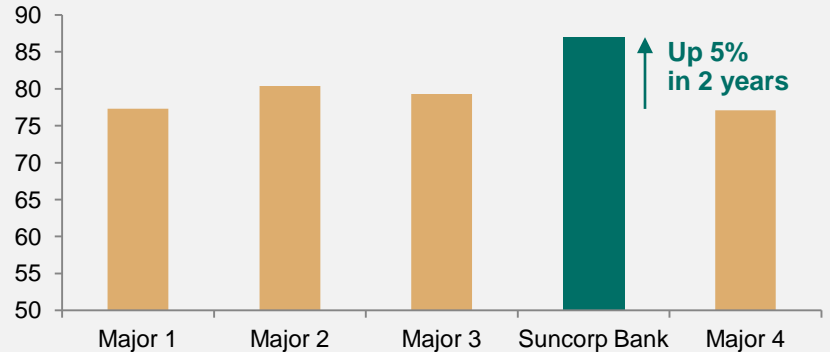
Suncorp Bank

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

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%



Suncorp Life



Suncorp Life overview

Strong new business growth

\$m	FY13	%Δ
Life underlying profit after tax	120	(17.8)
Life profit after tax	60	(76.1)

- Market adjustments after-tax loss of \$60 million due to:
 - increasing discount rates; and
 - negative investment income experience
- Disability claims experience negative \$20 million, Lapse experience negative \$26 million
- Individual Risk-in-force up 8.7%
- Embedded Value \$2,569 million and VOYS \$43 million
- New Zealand business performed strongly

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Suncorp Life

Structural challenges, significant opportunities

Double digit system growth

Improving economic cycle

Impetus for structural change

Fungibility of Group capital

C

Scale benefits on infrastructure

C

9m Group customers

C

Enabled and engaged people

C

OPPORTUNITIES



Life + Income
Your most
important asset

CHALLENGES

Lapse & Claims Experience

Industry sustainability

Product complexity

Medical advancements

Consumer behaviour

Perceived value

Suncorp Life strategy

Delivering significant benefits by 2016

Outcomes

Reshaped business

Value creation

Capital efficiency

Market Commitments

**Direct new business
Adviser new business**

**Shift in business model to drive
adviser channel sustainability**

Double digit Return on CET1

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Capital



Capital management

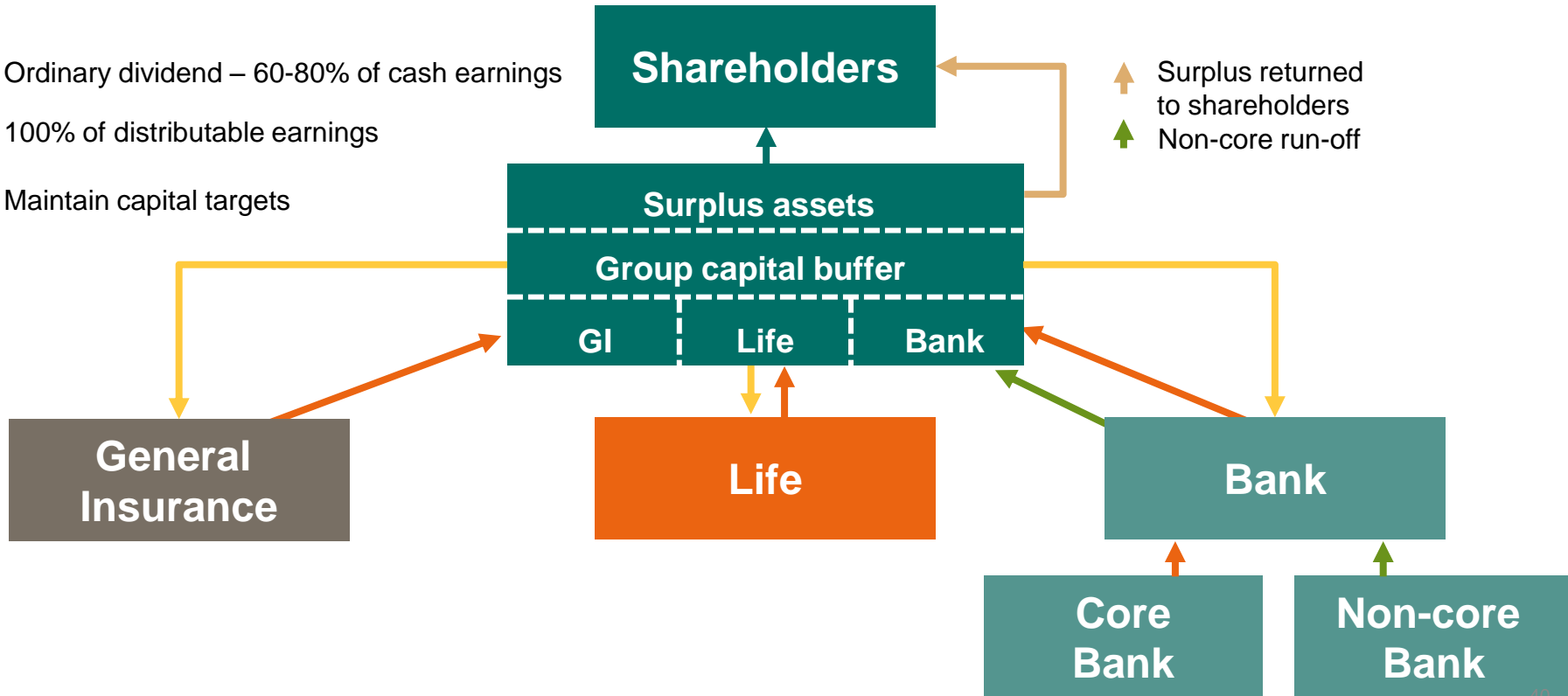
↑ Ordinary dividend – 60-80% of cash earnings

↑ 100% of distributable earnings

↓ Maintain capital targets

↑ Surplus returned to shareholders

↑ Non-core run-off



Capital management

Working through changes = greater clarity

Regulatory change

- LAGIC
- Basel III
- Conglomerate Standards

Resolving the Non-Core Bank

- De-risking the Group
- Sale of the Non-core portfolio of \$1.6 billion
- Residual portfolio with 50% provision coverage
- Core to provide stability of earnings

Capital Management

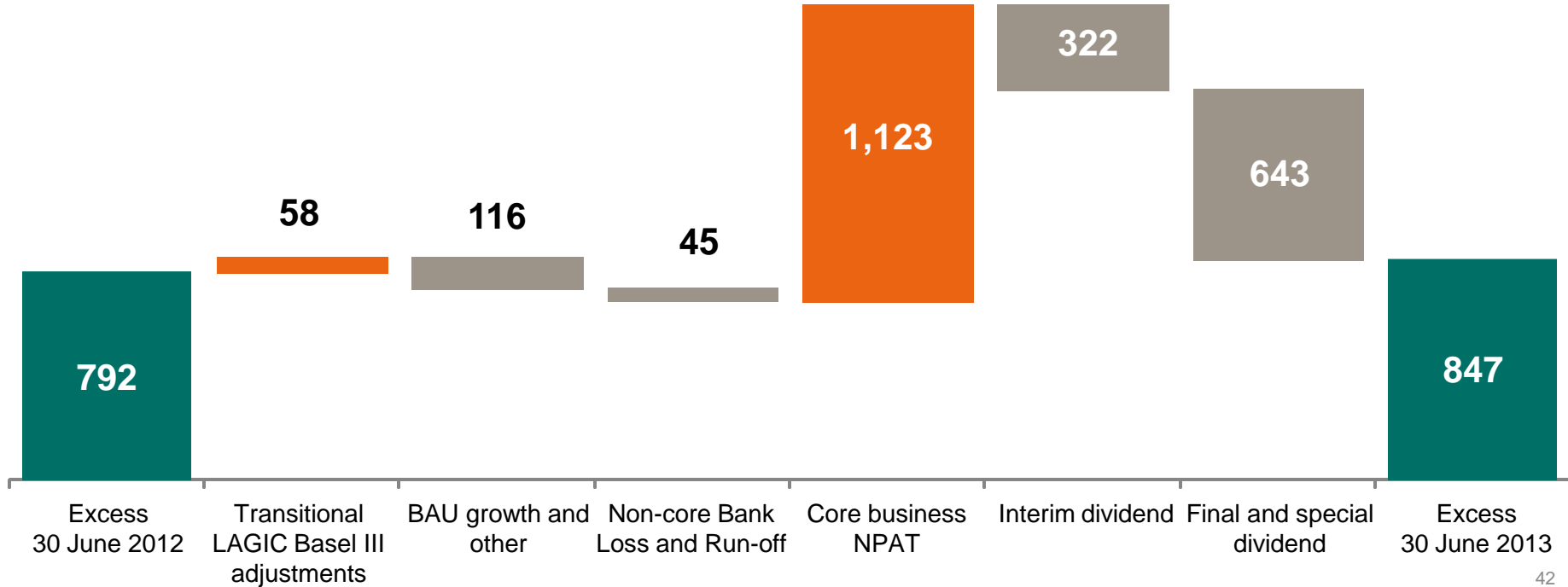
- NOHC
- Life and GI single licence
- Replaced hybrids
- Issued Basel III and LAGIC compliant CPS2 and Sub debt
- FY14 reinsurance program

Capital Targets

- CET1 targets for all business lines
- Provides a clear view of the use and management of capital
- Gearing levels set across the Group

FY13 Capital movements

Dividends funded by core business NPAT



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Pro-forma CET1 at 30 June 2013

\$801 million excess to CET1 targets

A\$m	General Insurance	Bank	Life	NOHC and other entities	Suncorp Group Total
CET1	3,079	2,373	468	190	6,110
CET1 Target	2,335	2,445	352	177	5,309
Excess	744	(72)	116	13	801
CET1 ratios	1.45x	7.76%	1.75x		
CET1 Targets	1.10x	8%	Amount equal to sum of PCA plus a target excess		

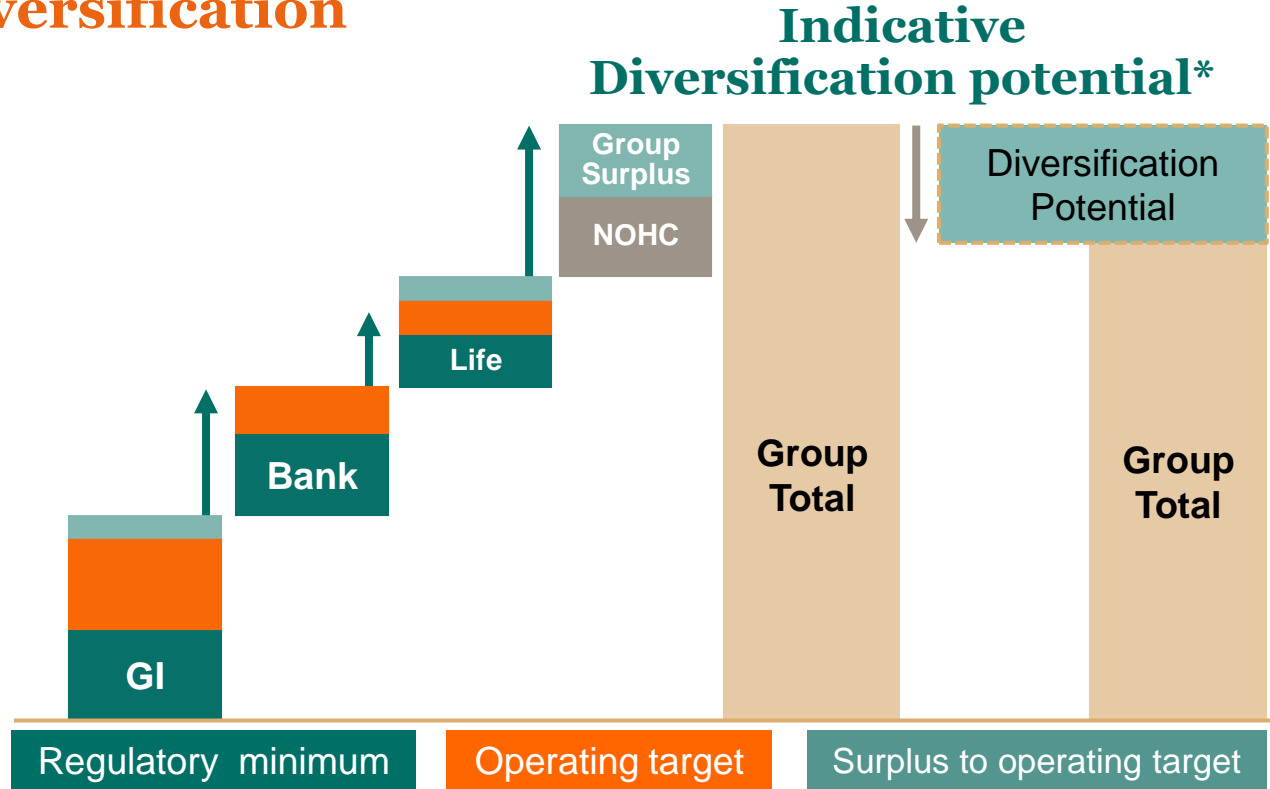
Bank 8% target to be achieved by September 2013

Capital Strategy

NOHC benefits - Diversification

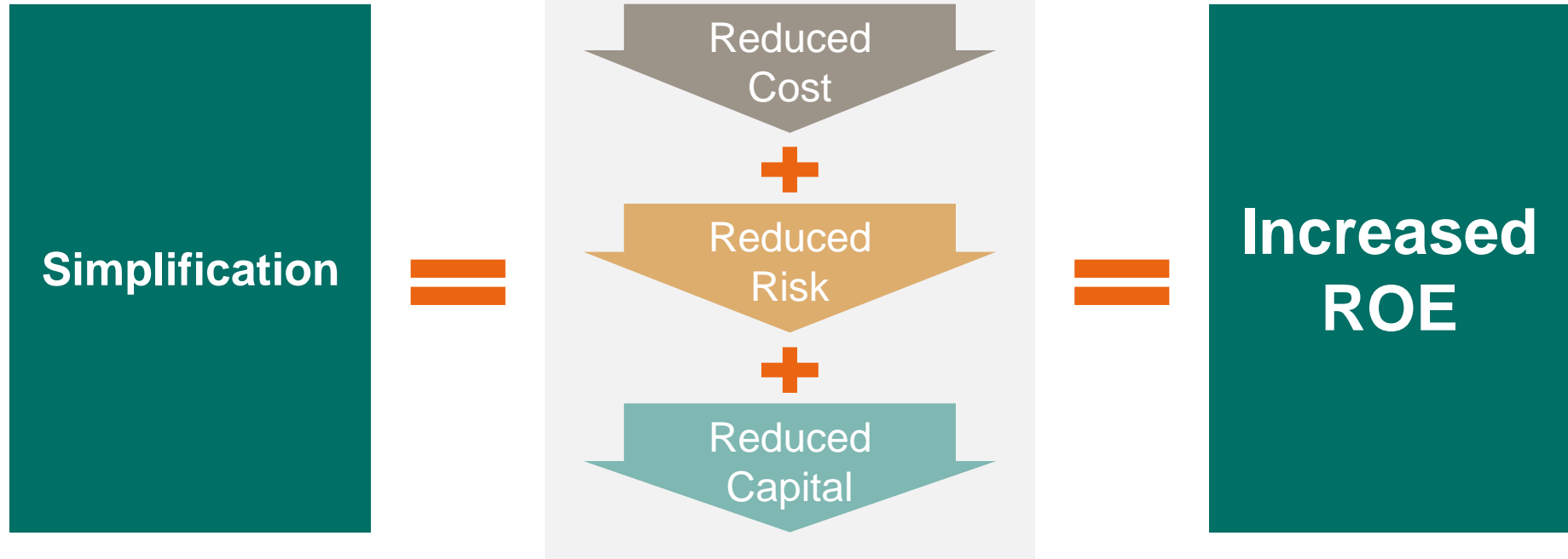
Risk-based capital will allow us to:

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



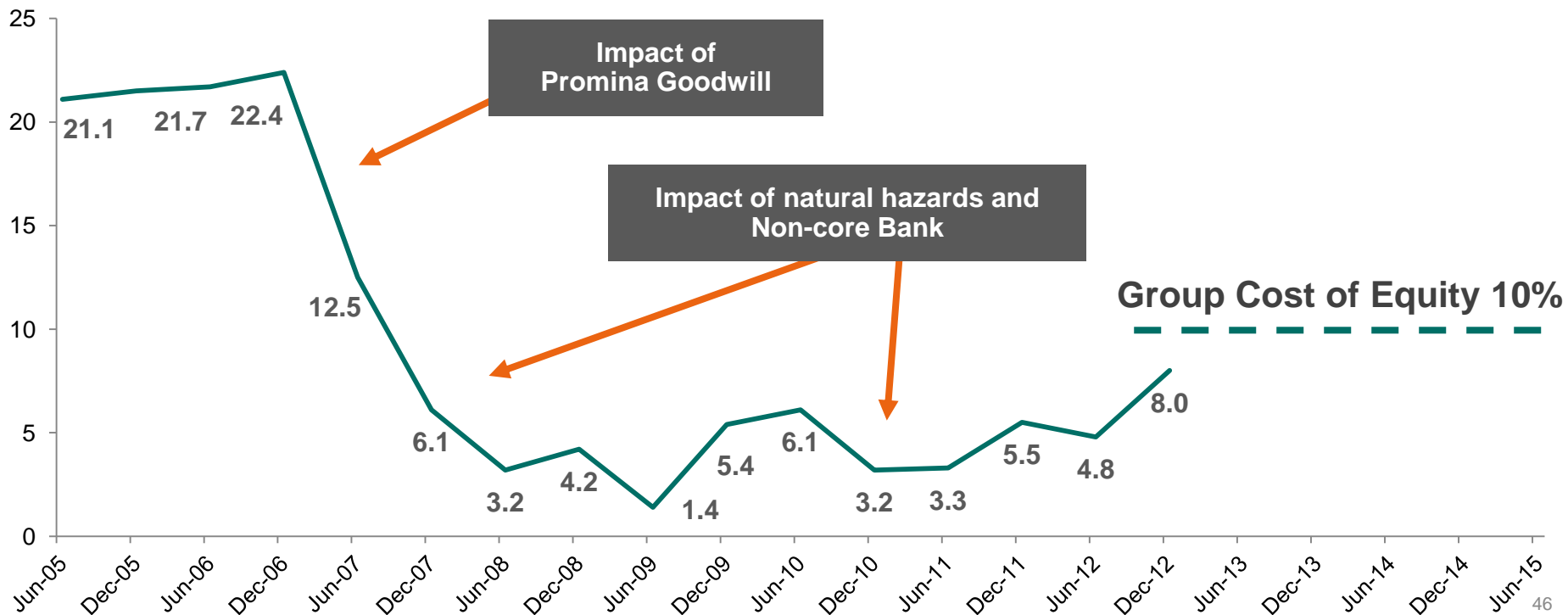
Suncorp Capital Strategy

The drivers to improve returns



Suncorp historical ROE

Impact of Promina goodwill and Non-core Bank



Important disclaimer

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This report should be read in conjunction with all other information concerning Suncorp filed with the Australian Securities Exchange (ASX).

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.

Suncorp undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report (subject to ASX disclosure requirements).

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