



Financial results for the half year ended 31 December 2021

Release date 8 February 2022

SUNCORP GROUP LIMITED
ABN 66 145 290 124





Steve Johnston

Group CEO

1H22 Results

Good morning and welcome.

Let me begin by acknowledging the Yugera, Turrbal and Gadigal people, who are the traditional owners of the lands on which we meet today, and pay our respects to all Elders, past, present and emerging.

Via teleconference



Adam Bennett
Chief Information Officer



Lisa Harrison
CEO Insurance
Product and Portfolio



Jimmy Higgins
CEO New Zealand



Bridget Messer
Chief Risk Officer



Jeremy Robson
Group CFO



Paul Smeaton
COO Insurance



Belinda Speirs
Group General Counsel



Fiona Thompson
Group Executive People,
Culture & Advocacy



Clive van Horen
CEO Banking & Wealth

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Today, I am joined in our Sydney offices by our CFO, Jeremy Robson.

Due to the ongoing impact of COVID-19, the other members of our Executive Leadership Team will be joining us from their respective offices or homes.

This is the first opportunity we have had to introduce Bridget Messer who has joined the leadership team in the role of Chief Risk Officer.

Bridget joins us from UK-based IG Group, a FTSE 250 company where she was Executive Director and Chief Commercial Officer. She has relocated back to Australia from London and will be working out of our Brisbane headquarters.

Bridget's experience in managing a global, high-growth business is impressive. She has a wealth of expertise across regulatory, compliance, legal and governance, making her the ideal person to lead our risk function.

I would also like to take this opportunity to publicly thank Stuart Cameron for his leadership of the CRO function over the past six months. Stuart will continue to play a pivotal role at Suncorp.

The Executive Leadership Team is now complete and we are delighted with the group of executives we have in place to lead Suncorp forward.

Purpose driven, delivering sustainable outcomes



1H22 Results

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Before I move to the financials I want to briefly recap a slide I first introduced in our investor series last May.

It describes how we believe value is created at Suncorp.

At its heart Suncorp is a Purpose-driven organisation. I could point to many examples, over many years, to prove that being guided by Purpose has always been a big part of working at Suncorp.

Our Purpose is to Build Futures and Protect what matters.

We do this through a capable, engaged, diverse and innovative team who, in turn, deliver valued outcomes for our customers.

The financial outcomes we achieve for our shareholders, which is the primary focus of this presentation, reflects the sum of us getting all this right.

Purpose driven, delivering sustainable outcomes

	1H22 (\$m)	1H21 (\$m)
Insurance (Australia)	114	258
Banking	200	190
New Zealand	81	120
Cash earnings	361	509
Group NPAT	388	490
Ordinary dividend (cps)	23	26
Payout ratio – cash earnings (%)	80.3	65.2
CET1 held at Group (post dividend)	492	789

1H22 Results

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Turning to the result, and this slide presents the high level P&L for the half.

While both the Group's NPAT of \$388 million and cash earnings of \$361 million are down compared to the prior period we feel this is a creditable result in the context of elevated natural hazard experience and lower investment returns.

The six months to December 2021 saw the Group managing 19 separate events; more than 50,000 natural hazard claims, at an estimated cost of \$695 million – which is \$205 million above our allowance for the half year.

This, and significantly lower investment income, has had a material impact on profits in our insurance businesses here in Australia and in New Zealand.

The result highlights the diversified nature of our revenues and profits, with the bank reporting a 5% increase in profit after tax to \$200 million, contributing over half of the group's profit and underpinning the 23c interim dividend.

As you will hear in a moment we have good underlying momentum and with the significant protection provided by our reinsurance program we enter the second half in good shape.

Result highlights - Growth

- ✓ Insurance (Australia) GWP growth of 7.5%*
- ✓ Australian consumer insurance GWP growth of 8%*
- ✓ Australian Commercial GWP growth of 5.6%*
- ✓ Australian CTP GWP growth of 6.2%
- ✓ NZ GWP growth of 14%
- ✓ Banking continues to grow home lending; \$1.2 billion in half

*Excludes portfolio exits

1H22 Results



On the next two slides I have called out some of the key highlights embedded in the result, which talk directly to the momentum we have as we move through the second half of FY22 and into FY23.

On this slide I have focussed on the growth we are achieving right across the business - as we unlock the value in our brands and focus on delivering for customers.

At an aggregate level our Australian Insurance business has delivered premium growth of 7.5% when you adjust for portfolio exits.

Below the headline number, in consumer, like for like premium growth was 8% - driven by both rate and unit count.

The Australian commercial insurance portfolio grew by 5.6% with high retention and strong rate.

And in CTP, we continue to improve customer numbers off the back of our digitisation program, with written premium increasing by 6.2%.

In New Zealand, the GI business has reported premium growth of 14% with each of our Vero Insurance, Vero Liability and AA Insurance joint venture businesses reporting double digit growth rates.

And in the Bank, growth has continued to accelerate in the home lending portfolio, up \$1.2 billion or 5.3% annualised for the half; while in deposits, at-call transaction accounts grew by just under 13%, again off the back of our digital program.



Result highlights – Key Metrics

- ✓ Group Underlying ITR on track with expansion to 8%
- ✓ Prior year reserve releases at 2.1%, above long-term assumption
- ✓ 90 Day+ past due loans down to 62bps of GLAs
- ✓ Strong capital position with buy-back completed
- ✓ Dividend at top end of 60-80% range



Turning to the next slide and here I've captured some of the key P&L and balance sheet measures

The Group underlying ITR expanded to 8%, with a strong contribution from the consumer portfolios, putting us on track to deliver a 10-12% UTR by FY23.

Prior year reserve releases at (2.1%) of NEP remain above our long term 1.5% assumption, despite some strengthening in the bodily injury portfolios.

In the bank, credit quality continues to be a standout with a \$16 million impairment release and 90 day+ past due loans falling to just 62 basis points of gross loans and advances.

As has been the case for many years the balance sheet is in great shape, with each of the businesses retaining healthy levels of capital in their own right with an additional \$500 million of excess capital held at the Group.

So, with that summary, I'll hand over the Jeremy to run through the numbers in more detail.



Jeremy Robson

Group Chief
Financial Officer

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Overview

- ✓ Strong topline growth driving momentum across the business
- ✓ FY23 plan on track as we deliver on our strategic priorities
- ✓ Comprehensive reinsurance program strengthened for FY22
- ✓ Robust balance sheet and capital position



Thanks Steve.

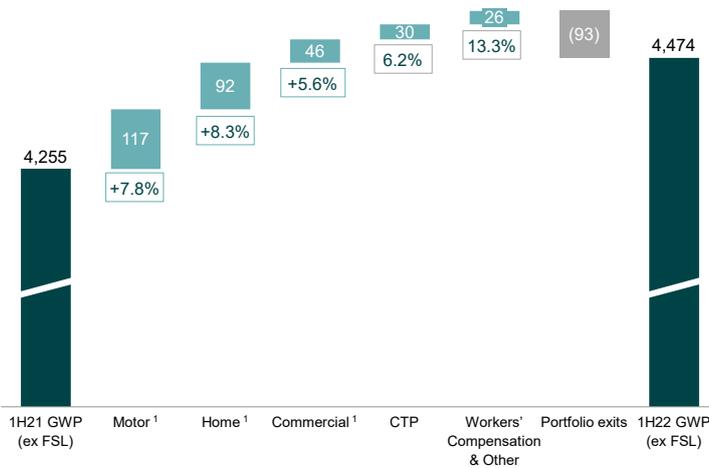
Good morning everyone and welcome.

I'd like to start by reinforcing Steve's comments about the underlying momentum evident in today's result, with strong growth across each of our businesses and clear progress on the pathway for delivery of our FY23 Plan.

Now natural hazard events and investment markets have clearly impacted the bottom line in this half but we are confident in the comprehensive reinsurance program we have in place for the second half and our investment portfolios remain prudently positioned.

Insurance (Australia) – Gross written premium

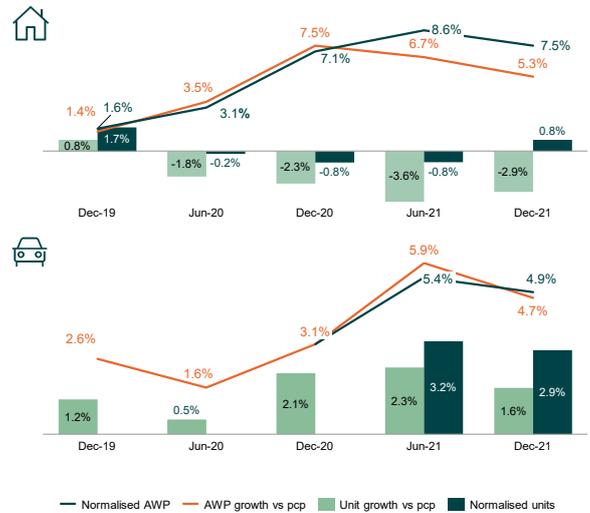
Gross written premium (excluding FSL) by portfolio (\$m)



¹Excludes impact of portfolio exits

1H22 Results

Home and motor portfolio



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I'll now run through the result in more detail, starting with growth in the Insurance Australia business.

Headline GWP growth includes the Vero consumer and construction portfolio exits so to help better explain our GWP growth, the numbers in the chart adjust for these impacts.

On this basis, GWP grew by 7.5%, which continues the strong growth we reported last year.

The Home portfolio grew by 8.3% reflecting AWP growth from the ongoing response to higher natural hazard and reinsurance costs, along with a pleasing return to unit growth.

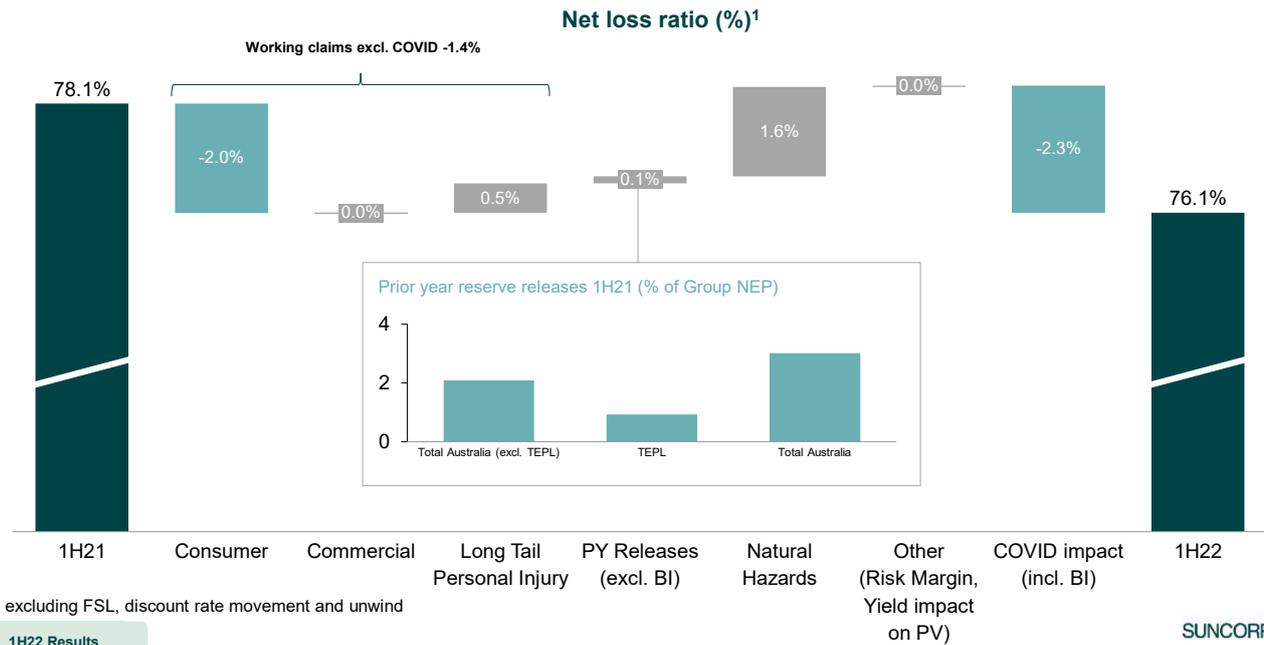
Motor was up 7.8% as AWP continued to increase to reflect underlying inflation and higher sums insured whilst unit growth remained good despite the impact of lockdowns on new business sales.

In Commercial, we continued to see the portfolio grow, with ongoing performance in the NTI business and good rate growth and retention across most portfolios.

CTP grew by 6.2% driven by strong unit growth of nearly 10%, whilst AWP decreased, primarily a result of scheme price reductions in Queensland.

Workers Compensation was up strongly across all states driven by good retention, higher wage growth and rate increases.

Insurance (Australia) – Net loss ratio



Turning next to claims and we've changed the presentation of this slide slightly to focus on net loss ratios which we think provide a more useful view of the key drivers to our claims performance.

In Consumer, the net loss ratio in Motor was broadly flat as pricing increases and close management of claims costs offset the impacts of inflation.

The Home loss ratio improved due to the natural hazard driven price increases, as well as lower frequency and claims costs.

The tight containment of claims costs in both home and motor is clear evidence of the success of our best in class claims programme of work.

The Commercial loss ratio remained flat with benign large loss experience in Property offset by a slight deterioration in Packages, with several fires in the half.

CTP saw an improvement driven by New South Wales and Queensland, whilst Workers' Compensation increased, off the back of one large claim in the XOL portfolio.

The COVID related improvement was due to Business Interruption provisioning in 1H21 with a subsequent release in the current period, relating to the positive outcome of the Rockment Pty Ltd case.

The net impact of other COVID related items was lower this half, with a similar level of motor frequency benefit being offset by some expected increase in claims costs and other operating expenses.

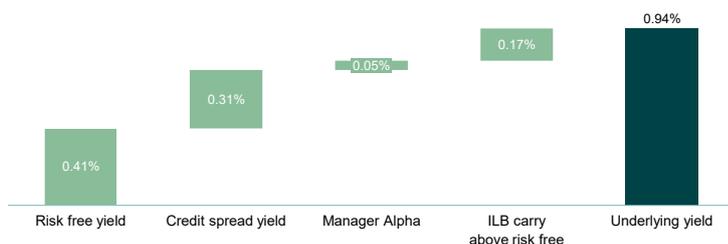
Prior year reserve releases remain strong, notwithstanding some strengthening in the long tail commercial portfolio, which were largely offset by some improvement in PY natural hazard estimates.

Total reserve releases for the half were 2.1% excluding the provision for the NSW TEPL adjustment, which is ultimately a release back to the scheme rather than the P&L.

Natural hazard experience was well above the allowance and I will cover that later.

Insurance (Australia) – Investment market impacts

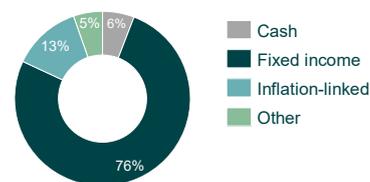
Underlying yield on insurance funds (%; annualised)



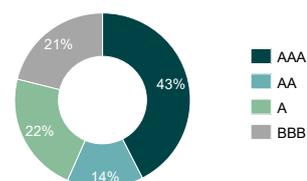
Net P&L impact from yield and investment markets (\$m)



Total investment assets as at 31 December 2021



Fixed income credit quality as at 31 December 2021



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Moving now to investment performance.

Investment markets have had a significant impact on the 1H result, with large shifts in breakeven inflation, credit spreads, the yield curve and equity markets over the past 12 months.

The underlying yield on insurance funds was 94 basis points, approximately 53bps above risk free.

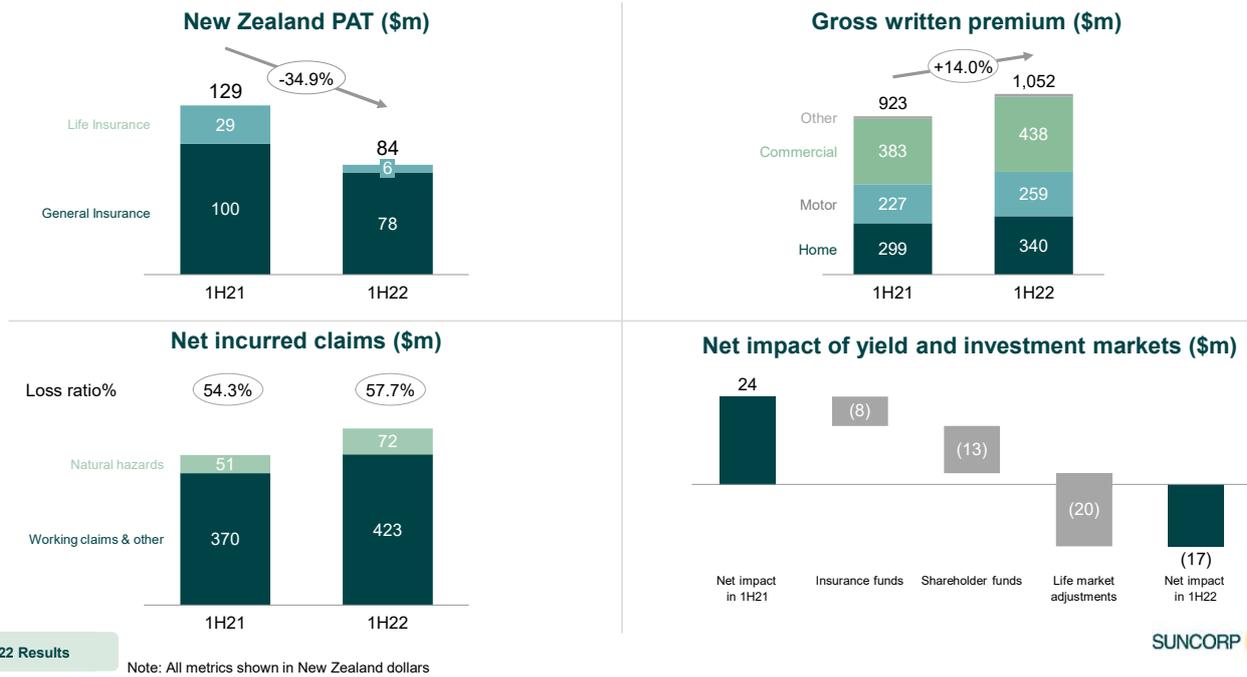
This reflects the current environment of tight credit spreads, along with improved ILB carry and positive manager performances.

We continue to assess the strategic asset allocation of the portfolio and are currently maintaining a conservative bias given the recent market volatility.

We are underweight our strategic allocation to growth assets and are maintaining a close watch on the management of our ILB portfolio.

I note that, despite a reduction in short-dated physical holdings of ILBs over the half, we have maintained our effective exposure to inflation.

New Zealand (NZ\$)



Turning now to New Zealand.

During the period, strong top-line growth was offset by higher natural hazards and lower investment returns.

We are continuing to see very strong growth in NZ, with GWP up 14%, spread across all product classes. Growth has been broad based with the Vero and AA channels recording growth of 12% and 17% respectively.

Natural hazard costs were \$41m above the allowance driven by three material weather events in the half.

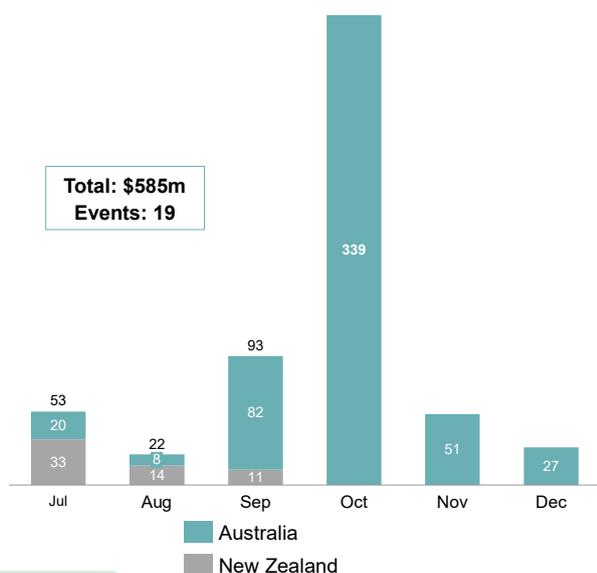
Working claims costs reflect unit growth and a small number of large commercial property claims, although this was partially offset by lower motor claims frequency following the COVID lockdowns.

Investment income was lower, with the increase in rates impacting on the fixed income portfolios.

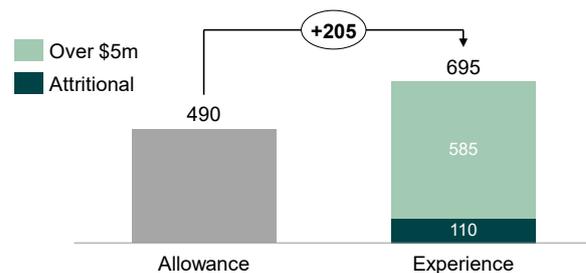
And whilst the Life business saw an increase in planned profit margins, the impact of interest rates and claims experience resulted in a reduction in profit.

Natural hazards and reinsurance

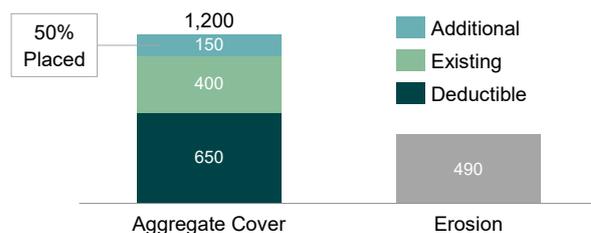
Events over \$5m by month (\$m)



1H22 natural hazards vs allowance (\$m)



AXL reinsurance cover and YTD erosion (\$m)



1H22 Results

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On then to natural hazard costs, which for the half exceeded our allowance by \$205 million, with a particularly difficult October month. Now while disappointing, this is in the context of the La Nina weather pattern that has been declared for this year.

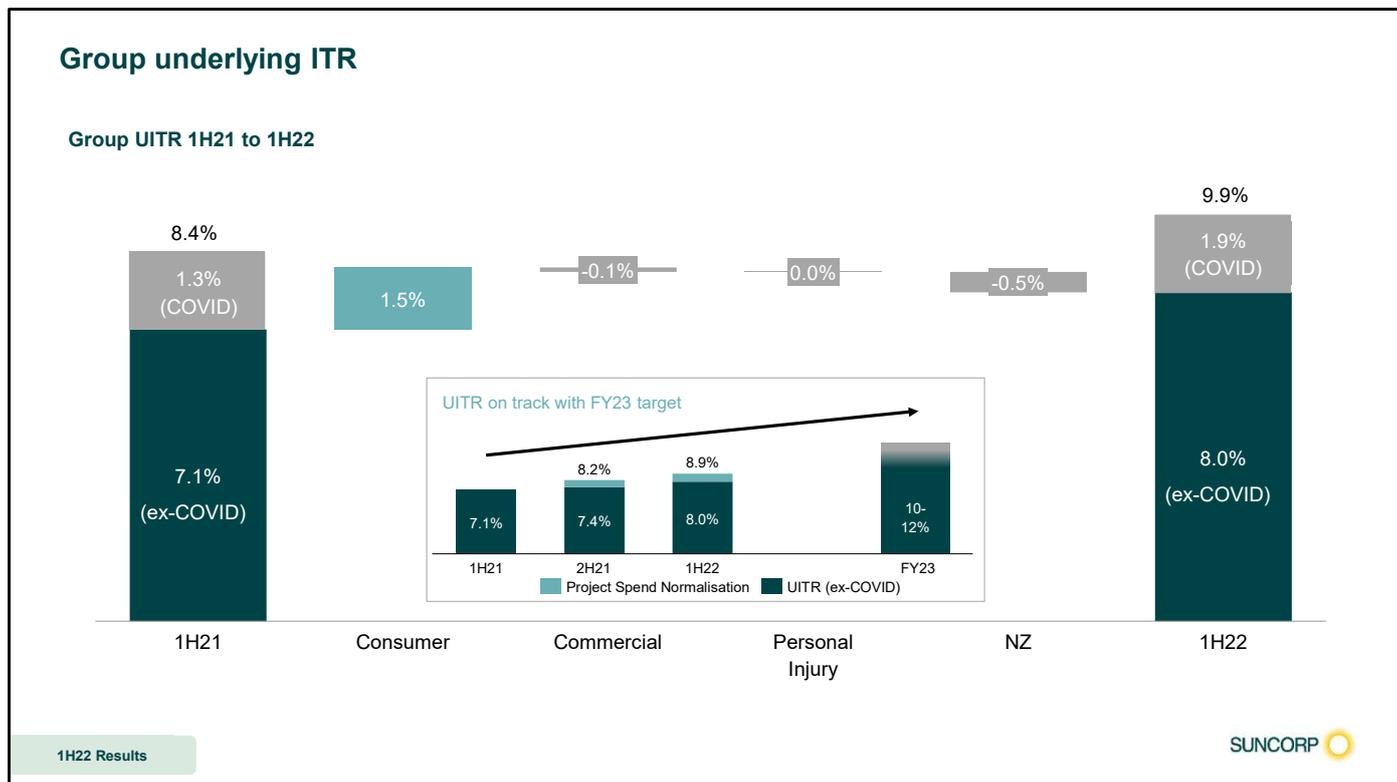
Our AXL cover and all three dropdowns remain intact and an additional \$75m of AXL cover was purchased in December, being a 50% placement of a \$150m layer above the existing AXL. \$490m of the \$650m deductible was eroded in H1.

Natural hazards costs are expected to be significantly less than the allowance in H2 as any continued natural hazard experience will likely result in reinsurance recoveries.

Relative to the update in November, the actual experience to the end of October has come in in-line with the bottom of the range we provided – noting the improvement in expected cost for the Adelaide hail/Melbourne storm event.

We also saw a relatively benign November and December, with January in line with the allowance.

As a result of these factors we now expect the full year natural hazards cost for FY22 to be approximately \$1.075bn.



Turning then to the all-important Group underlying ITR, which is showing a pleasing trend supporting our confidence in delivery of the FY23 Plan.

The focus of the chart is on our underlying ITR excluding COVID impacts.

And I'm very pleased to report that this has now increased to 8% in 1H22.

The increase was largely driven by the Consumer portfolio, reflecting the benefits of unit growth and rate increases, and improvements from working claims driven by our best in class claims program and lower frequency, mostly in Home.

The New Zealand UTR remains at very strong levels, but decreased reflecting the adverse large claims experience in property, along with some volatility in motor frequency.

The 1H22 UTR of 8% includes an elevated level of project spend, which we do expect to reduce over FY23.

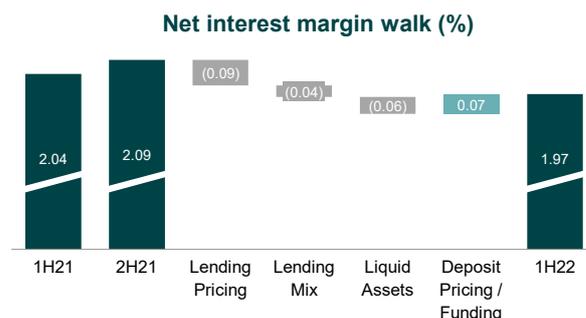
Allowing for this gives an UTR of around 9%. Additionally, we are still to realise the full run-rate benefits of the strategic initiatives, both those already delivered and those still in the pipeline.

We believe this gives a clear indication of the momentum and pathway to our 10-12% FY23 plan numbers.

And we remain confident in our ability to achieve this outcome.

Banking & Wealth

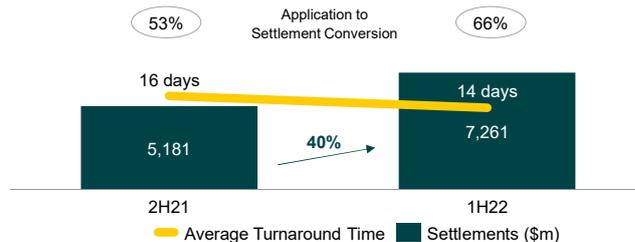
	1H22 (\$m)	1H21 (\$m)	Change (%)
Net interest income	621	618	0.5
Other operating income	14	23	(39.1)
Operating expenses	(366)	(362)	(1.1)
Profit before impairments	269	279	(3.6)
Impairment release/(expense)	16	(8)	n/a
Income tax	(85)	(81)	(4.9)
Banking profit after tax	200	190	5.3
CTI	57.6%	56.5%	



Net home lending growth (\$m)



Home Lending Settlements and Turnaround Time



1H22 Results

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Now to Banking, which delivered a profit of \$200 million, up 5%. This reflects growth in loan balances and a net impairment release, offset by a lower NIM.

One of the most pleasing elements of the result is the continued momentum and growth in home lending.

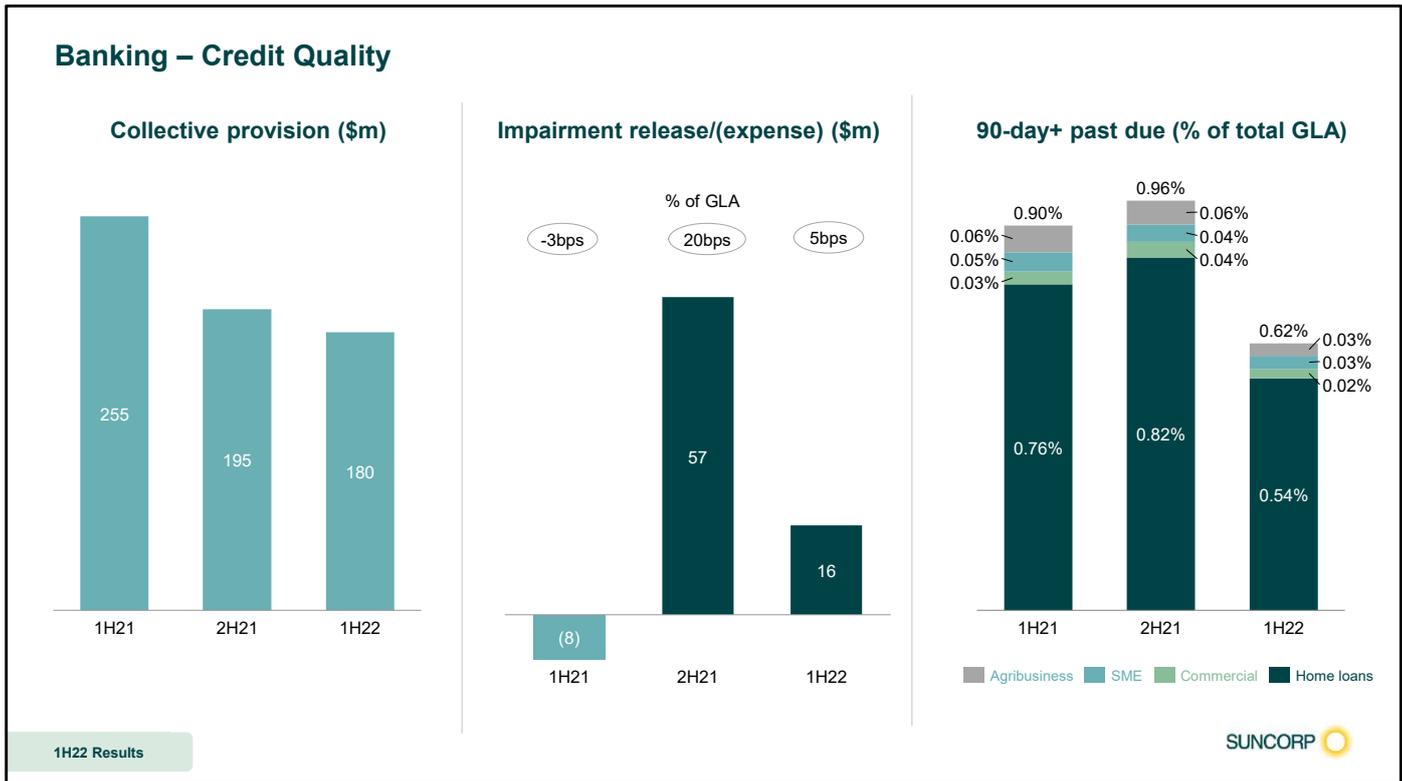
The portfolio grew at an annualised rate of 5.3% over the half and broadly in line with system - with sustained improvements in processing turnaround times despite the growth in lodgements.

In line with market factors, net interest margin decreased 12 basis points from last half driven by competitive pressures, movements in market rates, higher fixed home lending mix and holding additional liquid assets, with some offset from good active management of the deposit portfolio.

The NIM of 197 bps remains above our target range of 185 – 195 and we now expect it to trend back to within the range in the near future, slightly earlier than previously expected given industry funding and pricing dynamics.

Banking operating expenses increased 1.1%, largely from the temporary investment in strategic initiatives with the cost to income ratio increasing to 57.6%.

We continue to target a cost to income ratio of around 50% in FY23, more likely in the second half, with momentum in home lending and emerging cost efficiencies being the key drivers. I note that the market outlook for rates and NIM are also key factors.



The credit quality of the bank's lending portfolio is also a key feature of this result. It remains strong, with 81% of the book in residential mortgages with a dynamic LVR of 58%.

Past due loans have reduced over the half driven by customers returning to performing status, following earlier COVID assistance, and a buoyant housing market assisting voluntary property sales.

Past due loans are now at their lowest level since 2012.

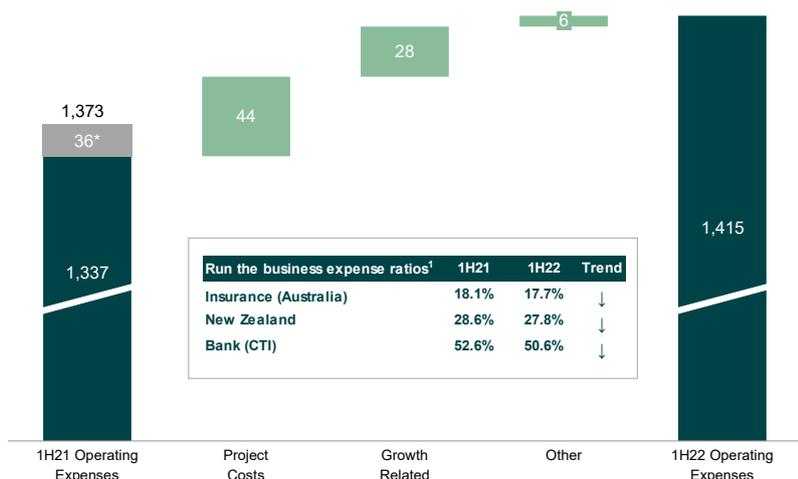
We've reviewed the key economic assumptions which underpin our collective provision, and this has led to a release of \$15 million.

This gives a balance of \$180 million at the end of the half, which continues to incorporate a prudent set of assumptions reflecting the ongoing uncertainty around COVID.

And we'll continue to monitor this outlook into the 2H.

Group operating expenses

Group operating expenses (excluding FSL) 1H21 to 1H22 (\$m)



* 1H21 restructuring costs
¹ Excludes projects costs

- Project costs increased due to planned additional strategic investment
- Both strategic and regulatory project spend continue to be at elevated levels
- Growth related costs represent commissions and marketing spend
- Driving efficiencies in our run the business expenses
- A reduction in project spend and the realisation of strategic benefits to drive target cost base to around \$2.7bn in FY23

1H22 Results



Now to Group expenses.

As expected, project costs increased in the half, primarily due to the planned step up in spending on strategic initiatives.

The majority of spending this half has been on optimising pricing and risk selection, digital first experiences and revitalising growth in insurance.

In Banking, our investment has been focused on winning in home lending.

We also saw a modest increase in growth related costs, with increased marketing and commissions, reflecting the strong growth across each of our portfolios.

We've delivered the benefits we expected from our operating model changes and these have helped to offset core inflation in the cost base, with costs remaining flat on 2H21.

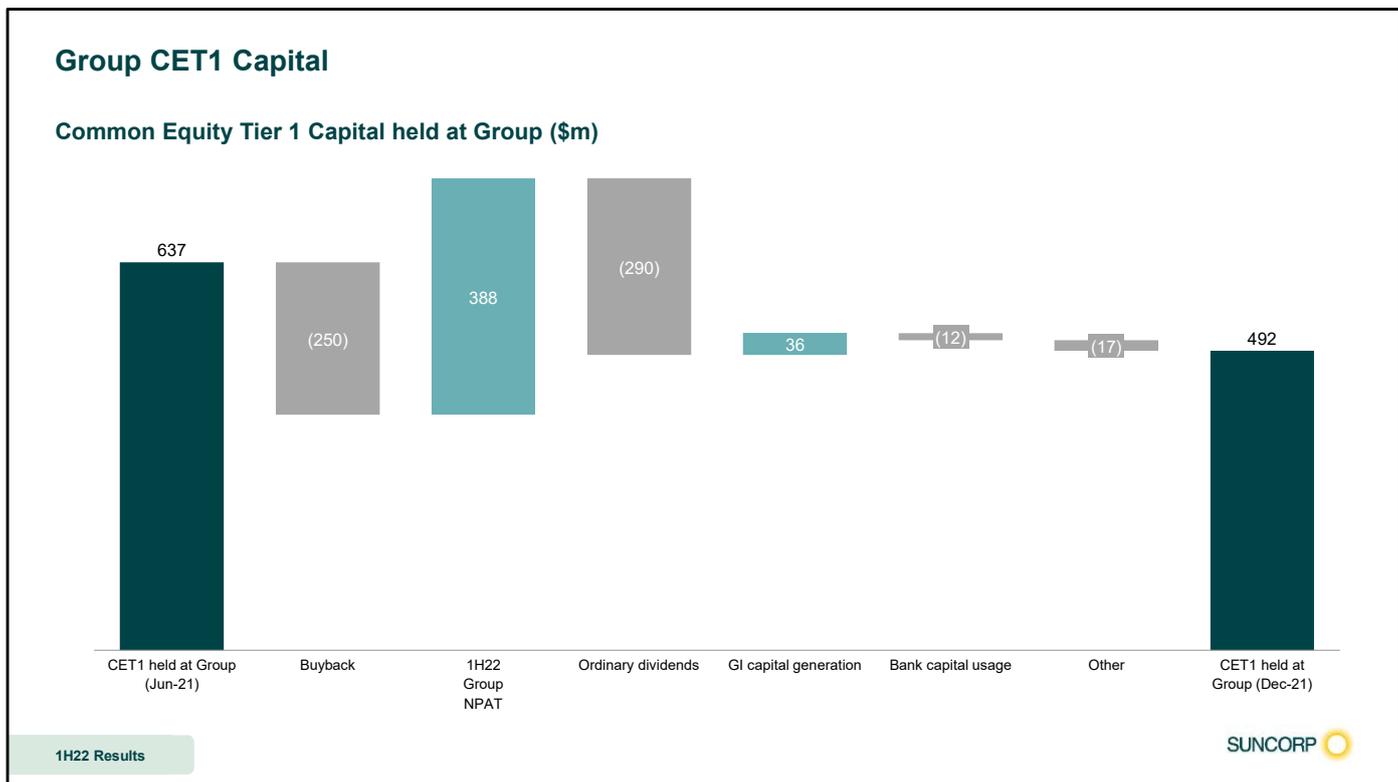
You will note on the slide that we are delivering improved efficiencies in each of our businesses from our focus on the 'run the business' cost base.

Looking ahead, we are continuing to target operating expenses of around \$2.7 billion in FY23.

The key dynamics here are:

Firstly, efficiencies from the delivery of our strategic initiatives, which include the acceleration of digital adoption and self-service, contact centre automation, and improved productivity.

Secondly, project costs are expected to reduce in FY23, as the recently elevated Royal Commission related regulatory spend and our strategic program of work are delivered.



Finally, moving onto capital.

The chart shows CET1 held at Group of \$492 million. Key features of capital management over the half have included:

- Successful completion of the \$250m on-market buyback.
- A 1H22 dividend of 23cps, at an 80% payout ratio. Whilst this is higher than our usual first half payout, it reflects the confidence we have in both the momentum in the business, as well as the quality of the RI programme in place for the 2H.
- Now whilst we would usually see capital usage in the first half from the impact on capital of timing of events season, we actually saw a release of capital this half. This reflects the strong underlying business performance with growth in premium rates and improved loss ratios.
- Bank capital usage was flat, with lending growth being offset by changes to the risk weighting of business redraw facilities following PDS changes.

Going forward, our dividend policy remains unchanged, aiming to pay annual dividends based on a target payout ratio of 60% to 80% of cash earnings.

And we also remain committed to returning any capital surplus to our needs to shareholders.

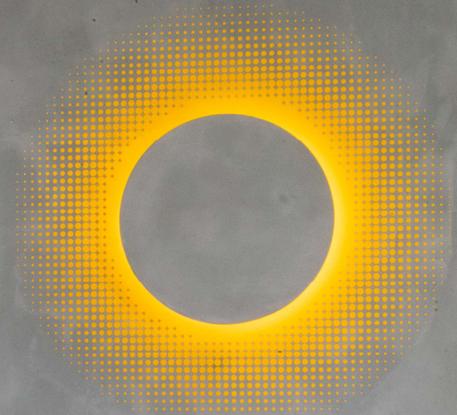
I note that we are continuing to maintain a prudent approach to capital management in the current environment and we will re-assess this for the full year result.

And on that I would now like to pass back to Steve.



Steve Johnston

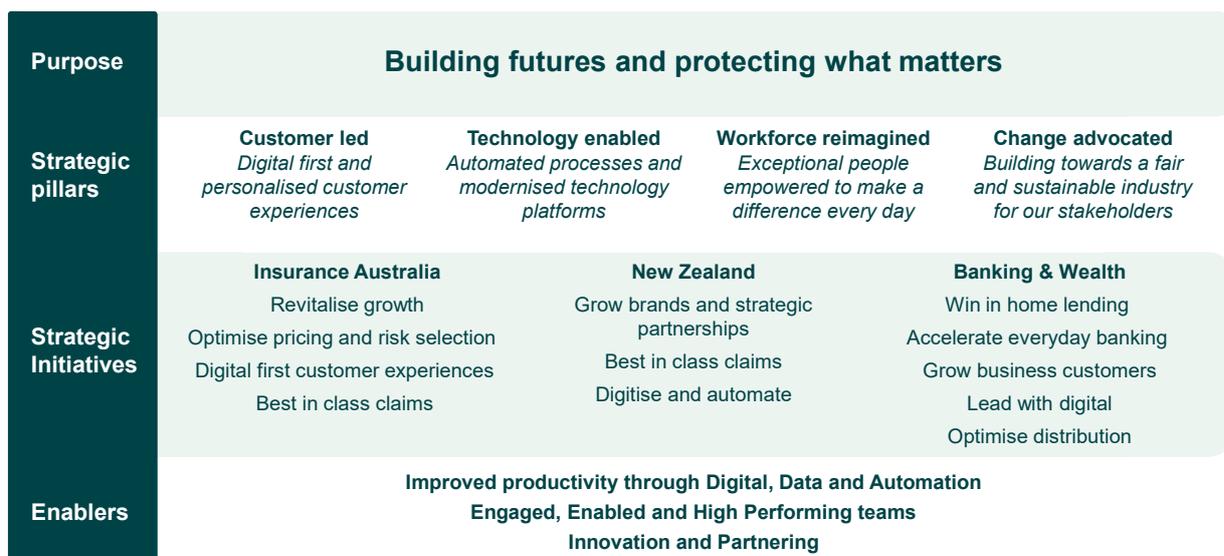
Group CEO



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1H22 Results

Purpose driven plan



1H22 Results



Thanks Jeremy.

Today's result should be seen in the context of the Group's three year plan which we first outlined to the market this time last year and the commitments we expect to deliver in FY23.

As a team, we have been clear that our priority is to align everyone at Suncorp around improving the way we deliver insurance and banking products to our customers in Australia and New Zealand.

To do this we set about simplifying our portfolio of assets and our products, to enable management to focus on driving improved performance in our core businesses.

As you know, we previously divested our Life and Capital Smart businesses and, in this result, we report the gain on sale of our joint venture with RAC in Tasmania.

We are making good progress in transitioning our Wealth business to LGIA Super and expect this to complete on schedule in April.

At the portfolio level we have undertaken significant remediation in commercial lines including strata, construction and financial lines, while in personal lines we have exited unprofitable broker introduced and corporate partner business.

This slide recaps our strategy and the twelve key strategic initiatives - four in GI Australia, three in New Zealand and five in the Bank - that will be familiar to you from the investor series.

The initiatives we have are clear and simple and we believe the continued top line growth and the momentum that is evident in the results we are presenting today confirm the good progress we are making.

Successfully executing the plan – Insurance Australia

- ✓
Revitalise Growth
 - AAMI NPS highest since 2016, most considered brand nationally
 - Consumer growth of 7.5% excluding portfolio exits

- ✓
Optimise Pricing and Risk Selection
 - CaPE successfully deployed for Home mass brands

- ✓
Digital First Customer Experiences
 - Insurance Australia digital sales and service up to 38% from 33% in 1H21

- ✓
Best in Class Claims
 - Motor and Home claims lodgement broadly doubled to 41% and 36%
 - Established new Home claims building panel of 38
 - Implemented Im4mo to better manage builder allocation
 - Implemented ICBM to better benchmark claims cost

Key Outcomes and Metrics

Group UITR

Grow Market Share

Expense Ratio

Loss Ratio

NPS

1H22 Results

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I would like to take a moment now to highlight some of the key proof points that demonstrate our progress against the plan and the 12 key initiatives.

In the Australian Insurance business, our activities to reinvigorate our brands, refine our customer value propositions, improve our marketing and simplify our product portfolio continue the growth momentum that has been building since we implemented the strategy.

In pricing and risk selection, we are making good progress with the roll-out of our new pricing engine and have now deployed CaPE across the home portfolio. The focus of the program now switches to the motor mass brands.

We have also introduced a number of innovative risk selection enhancements, including geospatial mapping, and are rolling out modern automated broking platforms across commercial insurance.

In GI distribution, we continue to leverage our previous investments in digital and data to meet our customers increased appetite to interact with us digitally.

Digital sales and service levels grew by 14% in the past year and now account for 38% of all sales and service transactions meaning we are well on our way to our long term target of 70% digital/30% voice in sales and service.

Our best in class claims program has achieved a number of critical milestones in recent months including the establishment of the new Home Claims repairer panel and the implementation of In4mo and ICBM to better manage builder allocation and benchmark costs.

Motor and Home claims digital lodgement increased from 21% and 18% to 41% and 36% respectively in the half.

Digital lodgement at 50% in hazard claims represents a doubling on the prior year, significantly

improving customer experience, speeding up the repair process and bringing down the ultimate cost of hazard claims.

Successfully executing the plan – New Zealand



Grow Brands and Strategic Partnerships

- Market share increased 27 basis points, fifth consecutive quarter of gains



Best in Class Claims

- Continued migration to one platform
- Implemented event response partnership with EQC



Digitise and Automate

- Partner digital connectivity implemented, driving 30% of new ANZ motor sales

Key Outcomes and Metrics

Group UTR

Grow Market Share

Expense Ratio

Loss Ratio

NPS

1H22 Results

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In New Zealand, we have made good progress growing our brands and partnerships, evidenced by a market share increase of 27 basis points in the first quarter, the fifth consecutive quarter we have grown share.

Our best in class claims program is progressing with the implementation of the Natural Disaster Event Response agreement with EQC and the migration to Claims Centre ensuring all GI claims activity is managed on one platform.

In Digitise and Automate, the commencement of SNZ partner digital capability has seen 30% of new motor business through the ANZ corporate partnership originated through this channel.

Successfully executing the plan – Bank

✓ Win in Home Lending	<ul style="list-style-type: none"> - Settlements increased 73% on the pcp - Average turnaround times down to 14 days in 1H22 from 16 days in 1H21
✓ Lead with Digital	<ul style="list-style-type: none"> - Continued uplift in digital engagement and digital sales, with >20% increase in personal account openings
✓ Optimise Distribution	<ul style="list-style-type: none"> - Continue to optimise branch footprint as customer digital uptake increases - Improved accessibility - translating services in 160 languages, braille on ATMs
✓ Accelerate Everyday Banking	<ul style="list-style-type: none"> - Continued at-call transaction portfolio growth, up 12.8% on 2H21 - Delivered 'Pay Later', providing additional flexibility to customers
✓ Grow Business Customers	<ul style="list-style-type: none"> - Launched new Fast Track lending process for simple SME lending

Key Outcomes and Metrics

Cost to Income

Grow Market Share

NPS

1H22 Results

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In the Bank, you can see that Clive and the team are making good progress on their five key priorities.

Winning in home lending is the top priority and we have previously outlined that we define success against three targets. Our first priority was to get positive home loan growth. Our second target is to achieve market share growth, ahead of our ultimate objective, which is to consistently match best in market for home loan origination. You will see in the numbers that we are well on the way to achieving the second target with growth broadly in line with system in the latter months of the half.

Digital engagement at the Bank has also continued with the proportion of digital account openings increasing by more than 20%.

We have rolled out customer accessibility features such as translating and interpreting services and Braille functionality at our ATMs as we optimise our distribution channels.

Growth in Everyday Banking has continued, up 12.8% in the half, whilst we continue to increase flexibility for our customers with the launch of our 'Pay Later' offering.

In Business Banking, we have launched a Fast Track lending process for simple SME lending.

So, in summary, our priorities are simple and clear and we are focused on executing these 12 initiatives which, as you know are the cornerstones of our FY23 aspirations.

Natural Hazards, Resilience & Mitigation

Declared Events

19

↑ 7 events on pcp

Total Event Claims

50,511

Motor: 15,016
Home: 30,690
Commercial: 1,300
New Zealand: 3,505

Finalisation %

39%

Motor: 36%
Home: 38%
Commercial: 35%
New Zealand: 64%

Online Lodgement

49%

(Australia)
Motor: 52%
Home: 48%
25% in pcp

Top Five Loss Causes



Four Point Plan

- 1 Improve public infrastructure
- 2 Provide subsidies to improve the resilience of private dwellings
- 3 Address inadequate planning laws and approval processes
- 4 Remove inefficient taxes and charges from insurance premiums

1H22 Results

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Before I summarise and go to Q&A I would just like to quickly touch on the important topic of natural hazards resilience and mitigation.

On the slide we have provided a deeper insight into the profile of the first half natural hazard events that have accompanied the second successive La Nina weather pattern.

It's clear that the frequency and severity of natural hazard events has been increasing over recent years with that trend likely to extend into the future.

In response the Australian government has introduced legislation for the establishment of a Reinsurance Pool for cyclone activity in Northern Australia.

While there remains a lot of work to be done in order to flesh out the specifics, we continue to actively participate and contribute to the discussion on the structure of this program.

Similarly, the NZ government has implemented changes to the EQC and our preliminary view is this will not have a material impact on our NZ business.

As we have discussed previously, Suncorp has developed a four point plan for a more resilient Australia and will continue to advocate for action in the lead up to the forthcoming Federal election.

To recap, our plan argues for:

1. Improved public infrastructure
2. Subsidies to improve the resilience of private dwellings
3. Addressing inadequate planning laws and approval processes; and
4. Removal of inefficient taxes and charges from insurance premiums

By focusing on these initiatives, the underlying risk and affordability issues will be better addressed alongside other public policy measures being considered.

While natural hazard resilience and climate change are Suncorp's most material ESG issues, our focus extends into areas including financial wellbeing and human rights.

In terms of financial wellbeing, the next iteration of our Financial Inclusion Action Plan will be completed in this half while our latest Modern Slavery Statement, lodged in early December, outlines the progress we are making in the important area of human rights.



Summary

Purpose: Building futures and protecting what matters

- ✔ Commitment to delivery of three-year plan aspirations
- ✔ Balance sheet remains strong and provides flexibility
- ✔ Clear program of work, confident in ability to execute
- ✔ FY22 peak period of investment and delivery

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So, in summary, while natural hazards and investment markets have clearly impacted this result, there are many proof points to demonstrate progress towards the targets included in our FY23 plan.

This progress has been achieved against the backdrop of COVID and it's associated personal and professional challenges. To have navigated COVID, 50,000 natural hazard claims, big technology deliverables and a once in a generation regulatory overhaul is a testament to the resilience of our team.

Collectively, they have rallied around our purpose and focussed on our customers. I thank them.

While the uncertainty from COVID is far from over, our business is strong, our strategy sensible and our team aligned.

We look forward to your questions.

Questions





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