


Financial results

for the half year ended 31 December 2010



One Company. Many Brands

Financial results for the six months to 31 December 2010
23 February 2011

Suncorp Group Limited



Agenda




1. Introduction and highlights – Patrick Snowball
2. Detailed results – John Nesbitt
 - General Insurance
 - Banking
 - Life
 - Capital
3. Update on recent events
 - New Zealand – Roger Bell
 - Personal Insurance – Mark Milliner
 - Commercial Insurance – Anthony Day
 - Bank – David Foster
 - Life – Geoff Summerhayes
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Managing change and the impact of major events



Progress on 5 key priorities

- Stabilisation
- Balance sheet strength
- Simplification
- Executive team
- Plans for growth


Major events impact profit

- Natural hazard events in Australia and NZ
- Reinsurance reinstatement costs
- Additional Bank overlay

CREDIBILITY CONFIDENCE CULTURE

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Progress with priorities




Stabilisation	<ul style="list-style-type: none">• Bank reshaped and de-risked – non-core run-off ahead of schedule and match-funded• Prudent reinsurance measures• Credit rating upgrade
Balance sheet strength	<ul style="list-style-type: none">• Capital levels improved• Additional \$35 million overlay to Bank collective provisions• Liquidity levels remain high
Simplification	<ul style="list-style-type: none">• Key building blocks programs on track• NOHC transition completed• Single enterprise agreement for all employees• Tyndall and New Zealand Guardian Trust divested
Executive Team	<ul style="list-style-type: none">• Completed executive team appointments• Business model fully operational• 'One Company, Many Brands' culture across Group
Plan for growth	<ul style="list-style-type: none">• Execution of business plans underway

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Continued focus on simplification

Building Blocks

- Single enterprise agreement – One Team
- Single general ledger
- Customer data warehouse
- Single pricing engine – AAMI integrated
- Progress on Guidewire, Repairlink and SMART shops

Divestments


- Tyndall Investments
- New Zealand Guardian Trust

NOHC

- Shareholder vote December 2010
- Agreed and in place January 2011

ONE COMPANY. MANY BRANDS

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Result highlights


A\$m	HY11
General Insurance profit after tax	292
Consolidated Bank profit after tax	3
Life profit after tax	61
PROFIT AFTER TAX FROM BUSINESS LINES	356
Tyndall / NZGT	(77)
Intangible amortisation & other	(56)
GROUP NPAT	223
Cash earnings per share excluding divestments	27.7 cents
Interim dividend per share (fully franked)	15 cents

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General Insurance overview



A\$m	HY11
General Insurance profit after tax	292

- GWP up 2.1% on a reported basis. 4.3% excluding portfolio exits
- Natural hazard claims above allowance by \$182 million
- Reserve releases were \$151 million above expectations
- Good momentum in underlying ITR improvement

Underlying ITR 10.5%

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Gross Written Premium			
Product	HY11	%Δ	Factors
Motor	1,262	4.7	Solid premium and net written unit growth
Home	943	8.8	Significant premium increases and resilient customer retention
Commercial	840	(6.3)	Rate increases across targeted channels, 2.3% increase excluding portfolio exits
CTP	428	5.4	Solid net written unit growth and renewal rates
Workers' comp and other	90	(22.4)	Premium reductions in Western Australia
Total	3,563	2.1	

GWP up 4.3% excluding exited business

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General Insurance claims	
Major natural hazard events	\$m
VIC floods (Sept10)	26
Christchurch earthquake (Sept 10)	47
Brisbane storm/floods (Oct 10)	12
Eastern Australian storms (Oct 10)	13
Eastern Australian rain (Dec10)	16
South Australian storms (Dec 10)	10
QLD-NSW hail/rain (Dec 10)	51
Central & SW QLD flooding (Dec 10)	143
Total major events	318
Minor natural hazard events	94
Less: allowance for all natural hazards	(230)
Natural hazards above allowance	182

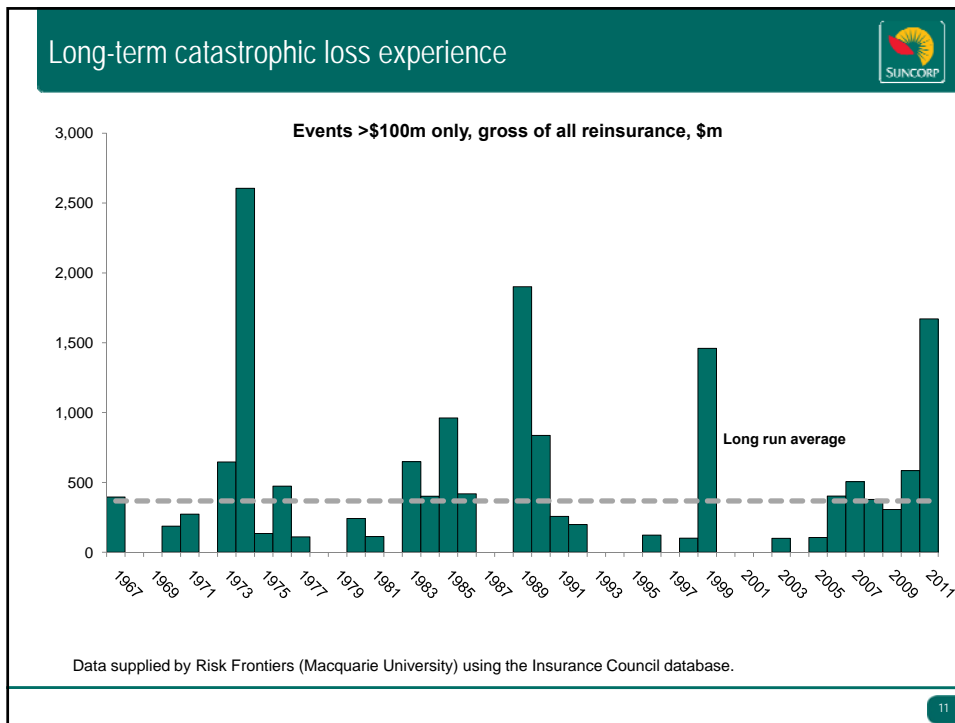
Other impacts on claims expense:

- Positive experience in working loss claims
- Some claims inflation in Melbourne following major hail storms in March
- Reserve releases of \$151m above long-run expectation of 1.5% of NEP

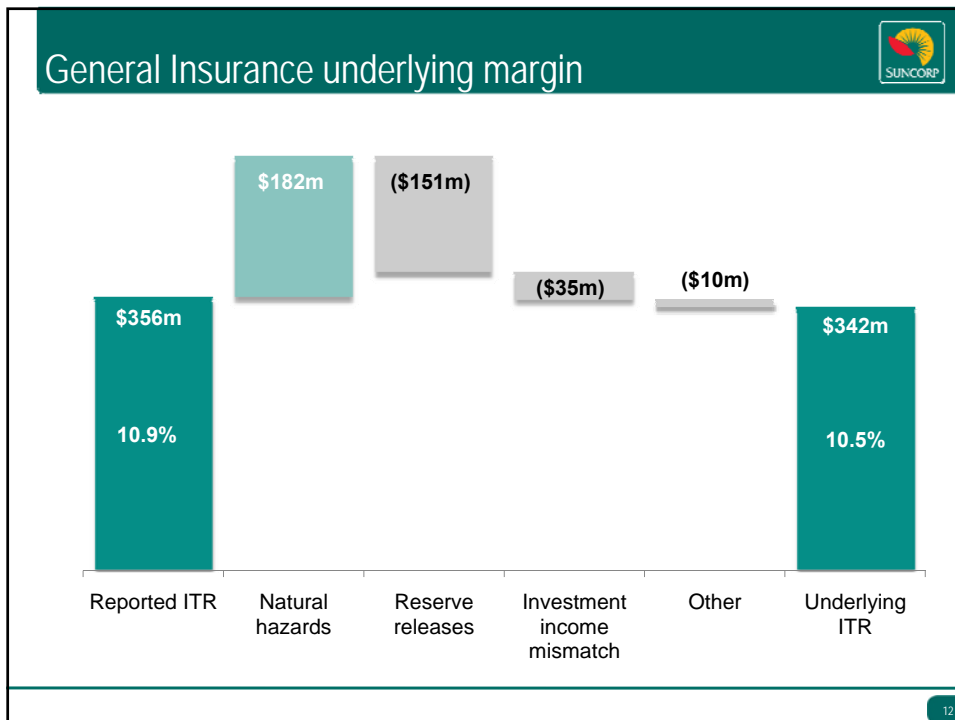
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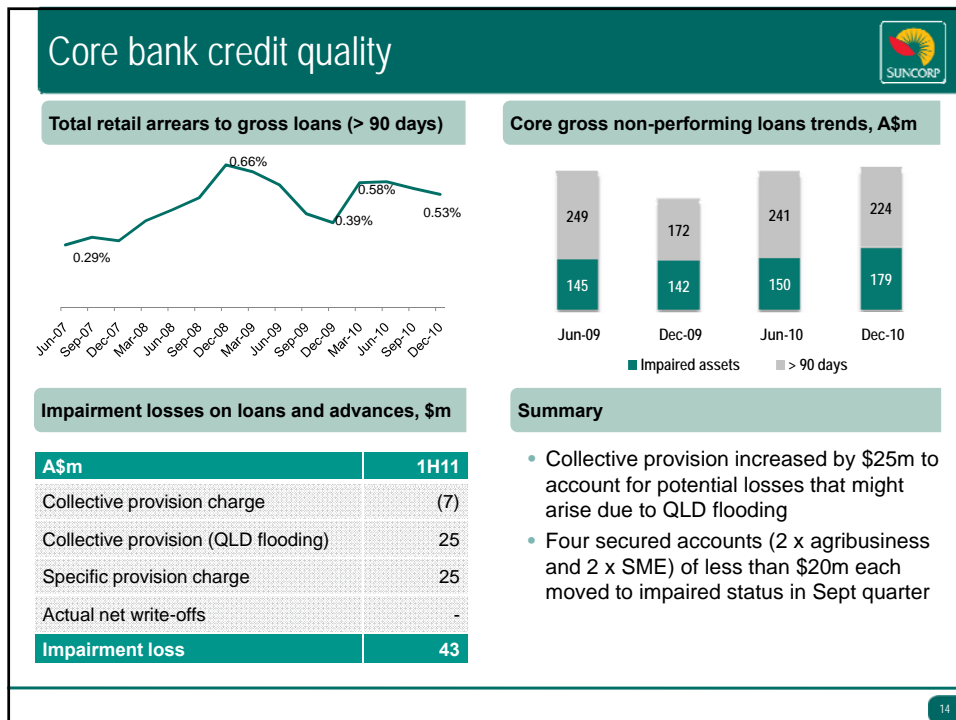
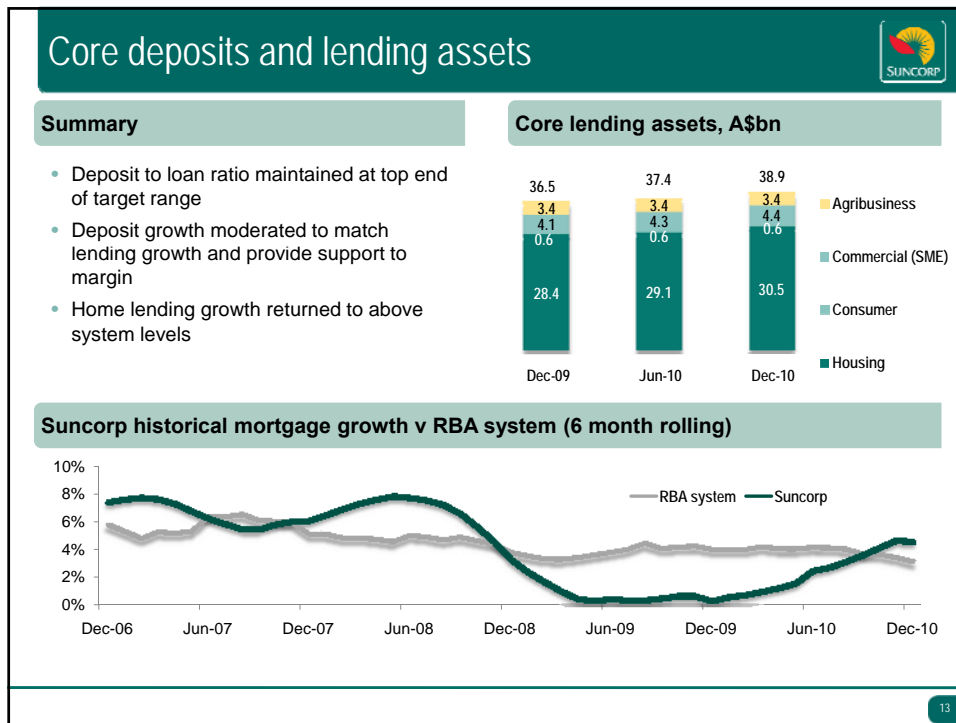
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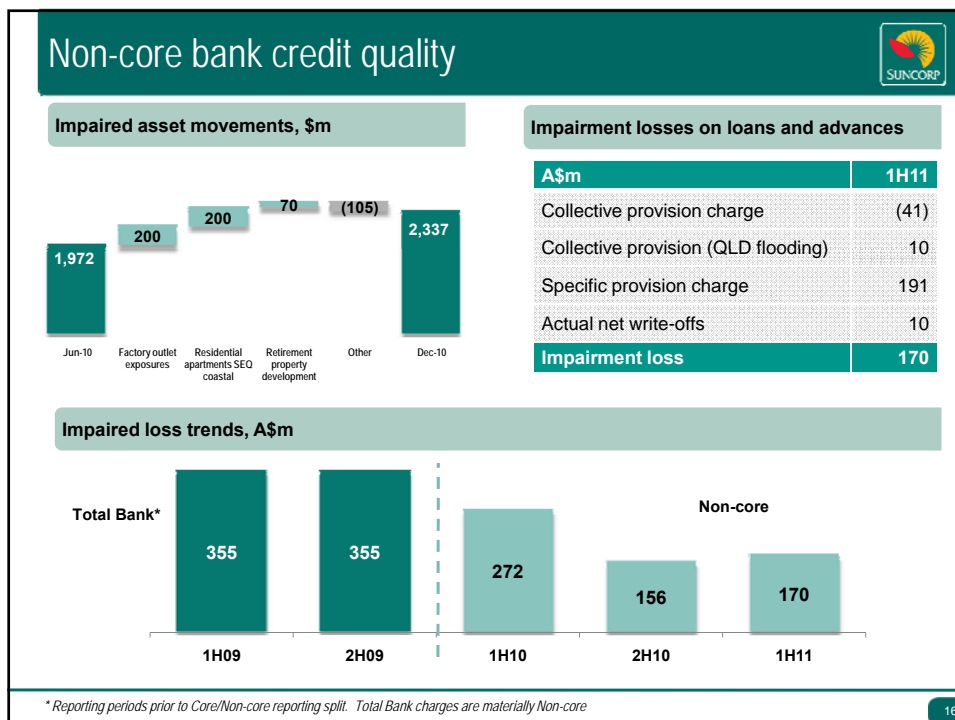
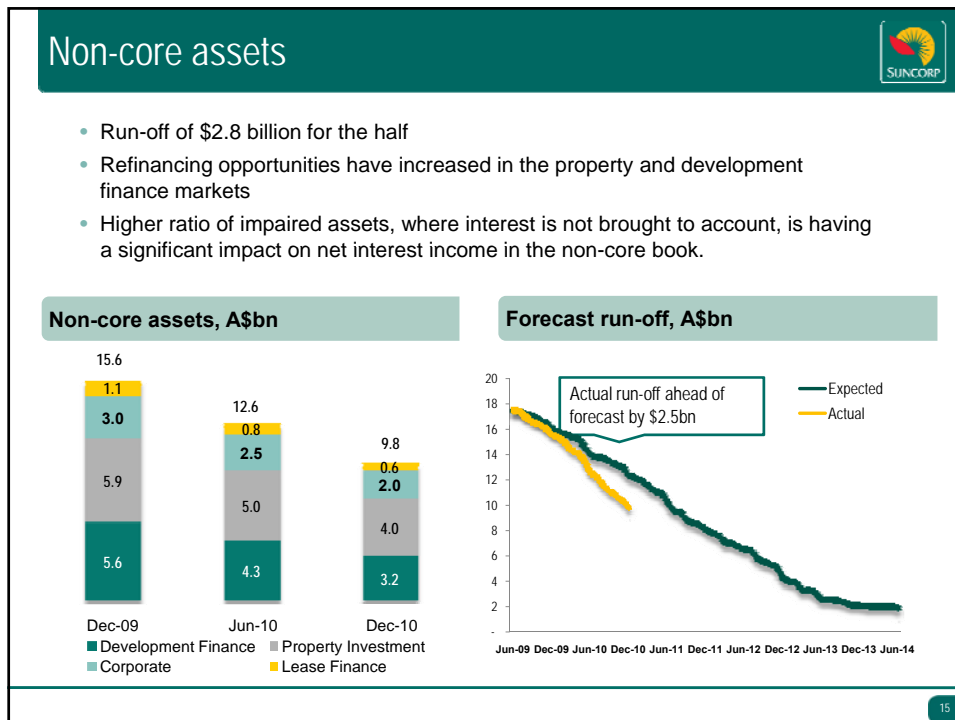
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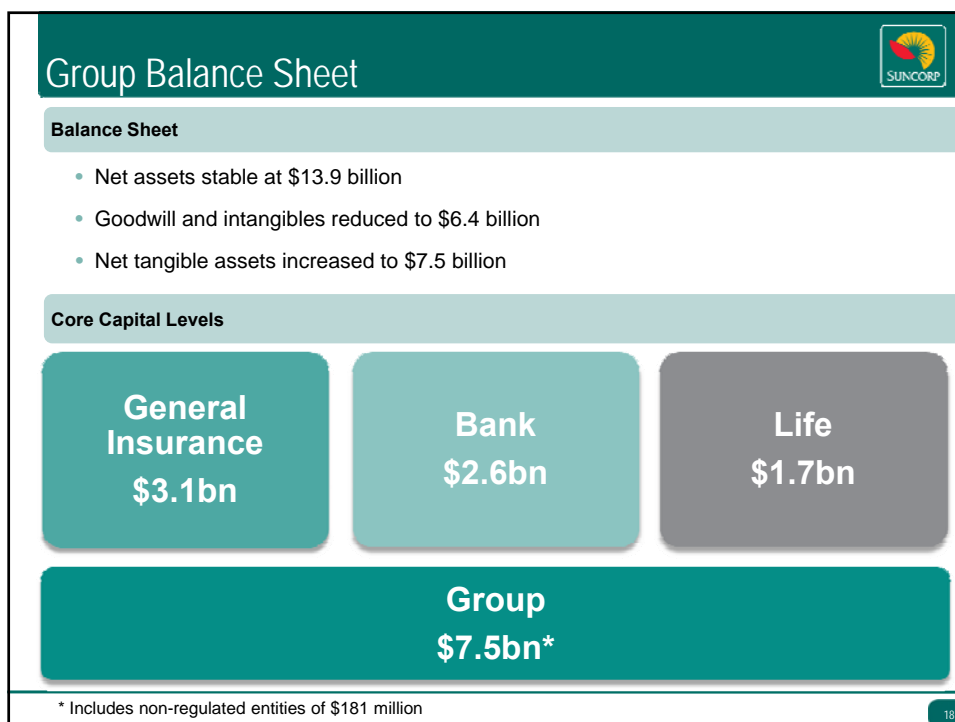
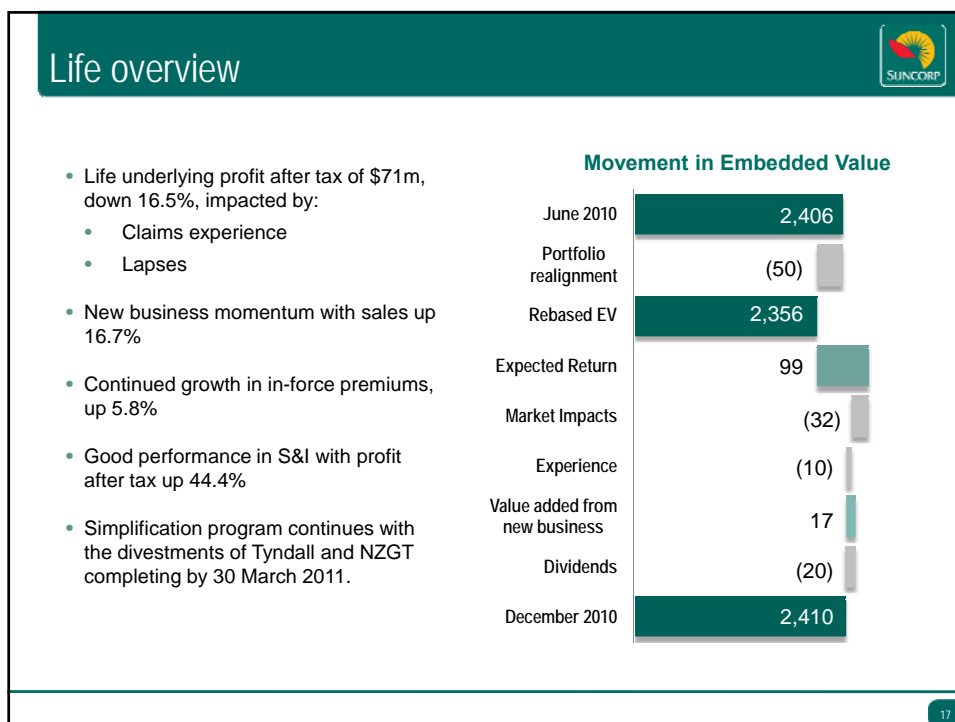
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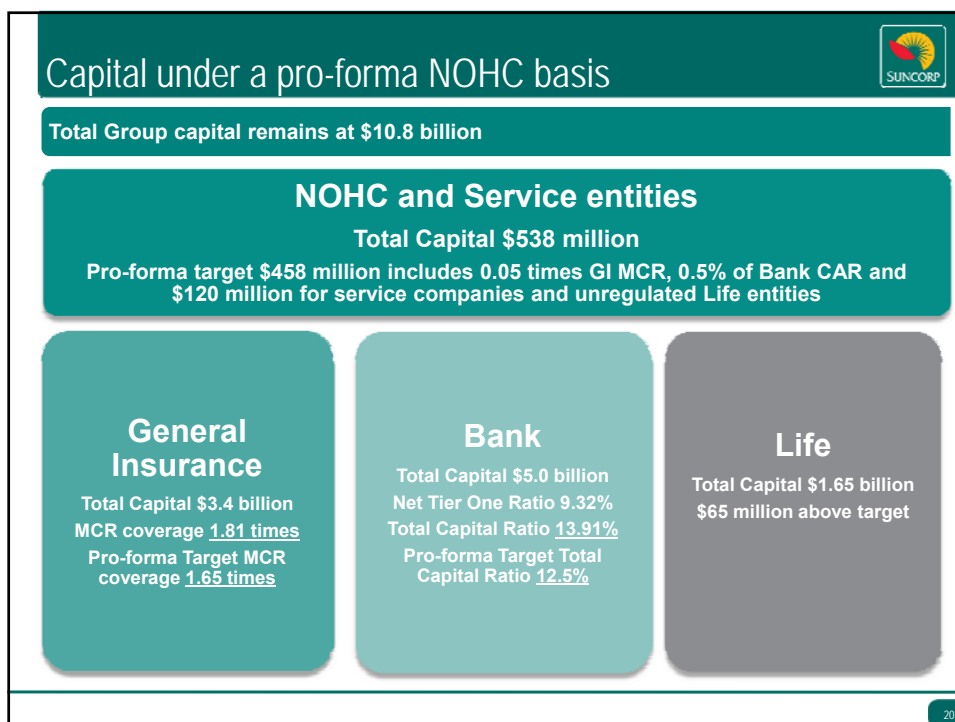
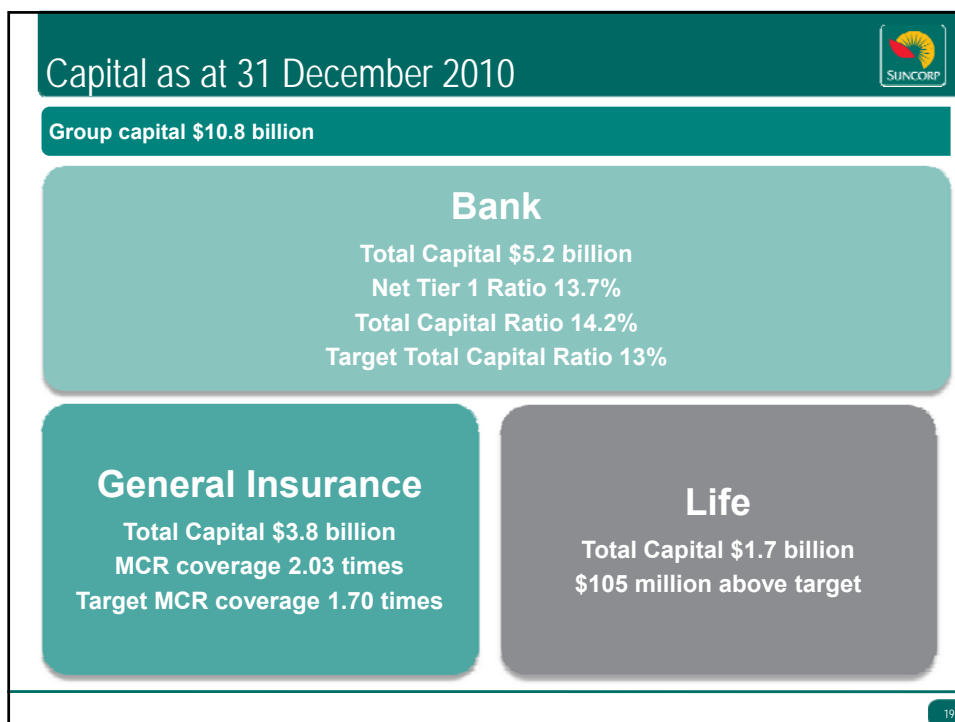
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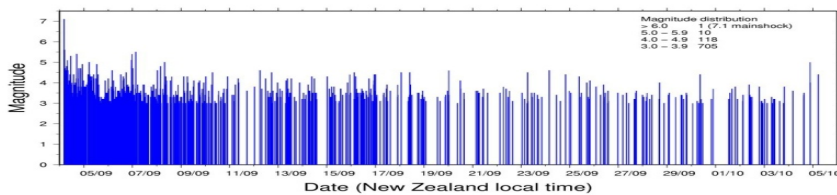
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New Zealand earthquake



- The earthquake and its aftershocks
- The unique structure of the New Zealand Insurance market and the role of the EQC
- Vero and AAI over 6,000 claims
- Collaboration: 'One Company. Many Brands'
- Partnering with MWH Mainzeal in rebuilding
- 22/02/2011 – event update




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Personal Insurance delivers on improving underlying ITR



Progress since 2010 Investor Day

- Market growth from a portfolio of trusted brands that continue to meet customer needs
- Pricing for risk to drive further improvements in yield
- Leveraging scale within a single claims business model

Building blocks support event response

Statistics for SEQ floods, Victorian floods
Cyclone Yasi & Melbourne storms

Claims lodged	> 40,000
Estimated gross costs	> \$1 billion
Assessments completed	~ 85%
Timeframe for claims finalisation	12-18 mths

Implications:

- Building blocks already delivering improvements in underlying ITR
- Higher costs due to weather events will see premiums rise

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Commercial Insurance

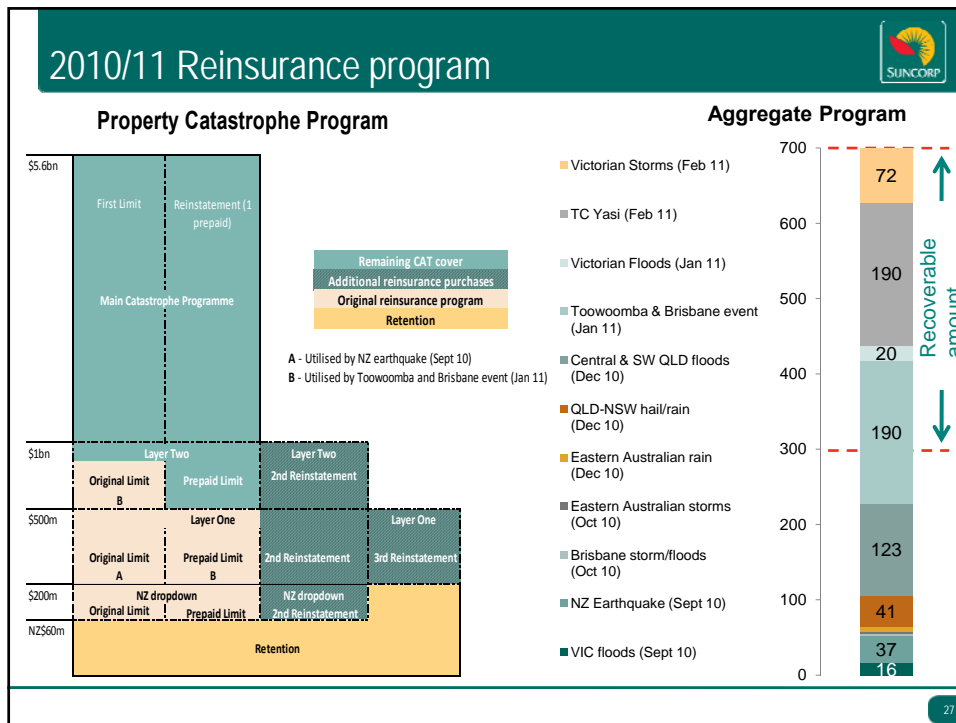


- Customer response delivered in collaboration with Personal Insurance
- Focus on insurance brokers - market leading positions on communication, assessment and repairs
- Building blocks well progressed

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Suncorp Bank operational response

Supporting our affected communities



Within 24 hours of events...

- 95% of the ATM network operational
- Bank and insurance staff on site
- All but two branches re-opened
- Financial hardship response team in place
- Customer financial relief assistance package launched

Flood and cyclone events...

- Customer service maintained throughout
- More than 50 branches and 40 ATMS affected
- Call centres flood damaged
- Hundreds of staff lost homes and/or property

Recovery support...

- More than \$2.5 million raised for the Premier's Flood Appeal
- Suncorp Bank represented at the Premier's Building Revival Forum
- Disaster Recovery seminars held for agri and small business across Qld
- Financial and emotional support for impacted staff

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Natural hazard impacts on Suncorp Bank

- The Bank has undertaken extensive modelling of the likely impact on credit quality of portfolio following events
- Whilst actual historical loss experience from natural hazard events is immaterial, the Bank has taken a prudent approach given the scale of the dislocation.
- Factors assessed include location, insurance coverage, severity of loss, mortgage insurance and loan equity levels.
- Analysis covered both direct and indirect impacts of 4 key events:
 - Regional Queensland
 - Toowoomba / Lockyer Valley
 - Brisbane / Ipswich
 - NSW / Victoria

Core Bank

➔

\$25 million allowance added to collective provision in 1H11

Non-core Bank

➔

\$10 million allowance added to collective provision in 1H11

Medium to long-term will provide opportunities


- Water tables replenished
- Full dams will improve growing conditions for future seasons
- Increase in business activity as rebuild is undertaken

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Suncorp Life



- Relatively minor impact to Suncorp Life
- Short term new business impact on:
 - Direct Life channel
 - Adviser channels
- Re-directed focus to markets not impacted




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Building momentum ...commitments

**Single Group view of employees, finances and customers
NOHC approved to provide clarity around capital**

General Insurer	Regional Bank	Niche Life Insurer
<ul style="list-style-type: none">• At least 3% increase in underlying GI margin by FY12 (U/L margin up to 10.5% HY11 from 9% FY10)• \$235m benefit from the building blocks program• One functionally aligned, customer focused PI team, delivering portfolio growth & scale in pricing and claims• CI targeting market share growth of 3% over the next 3 years• Double Group's scale and profit footprint in NZ over the next 3 years	<ul style="list-style-type: none">• 1 to 1.3 times system housing lending growth by Dec 2010 (Surpassed in HY11 with mortgage growth @ 1.5x system)• Sustained RoE >15% in Core Bank• By 2013:<ul style="list-style-type: none">• Over 1m customers• Increase main bank customers by 50%• Treble customers & double branches in WA & NSW• Cost to Income mid 40's	<ul style="list-style-type: none">• 3 year focus:<ul style="list-style-type: none">• Double new business volume (new business up 16.7% HY11)• Reduce acquisition expenses as % of new business premium• Reduce expenses as % of in-force premium• Double digit in-force premium growth, with focus on retention• Improve disability claims experience
<div style="display: flex; justify-content: space-around;">Personal InsuranceCommercial InsuranceVero NZ</div>		

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