

Financial Results for the full year ended 30 June 2018

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Create a better today



DATA PACK
RELEASE DATE 9 AUGUST 2018

SUNCORP GROUP LIMITED
ABN 66 145 290 124



Michael Cameron
CEO & Managing Director

Result overview

- Profit from functions **up 4.8%** year-on-year
- 2H18 NPAT **\$607m** (1H18: \$452m)
- Result includes:
 - **Accelerated investment** in marketplace component of strategy
 - Four fold increase in **regulatory costs** to \$54m
- **Natural hazard** costs slightly lower than allowance
- Total ordinary dividend of 73 cps
- Strong balance sheet drives **special dividend** of 8 cps
- Cash earnings **payout ratio of 95.2%**¹

1. Includes special dividend.

2. 'Other' includes investment income on capital held at the Group level (FY18: \$16m, FY17: \$14m), consolidation adjustments (FY18: loss \$9m, FY17: loss \$3m), customer strategy investment (FY18: nil, FY17: loss \$13m), recognition of deferred consideration on Tyndall disposal (FY18: nil, FY17: \$3m), non-controlling interests (FY18: loss \$13m, FY17: loss \$10m), external interest expense and transaction costs (FY18: \$57m, FY17: \$49m).

3. Amortisation of intangible assets associated with the Promina acquisition. Decline due to the inclusion of \$25m write down of the Autosure business in FY17.

	FY18 (\$m)	FY17 (\$m)	Change (%)
Insurance (Australia)	739	723	2.2
Banking & Wealth	389	400	(2.8)
New Zealand	135	82	64.6
NPAT from functions	1,263	1,205	4.8
Other ²	(63)	(60)	5.0
Accelerated Investment	(102)	-	n/a
Cash earnings	1,098	1,145	(4.1)
Acquisition Amortisation ³	(39)	(70)	(44.3)
Reported NPAT	1,059	1,075	(1.5)
Final dividend (cps)	40	40	-
Full year dividend (cps)	73	73	-
Special dividend (cps)	8	-	n/a
Total dividend (cps)	81	73	11.0

Result highlights

1. Delivered **strong second half performance**
2. Business Improvement Program **exceeding targets**
3. **Digitisation** beginning to drive benefits
4. **Robust balance sheet** underpins special dividend
5. Momentum to deliver **sustainable uplift** in FY19
6. Australian Life business **strategic review complete**

1.

Delivered **strong second half performance**

- Group top line growth of 2.4%
 - Australia **Motor & Home GWP** increased 4.7% (excluding FSL)
 - Improved performance in the **Life business**
 - **Bank Home Lending** growth 1.2x system, second half moderated in response to market conditions
 - **New Zealand** General Insurance GWP increased 8.2% (10.2% adjusted for the sale of Autosure in FY17)
- Optimising business portfolio
 - **Tower NZ** investment divested
 - **Advanced accreditation** systems are delivering sound credit metrics
 - **Commercial** Insurance in Australia concentrated on mid market, SME and restoring returns
 - **CTP** balancing market share with returns as regulatory reforms work through system
 - **SMART**, innovative repairers delivering high quality services to customers and significant cost advantage

Business Improvement Program **exceeding targets**

- Investment in Business Improvement Program \$104m in FY18:
 - **\$144m in gross benefits** (\$122m in 2H18)
 - **Net benefits of \$40m** versus target of \$10m
 - Improved the **customer experience** e.g. Uber at SMART
 - **Increased efficiencies** e.g. motor claims pathing
 - Embedding a culture of **continuous improvement**

Pre-tax (\$m)	Cost		Benefit		Net Benefit	
	Target	Actual	Target	Actual	Target	Actual
FY18	97	104	107	144	10	40
FY19	79	-	274	-	195	-
FY20	62	-	391	-	329	-

- On track to **exceed** FY19 benefits, with **\$187m gross benefit** annualised run rate already locked in
- Embedded an **'owner's mindset'** and culture of continuous improvement

3. Digitisation beginning to drive benefits

Customer convenience and retention

- Scaled **Reward and Recognition** program
 - Over 400,000 users
 - 3% uplift in products per customer
 - 1.7% uplift in retention
- **App** launched
 - Customer launch 29 July
 - Phased updates over coming months
 - One Suncorp Portal available for all brands
 - 7 new adjacent ecosystems
- National **brand refresh** well advanced
- Investment in **foundational infrastructure** delivering a single view of our customers
- Significant investment in **API layer** will facilitate future development across the Group

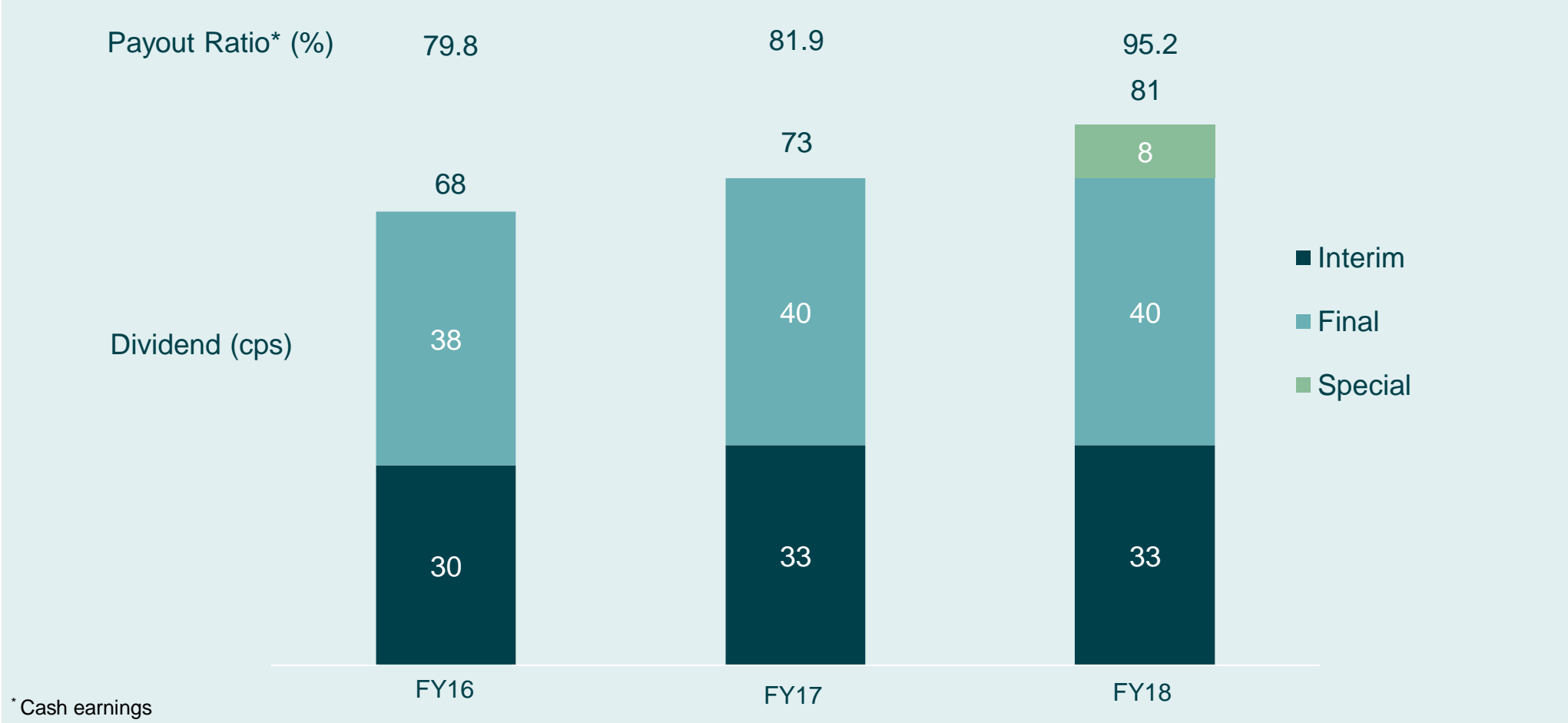
	FY18	FY17
Connected customers¹		
Proportion of customers with multiple needs met (%)	35	35
Consumer Net Promotor Score (NPS)	+7.3	+5.9
Business Net Promotor Score (NPS)	+2.7	-0.6
Customer engagement via digital channels		
Number of digital users ² (m)	2.74	2.51
Proportion of digital claims ³ (%)	12.4	10.5
Proportion of 'zero touch' digital claims ³ (%)	33	13
Proportion of digital sales ⁴ (%)	25	23

1. A customer is connected if they have two or more needs met across Home, Self, Mobility and Money, or if they hold four or more Suncorp products in the same need.
2. Digital users are unique visitors that have logged into our authenticated digital assets like internet banking, mobile banking app, insurance policy self-service web and mobile applications.
3. Relates to Australian home and motor claims only.
4. Relates to Australian General Insurance new business sales only.

4.

Robust balance sheet underpins special dividend

— Suncorp remains committed to **returning excess capital** to shareholders



* Cash earnings

Momentum to deliver **sustainable uplift** in FY19

Metric	1H18	2H18	FY18	FY19 Target¹
Group top line growth ² (%)	1.6	3.1	2.4	3-5
Expense base ³	1.4	1.3	2.7	2.7
UITR (%)	9.4	11.7	10.6	≥12
CTI (%)	54.9	54.5	54.7	~50
NIM (%)	1.86	1.82	1.84	1.80-1.90
Cash ROE (%)	6.8	9.2	8.0	10
Ordinary dividend payout ratio ⁴ (%)	90.1	82.5	85.8	60-80

1. Subject to natural hazards at or below budget, movements in investment markets and regulatory reform.
2. Excluding the impact of FSL and CTP, 1H18 growth was 4.1% and 2H18 growth was 5.0%. Group growth disclosed in the 1H18 result was calculated on different basis, excluding FSL and SA CTP. The current calculation will be used consistently going forward.
3. The forecast is ex FSL which is a pass through.
4. Cash earnings excluding special dividend.

6.

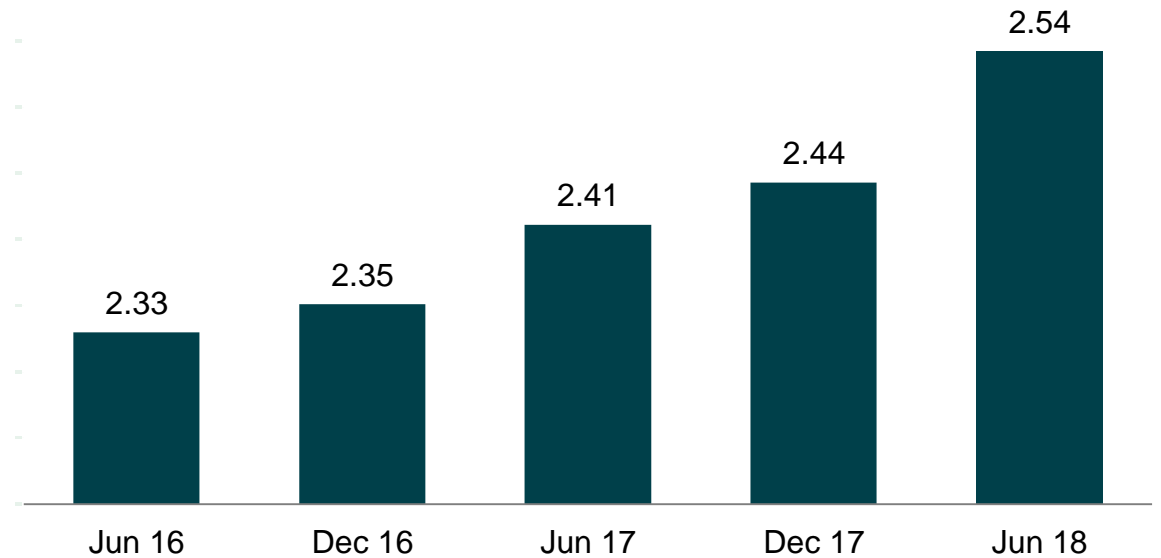
Australian Life business **strategic review complete**

- Assessment of a number of alternatives concluded **divestment the best option**
- Non-binding **Heads of Agreement** signed
- Sale contract expected to be **executed in August**
- **Consideration** \$725m, non-cash **write off** \$880m
- Net proceeds will lead to a **capital return to shareholders** in FY19
- 20 year **distribution agreement**
- **Accretive to Cash ROE** in FY19

Insurance (Australia)

- Positive **GWP growth** in Consumer and Commercial
- Improved underlying **claims performance**
- **Natural hazards** for Australia \$36m below the allowance
- Operating expenses reflect **investment in BIP**
- Increase in **Life Underlying Profit** of 43.4%

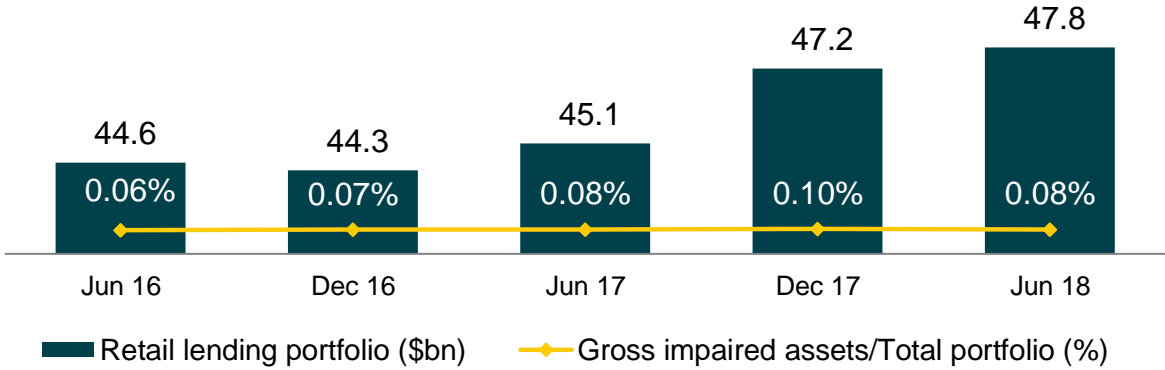
Gross Written Premium – Motor and Home (excluding FSL) (\$bn)



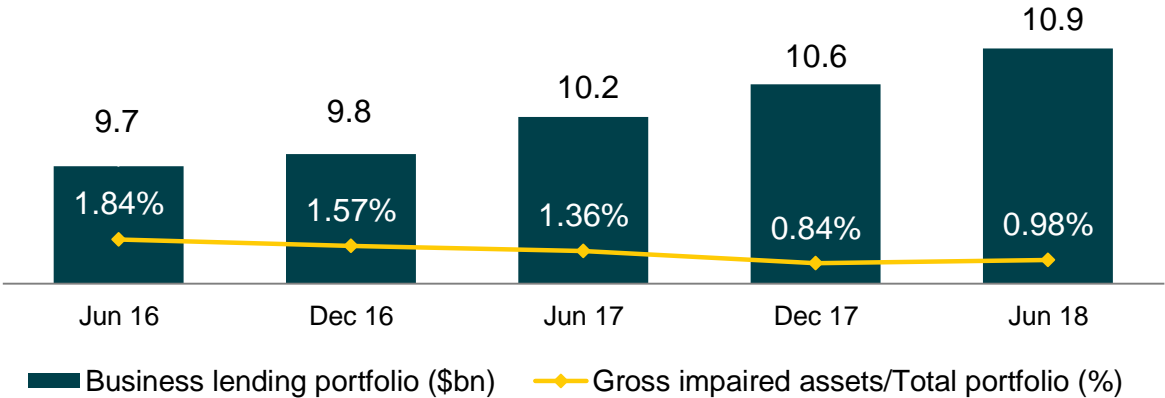
Banking & Wealth

- Home lending growth of 6.2%, **1.2x system**
- At-call **deposit growth of 7.1%** - new product offerings, enhanced digital functionality and simplified processes
- Stable NIM reflects **elevated BBSW**
- Strong **profit increase in Wealth** - increased investment income and reduced project costs
- Arrears and Bad debts **remain low**

Retail lending portfolio (\$bn)



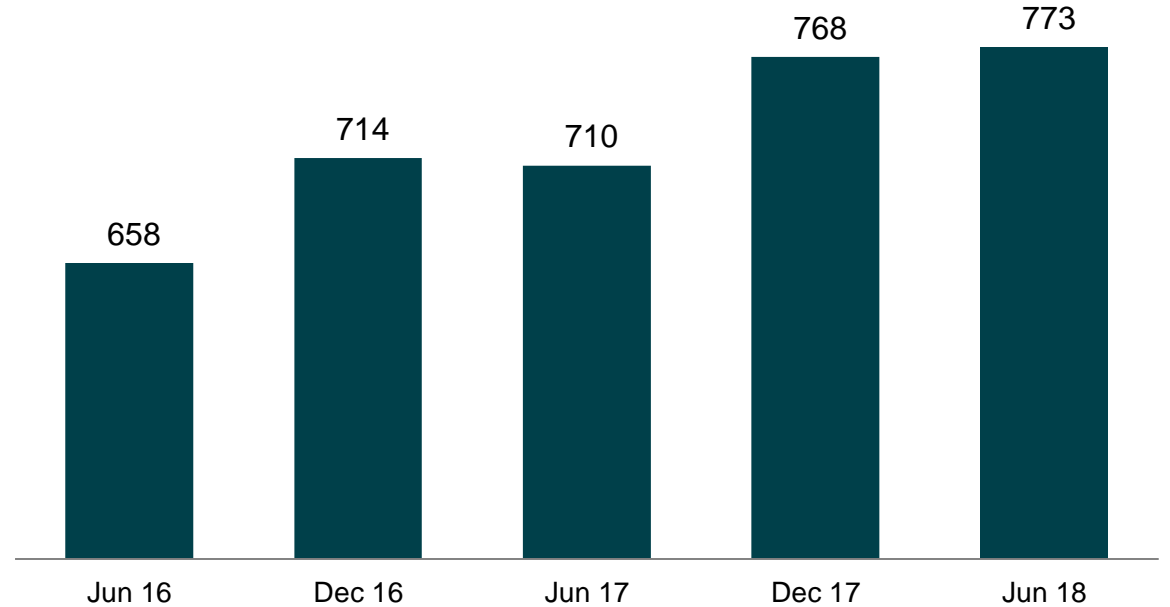
Business lending portfolio (\$bn)



New Zealand

- Increased NPAT – **premium increases**, unit growth, claims management and expense control
- Strong GWP growth – **unit growth** across the direct and corporate partner channels
- Improved insurance **margins** – ITR of 10.8%
- **Natural hazard costs** exceeded allowance by NZ\$35m

Gross Written Premium (NZ\$m)

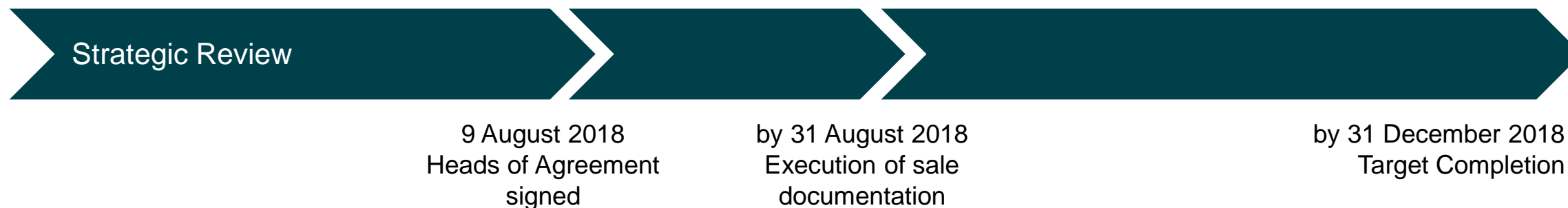




Steve Johnston
Chief Financial Officer

Life Insurance – Heads of Agreement with TAL Dai-ichi Life Australia

- Strategic review completed
- Proposed sale of Suncorp Life & Superannuation Limited, including Australian Life Risk and Participating business via sale of shares
- TAL is part of the Dai-ichi Life Group, one of the world’s largest insurance groups, insuring almost 4 million Australians
- Deal includes a 20 year distribution arrangement



- Subject to regulatory and other standard approvals

Life Insurance – Forecast consideration and capital return (\$m)

- Forecast consideration of \$725m
- Forecast capital return of ~\$600m
- Non-cash write-down of \$880m
- Marginally accretive to FY19 ROE

Life EV	\$2,050m
Less: NZ Life & Other EV	(\$700m)
Australian Life EV	\$1,350m
Less: Discount rate adjustment	(\$250m)
Less: Franking credits	(\$70m)
Adjusted EV	\$1,030m
Forecast consideration	\$725m
Less: Separation & transaction costs, other provisions	\$90m
Less: AT1 capital funding	\$35m
Forecast capital return	~\$600m

Insurance (Australia) NPAT

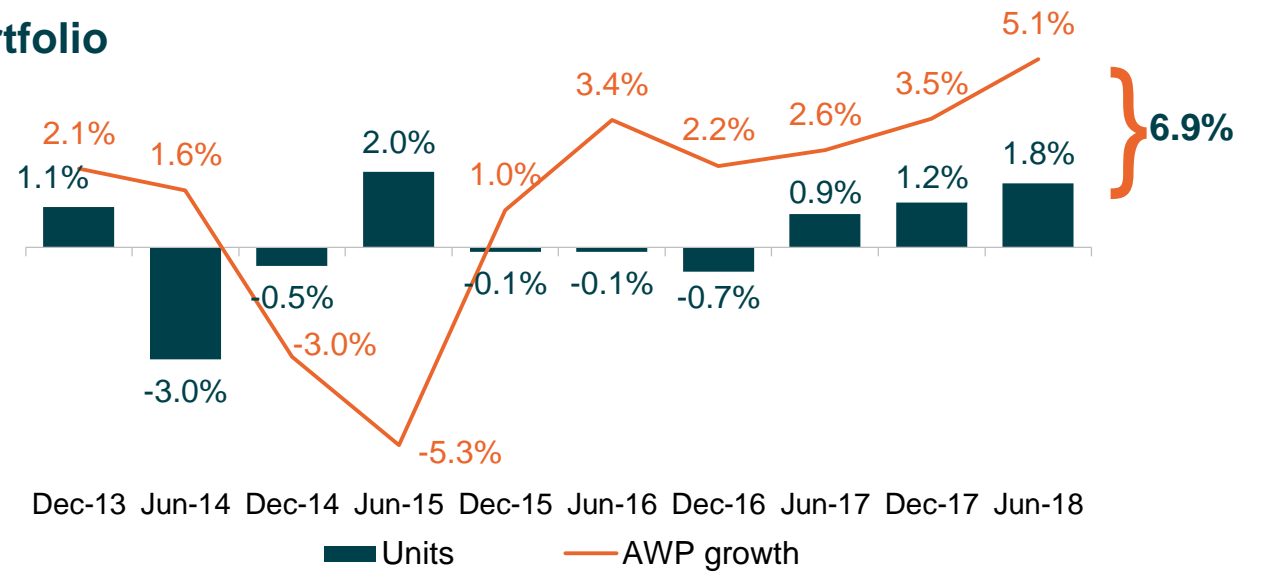
- NPAT up 2.2% to \$739m
- Insurance trading result \$866m (FY17: \$912m)
- Insurance trading ratio 12.3% (FY17: 12.9%)
- GWP up 0.3% to \$8.1b
- Home and Motor GWP up 4.7%
- Natural hazards \$625 million (FY17: \$655 million)
- Reserve releases of \$319 million (FY17: \$301 million)
- Underlying investment yield of 2.5%

	FY18 (\$m)	FY17 (\$m)	Change (%)
Gross written premium	8,137	8,111	0.3
Net earned premium	7,191	7,072	1.7
Net incurred claims	(5,057)	(4,923)	2.7
Operating expenses	(1,506)	(1,442)	4.4
Investment income - insurance funds	258	205	25.9
Insurance trading result	886	912	(2.9)
General Insurance profit after tax	681	689	(1.2)
Life Insurance profit after tax	58	34	70.6
Insurance (Australia) NPAT	739	723	2.2

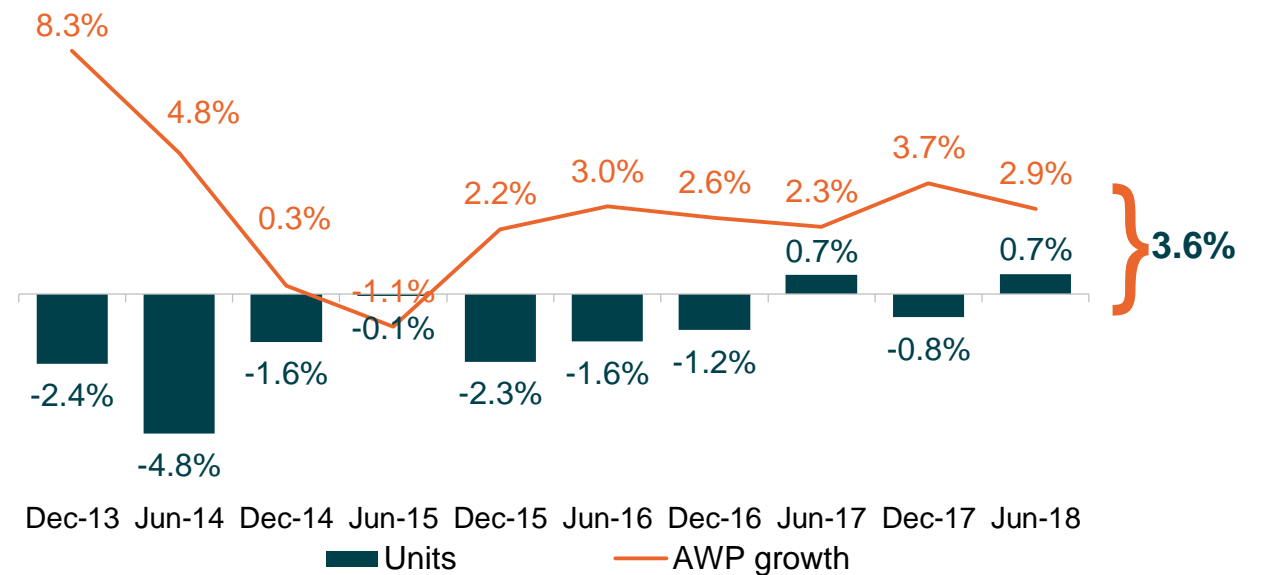
Home and Motor portfolio

- Positive premium growth across the consumer portfolio throughout the year
- Motor unit growth accelerated in 2H
- Home unit growth recovered in 2H following NSW ESL impact in 1H
- Premiums and units both expected to continue growing throughout FY19

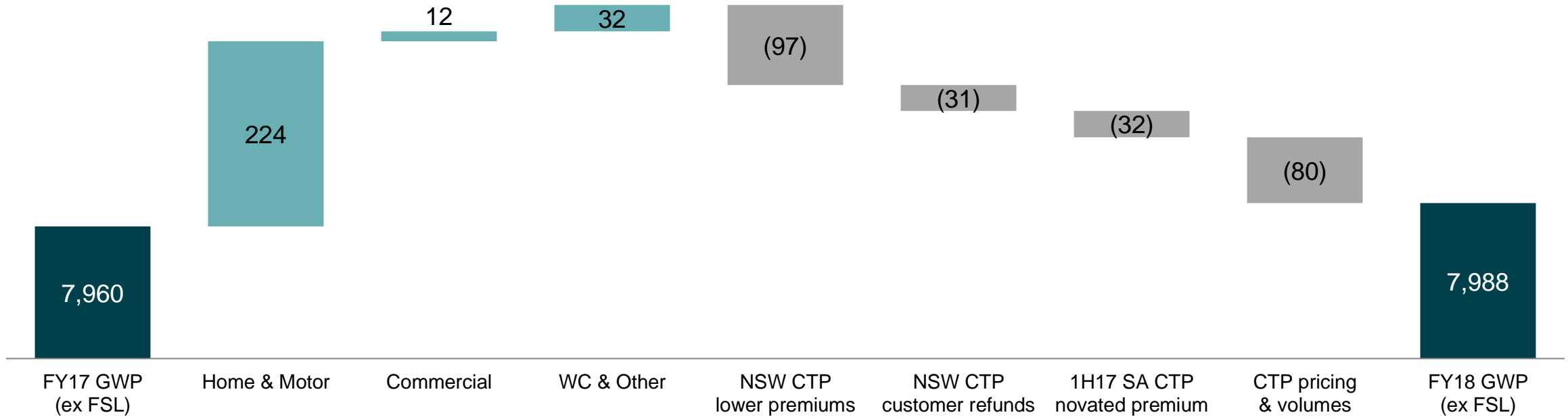
Motor portfolio



Home portfolio

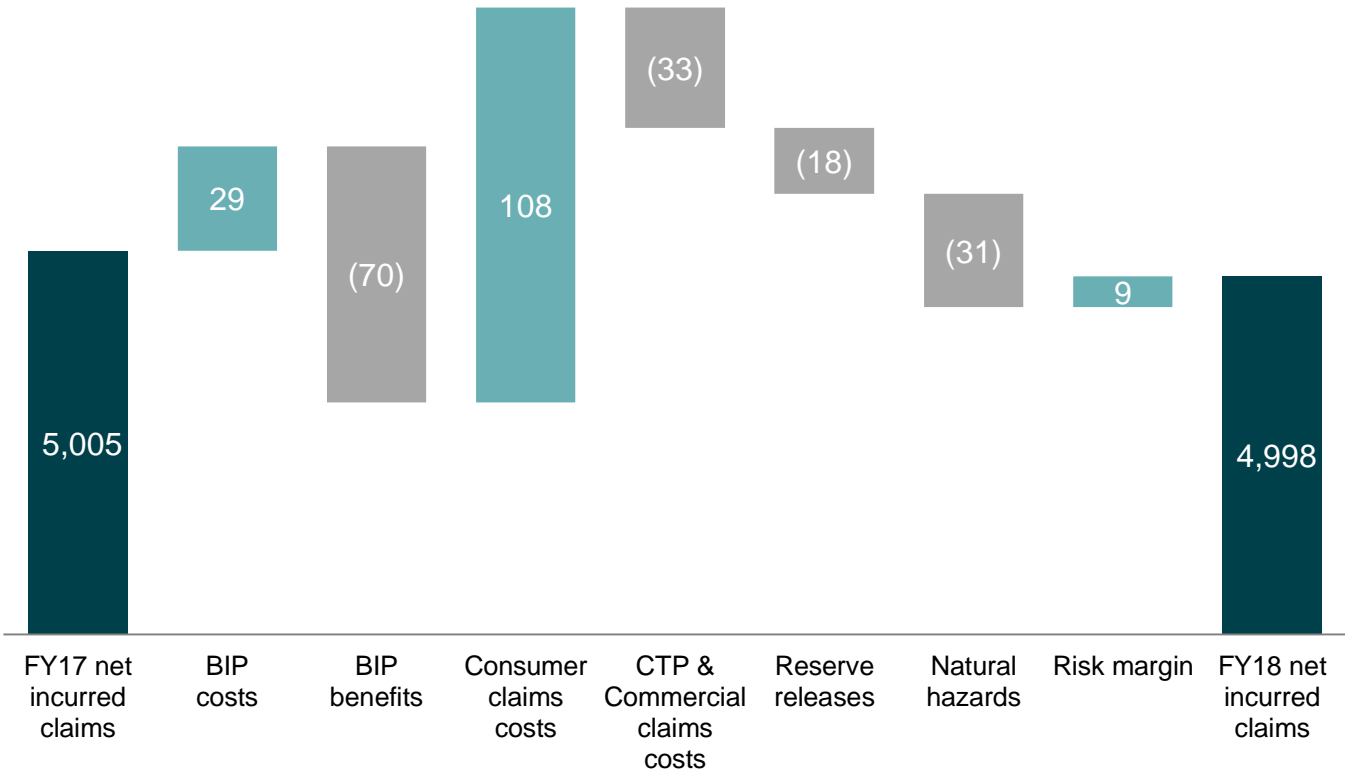


Gross written premiums (\$m)

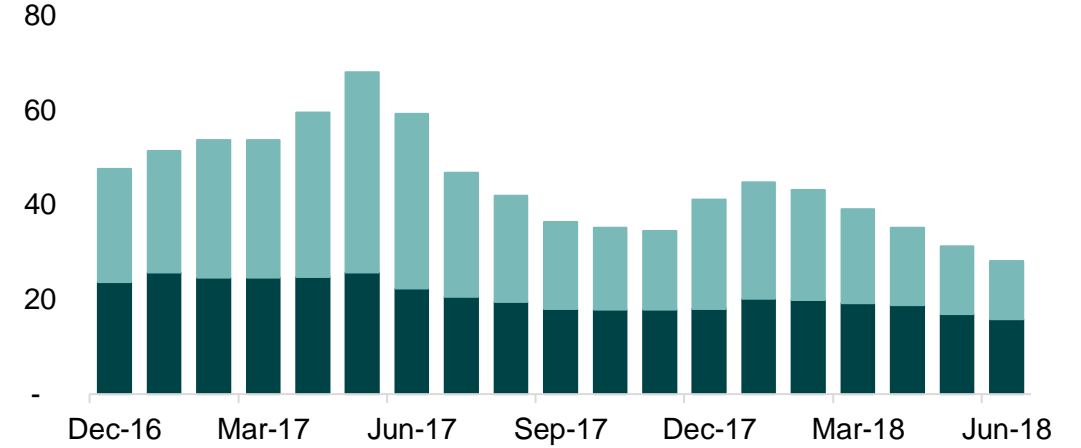


Claims

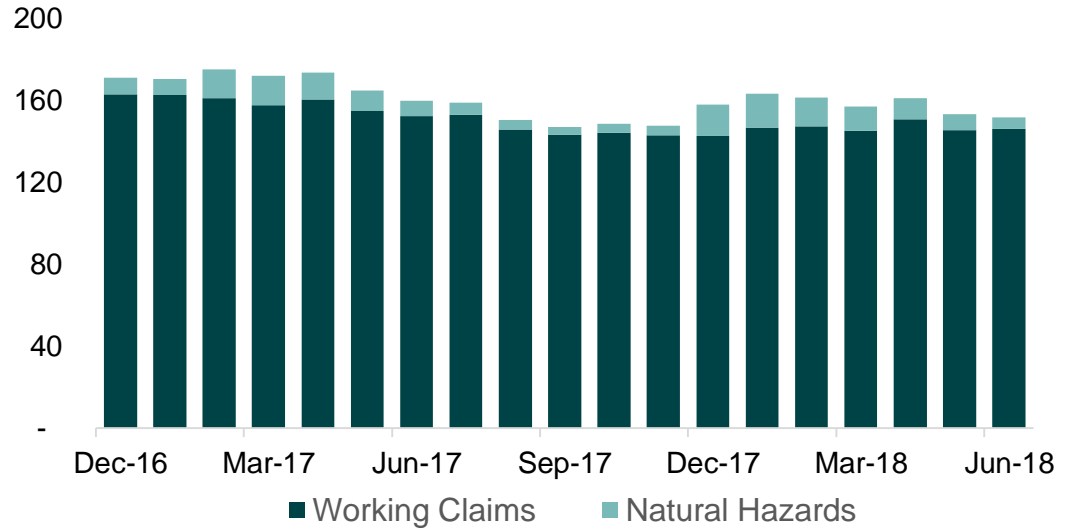
Net Incurred Claims (ex-discounting) (\$m)



Home active claims volumes ('000)



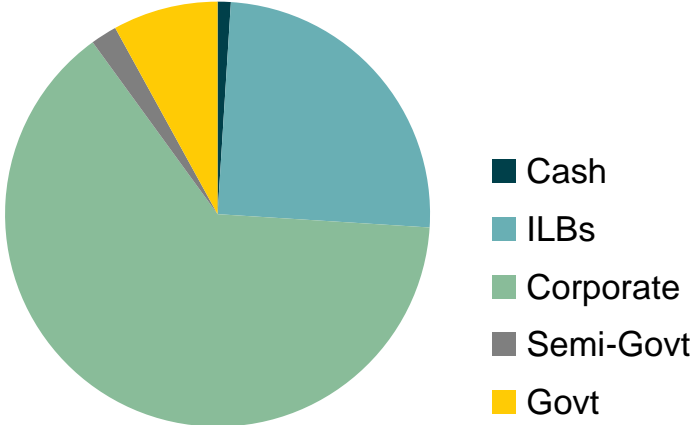
Motor active claims volumes ('000)



Investments

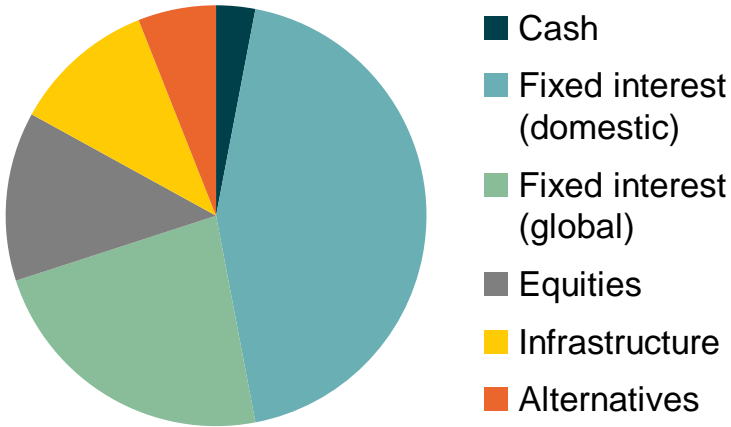
Insurance funds \$9.3 billion

- Investment income of \$258 million (FY17: \$205 million)
- \$1 million MTM gain from an increase in risk-free rates
- \$20 million MTM gain from narrowing credit spreads
- \$12 million MTM gain from outperformance of ILBs
- 2.5% annualised underlying return



Shareholders' funds \$3.0 billion

- Investment income of \$110 million (FY17: \$98 million)
- 3.8% annualised return
- Returns driven by narrowing credit spreads and strong equities



Life Insurance NPAT

- Repricing and claims benefits flowing through to planned margins
- Benefits of loss recognition reversal due to repricing of IP and Trauma
- Underlying investment income stable
- In-force premium growth due to retail and direct offset by run-off in closed Group

	FY18 (\$m)	FY17 (\$m)	Change (%)
Planned profit margin release	25	19	31.6
Experience	3	(6)	n/a
Other and investments	48	40	20.0
Underlying profit after tax	76	53	43.4
Market adjustments	(18)	(19)	(5.3)
Life Insurance NPAT	58	34	70.6
In-force annual premium	816	806	1.2
Total new business	59	62	(4.8)

Banking & Wealth NPAT

- Lending growth of 6.1%
- At-call deposit growth of 7.1%
- NIM of 1.84% (FY17: 1.83%)
- Impairment losses 5bps of GLA
- Strong capital and balance sheet
- Wealth PAT of \$14m, up \$10m

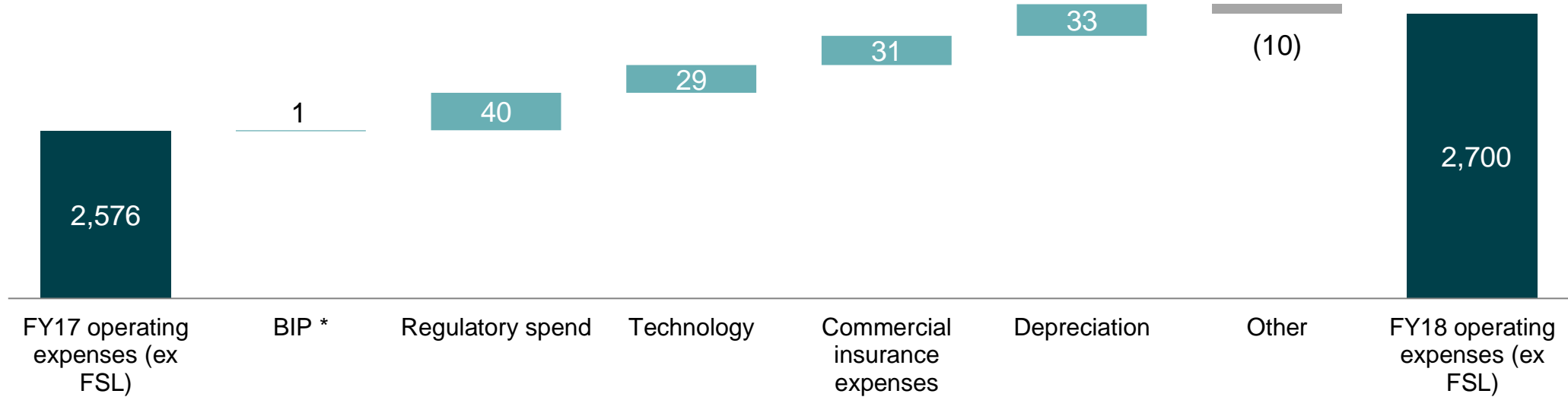
	FY18 (\$m)	FY17 (\$m)	Change (%)
Net interest income	1,181	1,131	4.4
Net non-interest income	60	76	(21.1)
Operating expenses	(679)	(636)	6.8
Profit before impairment losses	562	571	(1.6)
Impairment losses	(27)	(7)	285.7
Income tax	(160)	(168)	(4.8)
Banking profit after tax	375	396	(5.3)
Wealth profit after tax	14	4	250
Banking & Wealth NPAT	389	400	(2.8)

New Zealand NPAT

- NPAT increased 70.1% driven General Insurance premium rate increases
- GI GWP grew 8.2%, driven by rate increases and unit growth in all channels
- Claims costs remain well controlled
- Life NPAT broadly stable

	FY18 (NZ\$m)	FY17 (NZ\$m)	Change (%)
Gross written premium	1,541	1,424	8.2
Net earned premium	1,267	1,163	8.9
Net incurred claims	(739)	(735)	0.5
Operating expenses	(404)	(387)	4.4
Investment income – insurance funds	13	14	(7.1)
Insurance trading result	137	55	149.1
General Insurance profit after tax	109	47	131.9
Life Insurance profit after tax	39	40	(2.5)
New Zealand NPAT	148	87	70.1

Group operating expenses (ex-FSL) (\$m)

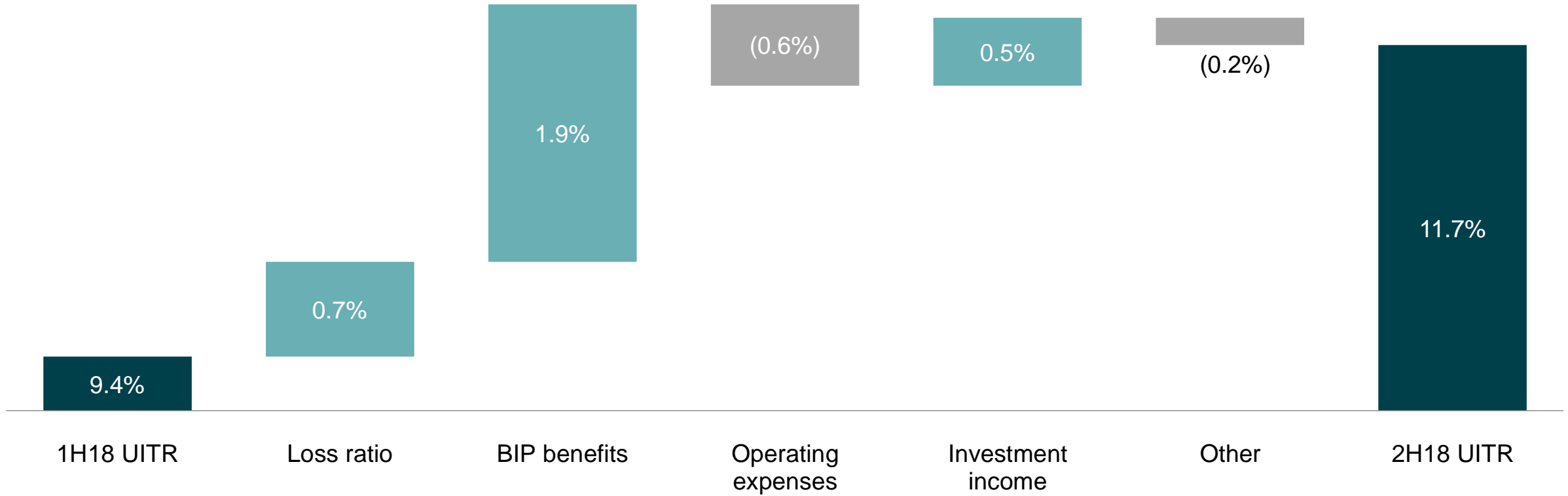


Group operating expenses: BIP net cost / (benefits) (\$m)

	1H18	2H18	FY18
Insurance net cost / (benefit)	19	(25)	(6)
B&W net cost / (benefit)	13	(6)	7
Total BIP net cost / (benefit)	32	(31)	1
Total Group operating expenses	1,375	1,325	2,700

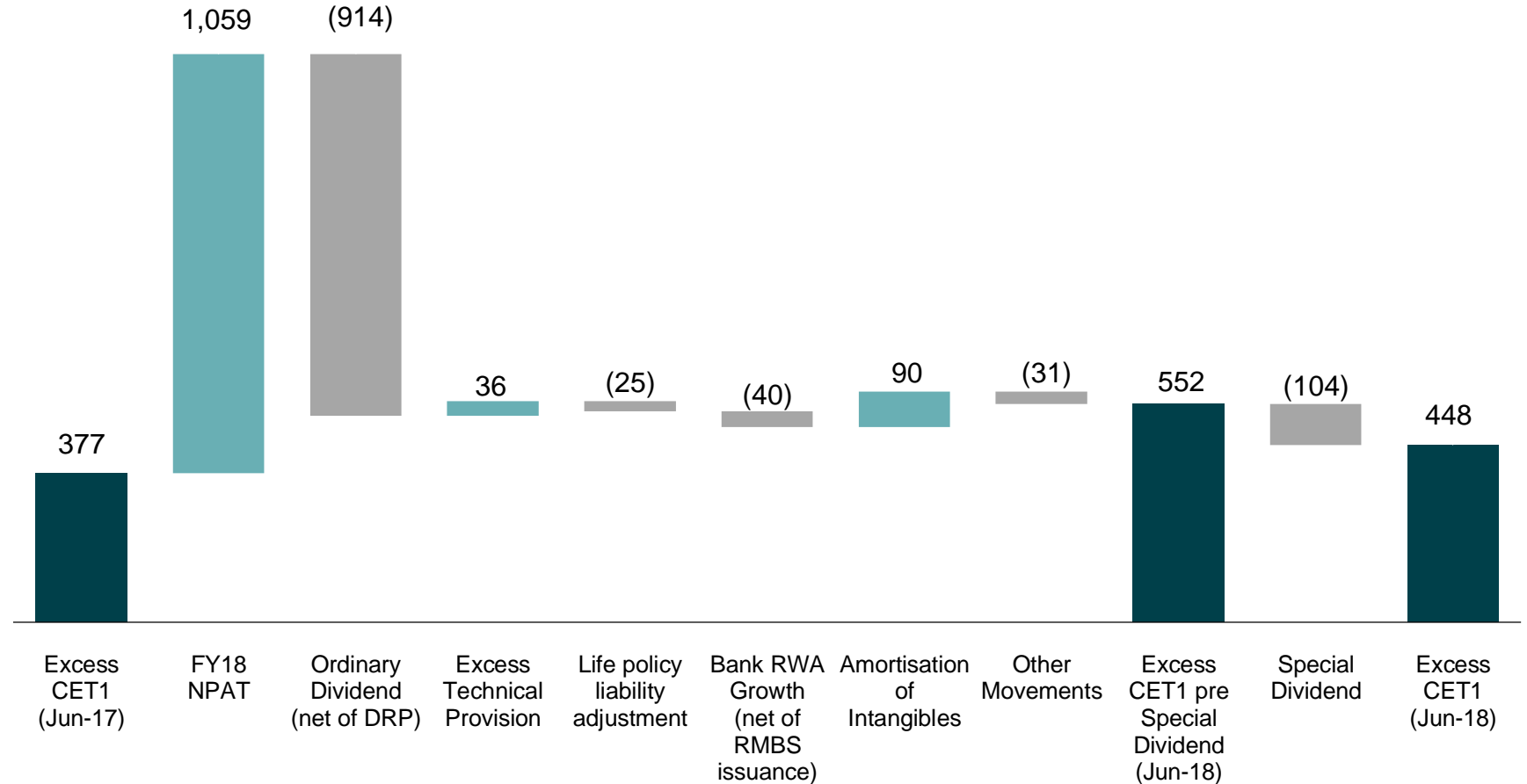
* BIP benefits to operating expenses only. Claims benefits of \$41m are reflected in net incurred claims. For further information on BIP refer to page 9 of the Investor Pack.

GI Underlying ITR – 2H18 vs 1H18



CET1 capital base (\$m)

- CET1 excess of \$448 million
- Strong excess capital has allowed for a special dividend
- Excess technical provision benefited from improved loss ratios in motor
- Increase in the Life DAC deduction
- Bank growth in risk weighted assets offset by RMBS issuance
- Reduction in intangibles





Michael Cameron
CEO & Managing Director

Outlook – BIP tracking ahead of targets

- Gross benefits for FY19 of **\$187m already locked in**
- BIP net benefits in FY19 expected to **exceed** original target of \$195m
- BIP investment weighted to 1H FY19 with benefits **skewed to the second half** of FY19
- **Priorities** for FY19:
 - Further investment in claims capability
 - Digital functionality
 - Expansion of Partnering and Procurement programs

	Gross Benefits already locked in \$m	FY19			FY20		
		Cost	Benefit	Net Benefit	Cost	Benefit	Net Benefit
		\$m	\$m	\$m	\$m	\$m	\$m
11	Digitisation of customer experience	(22)	27	5	(8)	38	30
12	Sales and Service channel optimisation	(17)	13	(4)	(18)	30	12
12	End-to-end process improvement	(1)	45	44	-	45	45
92	Claims supply chain re-design	(26)	122	96	(13)	196	183
60	Smarter procurement and streamlining our business	(13)	67	54	(23)	82	59
187	Total	(79)	274	195	(62)	391	329

Outlook – Insurance (Australia)

Growth in the Insurance (Australia) underlying trading result will be driven by a number of factors:

- Consumer GWP **growth between 4% and 6%**
 - Premium rises driven by natural hazards costs and inflation
- The Commercial portfolio will continue to focus on **returning margins** to target levels
- Medium term CTP reform expected to **reduce margin volatility** and improve customer outcomes; in the short term CTP will reduce GWP and underlying ITR
- Further investment in operational claims efficiencies will drive **improved customer experience** and operational claims metrics
- Reinsurance costs are broadly in line with prior year, having benefitted from **renewal timing**

Outlook – Banking & Wealth

- Business conditions and the credit environment are **stable**
- Interest rate outlook is for **minimal cash rate change**
- Banking & Wealth will continue to deliver:
 - Sustainable lending and deposit **growth above system**
 - A stable and diverse funding profile with a **NSFR above 105%**
 - A **return on CET1 capital of 12.5% to 15%**
- Impairment losses are expected to remain **at or below the bottom of the ‘through the cycle’** operating range of 10-20 basis points
- Capital levels will be reviewed to take into account **Basel III reform** and APRA’s **unquestionably strong benchmarks**. APRA’s draft standards now not expected until early 2019
- Wealth will focus on implementing **compulsory legislative changes** and new reporting requirements

Outlook – New Zealand

- **Positive outlook** for New Zealand
- GWP growth is expected to remain **above system** at mid single digit levels driven by intermediated, corporate partner and direct channels. NEP will be supported by recent price increases
- A program of **efficiency initiatives** has been implemented to offset inflation and unit growth
- Motor **claims cost inflation** to be managed with pricing, product changes and improved claims process including SMART
- Life in-force premium and **underlying profit growth is expected to continue** driven by an ongoing focus on sustainable commissions, strong intermediary relationships and market-leading retention

Outlook – Customer

- Suncorp’s customer focused strategy means we are well placed to respond to the heightened **regulatory** and **political scrutiny on the sector**
 - **Budgeted regulatory spend to increase again** in FY19 to >\$90m, 36 separate projects, spend incorporated into annual project pool and Group expense target
 - **Customers will benefit** from the majority of projects
- Suncorp will continue to focus on delivering choice, transparent and flexible solutions, convenience, personalisation, and recognition
- Key customer priorities for FY19-21 funded within the annual project budget include:
 - Continue to **digitise** the business and build the integration/intelligence layer
 - Tailor model in line with evolving customer behaviours and optimise for **efficiency** and reach
 - Use enhanced capabilities to meet customer expectations for **increasingly personalised services**

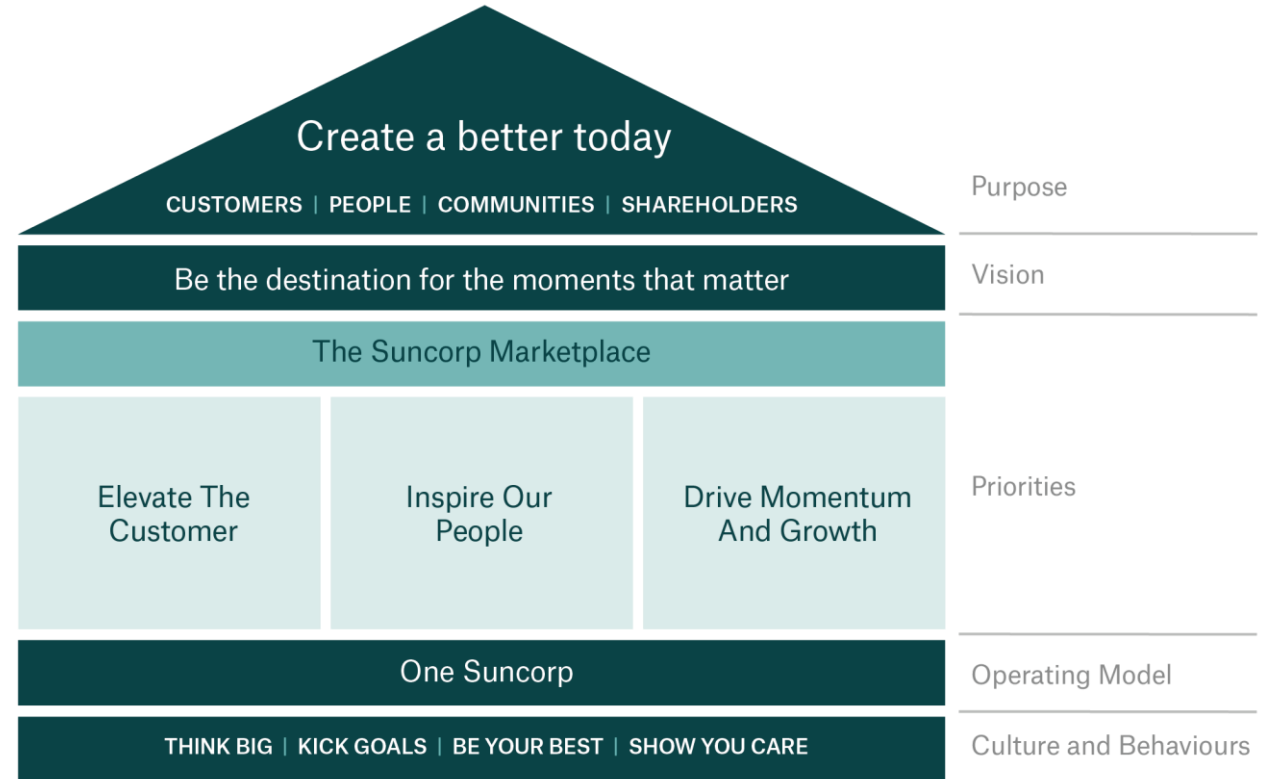
Outlook and FY19 Targets¹

- **Key FY19 target is Cash ROE of 10%** (excluding the positive impact of the divestment of the Life business)
 - Driven by:
 - Group top line growth of 3% to 5%
 - Expense base of \$2.7bn
 - An underlying ITR of at least 12%, Bank Cost to Income (CTI) of around 50%, and Net Interest Margin (NIM) at the low end of a 1.80% to 1.90% range
 - Reserve releases above 1.5% of net earned premium (NEP)
 - Maintaining a dividend payout ratio of 60% to 80% of cash earnings and returning surplus capital to shareholders

1. Subject to natural hazards at or below budget, movements in investment markets and regulatory reform.

Critical actions to achieve FY19 Group targets

1. Business Improvement Program
 - Gross Benefits – Opex Savings \$152m
 - Claims cost reduction \$122m
2. Revenue growth – GWP and NII
3. Digital Transformation
4. Project Initiatives (weightings)
 - Regulatory ~50%
 - System Upgrades ~25%
 - Discretionary ~25%
5. Life business separation and transition



Focus for FY19

Strategic Priorities	FY18 Achievements	FY19 Areas of Focus
Elevate the Customer	<ul style="list-style-type: none"> ☑ Delivered strategic investment in the marketplace component of the strategy: <ul style="list-style-type: none"> ☑ App launched ☑ Reward & Recognition program over 400,000 users ☑ One Suncorp portal ☑ Single view of customers to drive improved customer service ☑ Delivered API layer ☑ NPS improved ☑ 'Zero touch' digital claims 	<ul style="list-style-type: none"> ☐ Increase digital communications and digital self-service functionality ☐ Enhance technology platforms for frontline employees (workbench, telephony) ☐ Grow customer usage of the App, Reward and Recognition, and ecosystems ☐ Deliver regulatory projects and enhance the resilience and security of our systems
Inspire Our People	<ul style="list-style-type: none"> ☑ Leadership Development Program and Social Learning Platform launched ☑ Created future workspaces in Sydney and Auckland ☑ 44% females in senior leader roles 	<ul style="list-style-type: none"> ☐ Launch Future Ready Academy (redeployment) ☐ Commence Brisbane workspace build ☐ Develop and improve capability of our people
Drive Momentum and Growth	<ul style="list-style-type: none"> ☑ Group top line growth of 2.4% ☑ BIP net benefits in FY18 ahead of target – \$40m ☑ Life Insurance strategic review complete ☑ Optimised business portfolio: <ul style="list-style-type: none"> ☑ Tower NZ divestment ☑ Managed CTP Reforms ☑ Enhanced deposits offering (e.g. digital wallets) 	<ul style="list-style-type: none"> ☐ Revenue growth ☐ Deliver FY19 BIP targets <ul style="list-style-type: none"> ☐ Continue investment in claims across motor, property and personal injury ☐ Expand procurement program to all spend categories ☐ Partnering opportunities ☐ Life business separation and transition

Summary

1. Delivered **strong second half performance**
2. Business Improvement Program **exceeding targets**
3. **Digitisation** beginning to drive benefits
4. **Robust balance sheet** underpins special dividend
5. Momentum to deliver **sustainable uplift** in FY19
6. Australian Life business **strategic review complete**



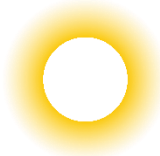
Group



Financial Results for the full year
ended 30 June 2018

Suncorp Group

SUNCORP



Our network of brands

AA Insurance

AA Life

AAMI



bingle
.com.au



Resilium



terri **scheer**

vero

Top 20 ASX listed company
ASX: SUN | ADR: SNMCY

\$19 billion market capitalisation
at 30 June 2018¹

\$99 billion in group assets

13,300 employees in Australia
and New Zealand²

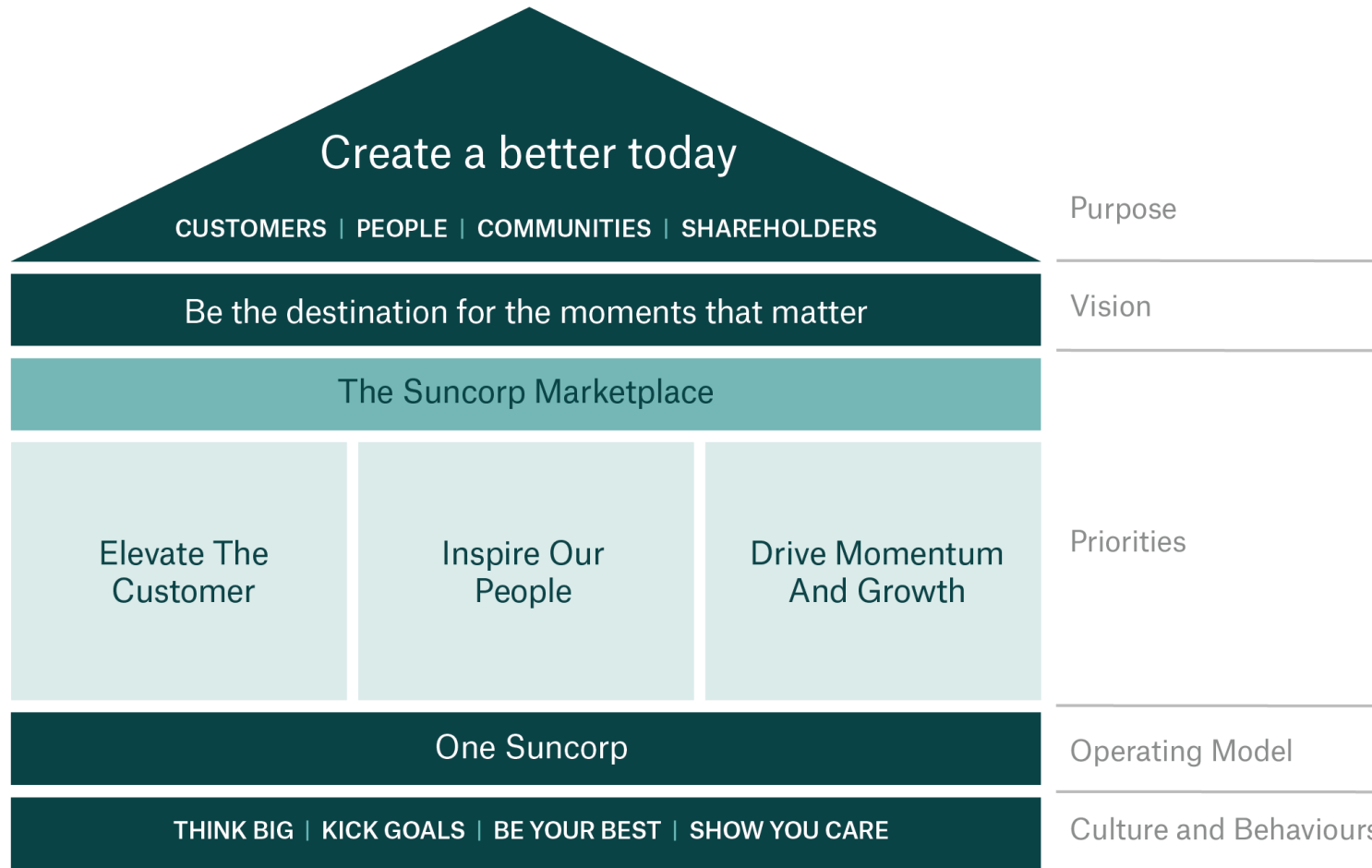
Approximately
9.6 million customers

Credit ratings A+ / A1 / A+³

¹ Based on share price at 29 June 2018 of \$14.59. ² As at 30 June 2018 and reported in the 2017-18 Annual Review.

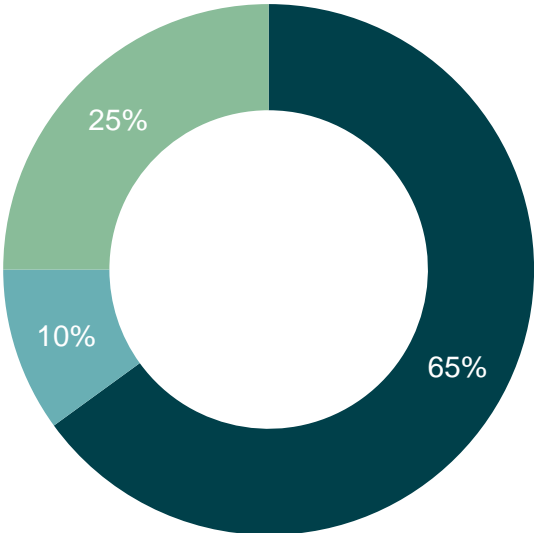
³ S&P Global Ratings, Moody's Investors Service and Fitch Ratings. Suncorp Group ratings are on a stable outlook.

Strategy



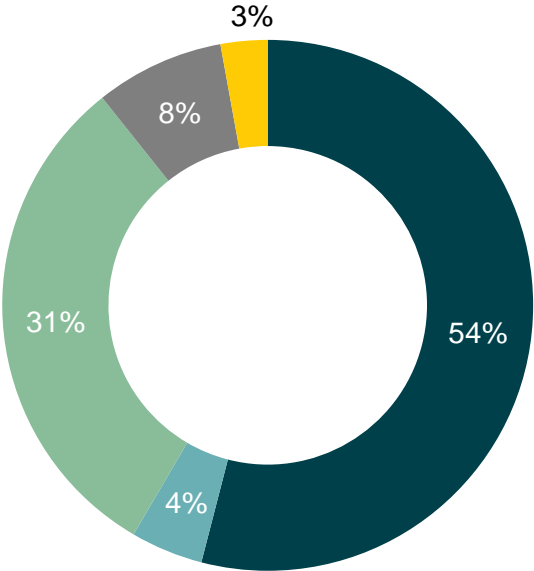
Group result snapshot

Contribution to top-line growth



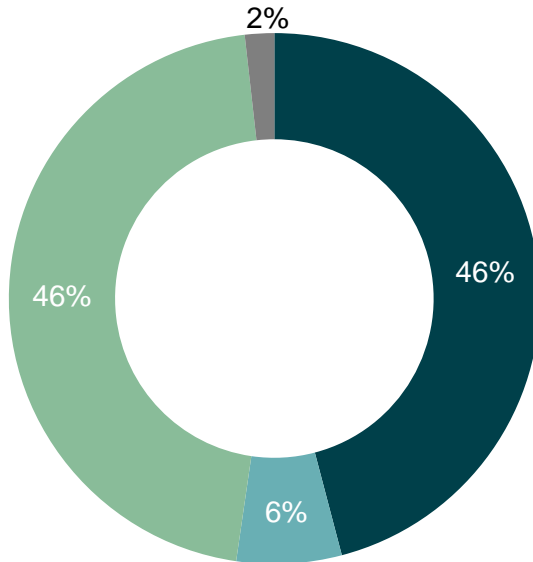
- General Insurance GWP
- Life in-force premium
- Bank lending assets

Contribution to profit by function



- General Insurance AU
- Life Insurance AU
- Banking and Wealth
- General Insurance NZ
- Life Insurance NZ

Total capital invested



- General Insurance
- Life
- Bank
- Corporate

Driving shareholder value

Investment thesis

- Leading financial services brands in Australia and New Zealand
- Strategy focused exclusively in Australia and New Zealand
- Business Improvement Program driving operational excellence
- Marketplace driving improved customer experience

Shareholder value

Suncorp's key FY19 targets¹ are:

- Cash ROE of 10% (excluding the positive impact of the divestment of the Life business)

Driven by:

- Group top-line growth of 3% to 5%
- Expense base of \$2.7bn
- An underlying ITR of at least 12%, Bank cost to income ratio of around 50% and net interest margin of 1.80% to 1.90%
- Reserve releases above 1.5% of net earned premium
- Maintaining a dividend payout ratio of 60% to 80% of cash earnings and returning surplus capital to shareholders


¹ Subject to natural hazards at or below budget, movements in investment markets and regulatory reform

Senior Leadership Team – deep industry experience across functions




Michael Cameron
CEO & Managing Director


P&L, Balance Sheet, Claims



Gary Dransfield
Insurance




David Carter
Banking & Wealth




Paul Smeaton
New Zealand

Distribution, Sales and Service




Pip Marlow
Customer


Enabling Functions




Steve Johnston
Finance & Legal




Amanda Revis
People



Sarah Harland
Technology



Fiona Thompson
Risk



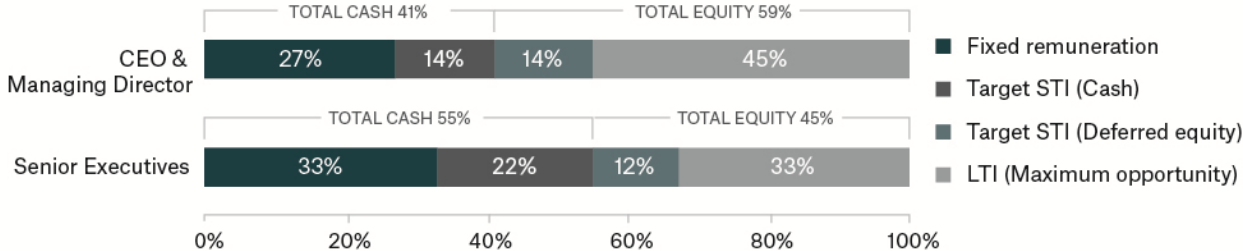
Lisa Harrison
Programs

FY19 Executive remuneration structure

Full details are provided in the Remuneration Report

Remuneration mix

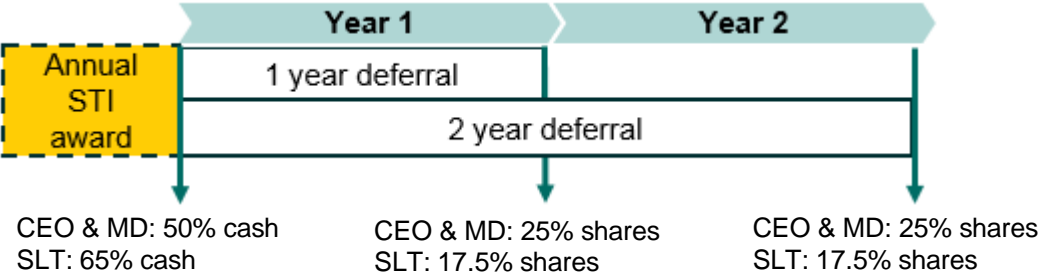
The CEO & Managing Director’s remuneration mix is heavily focused on longer term performance and two-thirds of total remuneration for Senior Executives is ‘at risk’.



Target STI is 100% of fixed remuneration, with maximum STI being 150% of fixed remuneration.

Performance measures and delivery of variable pay

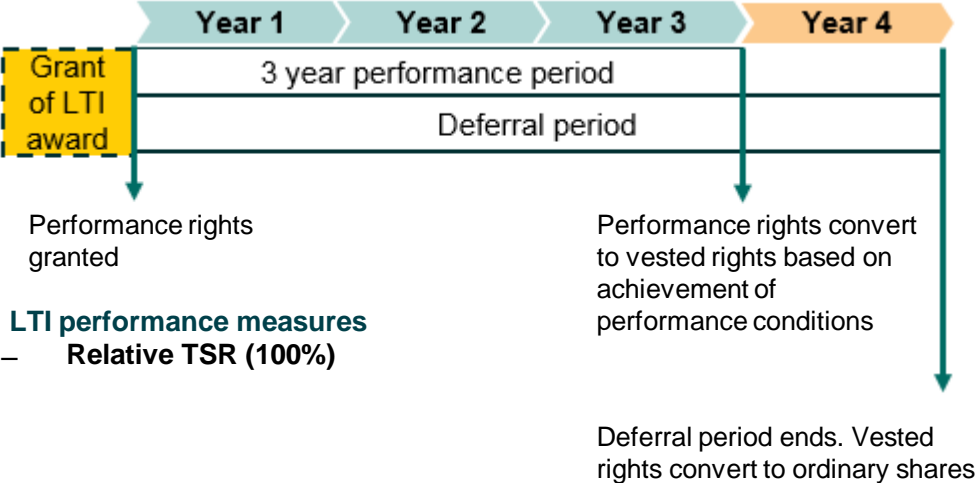
Annual short-term incentive



STI performance measures

- **Profit & Financials** | Adjusted NPAT: 40% and Cash RoE: 20%
- **Customer** | Key Customer Measures: 20%
- **Risk** | Group Risk Maturity Model and Risk Management and Compliance Measures: 10%
- **People** | Key People Measures, Talent and People Development, and Organisational Culture: 10%

Long-term incentive (LTI)



LTI performance measures

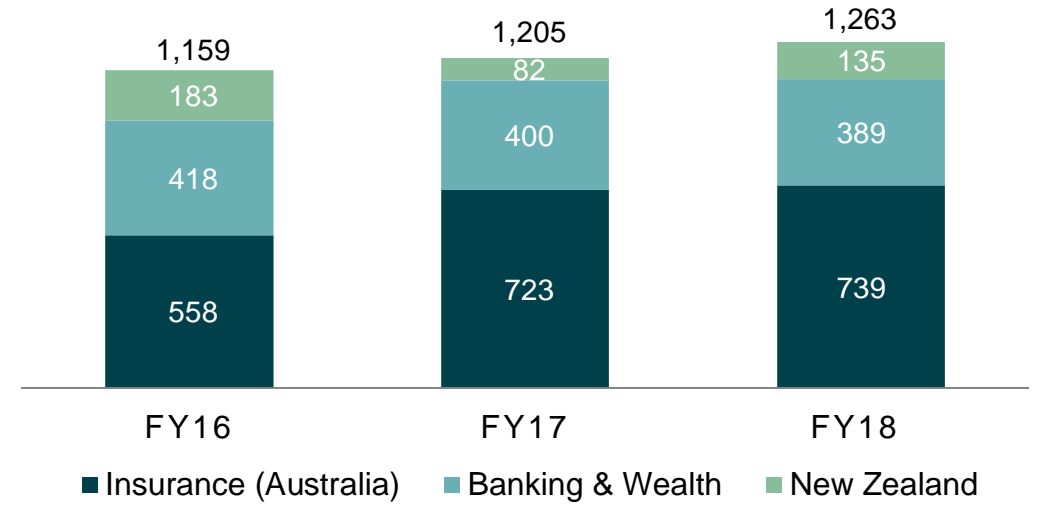
- **Relative TSR (100%)**

Key financial highlights

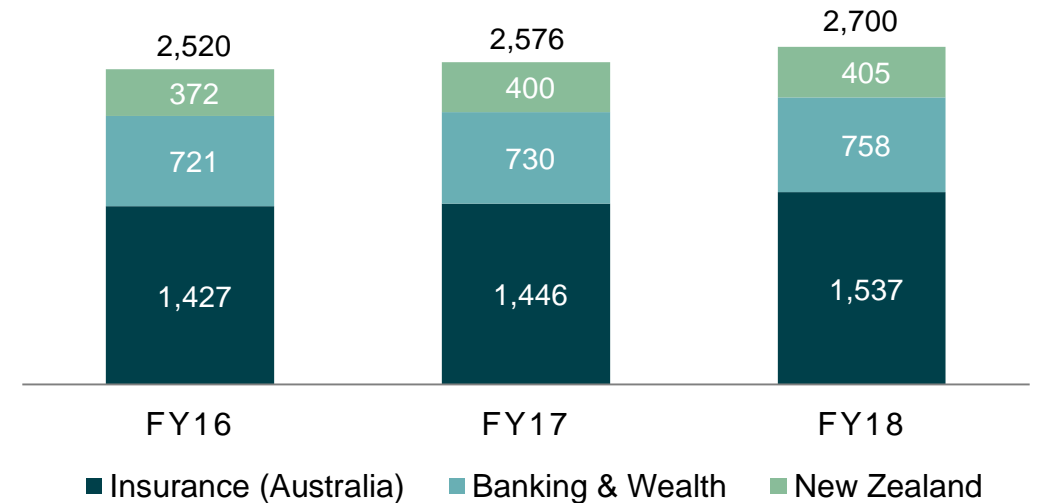
		FY18	FY17	Change (%)
Net profit after tax	\$m	1,059	1,075	(1.5)
Cash earnings	\$m	1,098	1,145	(4.1)
Profit after tax from functions	\$m	1,263	1,205	4.8
Insurance trading ratio	%	12.1	11.8	
Underlying insurance trading ratio	%	10.6	11.5	
Bank net interest margin (interest-earning assets)	%	1.84	1.83	
Cash return on average shareholders' equity	%	8.0	8.4	
Cash earnings per share – diluted	cents	83.37	87.72	(5.0)
Ordinary dividends per ordinary share	cents	73.0	73.0	-
Special dividends per ordinary share	cents	8.0	-	
Payout ratio (excluding special dividend) – cash earnings	%	85.8	81.9	
Payout ratio (including special dividend) – cash earnings	%	95.2	81.9	
General Insurance Group PCA coverage	times	1.84	1.77	
Bank Common Equity Tier 1 ratio	%	9.07	9.23	

Group profit and operating expenses (\$m)

Profit after tax from functions

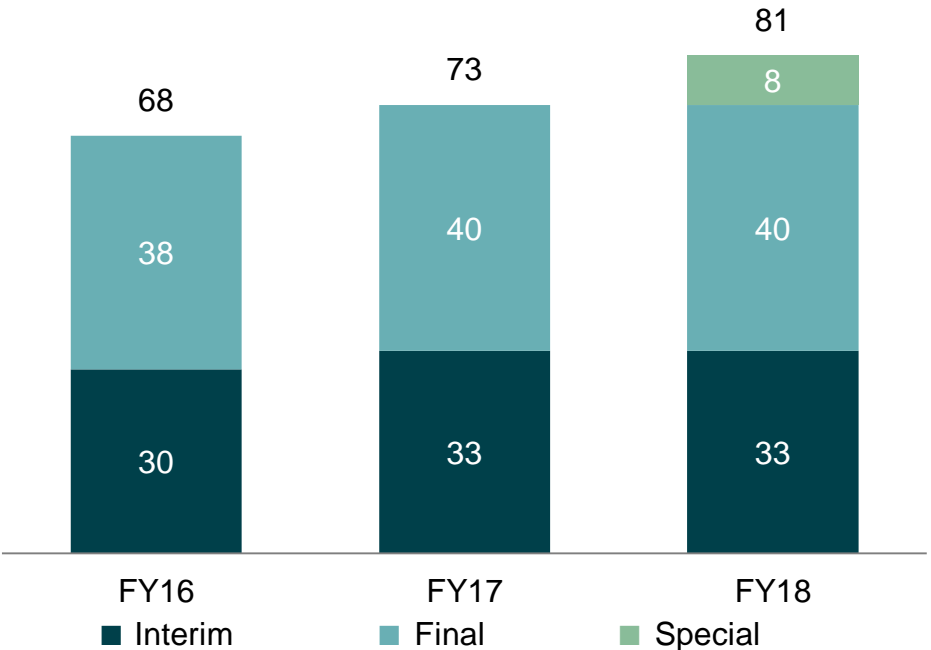


Operating expenses (excluding FSL)

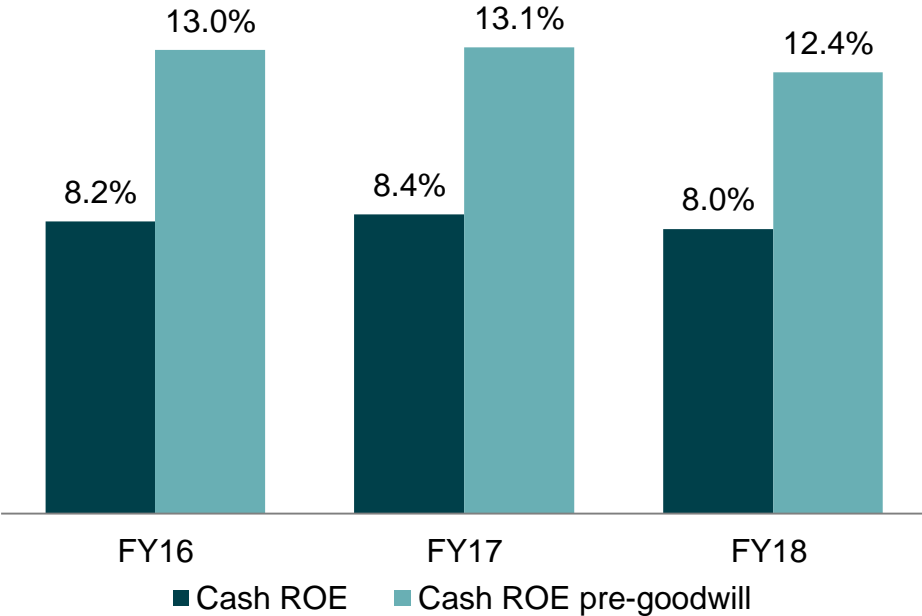


Shareholder returns

Dividends (cps)

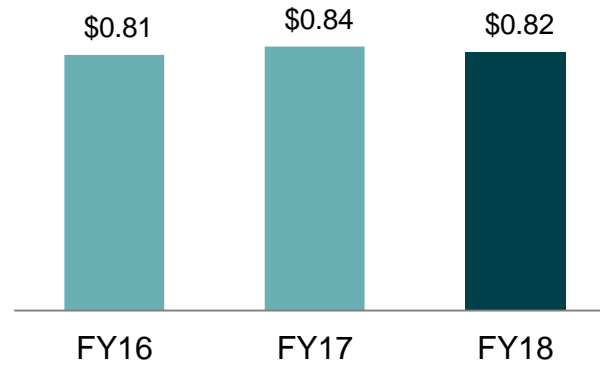


Cash ROE

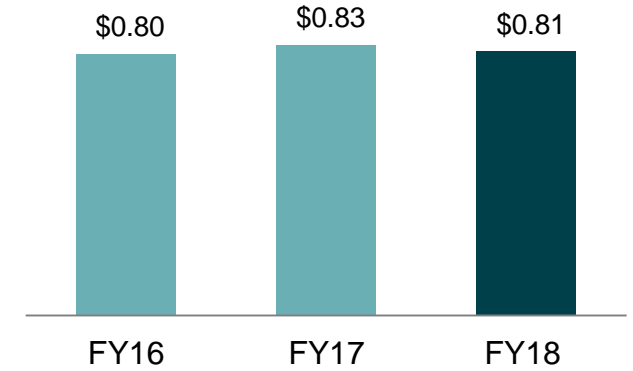


Shareholder metrics

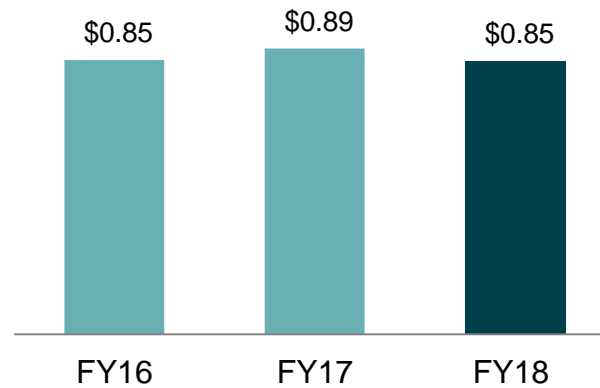
EPS (basic)



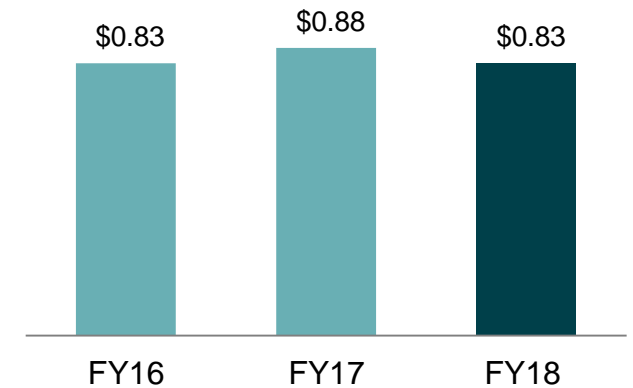
EPS (diluted)



Cash EPS (basic)

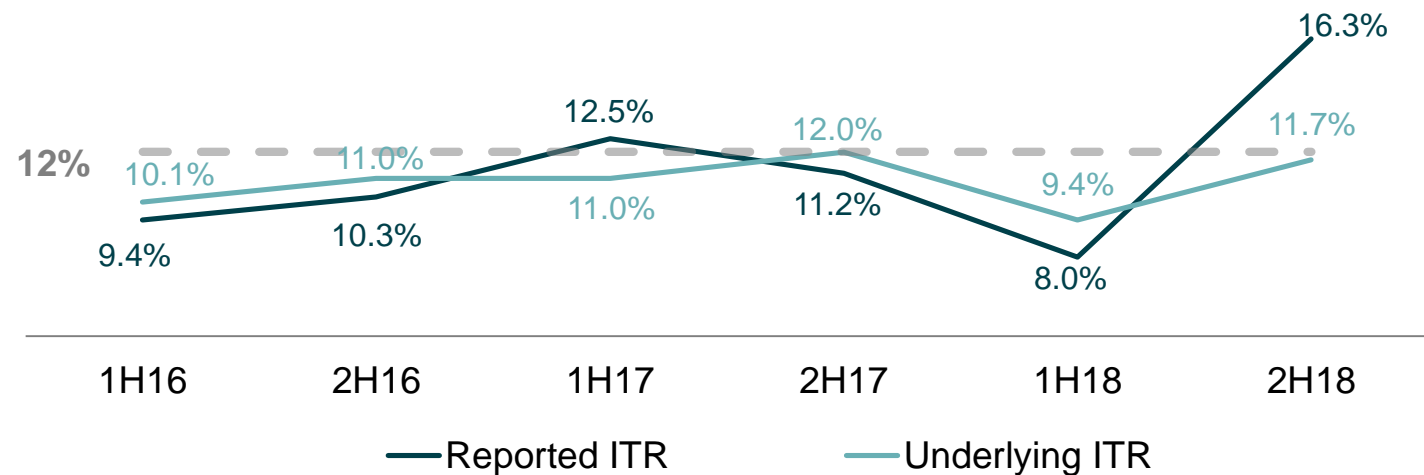
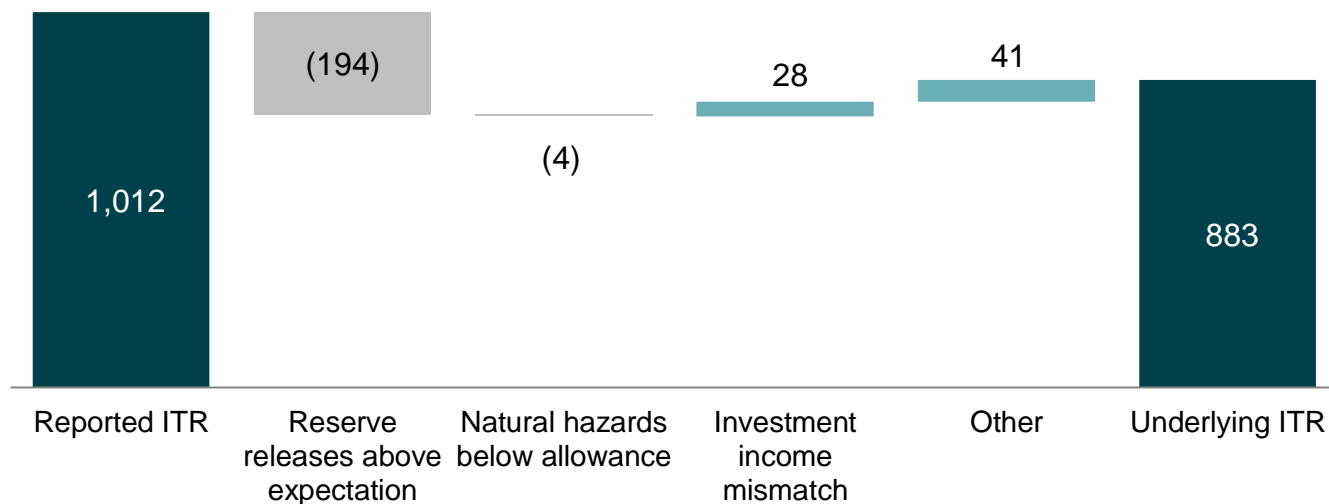


Cash EPS (diluted)

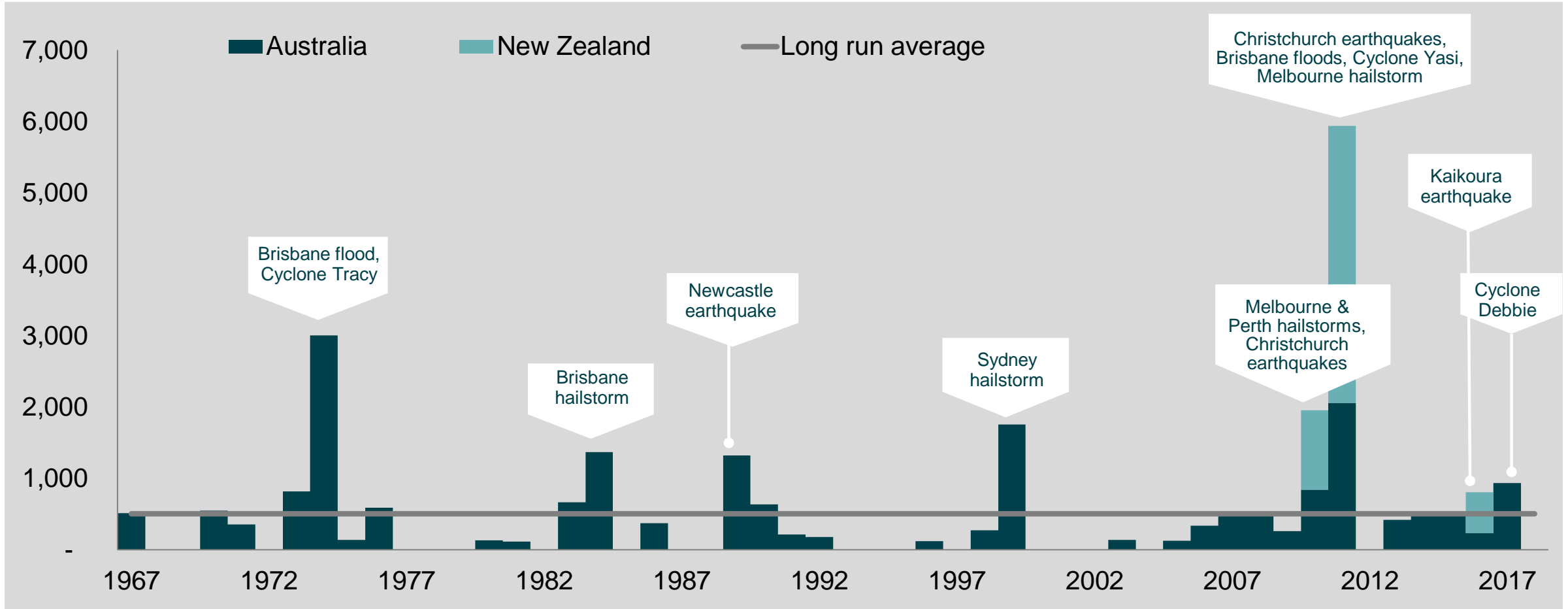


General Insurance ITR (\$m)

- Successful delivery of BIP will assist in delivering >12% UITR in FY19
- Continue to reprice for claims cost inflation and higher natural hazards
- Improvement in margins is evident in the second half of the year

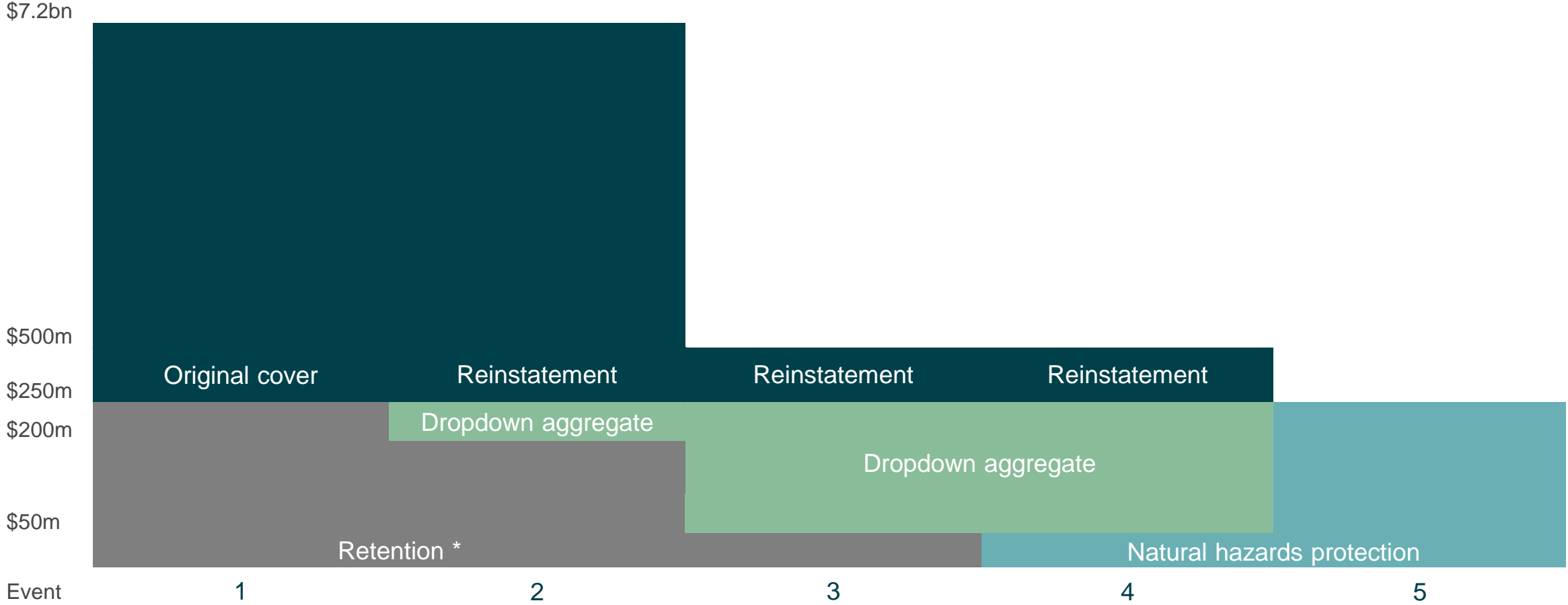


50 year history of major weather events (\$m)



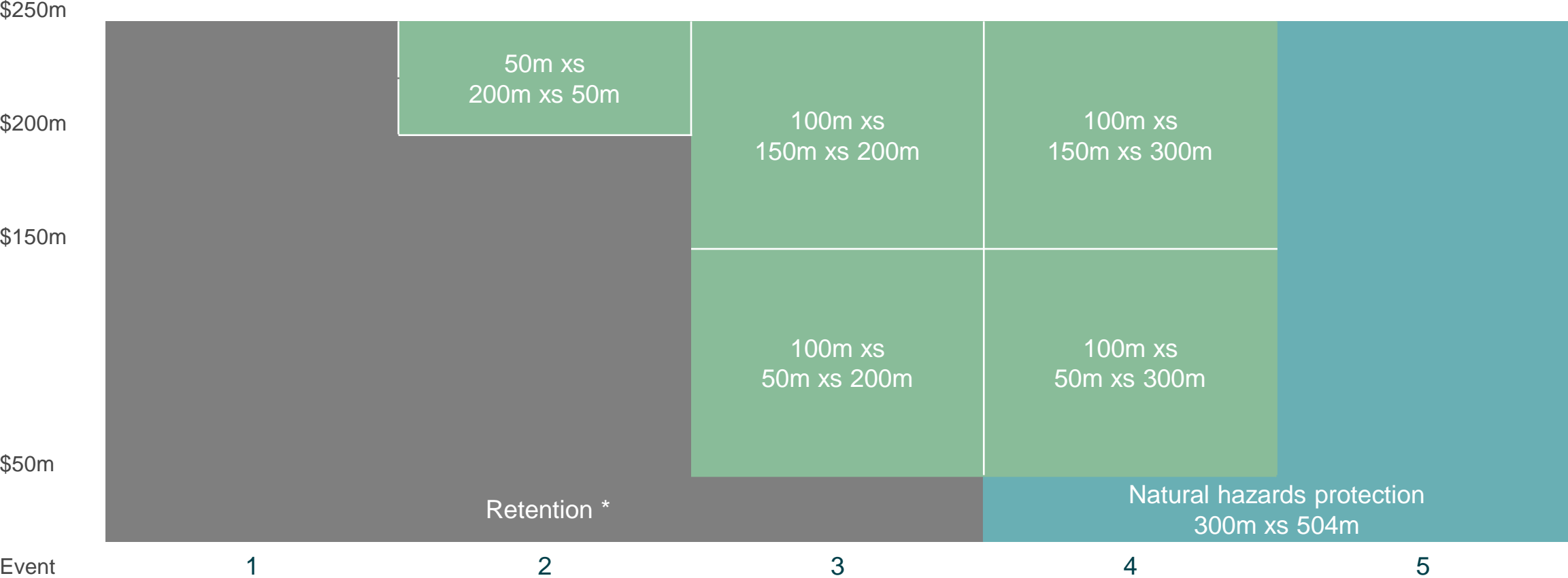
Adjusted for inflation, population growth and market share

Reinsurance program – natural hazards



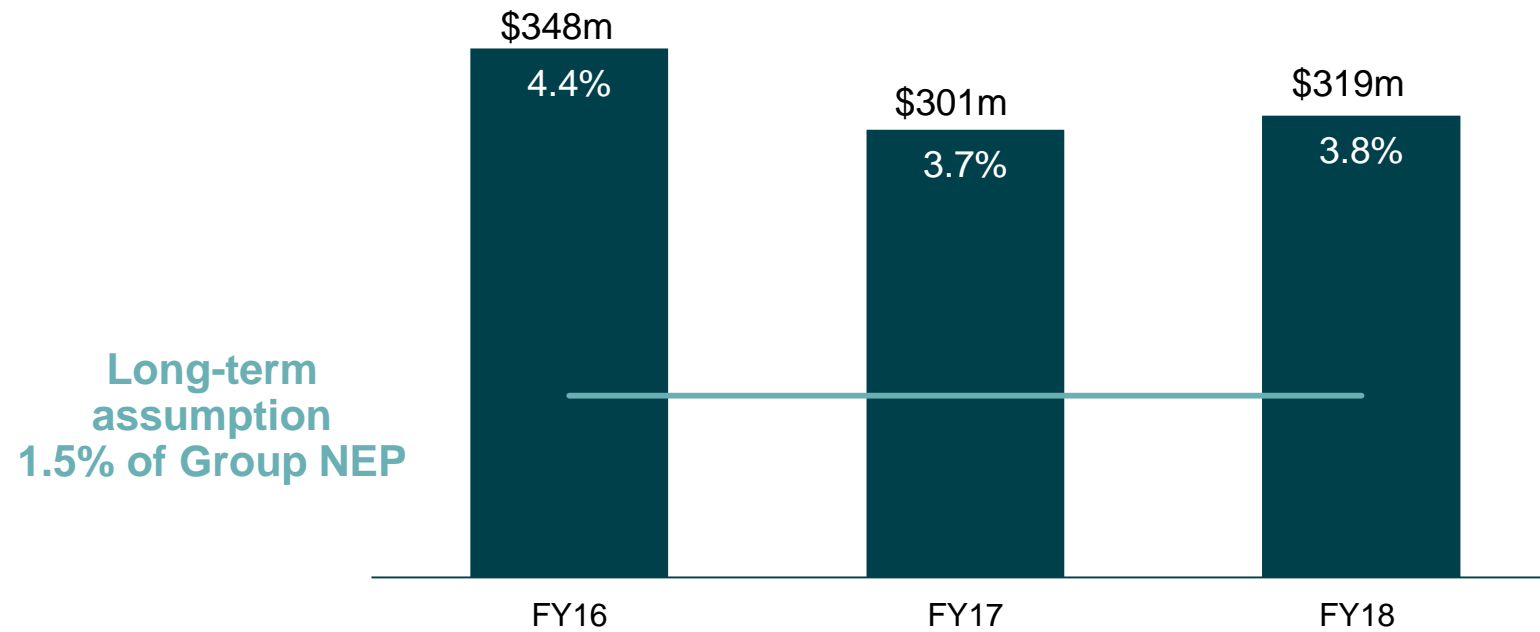
* Relates to Australian events

Reinsurance program – dropdown aggregate

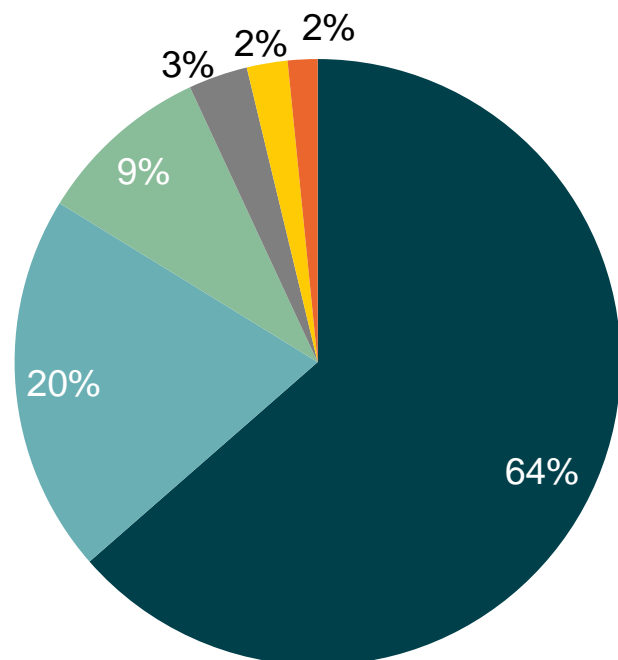


* Relates to Australian events

General Insurance reserve releases (\$m)



Insurance investment assets

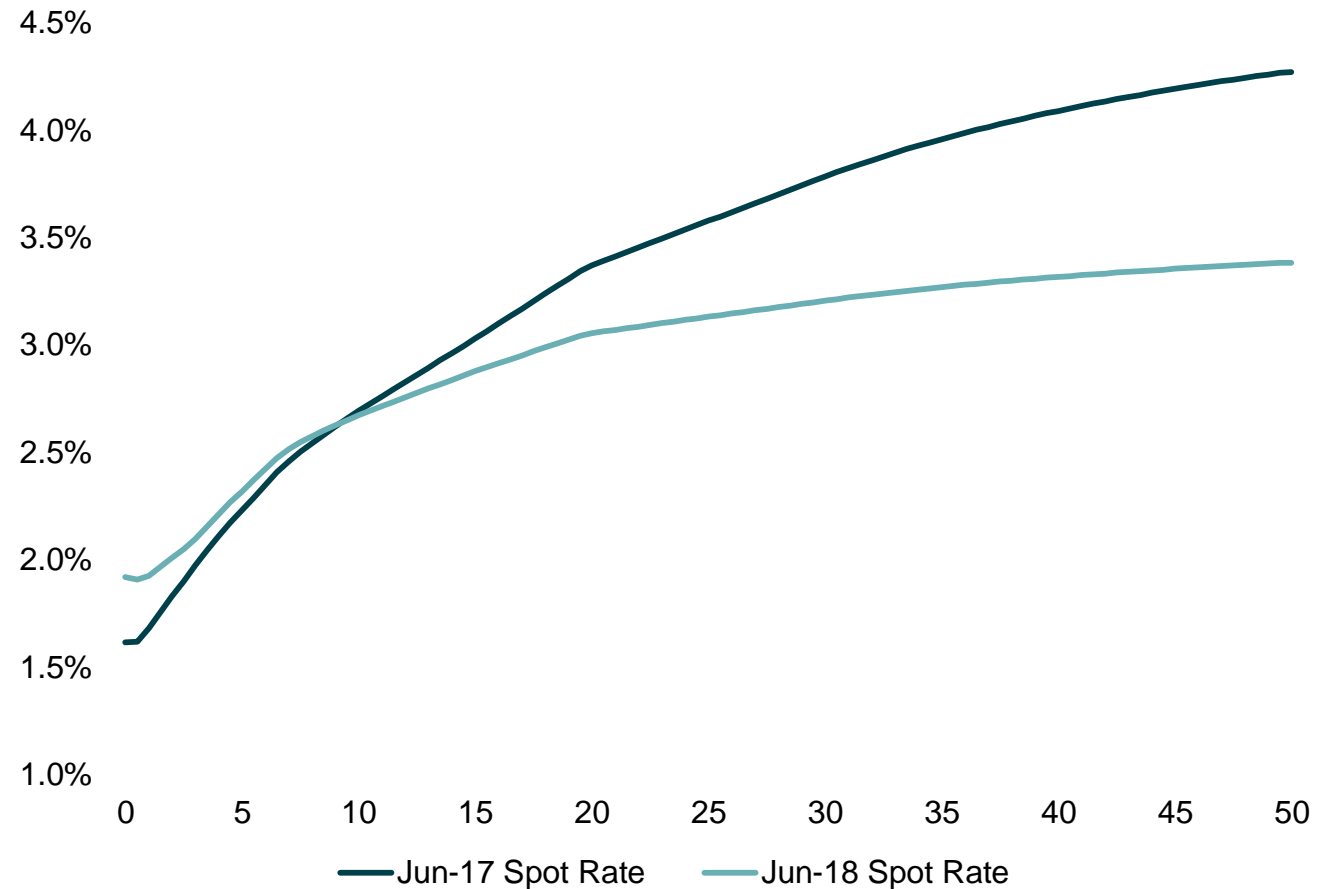


- | | |
|----------------------------|----------------------------|
| Insurance (Australia) | New Zealand |
| ■ GI - insurance funds | ■ GI - insurance funds |
| ■ GI - shareholders' funds | ■ GI - shareholders' funds |
| ■ Life shareholder assets | ■ Life shareholder assets |

	FY18 (\$m)
Insurance (Australia) investments	
General Insurance - insurance funds	9,341
General Insurance - shareholders' funds	2,971
Life shareholder assets	1,366
Insurance (Australia) total	13,678
New Zealand investments	
General Insurance - insurance funds	464
General Insurance - shareholders' funds	320
Life shareholder assets	233
New Zealand total	1,017
Total investments	14,695

Australian Investment Yield

- The Australian yield curve flattened in FY18, resulting in directionally different mark-to-market impacts on assets & liabilities depending on their exposure to the curve



Group capital position (\$m)

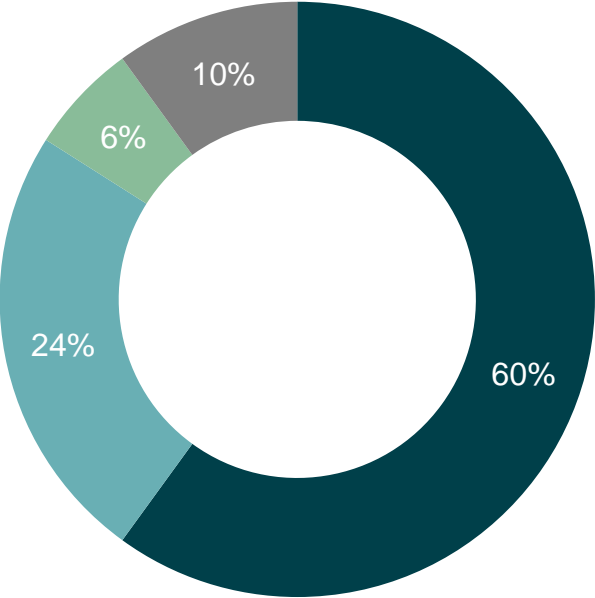
	As at 30 June 2018					Total	Total as at 30 June 2017
	GI ²	Bank ²	Life	SGL, Corp Services & Consol			
CET1	3,280	2,952	478	171	6,881	6,625	
CET1 target	2,633	2,849	326	2	5,810	5,772	
Excess to CET1 target (pre div)	647	103	152	169	1,071	853	
Group dividend					(623)	(476)	
Group excess to CET1 target (ex div)					448	377	
Common Equity Tier 1 ratio¹	1.37x	9.07%	1.99x				
Total capital	4,400	4,401	613	171	9,585	9,512	
Total target capital	3,590	3,989	391	(18)	7,952	7,880	
Excess to target (pre div)	810	412	222	189	1,633	1,632	
Group dividend					(623)	(476)	
Group excess to target (ex div)					1,010	1,156	
Total capital ratio¹	1.84x	13.52%	2.55x				

¹ Capital ratios are expressed as coverage of the PCA for General Insurance and Life, and as a percentage of Risk Weighted Assets for the Bank

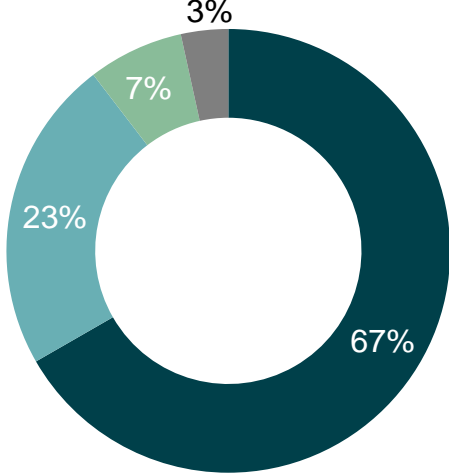
² The Bank and General Insurance targets are shown as the midpoint of the target operating ranges

Group Risk Based Capital

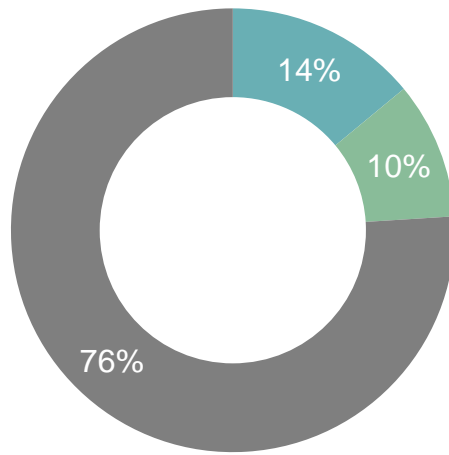
Group



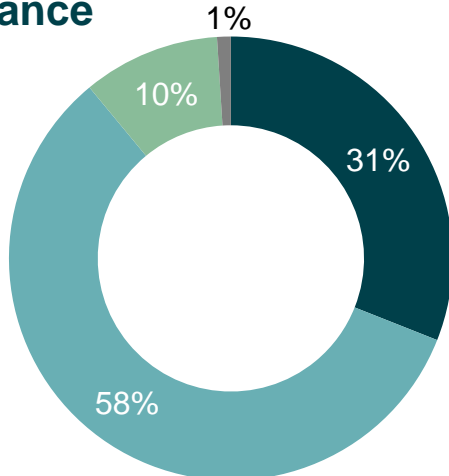
General Insurance



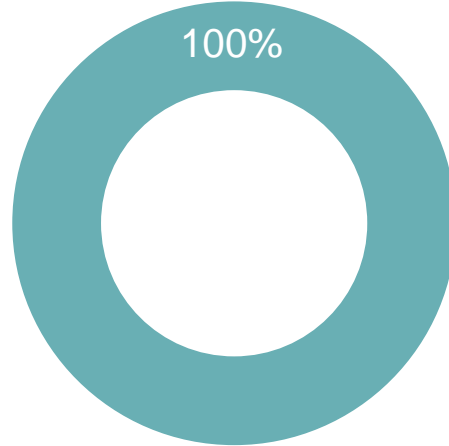
Bank



Life Insurance



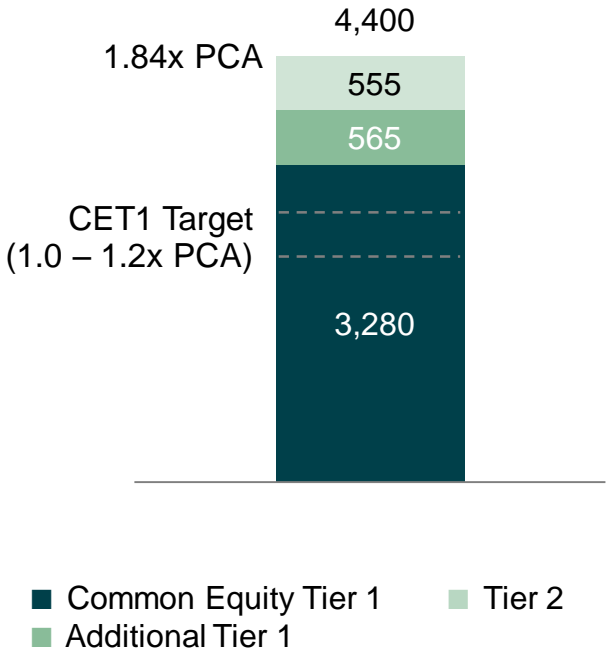
Corporate



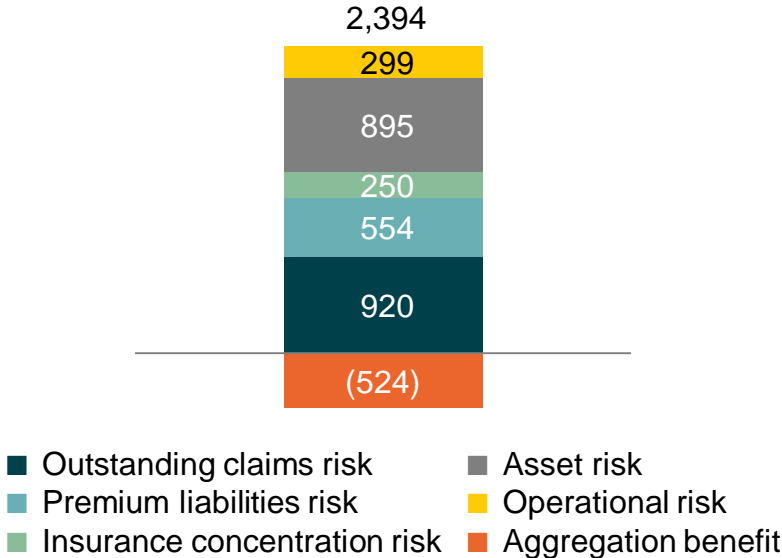
Insurance risk
 Market risk
 Operational risk
 Counterparty credit risk

Group General Insurance capital

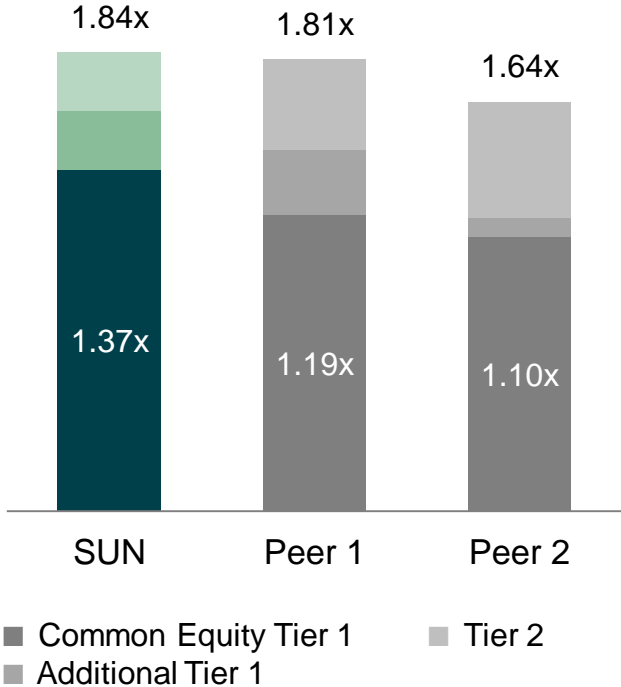
Total capital (\$m)



Prescribed Capital Amount (PCA) (\$m)

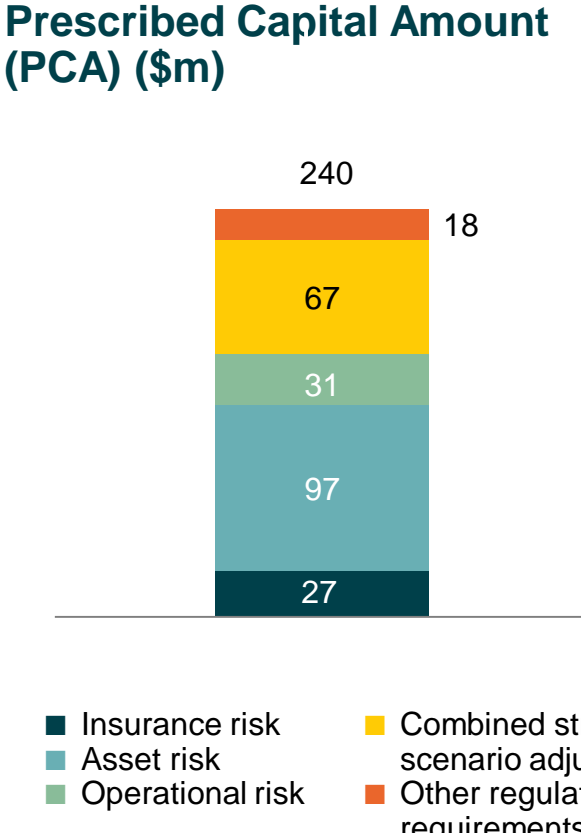
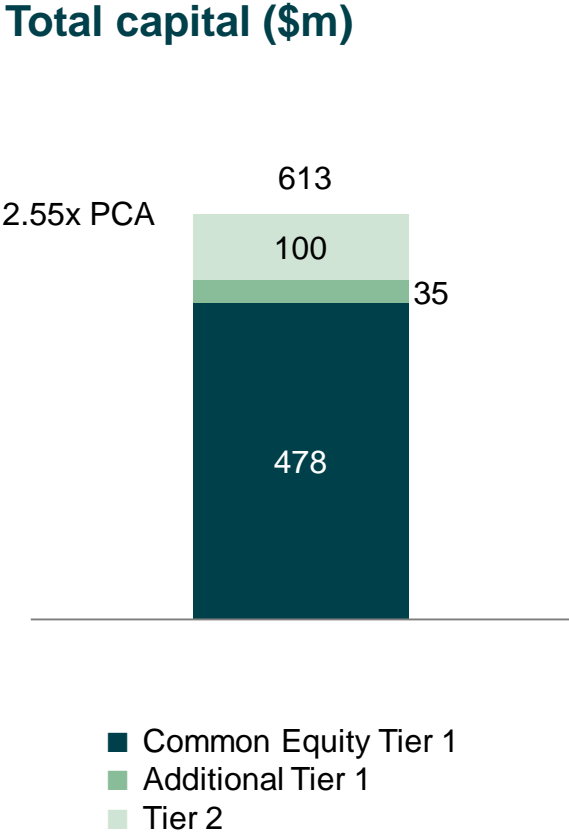


Capital ratios vs peers



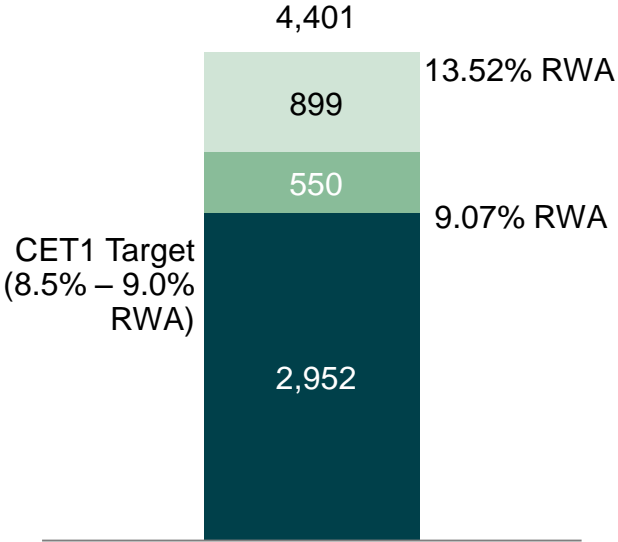
Source: Latest published company reports

Group Life Insurance capital



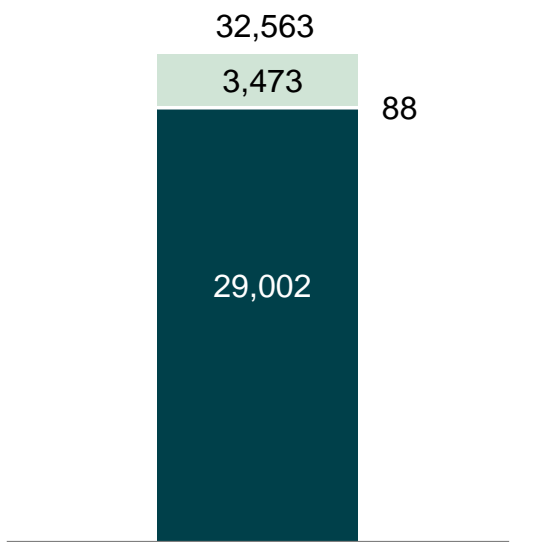
Bank capital

Total capital (\$m)



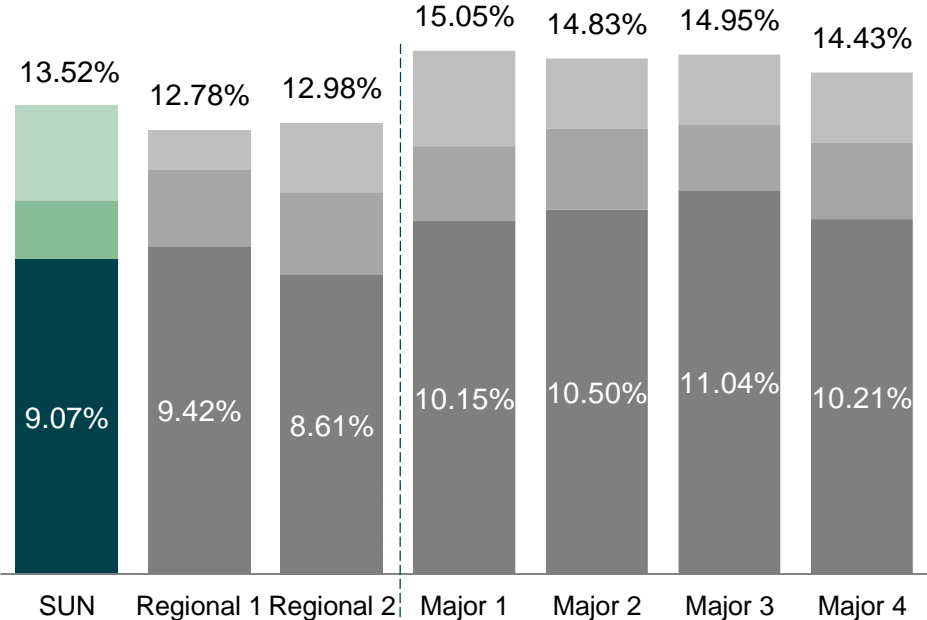
■ Common Equity Tier 1
■ Additional Tier 1
■ Tier 2

Risk-weighted assets (\$m)



■ Credit risk
■ Market risk
■ Operational risk

Capital ratios vs peers



■ Common Equity Tier 1
■ Additional Tier 1
■ Tier 2

Source: Latest published company reports

Credit ratings

	S&P Global Ratings	Moody's Investors Service	Fitch Ratings
Suncorp Group	A+ Stable	A1 Stable	A+ Stable
Major banks ¹	AA- Negative	Aa3 Stable	AA- Stable ²
Regional banks ³	BBB+ Stable	A3 Stable	A- Stable

¹ Major banks include Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation

² Fitch Ratings has a 'Negative Outlook' on Commonwealth Bank of Australia

³ Regional banks include Bank of Queensland Limited and Bendigo and Adelaide Bank Limited

Home and Car Ecosystems

7 Ecosystem Solutions Delivered
 34,783 unique site visits (and counting)

House & Home

Whether you need help ticking all your pre-purchase boxes like conveyancing and building inspections, or with getting the most out of your home once you're in it, we can help you find a solution.

Help with buying, selling and owning

Buying a home isn't easy, nor is selling one - or even just maintaining the one you have. Each requires time, money and energy, often more than you're willing to spare.

With a little help, though, you can keep a roof over your head while making sure it's the right one for you. Luckily, a little help is something we can offer, through our insurance and banking products, as well as connecting you to services from selected expert providers and relevant resources.

Explore the home services we can connect you to:

- Energy Plans**
 - Could you save on your electricity or gas bills?
 - Compare offers from participating energy retailers
 - Switch your electricity and natural gas
- Home Repairs**
 - Find a professional tradie for maintenance or repairs
 - Choose from a number of quotes, obligation-free
 - See verified reviews before you choose
- Moving Home**
 - Moving home can be time consuming
 - Find a local home removalist to help
 - Compare quotes for cleaners in your area
- Home Inspection Plus [Sydney only]**
 - Need help assessing the condition of your home?
 - Find an independent building inspector
 - Get a report identifying potential damage or hazards
- Building Inspections [all states]**
 - Need help assessing the condition of your home?
 - Find an independent building inspector
 - Get a report identifying potential damage or hazards
- Conveyancing**
 - The transfer process is crucial to buying or selling
 - Use a hassle-free online service with real-time progress tracking
 - Work with experts who understand local requirements

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We've got your car covered in more ways than one. Here you'll find the resources, services, and products you need for different stages of car ownership, all in one convenient place.

Convenient and hassle-free services

Find a range of tools and services to assist with researching and buying your next car, financing your purchase and maintaining your vehicle.

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 - Discover the right car for you
 - Price your next car
 - Request a test drive
 - Get a trade-in valuation
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 - We help you take the guesswork out of maintaining your car. Understand how it all works and make sure you're getting the most value for your money.

Home and Car Ecosystems FY19



One place for mobility and home needs



Timely and contextual advice, tools and services



Trusted and credible source of solutions to better support the financial wellbeing of customers



Suncorp Insurance Ventures (SIV)

- SIV is an investment vehicle used to scope, execute and manage Suncorp’s strategic insurance investments. The portfolio is regularly reviewed and valued
- The SIV model is based on partnerships with innovative industry participants to create operationally independent businesses which generate claims cost benefits and enhanced customer service, in addition to stand-alone equity value



- Established in 2010
- Industry leader in best practices, innovative and adaptive repair model
- Network Includes SMART (lower severity) and SMARTPlus (higher severity)
- Provides repair service capacity of 200k+ repairs annually
- 45 sites across Australia and New Zealand
- 45% of personal insurance motor repairs are pathed to SMART
- 95% owned subsidiary

- Established in 2013
- One of the largest alternative parts suppliers in Australia and is the largest recycler
- Customers include Capital SMART, Gemini/AMA Group
- Suncorp supplies written off vehicles for resale of parts to wider market
- 9 operating sites across VIC, NSW and QLD
- 100% owned subsidiary





- Established in 2002 and partnered with Suncorp in 2015
- Proven success in low complexity repairs, focused on repairs of <\$10k
- Innovative repair methods with a key focus on reducing overall repair times and costs
- Stable and experienced sub contractors network
- 100% owned subsidiary

Corporate Responsibility Framework

THE PRINCIPLES WE ASPIRE TO:

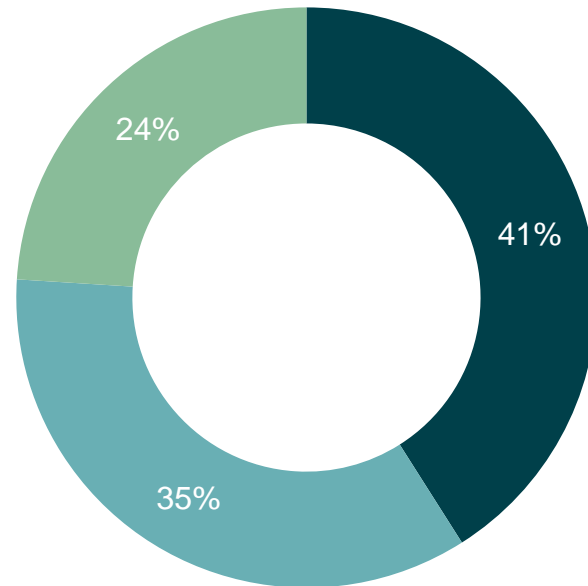


Corporate Responsibility roadmap

	Performance highlights	Focus for FY19
	<ul style="list-style-type: none"> ✓ Refreshed assessment of material environmental, social and governance topics ✓ Expanded measurement and reporting of non-financial performance metrics 	<ul style="list-style-type: none"> – Implement a stakeholder survey and establish a social licence or trust metric – Implement refreshed Banking and General Insurance Codes of Practice
	<ul style="list-style-type: none"> ✓ Launched Climate Change Action Plan ✓ Launched Environmental Performance Plan ✓ Launched refreshed Supplier & Partner Code of Practice 	<ul style="list-style-type: none"> – Publish targets to reduce Scope 1 and Scope 2 greenhouse gas emissions – Complete climate-related risk and opportunity assessment – Establish approach to meeting Modern Slavery Act requirements
	<ul style="list-style-type: none"> ✓ Refreshed Financial Inclusion Action Plan ✓ Re-designed Bank Hardship processes to improve outcomes for vulnerable customers ✓ Launched financial inclusion awareness training 	<ul style="list-style-type: none"> – Develop a Responsible Insurance and Banking Policy – Implement recommendations of the Vulnerable Customer Review – Expand community partnerships to provide financial literacy, financial counselling and employment pathways
	<ul style="list-style-type: none"> ✓ Maintained gender parity in leadership roles ✓ Established Suncorp Future Ready Academy ✓ Launched Reconciliation Action Plan ✓ Relunched Brighter Futures employee community giving and volunteering program 	<ul style="list-style-type: none"> – Implement Reflect Reconciliation Action Plan – Enhance social impact measurement into community partnerships

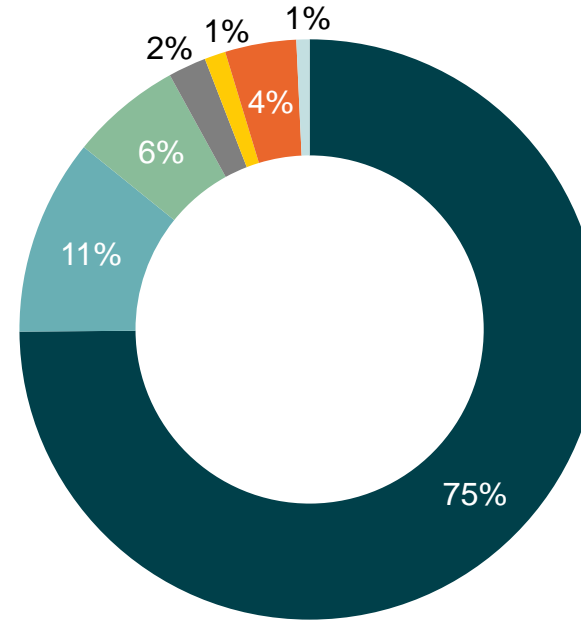
Shareholder overview

SUN shareholders by type



- Domestic Institutions
- Retail Investors
- International Institutions

SUN shareholders by geography



- Australia (Institutions & Retail)
- United States
- United Kingdom
- Hong Kong
- Japan
- Rest of Europe
- Rest of World

Source: Orient Capital, 29 June 2018



Insurance (Australia)



Financial Results for the full year
ended 30 June 2018

Insurance (Australia)

NPAT

- NPAT up 2.2% to \$739m
- Insurance trading result \$866m (FY17: \$912m)
- Insurance trading ratio 12.3% (FY17: 12.9%)
- GWP up 0.3% to \$8.1b
- Home and Motor GWP up 4.7%
- Natural hazards \$625 million (FY17: \$655 million)
- Reserve releases of \$319 million (FY17: \$301 million)
- Underlying investment yield of 2.5%

	FY18 (\$m)	FY17 (\$m)	Change (%)
Gross written premium	8,137	8,111	0.3
Net earned premium	7,191	7,072	1.7
Net incurred claims	(5,057)	(4,923)	2.7
Operating expenses	(1,506)	(1,442)	4.4
Investment income - insurance funds	258	205	25.9
Insurance trading result	886	912	(2.9)
General Insurance profit after tax	681	689	(1.2)
Life Insurance profit after tax	58	34	70.6
Insurance (Australia) NPAT	739	723	2.2

General Insurance gross written premium

- Motor premium increases of 4.3% with unit growth of 1.5%
- Improved retention in the Home portfolio drove unit growth of 0.7% in the second half, offsetting unit losses from the first half
- Commercial underwriting discipline with some positive pricing momentum
- Headline result impacted by regulatory changes in CTP portfolio
- Strong retention in workers' compensation

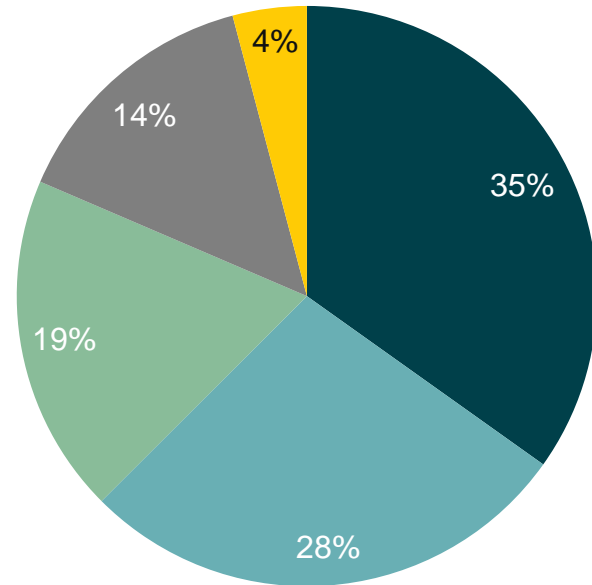
	FY18 (\$m)	FY17 (\$m)	Change (%)
Motor	2,779	2,626	5.8
Home	2,206	2,135	3.3
Commercial	1,510	1,498	0.8
Compulsory third party	1,164	1,404	(17.1)
Workers' compensation and other	329	297	10.8
Total GWP	7,988	7,960	0.4
Fire Service Levies ¹	149	151	(1.3)
Total GWP including FSL	8,137	8,111	0.3

¹ FY18: Home \$96m, Commercial \$42m and Motor \$11m,
FY17: Home \$98m, Commercial \$45m and Motor \$8m

General Insurance gross written premium excluding FSL

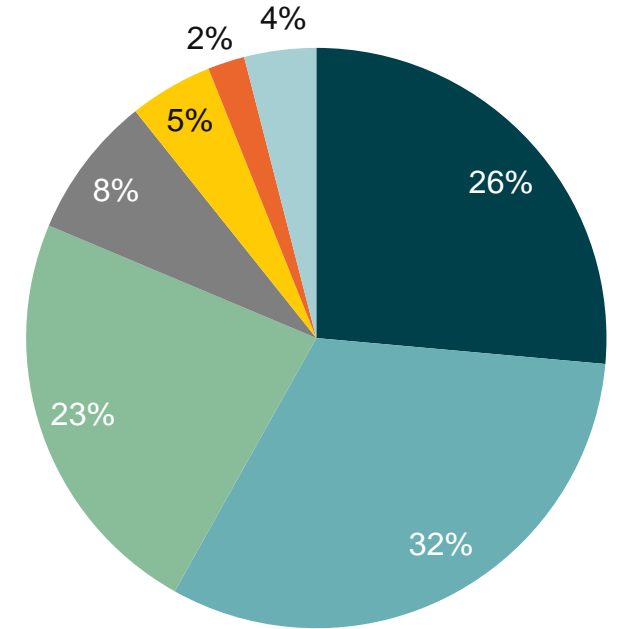
Total GWP of \$8.0bn

Portfolio by product



- Motor
- Home
- Commercial
- CTP
- Workers' compensation & other

Portfolio by geography



- Queensland
- New South Wales
- Victoria
- Western Australia
- South Australia
- Tasmania
- Other

General Insurance

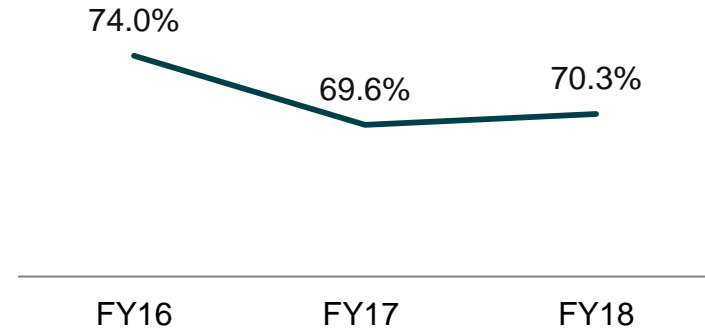
gross written premium

compulsory third party

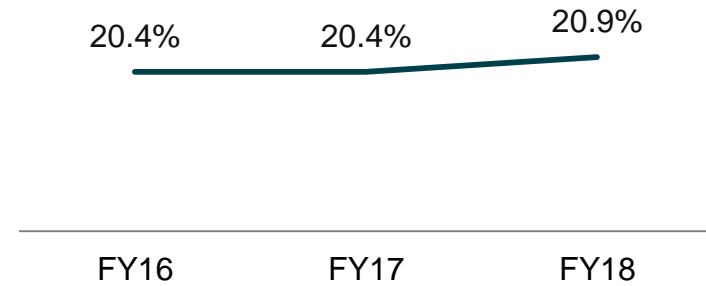
	FY18 (\$m)	FY17 (\$m)	Change (%)
CTP GWP by geography			
Queensland	435	477	(8.8)
New South Wales	549	721	(23.9)
ACT	66	66	-
South Australia	114	140	(18.6)
Total CTP GWP	1,164	1,404	(17.1)
CTP GWP one-off movements			
New South Wales refunds	53	22	140.9
New South Wales lower premium rates	97	-	n/a
South Australia FY16 novated premium	-	(32)	(100.0)
Queensland FY16 NIIS claw-back	-	16	(100.0)
CTP GWP adjusted for abnormal movements	1,314	1,410	(6.8)

General Insurance key ratios

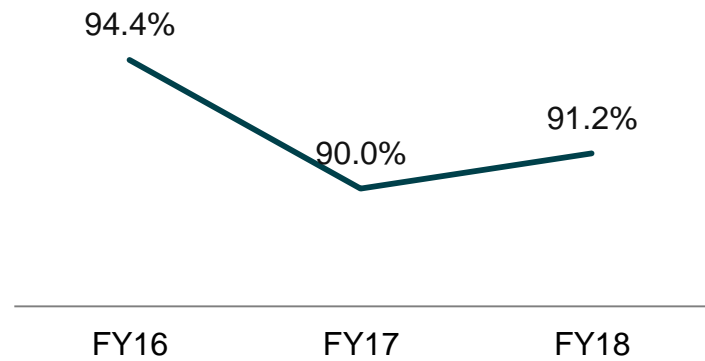
Loss ratio



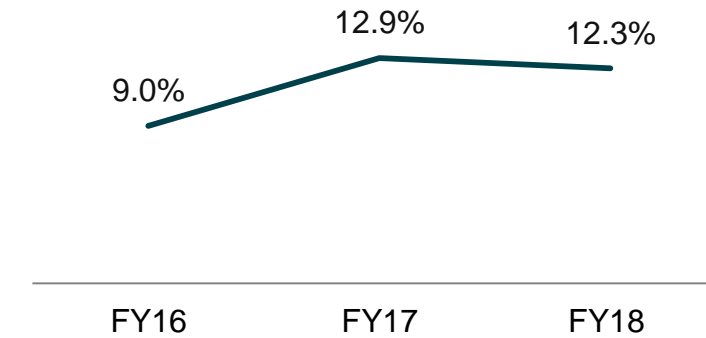
Total operating expenses ratio



Combined operating ratio



Reported ITR



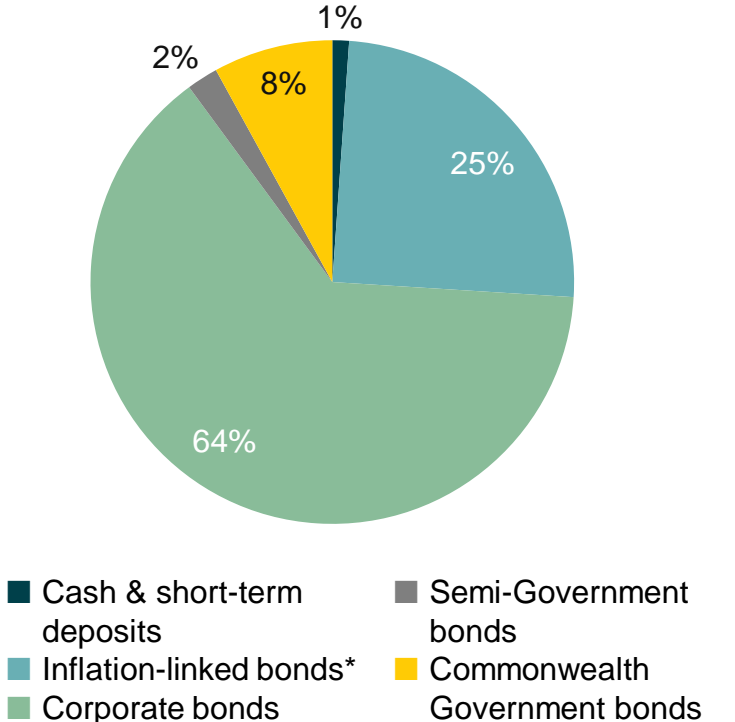
Natural hazard events

- Australian natural hazard costs were \$625m for the full year, \$36m below the allowance of \$661m
- Group natural hazard costs were \$688m for the full year, \$4m below allowance of \$692m

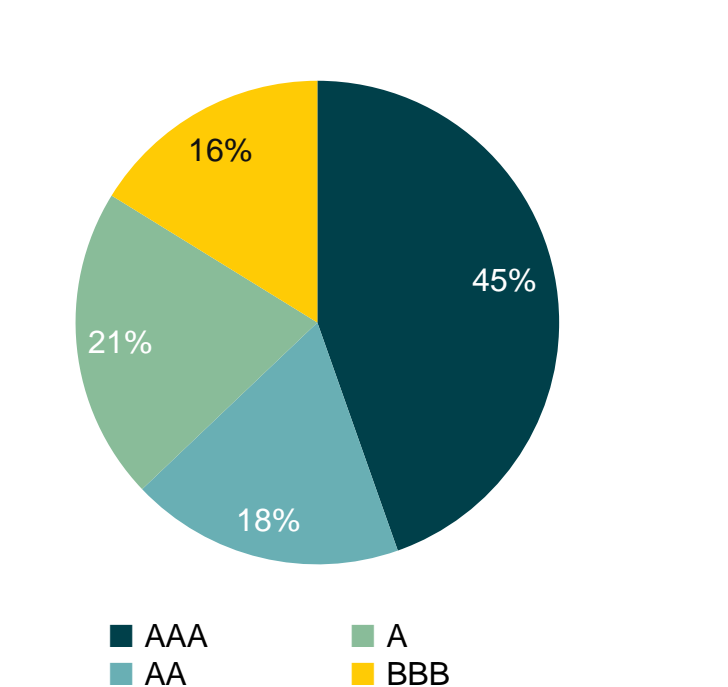
Date	Event	Net costs (\$m)
Oct 2017	Toowoomba Newcastle Hail	35
Nov 2017	Lismore Bundaberg Hail	22
Dec 2017	Southern Flooding	18
Dec 2017	Grafton Hail	25
Dec 2017	Victoria Hail	140
Jan 2018	Lakewood Hail	15
Apr 2018	Nelson Bay Hail	17
May 2018	Hobart Storms	33
	Total events over \$10m	305
	Other natural hazards attritional claims	320
	Total natural hazards	625
	Less: allowance for natural hazards	(661)
	Natural hazards costs above allowance	36

General Insurance investment asset allocation

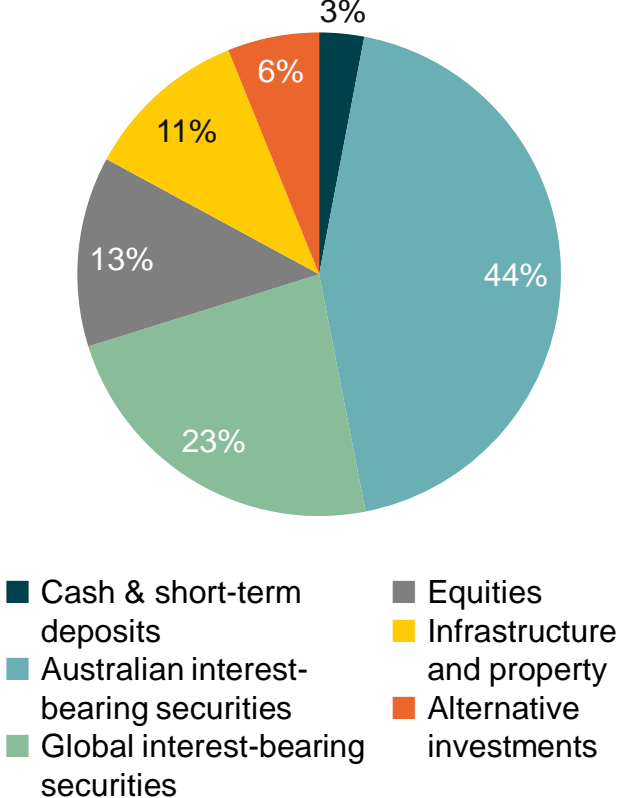
Insurance funds
\$9.3bn



Fixed income credit quality

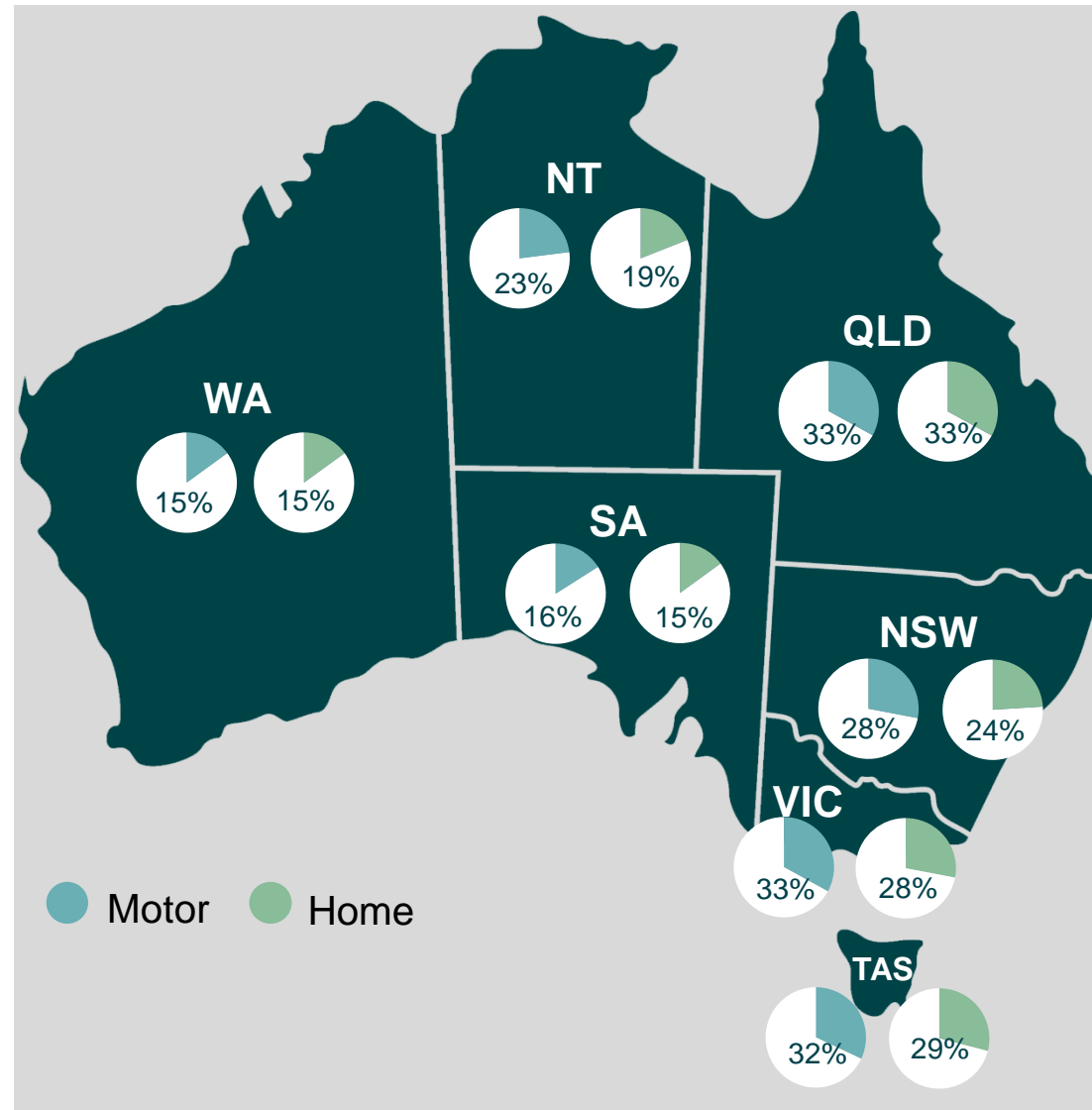


Shareholders' funds
\$3.0bn



* The total notional exposure to inflation-linked securities, after accounting for both physical bonds and derivatives, in the insurance funds is \$2.3bn.

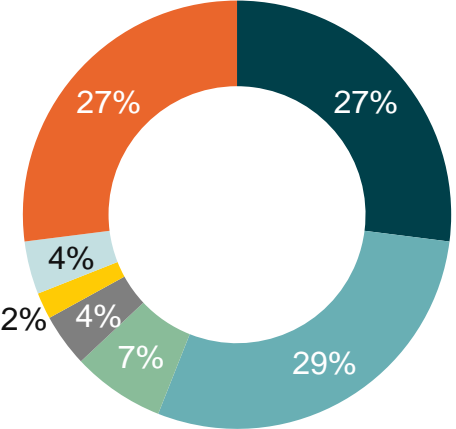
Personal lines market share



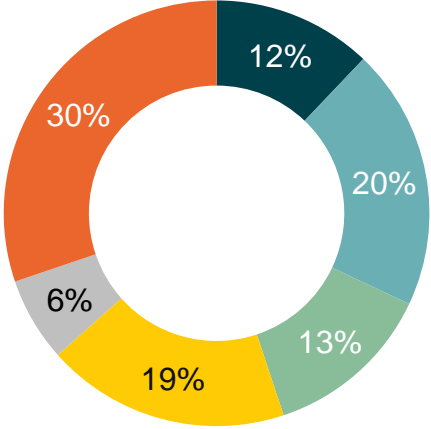
Source: Roy Morgan, May 2018

Insurance (Australia) market share

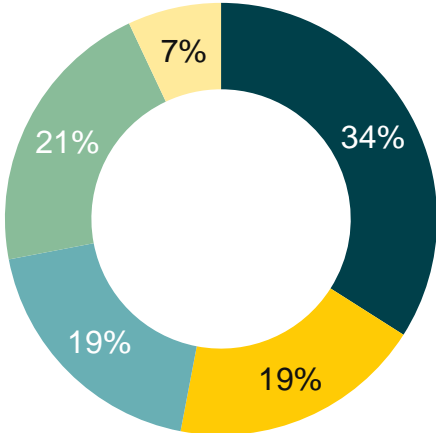
Personal lines*
\$20.7bn



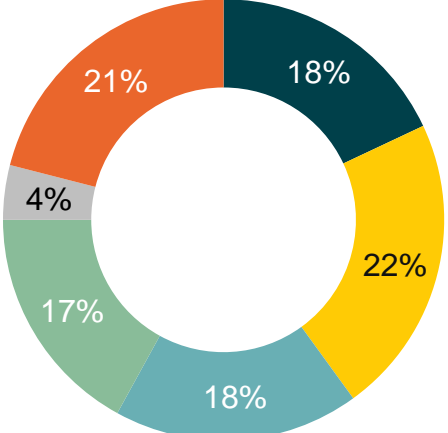
Commercial lines**
\$12.7bn



CTP***
\$3.2bn



Workers' compensation****
\$1.0bn

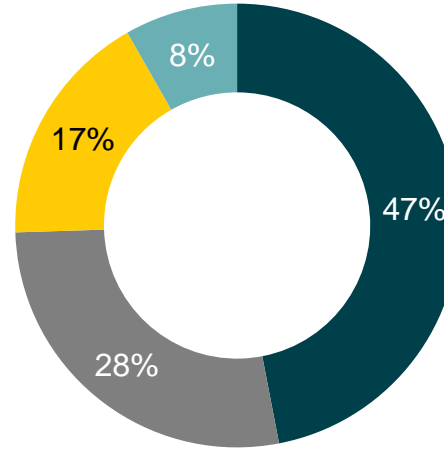


* Source: Roy Morgan, May 2018
 ** Source: Latest Suncorp estimates
 *** Source: Latest Suncorp estimates
 Includes QLD, NSW, ACT & SA schemes
 **** Source: Latest Suncorp estimates
 Includes WA only

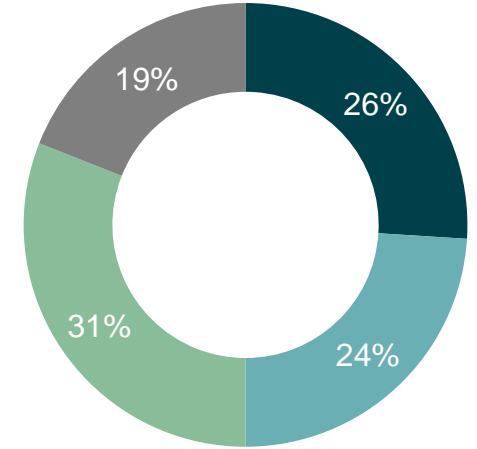
■ Suncorp
 ■ Peer 1
 ■ Peer 2
 ■ Peer 3
 ■ Peer 4
 ■ Peer 5
 ■ Peer 6
 ■ Peer 7
 ■ Others

CTP market share

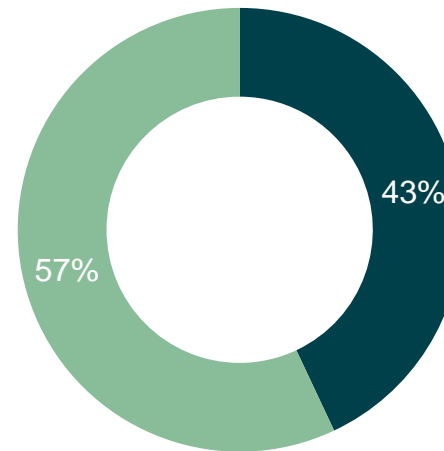
QLD *
\$1.0bn



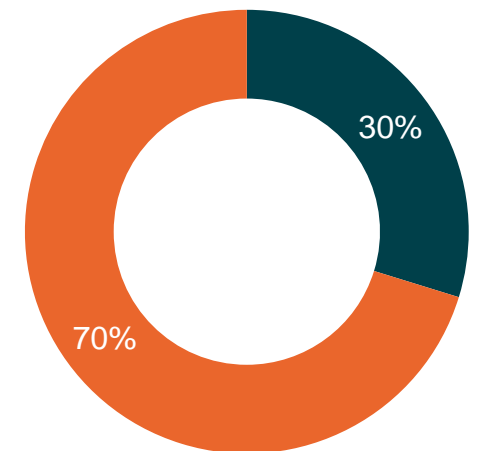
NSW **
\$1.7bn



ACT *
\$157m



SA *
\$349m



Source: State scheme regulators
* as at May 2018
** as at March 2018

Suncorp
 Peer 1
 Peer 2
 Peer 3
 Peer 4
 Rest of market

Life Insurance

NPAT

- Repricing and claims benefits flowing through to planned margins
- Benefits of loss recognition reversal due to repricing of IP and Trauma
- Underlying investment income stable
- In-force premium growth due to retail and direct offset by run-off in closed Group

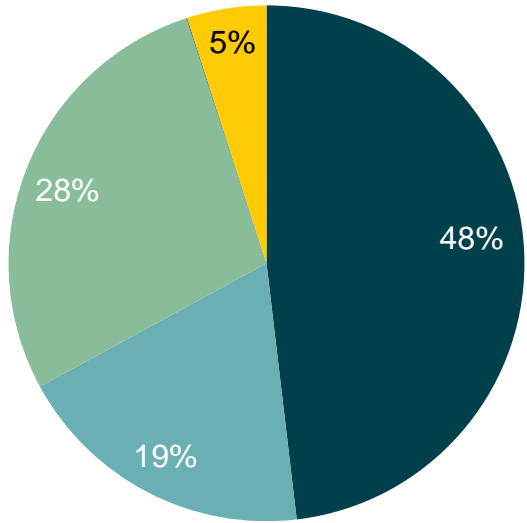
	FY18 (\$m)	FY17 (\$m)	Change (%)
Planned profit margin release	25	19	31.6
Experience	3	(6)	n/a
Other and investments	48	40	20.0
Underlying profit after tax	76	53	43.4
Market adjustments ¹	(18)	(19)	(5.3)
Life Insurance NPAT	58	34	70.6
In-force annual premium	816	806	1.2
Total new business	59	62	(4.8)

¹ Market adjustments consist of life risk policy discount rate changes and investment income experience

Life Insurance in-force premium

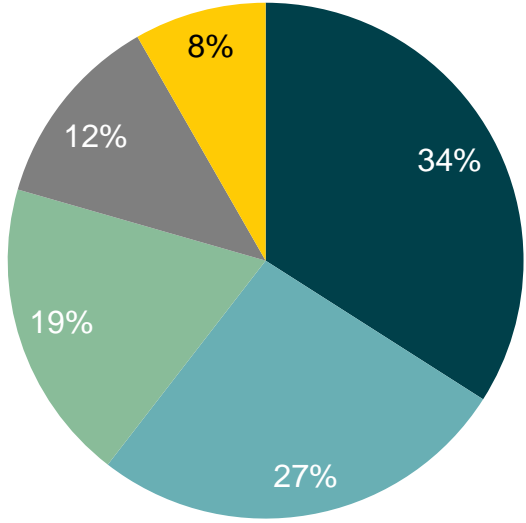
Total in-force premium of \$816m

Premium by product



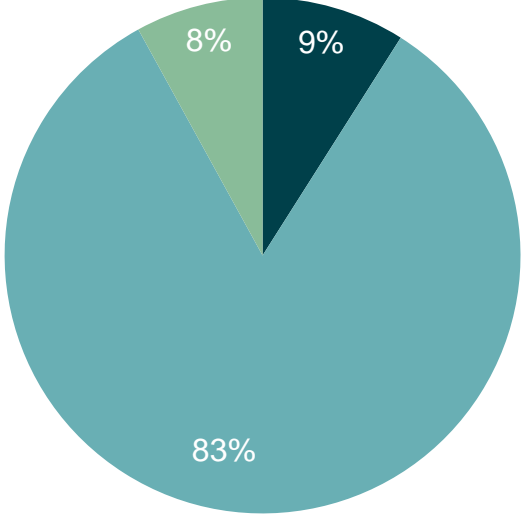
- Term & TPD
- Income protection
- Trauma
- Group

Premium by geography



- Queensland
- New South Wales
- Victoria & Tasmania
- Western Australia
- Other

Premium by channel

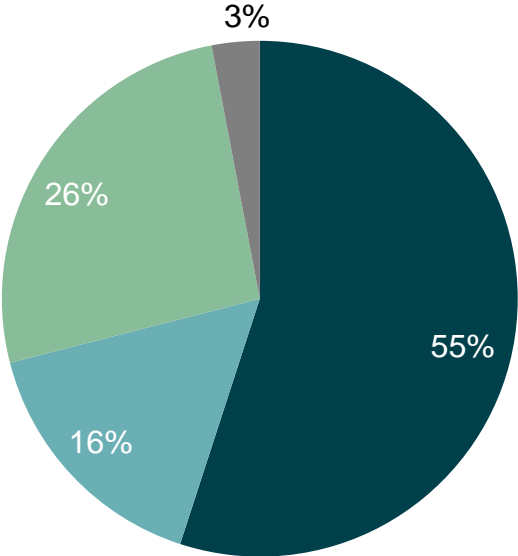


- Direct via General Insurance brands
- Advised
- Group & other

Life Insurance new business

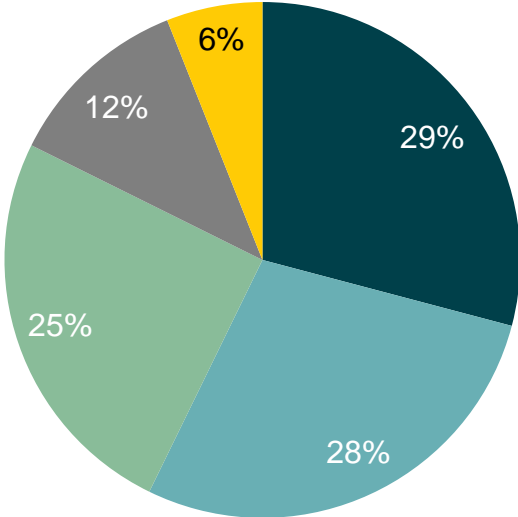
Total new business of \$59m

New business by product



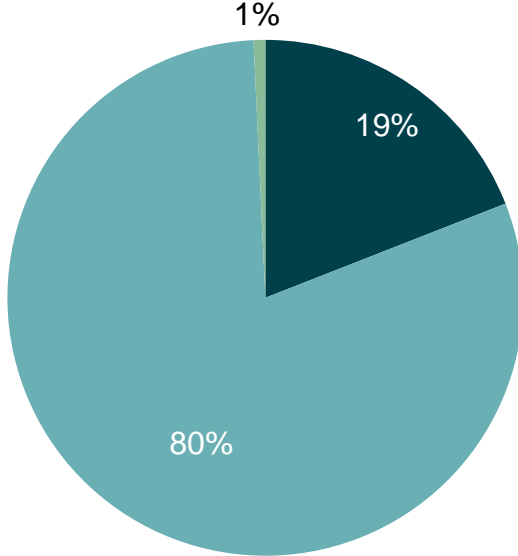
- Term & TPD
- Income protection
- Trauma
- Other

New business by geography



- Queensland
- New South Wales
- Victoria & Tasmania
- Western Australia
- Other

New business by channel

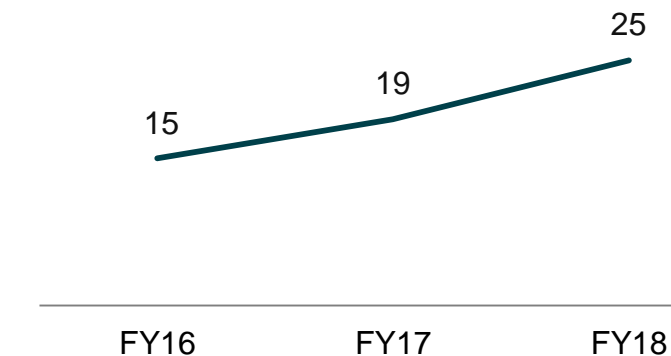


- Direct via General Insurance brands
- Advised
- Group & other

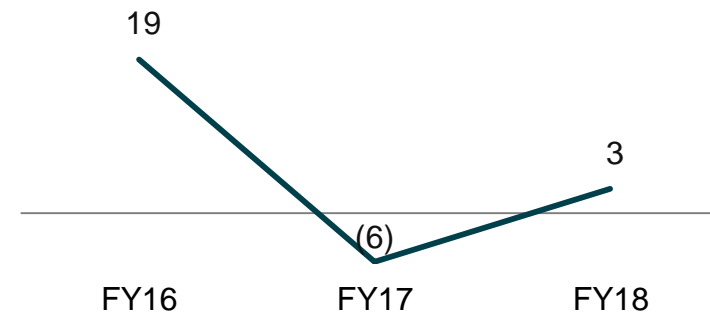
Life Insurance key metrics (\$m)

- Favourable experience compared to the prior year is due to the benefits of the Life Optimisation Program

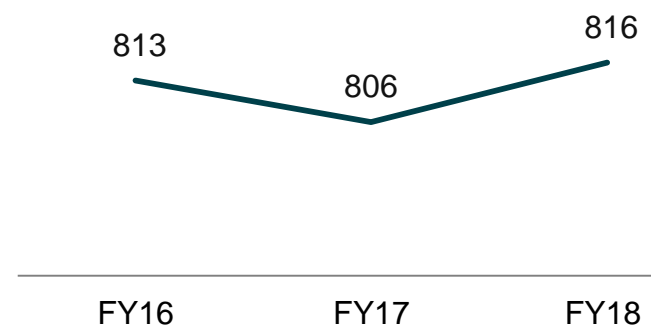
Planned margins



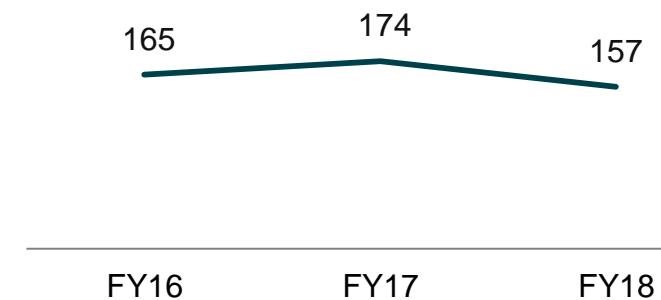
Experience



In-force premium



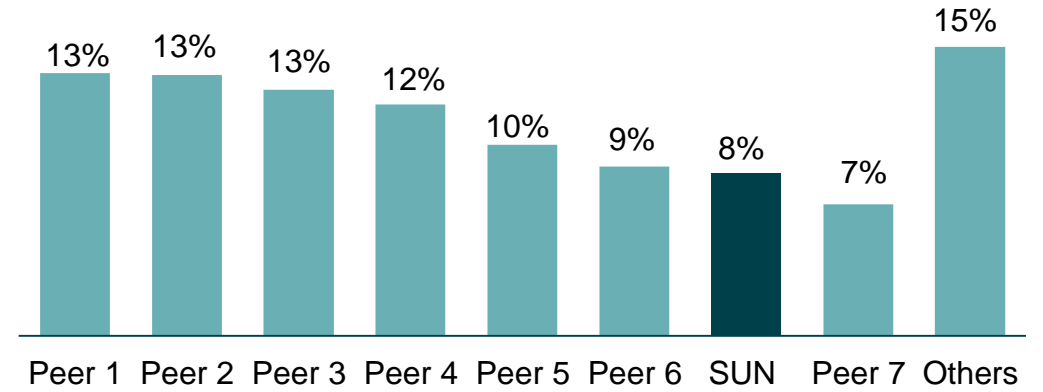
Operating expenses



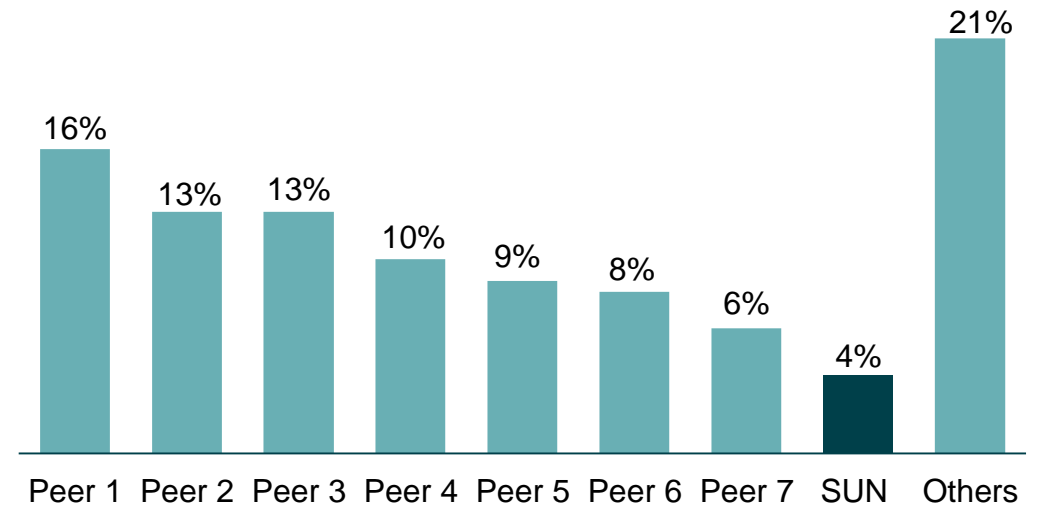
Life Insurance market share

Individual risk

In-force
\$10.1bn



New business
\$0.9bn



Source: NMG Consulting, March 2018

In-force portfolio includes IFA, Bank and Direct business



Banking & Wealth



Financial Results for the full year
ended 30 June 2018

Banking & Wealth NPAT

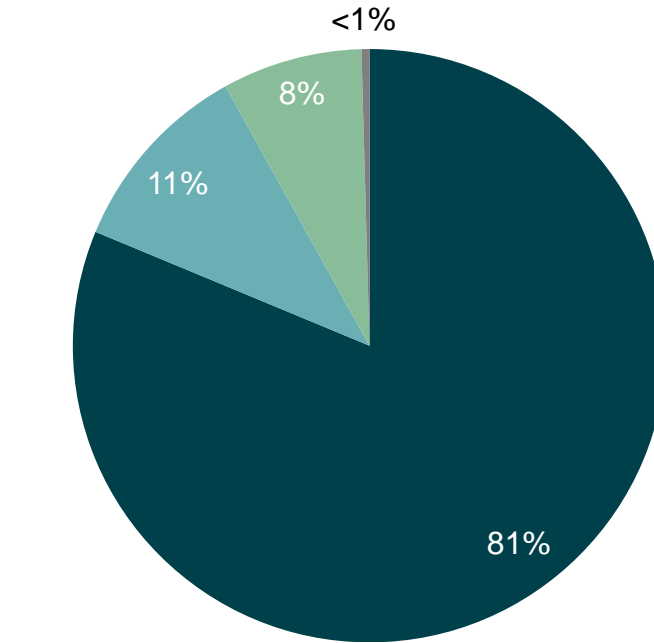
- Lending growth of 6.1%
- At-call deposit growth of 7.1%
- NIM of 1.84% (FY17: 1.83%)
- Impairment losses 5bps of GLA
- Strong capital and balance sheet
- Wealth NPAT up \$10m to \$14m

	FY18 (\$m)	FY17 (\$m)	Change (%)
Net interest income	1,181	1,131	4.4
Net non-interest income	60	76	(21.1)
Operating expenses	(679)	(636)	6.8
Profit before impairment losses	562	571	(1.6)
Impairment losses	(27)	(7)	285.7
Income tax	(160)	(168)	(4.8)
Banking profit after tax	375	396	(5.3)
Wealth profit after tax	14	4	250.0
Banking & Wealth NPAT	389	400	(2.8)

Total lending portfolio

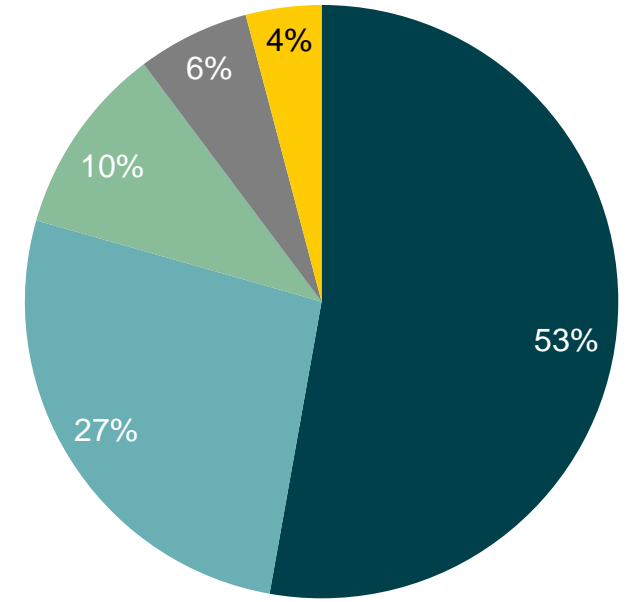
Total assets of \$58.7bn

Lending assets by portfolio



- Housing
- Commercial (SME)
- Agribusiness
- Consumer

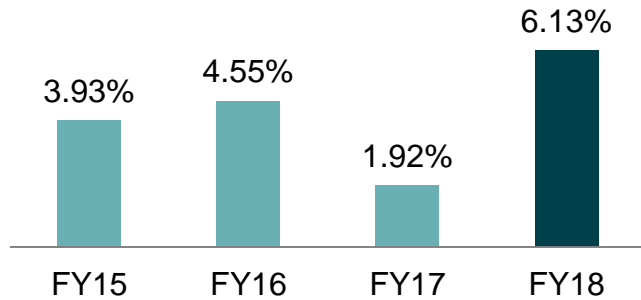
Lending assets by geography



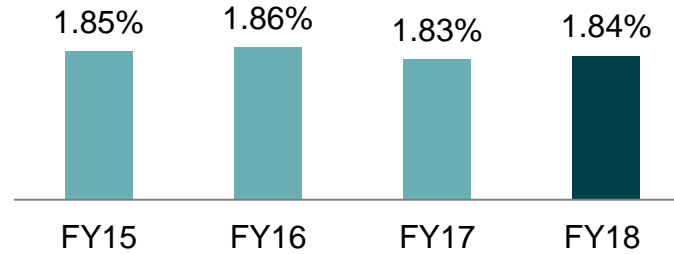
- Queensland
- New South Wales
- Victoria
- Western Australia
- South Australia & other

Banking key ratios

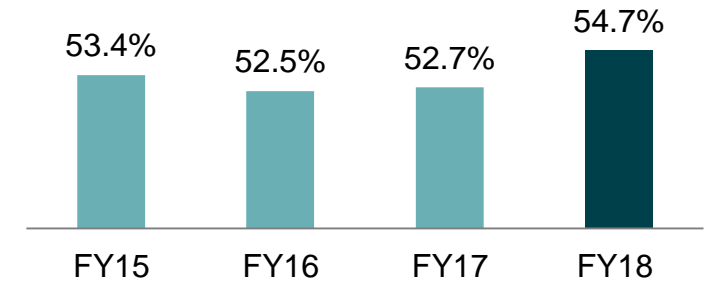
Lending growth (annualised)



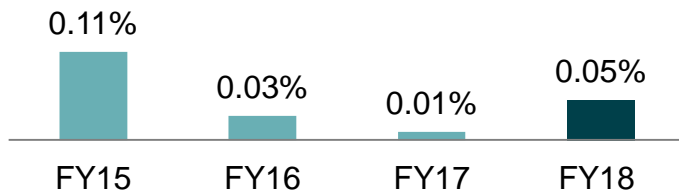
Net interest margin (interest-earning assets)



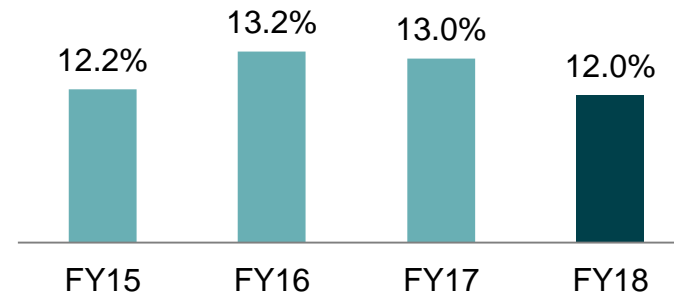
Cost to income ratio



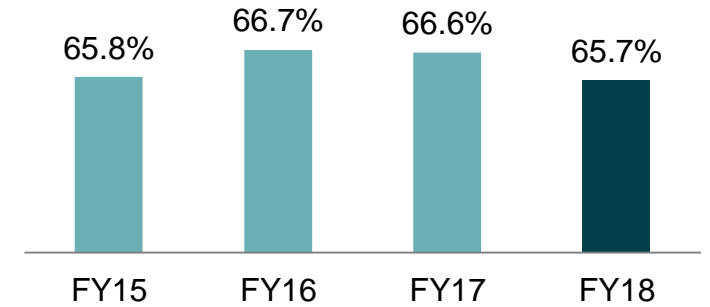
Impairment losses to gross loans and advances (annualised)



Return on Common Equity Tier 1



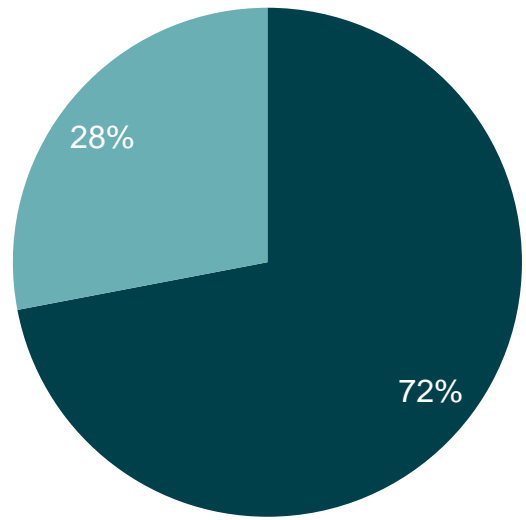
Deposit to loan ratio



Home lending portfolio

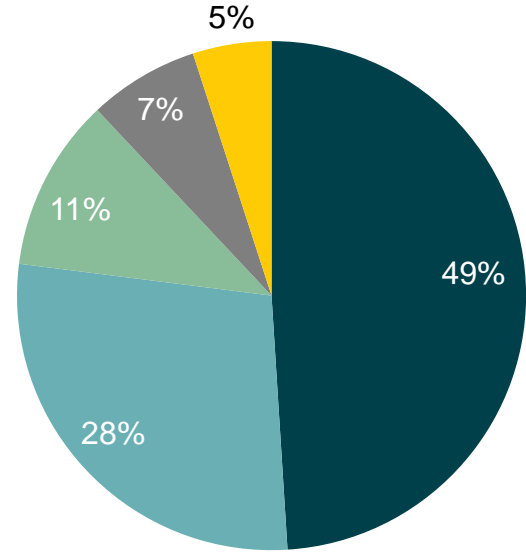
Total home lending assets of \$47.6bn

Portfolio by borrower type



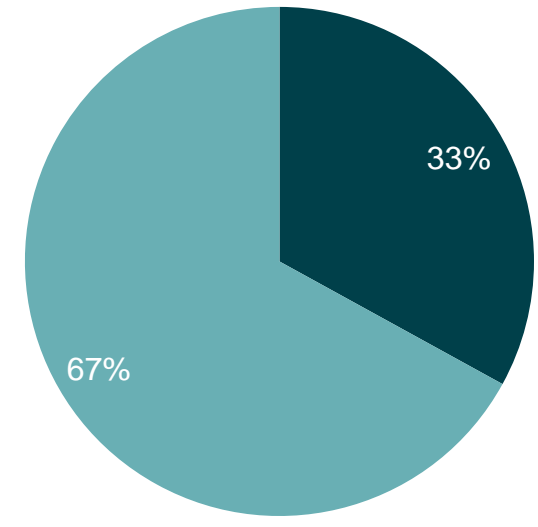
■ Owner occupied ■ Investor

Portfolio by geography



■ Queensland ■ Western Australia
■ New South Wales ■ South Australia & other
■ Victoria

Portfolio by channel



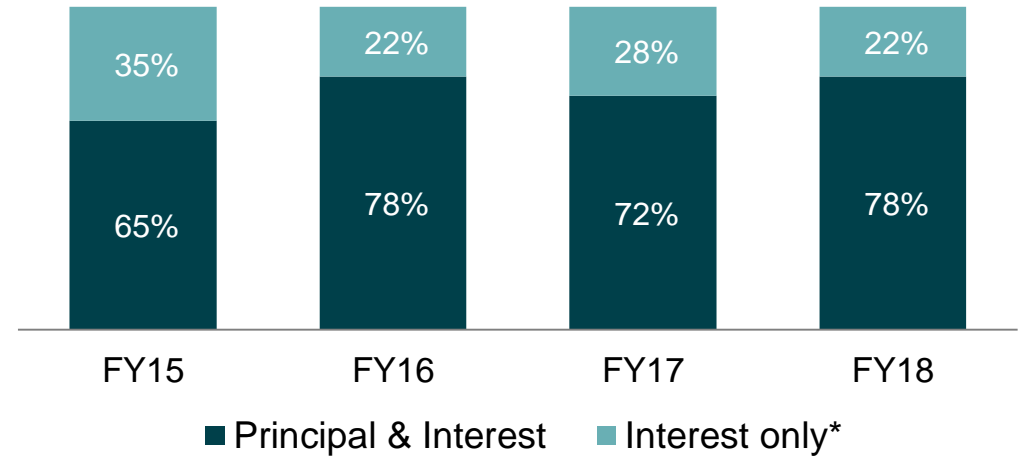
■ Direct ■ Intermediaries

Home lending origination by repayment type

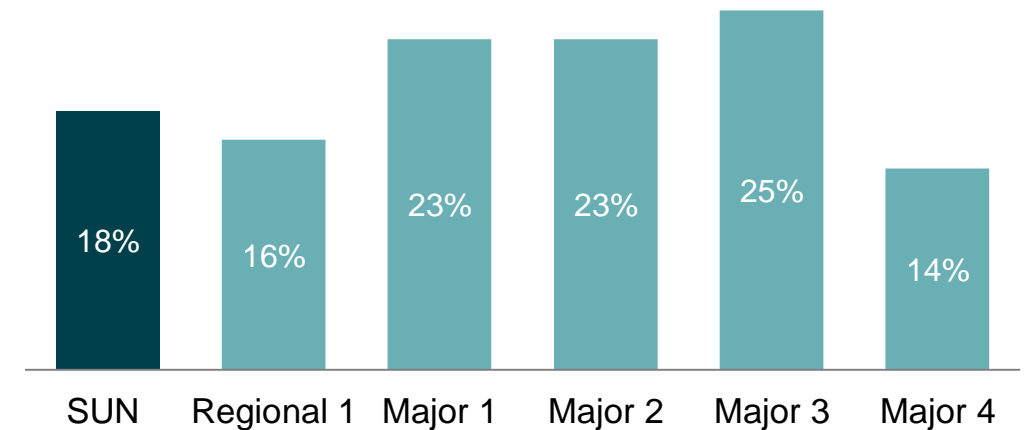
- Continued focus on high quality lending including serviceability, credit quality and loan-to-value ratios
- Investor year-on-year lending growth of 4% within the supervisory measure of 10%
- New business interest only loan repayment type of 18% for the half

* excludes Lines of Credit (Asset Lines)
Source: Latest peer financial reports

New business origination by repayment type



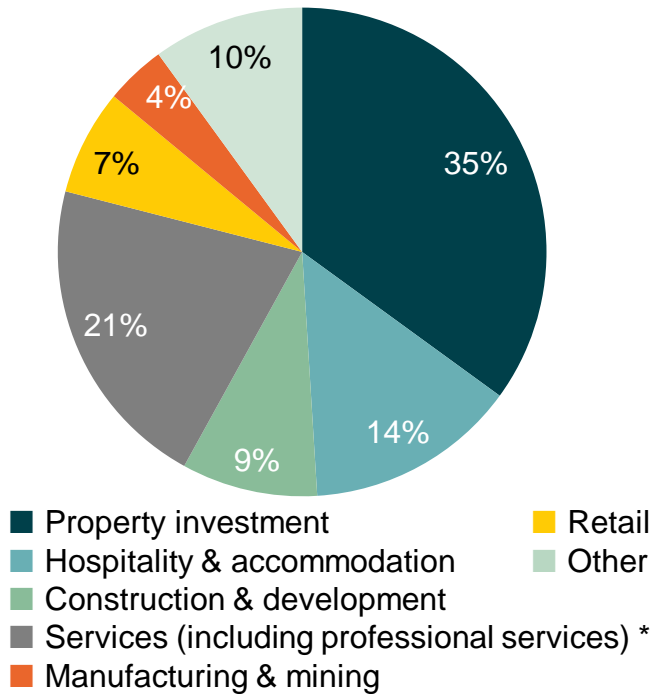
Interest only* proportion of new business home lending vs peers



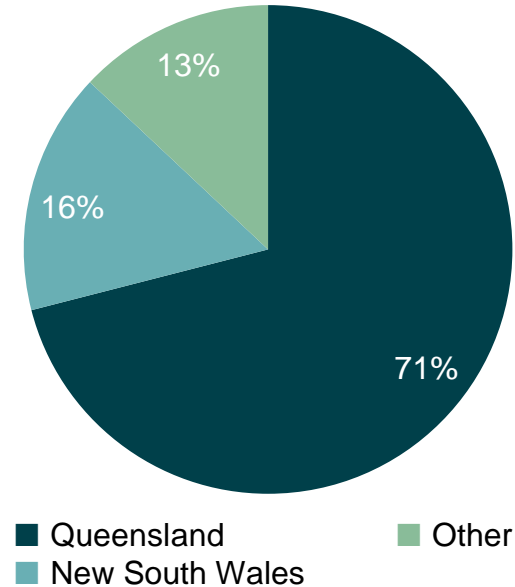
Commercial (SME) portfolio

Total assets of \$6.4bn

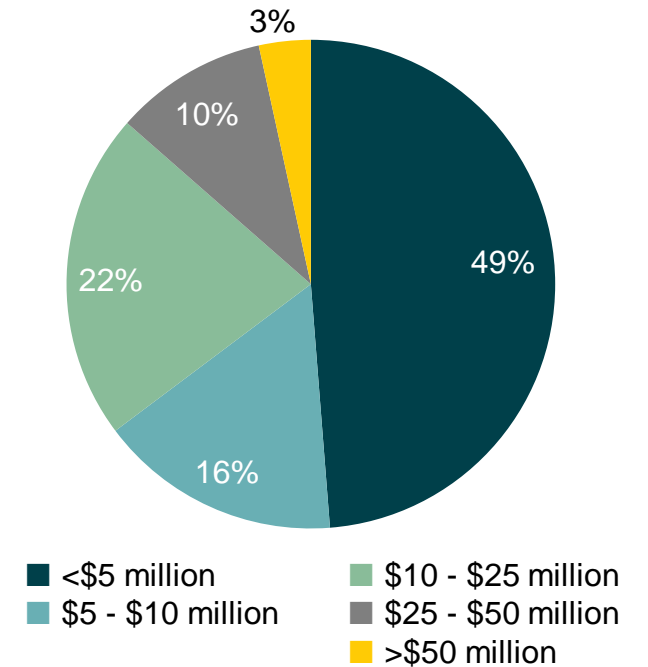
Portfolio by industry



Portfolio by geography



Portfolio by exposure size

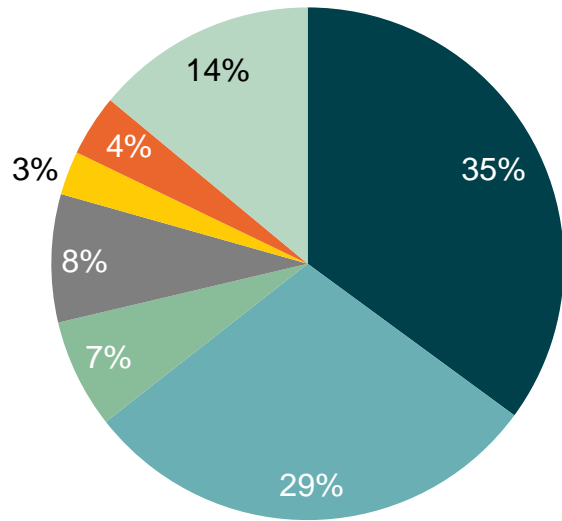


* Includes a portion of small business loans, with limits below \$1 million, that are not classified

Agribusiness portfolio

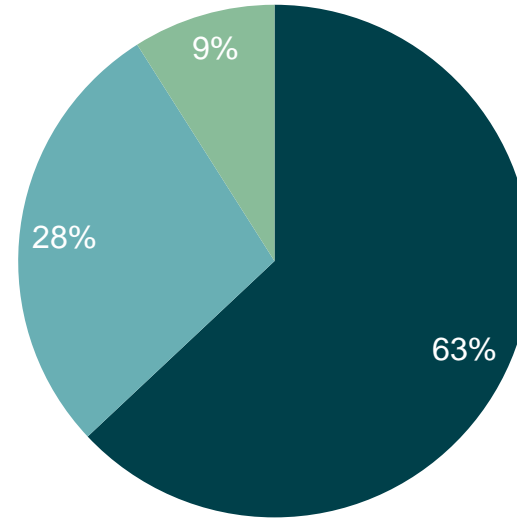
Total assets of \$4.5bn

Portfolio by industry



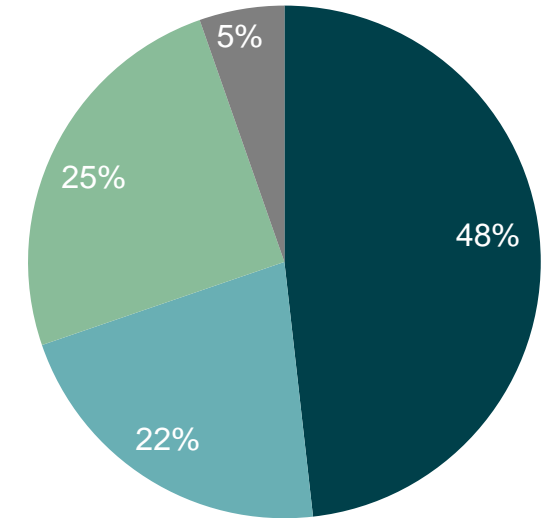
- Beef
- Grain & mixed farming
- Sheep & mixed livestock
- Cotton
- Sugar
- Fruit
- Other

Portfolio by geography



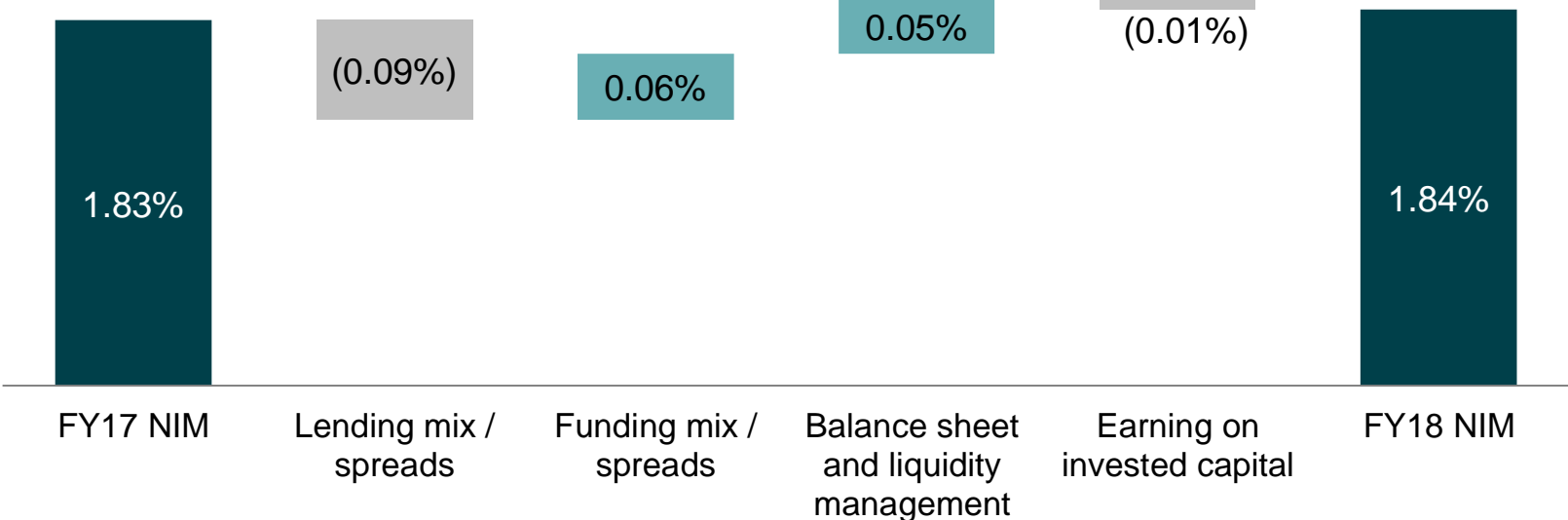
- Queensland
- New South Wales
- Other

Portfolio by exposure size



- <\$5 million
 \$10 - \$25 million |
- \$5 - \$10 million
 - \$25 - \$50 million

NIM movements

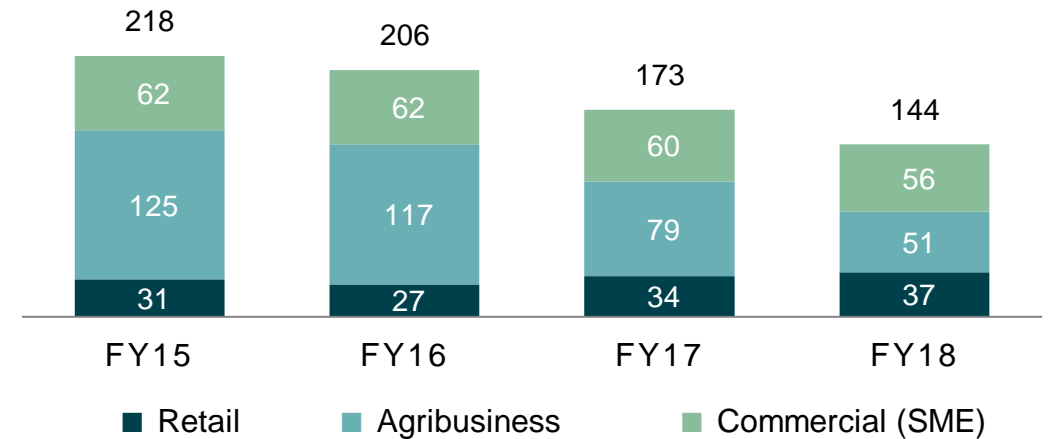


Credit quality

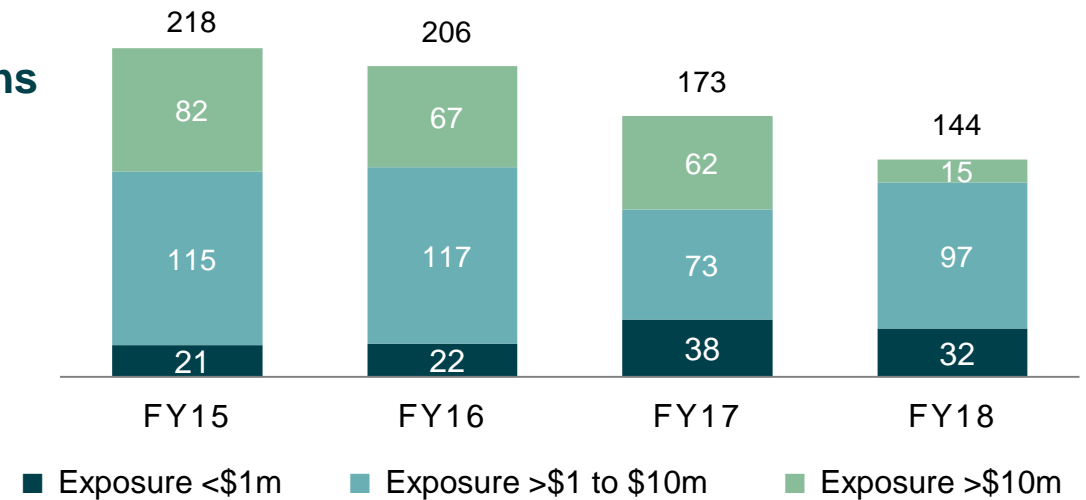
impaired loans (\$m)

- Gross impaired assets decreased 17% to \$144m, representing 25bps of gross loans and advances, primarily driven by a reduction in impaired agribusiness loans
- Agribusiness impairments decreased over FY18, reflecting an improvement in the Agriculture environment in specific regions
- Retail impaired assets increased \$3m over the year

Gross impaired loans by segment



Gross impaired loans by exposure



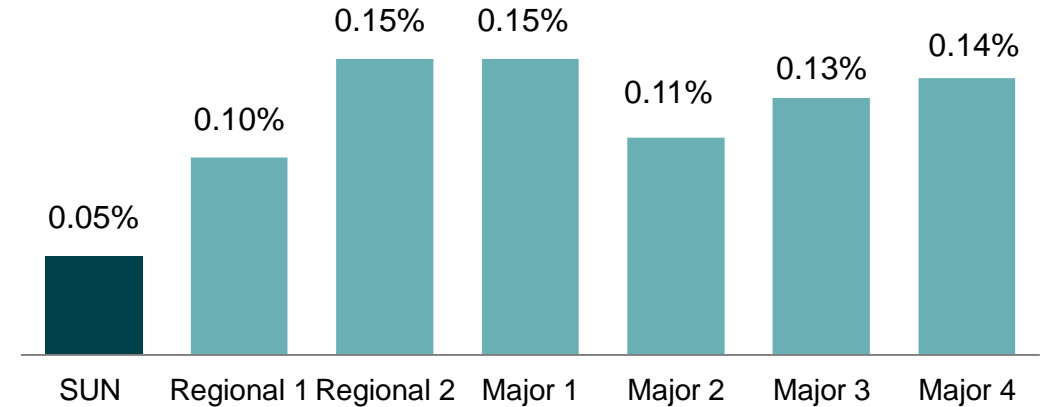
Credit quality

Relativity to peers

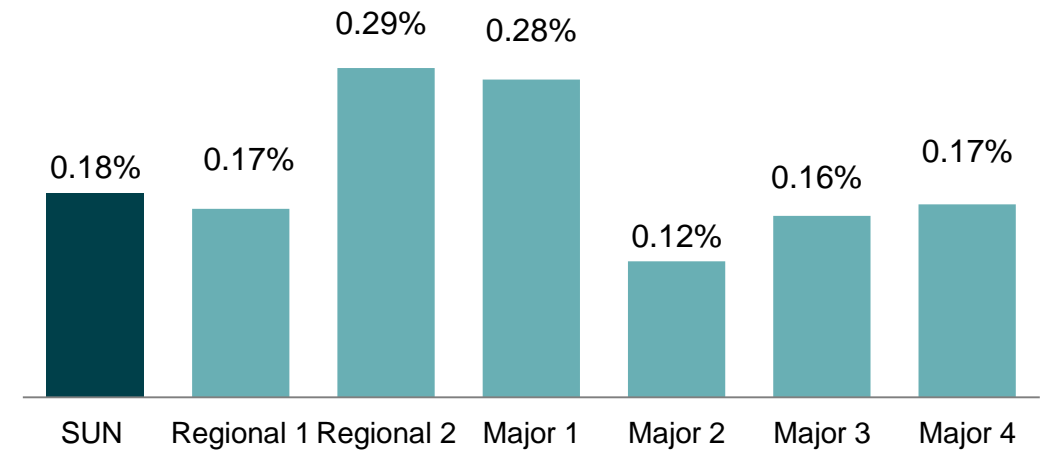
- Continued focus on credit quality and prudent risk management
- Impairment losses 0.05% of gross loans and advances remains low and below the industry average

Source: Latest peer financial reports

Impairment losses to gross loans



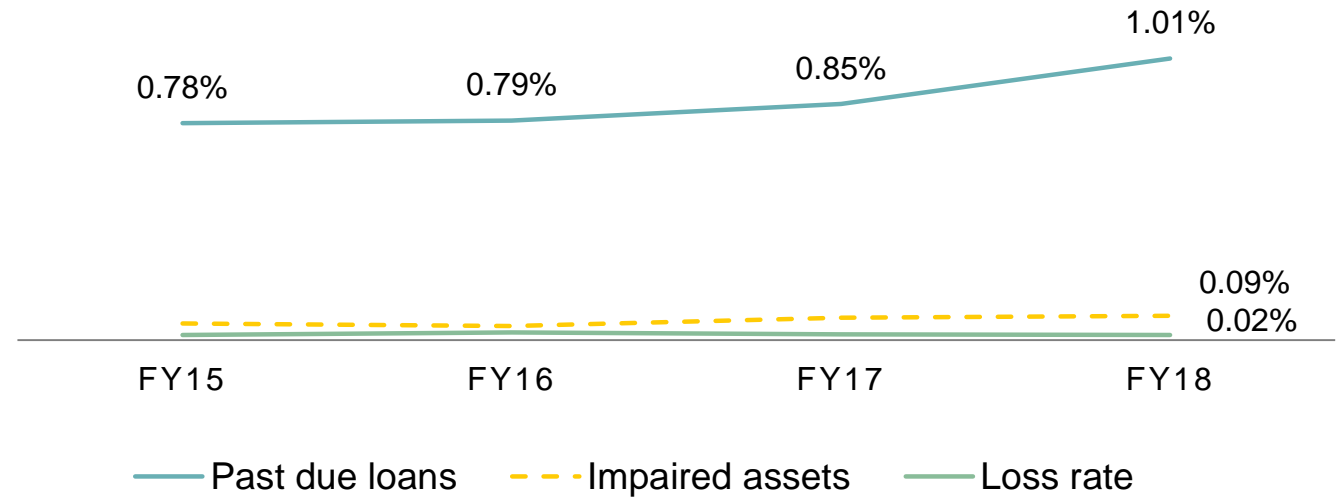
Net impaired assets to gross loans



Credit quality home lending

- Past due loans increased during the year predominately driven by retail past due from changes to hardship and recoveries processes, implemented to better support customers genuinely experiencing hardship

% gross home loans

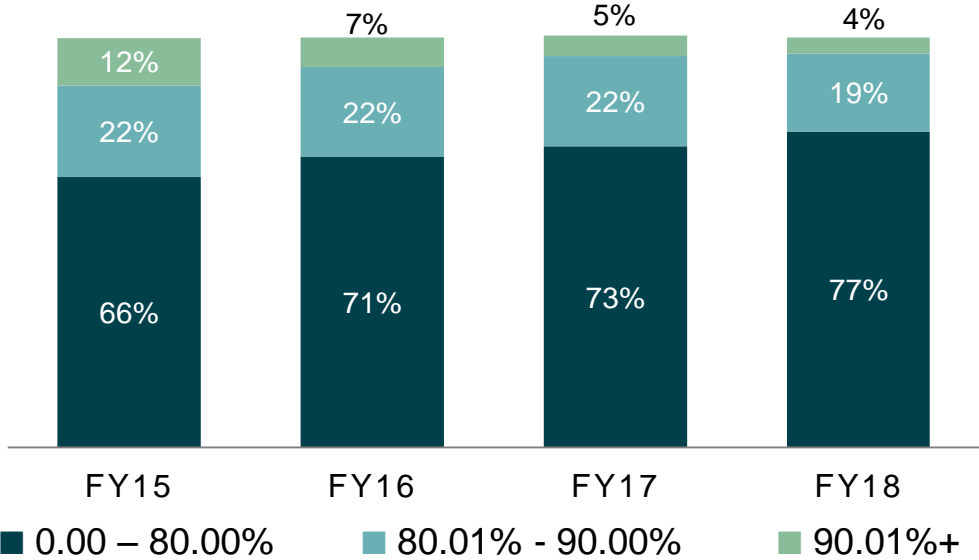


Loan-to-value ratio (LVR)

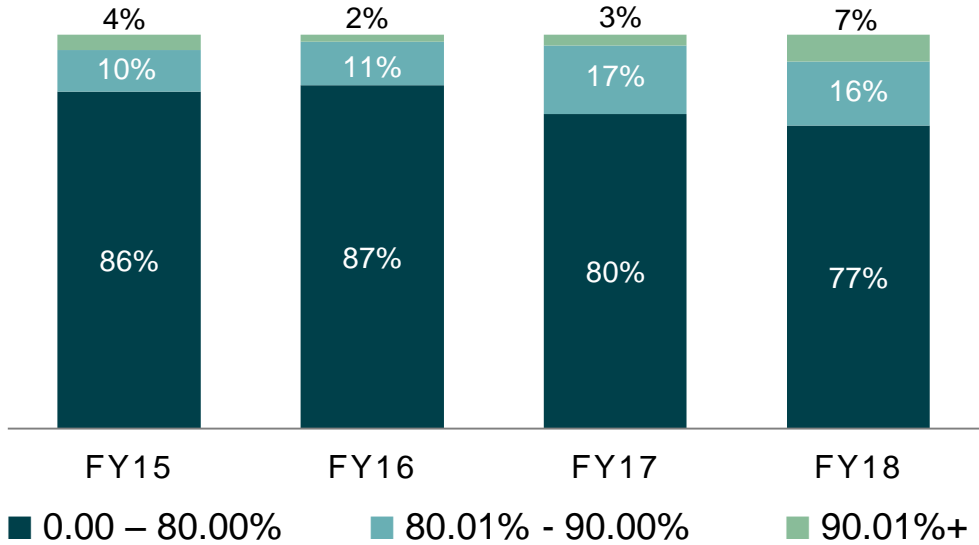
Total home lending assets of \$47.6bn

- Increase in home lending new business with >90% LVR

Home lending assets by LVR

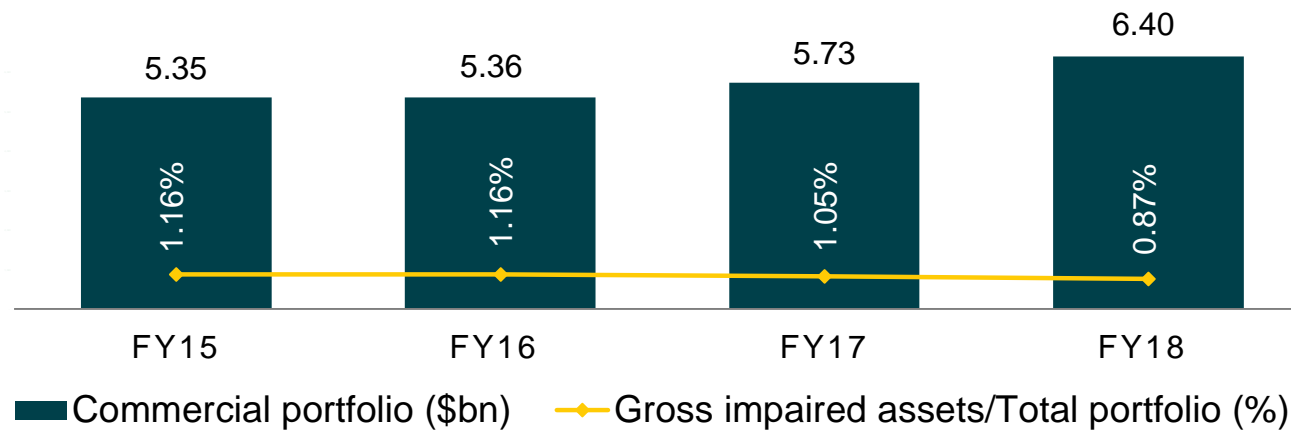


Home lending new business by LVR

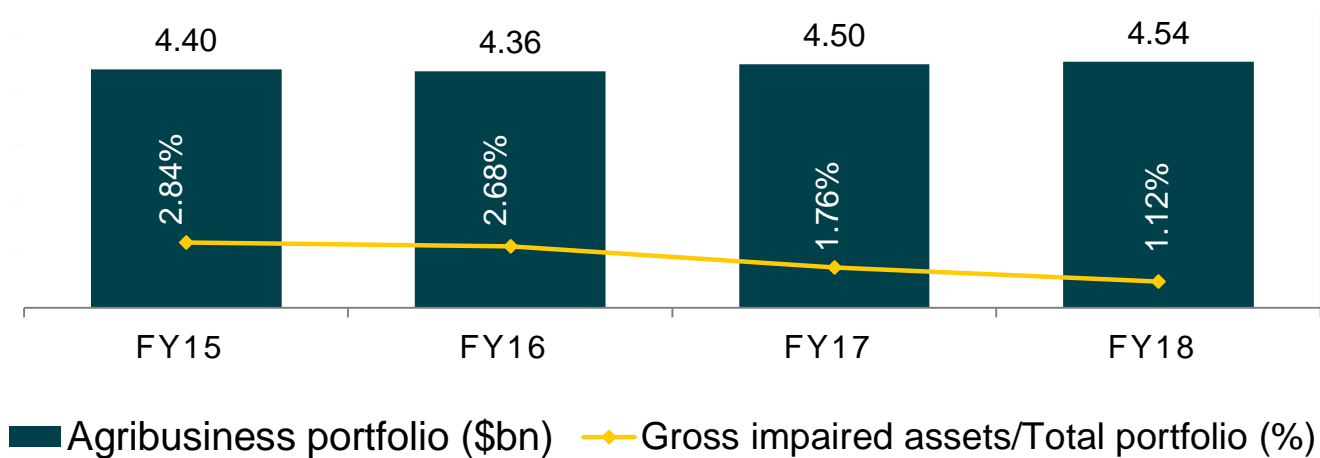


Credit quality business lending

Commercial (SME) portfolio

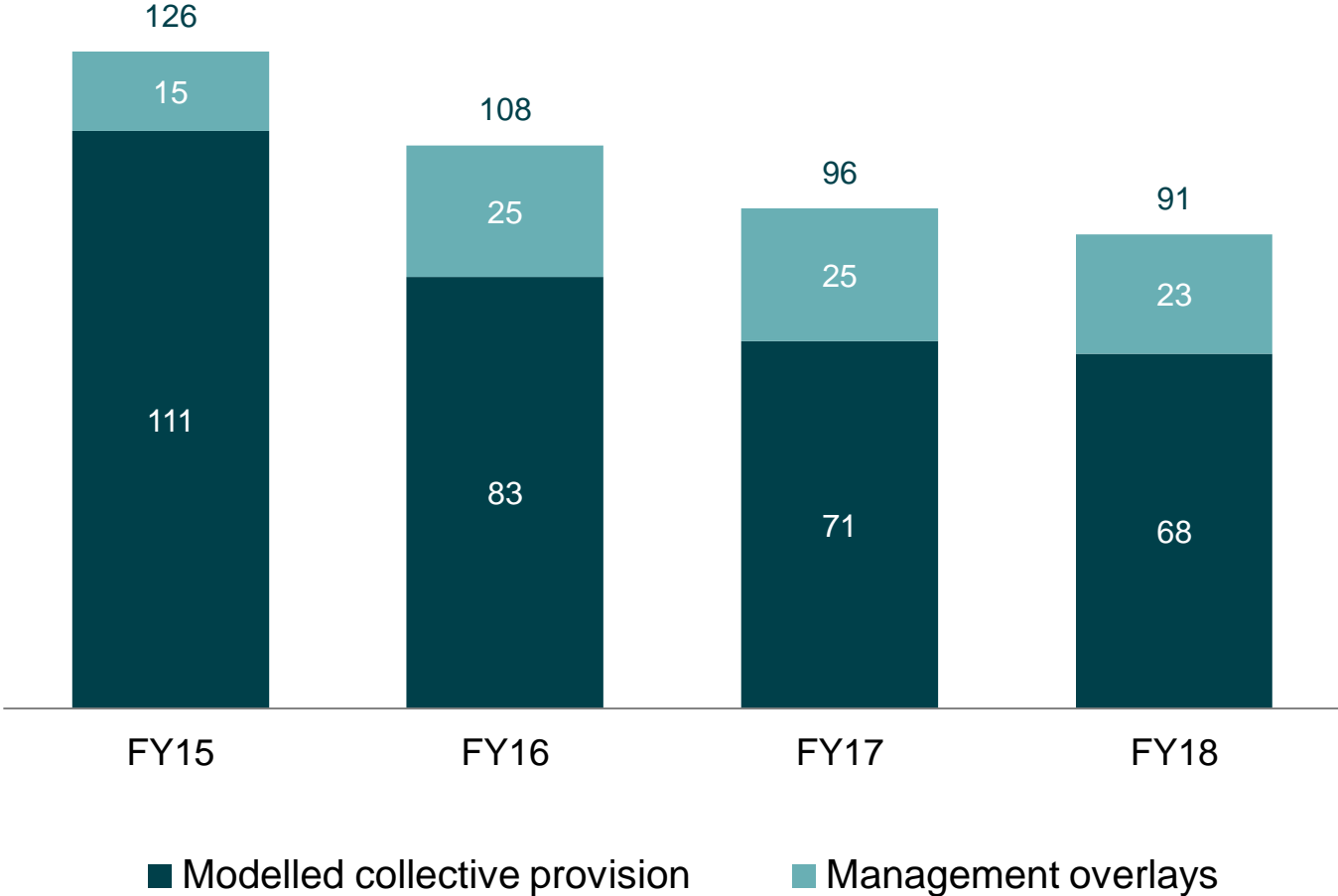


Agribusiness portfolio



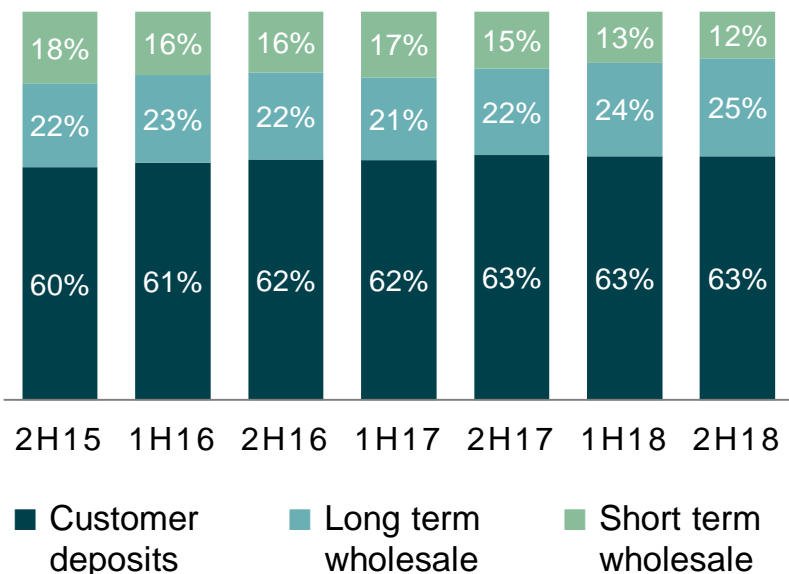
Collective provision (\$m)

- Collective provision reduced over the year primarily driven by the quality of new business loans and improvements in several long-standing business exposures
- Suncorp continuously reviews its management and operational overlays and is comfortable that the levels adopted are adequate

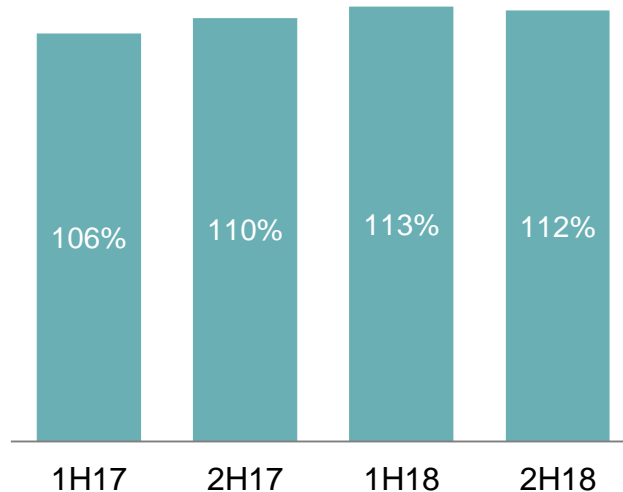


Funding mix

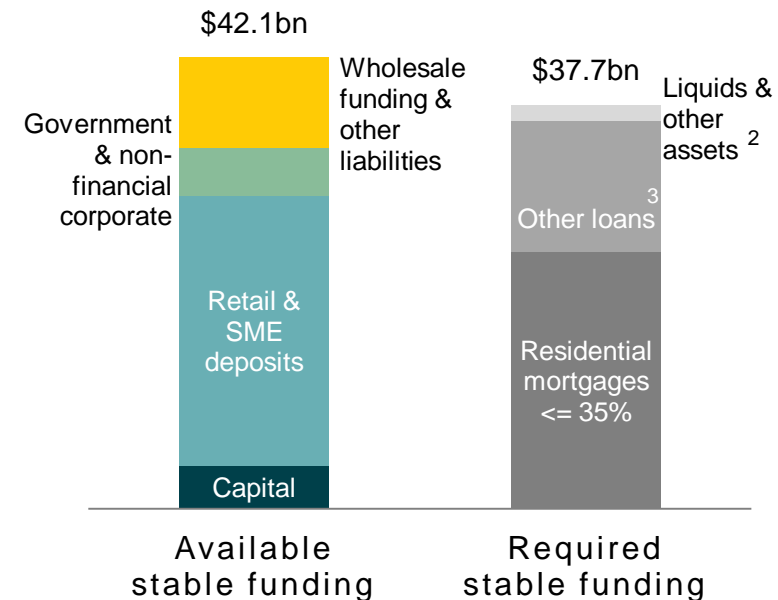
Overall funding mix



Net stable funding ratio¹



Stable funding composition



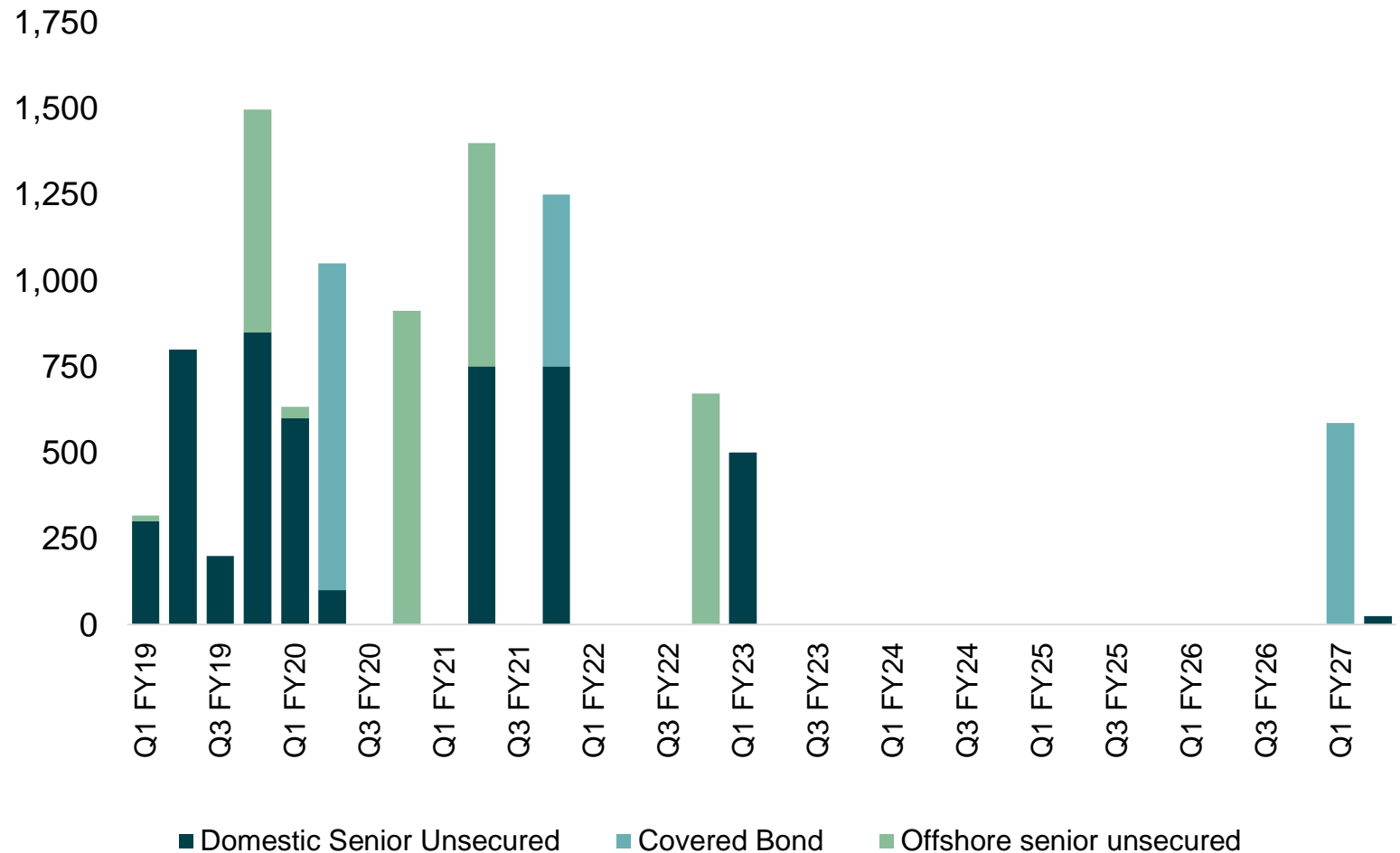
¹ Historical NSFR figures disclosed are based on regulatory instructions available at the relevant reporting dates

² Other assets includes derivatives and other assets

³ Other loans includes off balance sheet exposures and residential mortgages >35% risk weight

Long-term funding profile (\$m)

- Exercised ability to fund in a range of long-term wholesale markets during the financial year
- Executed \$5.5bn in term wholesale issuance over the financial year at a weighted average term of 3.5 years. This included issuance under domestic and offshore senior unsecured, covered bond and RMBS programs
- The weighted average term remaining of Banking’s long-term wholesale portfolio is 2.6 years

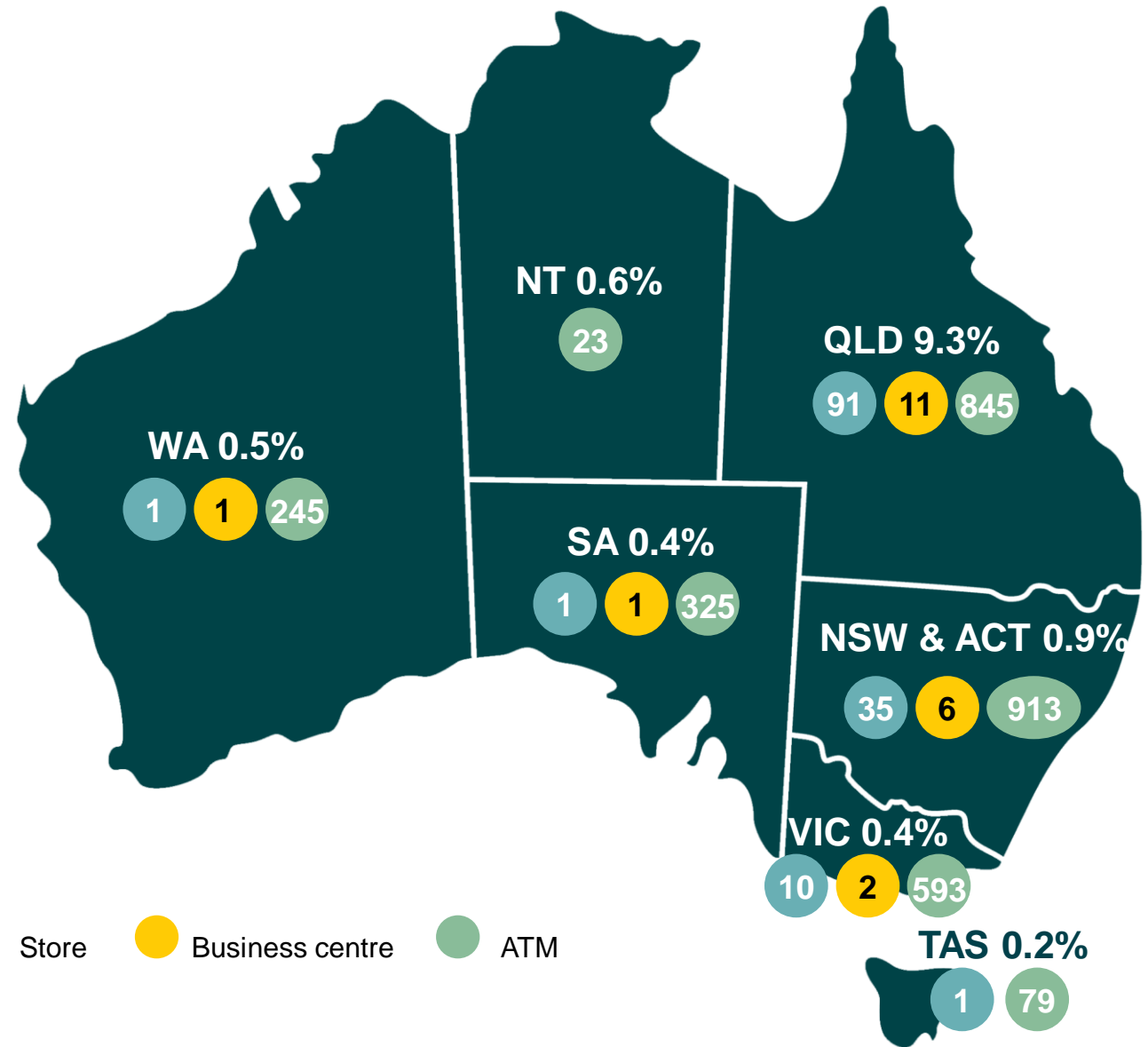


Note: maturity profile shown on a quarterly basis

Banking market share

Retail banking market share and Suncorp footprint

- Banking increased its ATM footprint across Australia with its partnership with rediATM



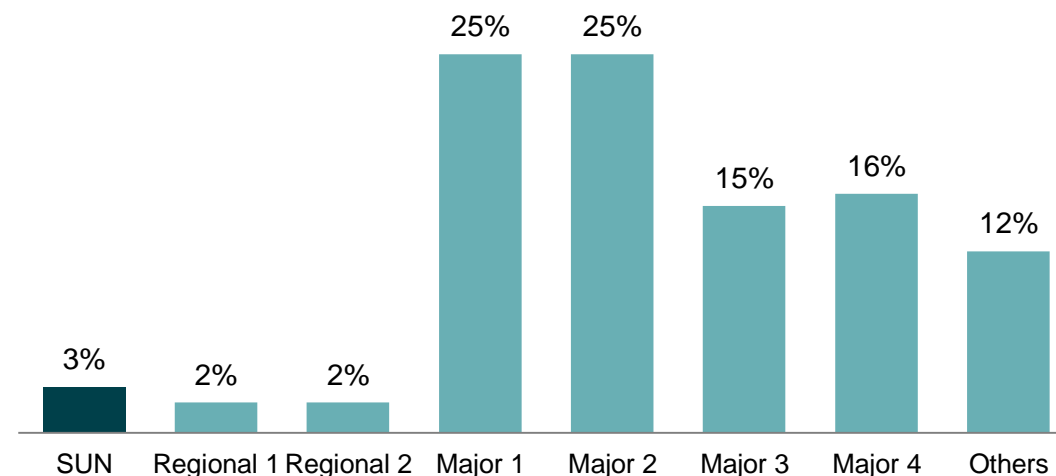
Market share source: Roy Morgan, June 2018
Footprint as at June 2018

Housing lending growth vs system

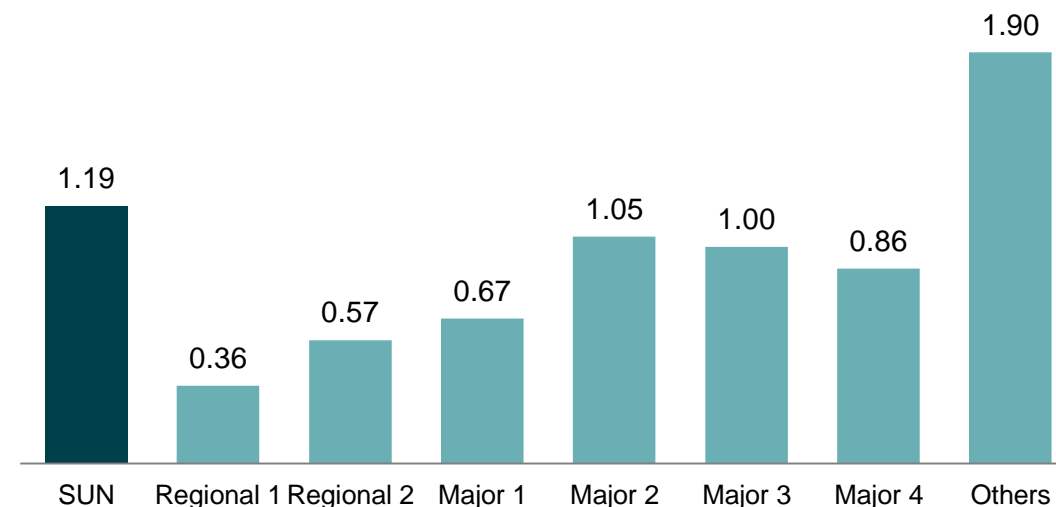
- Above system growth in the home lending portfolio was underpinned by simplified origination processes, an increased focus on customer retention and headroom within macro-prudential limit settings. This was complimented by competitive and consistent price offerings as well as stronger broker partnerships
- Focus remains on appropriate risk selection to maintain a high-quality lending portfolio

Source: APRA, June 2018

Housing lending market share



Housing lending vs system growth (times)

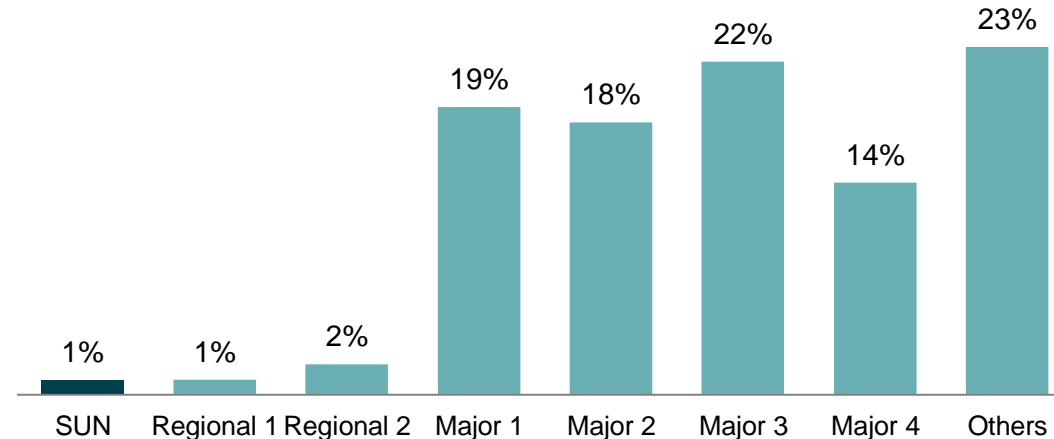


Business lending growth vs system

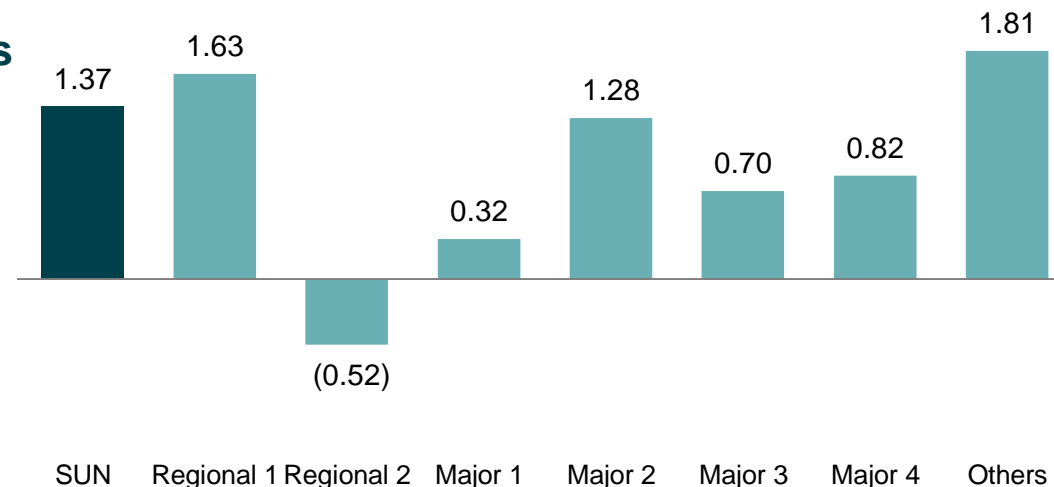
- Growth in Commercial (SME) driven by deliberate management action to achieve targeted growth within selected well-known market segments to balance total lending portfolio mix
- Low loan balances in inner-city apartment development was maintained
- Suncorp continues to balance growth with sound credit quality in Agribusiness, while understanding the inherent volatility of the industry

Source: APRA, June 2018

Business lending market share

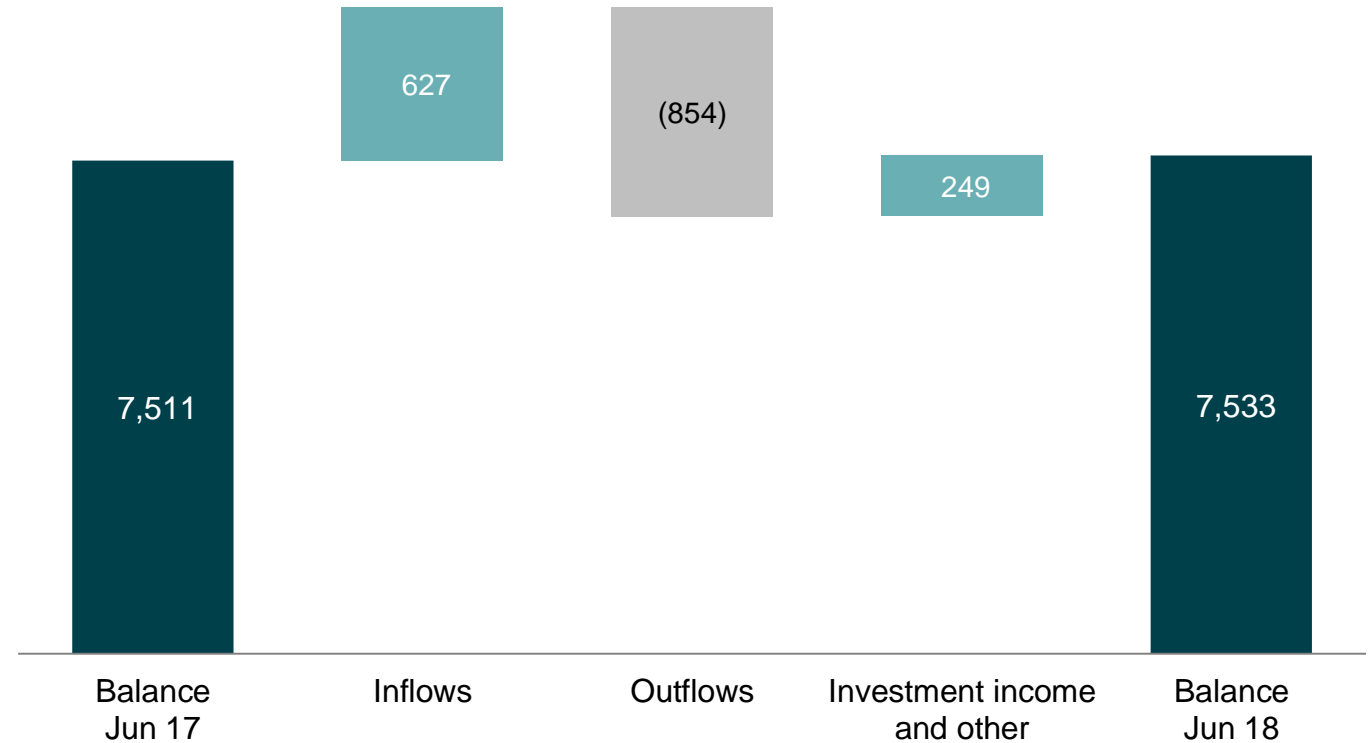


Business lending vs system growth (times)



Funds under management and administration (\$m)

- Flows impacted by the migration to the new platform and advice channel realignment
- Focused on continuing to stabilise the operating model, implementing regulatory changes, and improving operational efficiency within the business





New Zealand



Financial Results for the full year
ended 30 June 2018

New Zealand NPAT

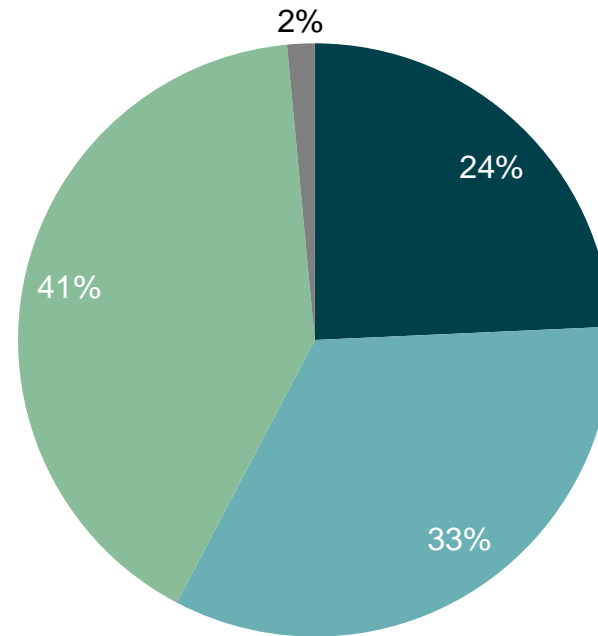
- NPAT increased 70.1% driven by General Insurance premium rate increases
- GI GWP grew 8.2%, driven by rate increases and unit growth in all channels. (10.2% after adjusting for the sale of Autosure motor warranty book)
- Claims costs remain well controlled
- Life NPAT broadly stable

	FY18 (NZ\$m)	FY17 (NZ\$m)	Change (%)
Gross written premium	1,541	1,424	8.2
Net earned premium	1,267	1,163	8.9
Net incurred claims	(739)	(735)	0.5
Operating expenses	(404)	(387)	4.4
Investment income - insurance funds	13	14	(7.1)
Insurance trading result	137	55	149.1
General Insurance profit after tax	109	47	131.9
Life Insurance profit after tax	39	40	(2.5)
New Zealand NPAT	148	87	70.1

General Insurance Gross Written Premium

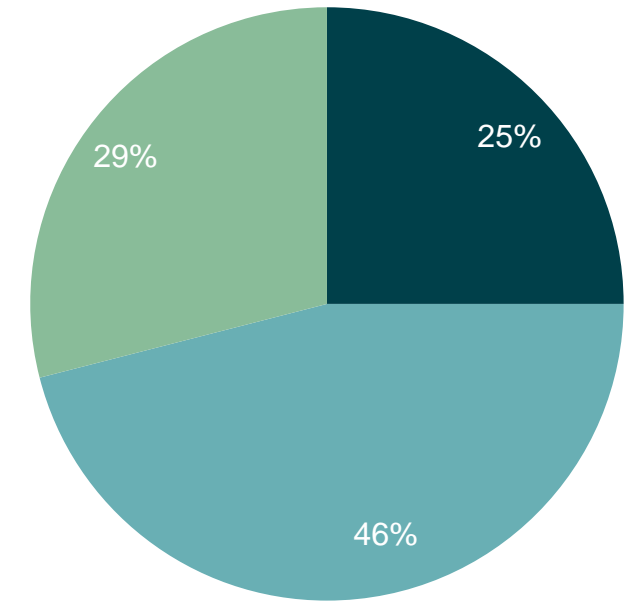
Total GWP of NZ\$1.5bn

Portfolio by product



■ Motor ■ Commercial
■ Home ■ Other

Portfolio by channel



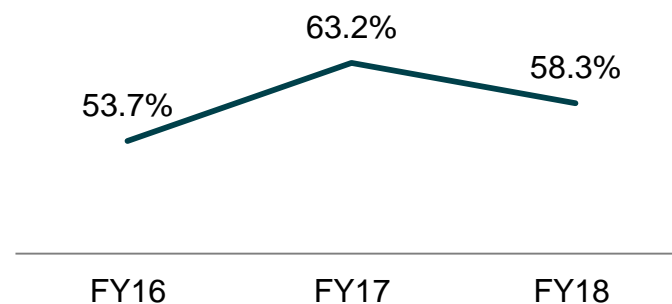
■ Direct ■ Strategic partners & financial intermediaries
■ Brokers

General Insurance

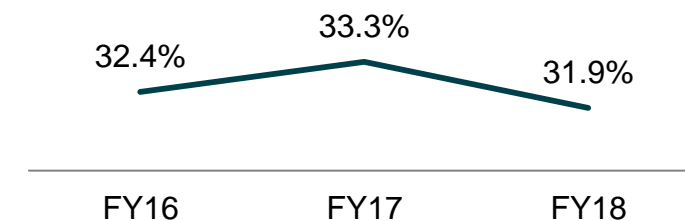
key ratios

- Improved ratios due to price driven premium growth and removal of prior year earthquake impacts

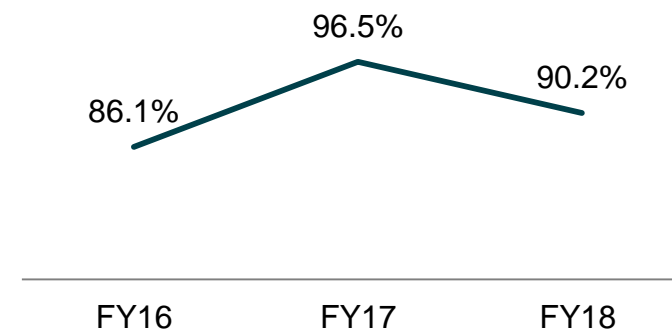
Loss ratio



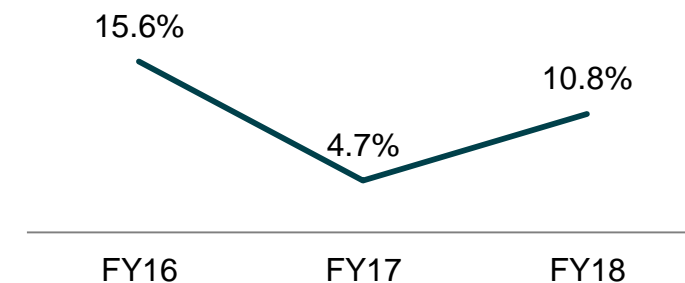
Total operating expenses ratio



Combined operating ratio



Reported ITR



Natural hazard events

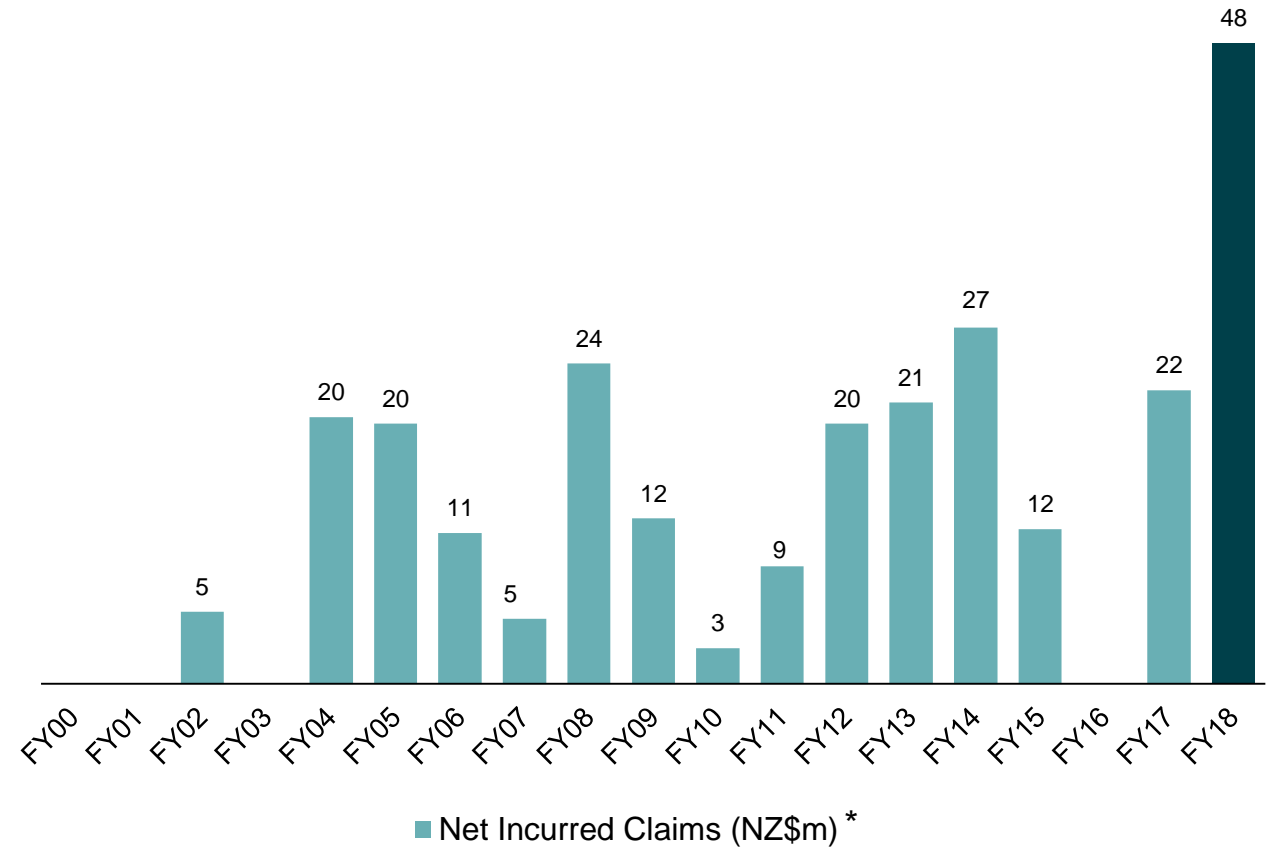
- New Zealand natural hazard costs were NZ\$68m for the full year, NZ\$35m above the allowance of NZ\$33m
- Group natural hazard costs were A\$688m for the full year, A\$4m below allowance of A\$692m

Date	Event	Net costs (NZ\$m)
Jul 17	Winter Storm	2
Jul 17	Major Storm	5
Jan 18	North Island heavy rain	7
Feb 18	NZ Storm including Cyclone Fehi	7
Feb 18	NZ Cyclone Gita	6
Apr 18	NZ Storm & Winds	15
Apr 18	North Island heavy rain	4
Jun 18	North Island flooding	2
	Total events over \$2 million*	48
	Other natural hazards attritional claims	20
	Total natural hazards	68
	Less: allowance for natural hazards	(33)
	Natural hazards costs above allowance	35

* Events with a gross cost over NZ\$2m, shown net of recoveries from reinsurance.

Natural hazard events over time

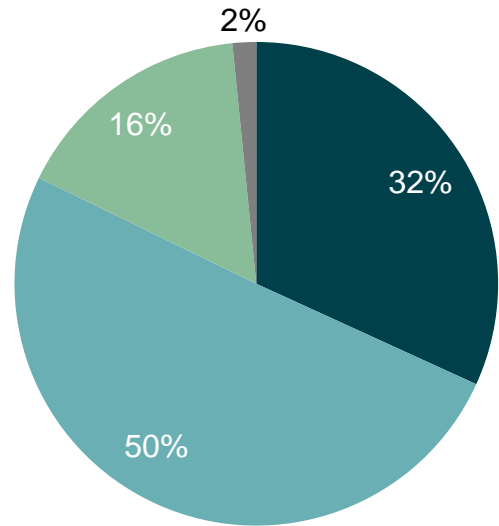
- FY18 worst year on record for natural hazard costs
- Anomalous year with 8 events over NZ\$2m
- The only other years with more than 4 events were FY05 and FY14



*Refers to total events over NZ\$2m, excluding Earthquakes and Bulk schemes, shown net of recoveries from reinsurance

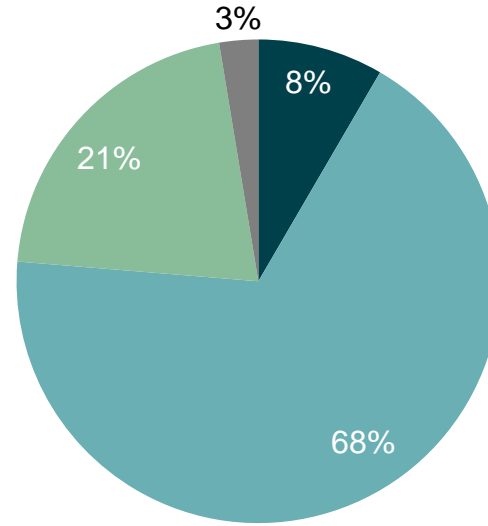
General Insurance investment asset allocation

Insurance funds
NZ\$506m



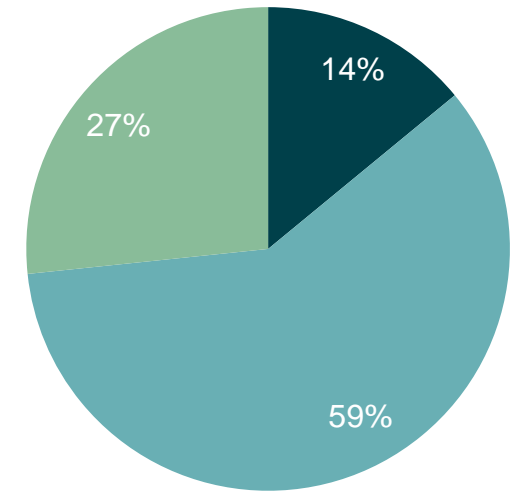
- Cash & short-term deposits
- Local government bonds
- Corporate bonds
- Government bonds

Fixed income credit quality



- AAA
- AA
- A
- BBB

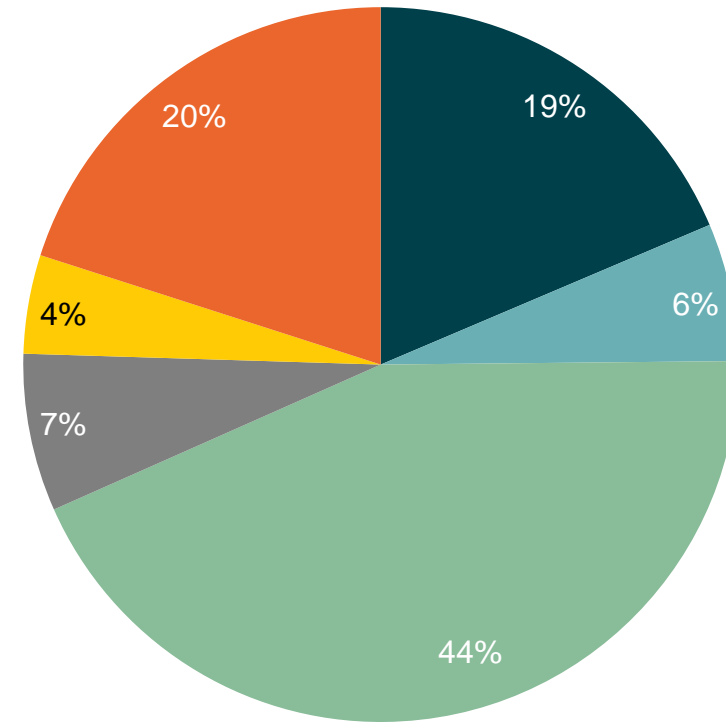
Shareholders' funds
NZ\$349m



- Cash & short-term deposits
- Interest-bearing securities
- Equities

General Insurance market share

Total market NZ\$6.0bn



■ Vero
(Suncorp NZ)

■ AAI
(Suncorp NZ joint
venture with NZ
Automobile
Association)

■ Peer 1

■ Peer 2

■ Peer 3

■ Others

Source: Insurance Council New Zealand, March 2018

Life Insurance NPAT

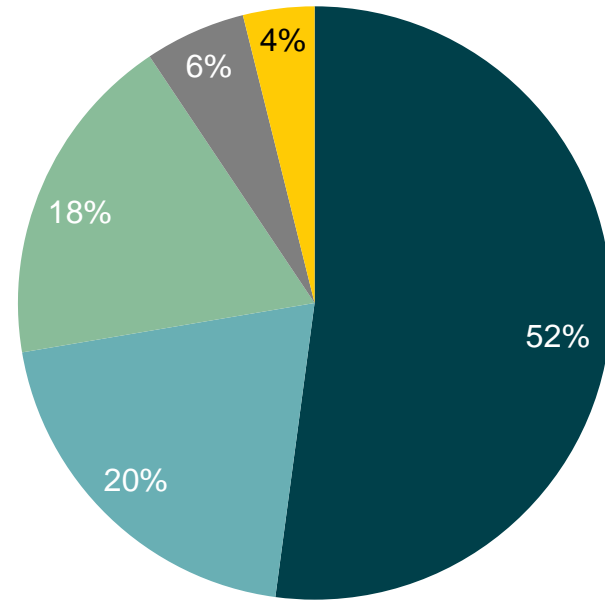
- Planned margins driven by in-force premium growth
- Experience volatility driven by mortality claims and cover reductions where business has been retained

	FY18 (NZ\$m)	FY17 (NZ\$m)	Change (%)
Planned profit margin	33	31	6.5
Experience	(5)	6	n.a
Other	7	5	40.0
Underlying profit after tax	35	42	(16.7)
Market adjustments	4	(2)	n.a
Life Insurance NPAT	39	40	(2.5)
In-force annual premium	257	245	4.9
Total new business	24	26	(7.7)

Life Insurance in-force premium

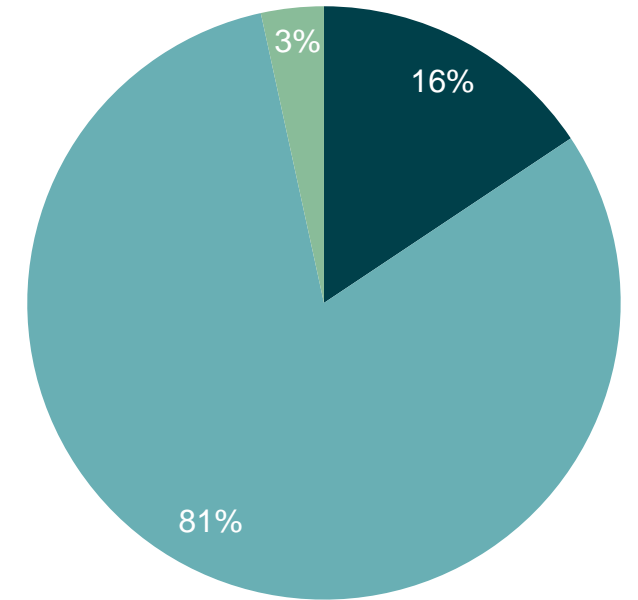
Total in-force premium of
NZ\$257m

Premium by product



- Term & TPD
- Trauma
- Income protection
- Other
- Group

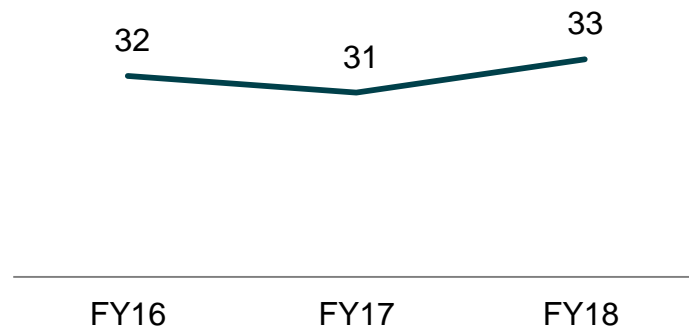
Premium by channel



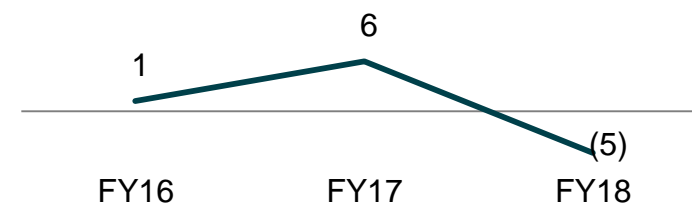
- Direct
- Advised
- Group & other

Life Insurance key metrics (NZ\$m)

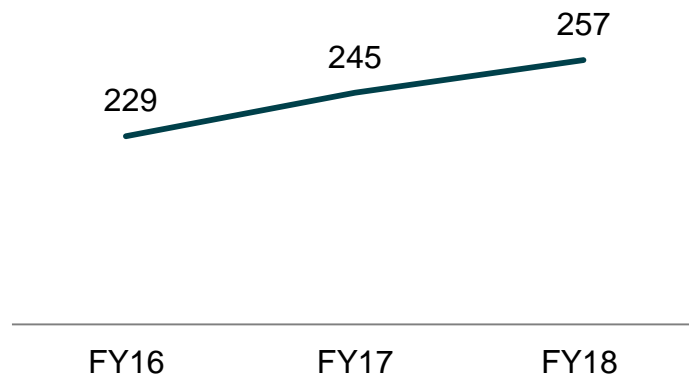
Planned margins



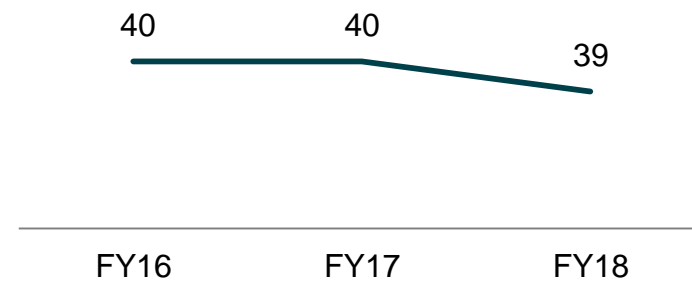
Experience



In-force premium



Operating expenses*

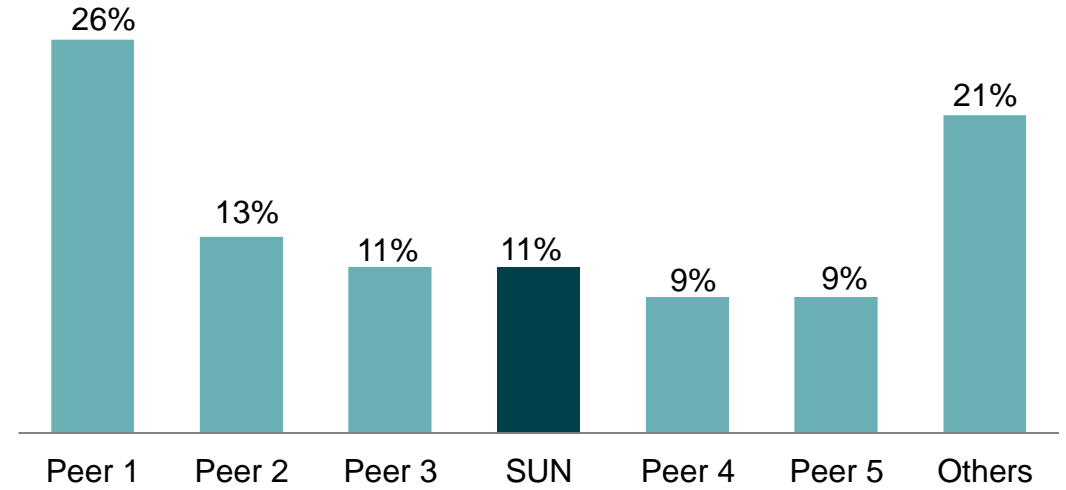


* Includes investment expenses

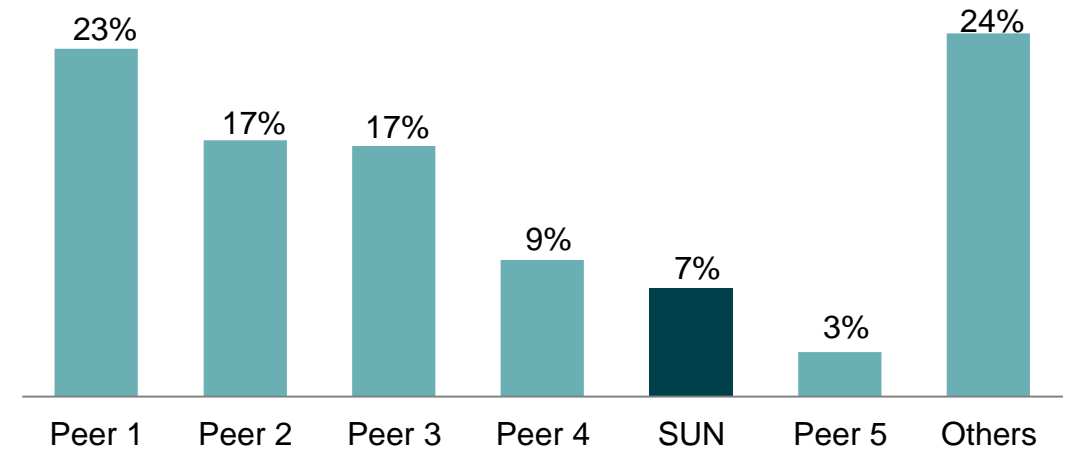
Life Insurance market share

Individual risk

In-force
NZ\$2.3bn



New business
NZ\$234m*



Source: Melville Jessup Weaver, March 2018
Note: excludes Group policies
* New Business is 12 months to March 2018



Economy



Financial Results for the full year
ended 30 June 2018

Economic fundamentals

- Supportive fundamentals for both Australia and Queensland
- Australian economic growth has accelerated along with business investment
- Queensland is seeing higher interstate migration and strong job growth

	Australia	Queensland	Data
Population growth	1.6%	1.7%	Dec-17, annual
Economic growth (GDP & State Final Demand)	3.1%	3.1%	Mar-18, annual
Unemployment rate	5.4%	5.9%	Jun-18
Inflation	2.1%	1.7%	Jun-18, annual
Budget position	\$15bn deficit (0.8% of GDP)	\$0.1bn surplus (0.0% of GSP)	2018-19 estimate
Credit rating (S&P / Moody's)	(AAA neg outlook / Aaa stable)	(AA+ stable / Aa1 stable)	Jul-18

“Global and local growth are both good, meaning that capacity utilisation continues to climb, as do corporate profits”

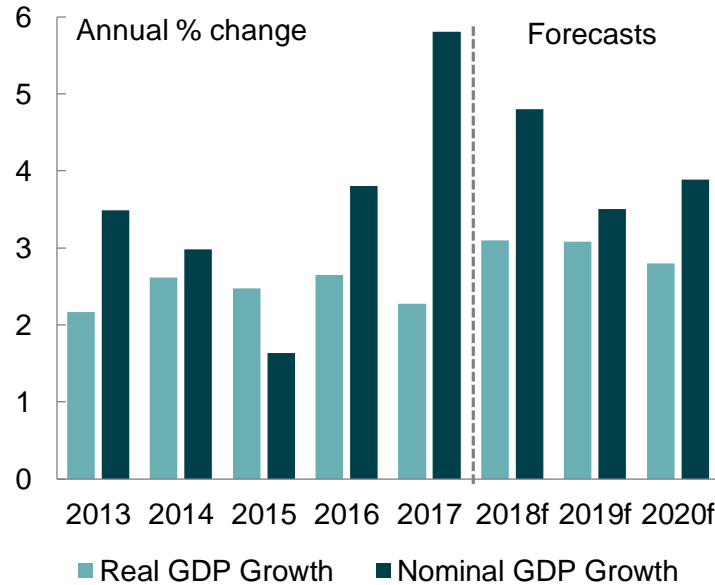
“Rising employment levels, declining underemployment and .. rising wages should combine to drive increasing strength in spending”

Source: Deloitte Access Economics, June 2018

Growth outlook

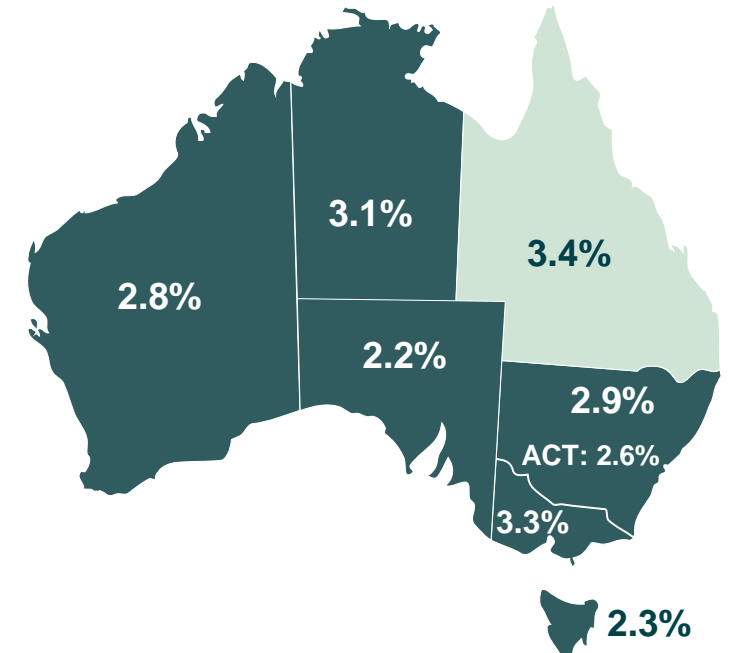
- Australia’s economy continues to successfully adapt
- GDP growth has lifted and solid real and nominal GDP is projected for the coming 3 years
- Queensland is benefitting from improved job growth, rising LNG exports, affordable housing, and tourism / student inflows

National GDP outlook



Source: ABS, Deloitte Access Economics, June 2018

State prospects



Gross State Product annual average forecast FY19-FY21
Source: Deloitte Access Economics, June 2018

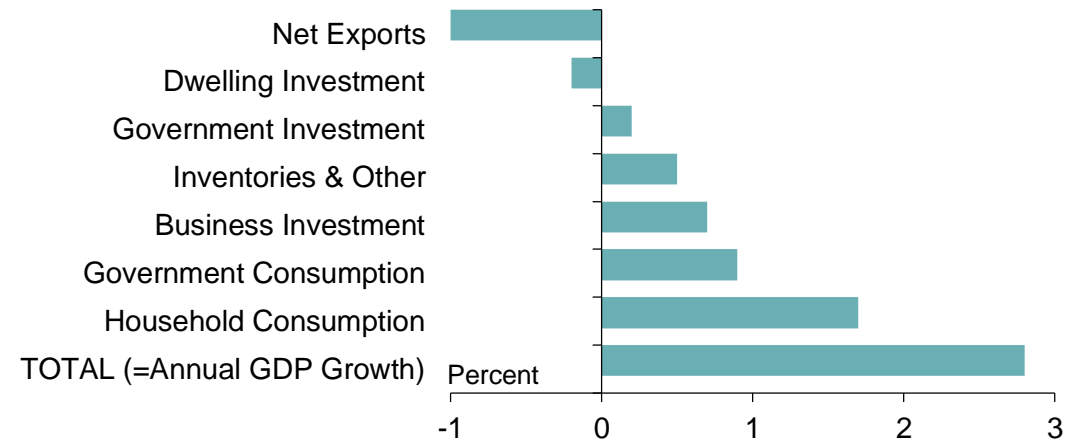
“The Queensland economy continues to move in the right direction. Improving economic conditions have boosted the attractiveness of the Sunshine State as a place to live”

Source: Deloitte Access Economics, June 2018

Business investment and domestic expenditure

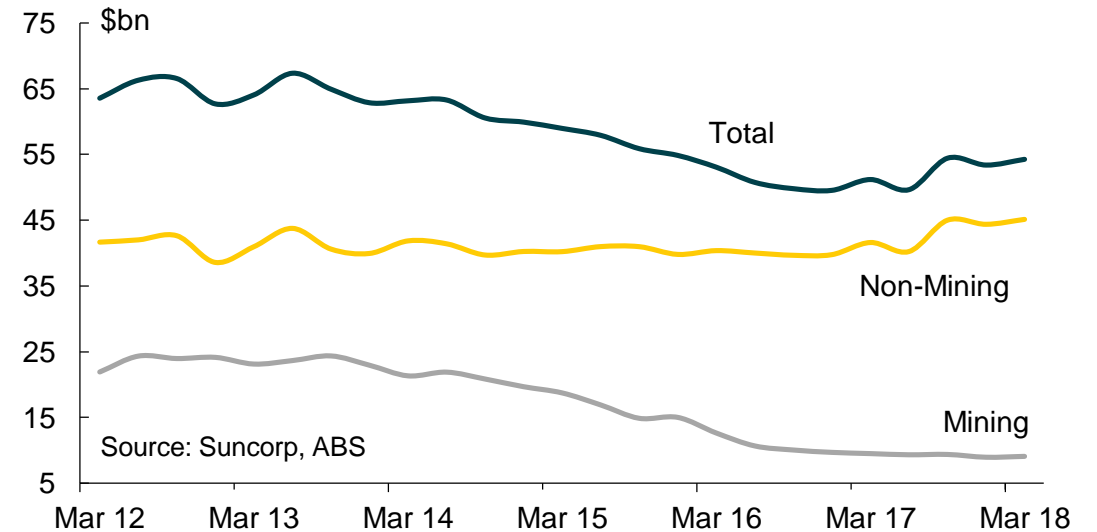
- As homebuilding slows, business investment and government spending are supporting activity
- Net exports are forecast to recover following temporary disruptions
- Importantly, non-mining business investment is rising while mining investment has stabilised, after falling for five years

Sources of GDP growth



Percentage contribution to annual GDP growth (trend) as at March 2018. Source: ABS

Trends in business investment

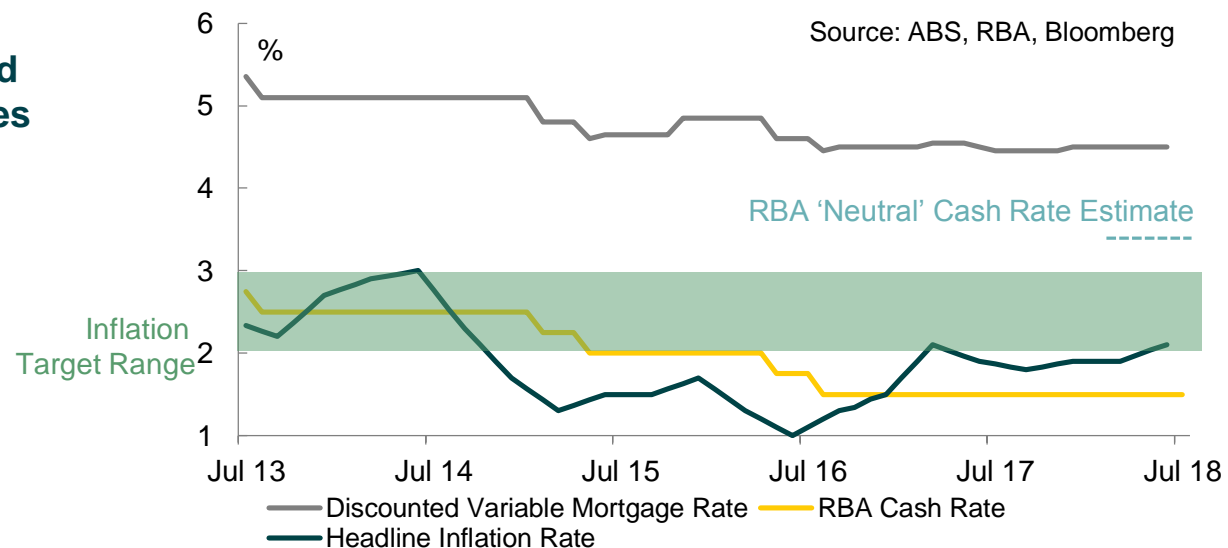


Source: Suncorp, ABS

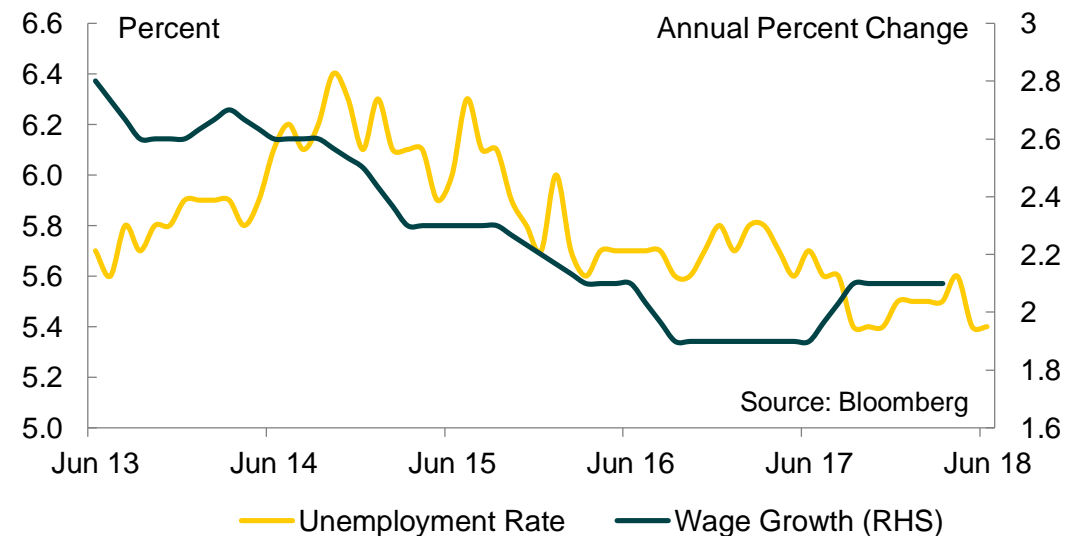
Monetary policy and labour market

- Monetary policy remains expansionary and, despite selected repricing, the average mortgage interest rate is still near its long term low
- The labour market has shown steady improvement yet continued spare capacity has restrained wage growth
- The RBA is expected to begin gradually lifting rates in 2019

Inflation and interest rates



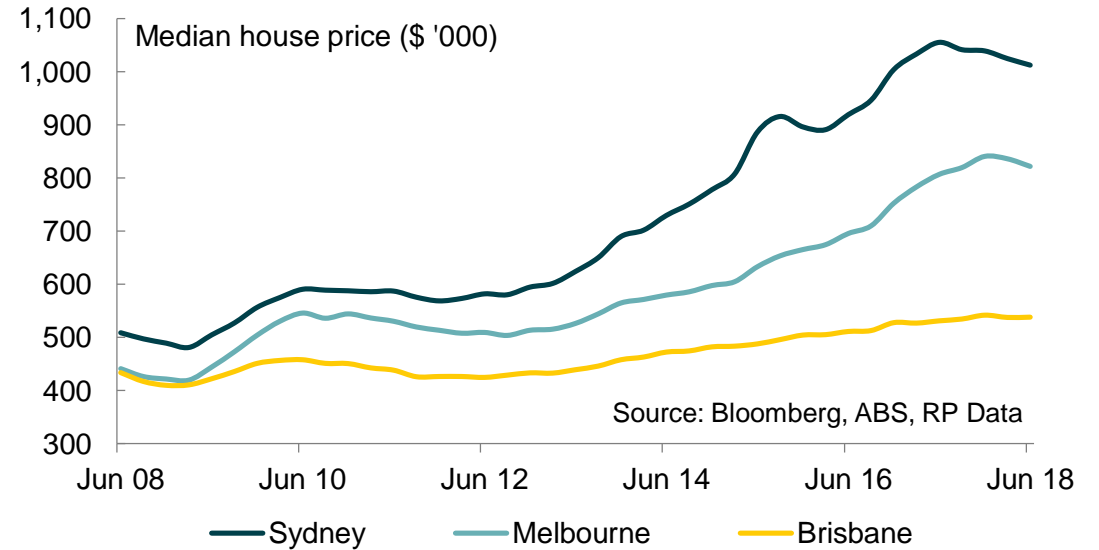
Labour market



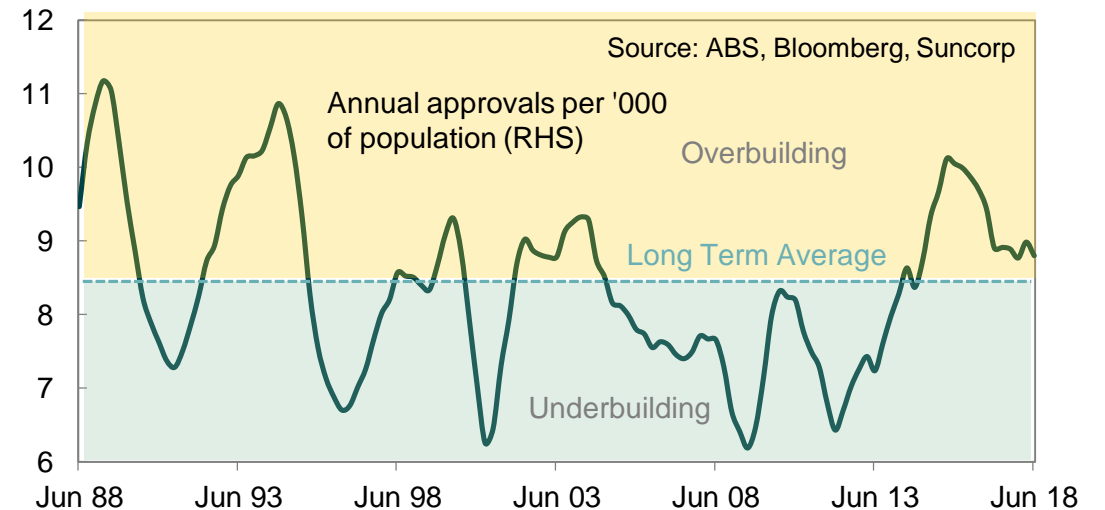
Housing experiencing orderly slowdown

- The housing sector has softened. In part, this reflects policy measures designed to strengthen lending and prudential standards
- To date, the indicators are consistent with softer activity rather than a sharp downturn
- Analysis suggests that, while there are pockets of oversupply, it is not a nationwide issue due to strong population growth and earlier 'underbuilding'
- Suncorp only lends to experienced developers, with the majority of individual development finance loans under \$20m

House prices



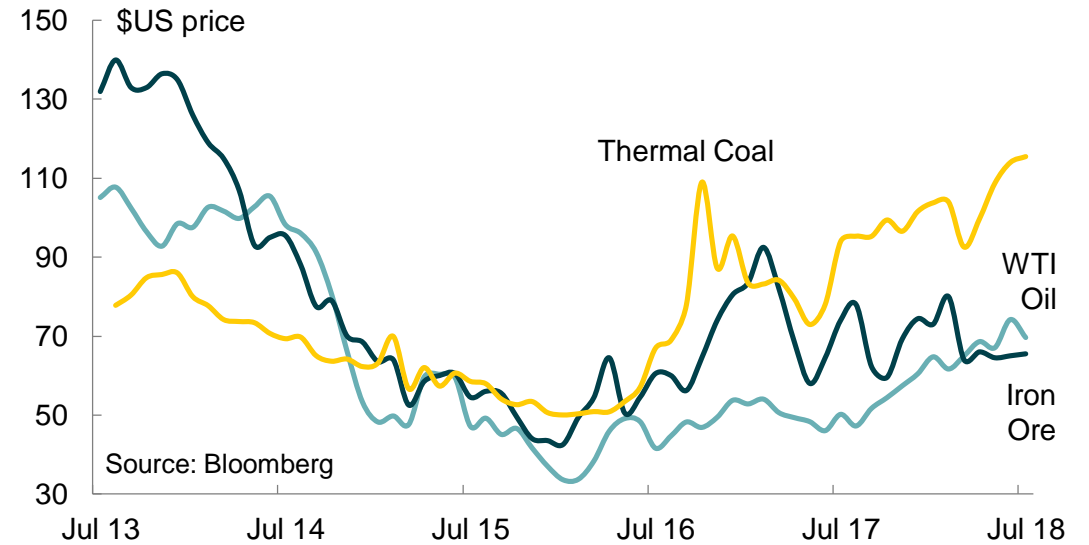
Dwelling supply and demand



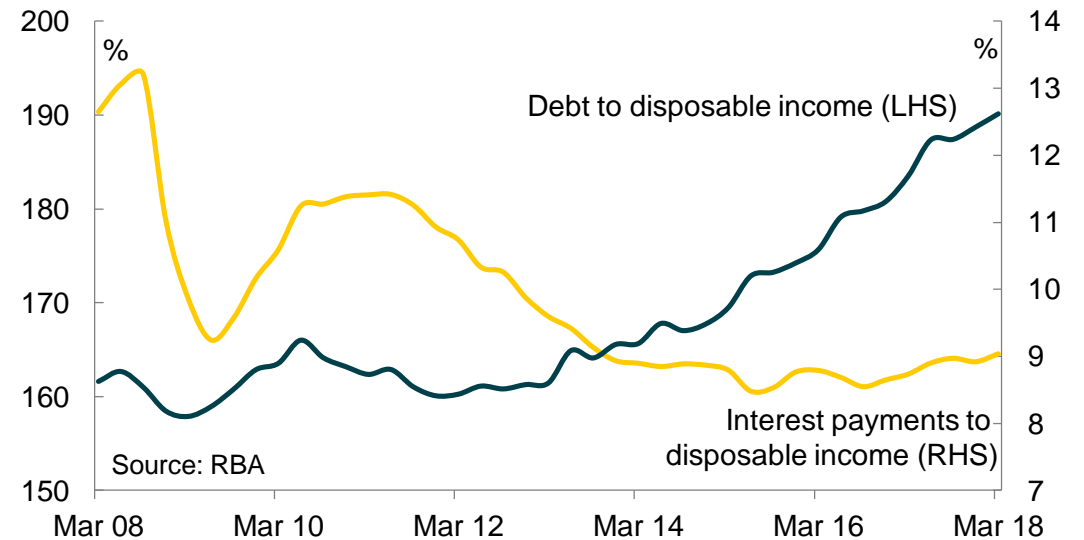
Opportunities and risks

- Stronger global activity, firm commodity prices and a competitive AUD are boosting Australia’s export outlook, including for LNG
- However, international trade tensions are a threat to global trade and GDP growth
- Domestically, high household debt and low wage growth are risk factors. Nevertheless, the RBA has observed that “*most aggregate indicators of financial stress remain low*” (April 2018)

Commodity prices



Household debt & debt servicing





Glossary



Financial Results for the full year
ended 30 June 2018

Glossary

Acquisition expense ratio – general insurance	Acquisition expenses expressed as a percentage of net earned premium
Acquisition expense ratio – life insurance	Acquisition expenses, including upfront commissions, as a percentage of new business
ADI	Authorised Deposit-taking Institution
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from the Life Insurance underlying profit and recorded as annuity market adjustments
APRA	Australian Prudential Regulation Authority
Banking & Wealth function	Suncorp's Banking & Wealth business provides banking and wealth solutions to personal, small to medium enterprise and agribusiness customers
Basis points (bps)	A 'basis point' is 1/100th of a percentage point
Business Improvement Program (BIP)	A three-year, company-wide program focusing on five streams of work including digitising of customer experiences, sales and service channel optimisation, end-to-end process improvement, claims supply chain re-design and smarter procurement and streamlining the business
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, the profit or loss on divestments and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period

Glossary

Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Commercial Insurance	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, and public liability and professional indemnity insurance
Common Equity Tier 1 (CET1)	Common Equity Tier 1 Capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 Ratio	Common Equity Tier 1 divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank
Connected customers	A customer is considered to be connected if they have two or more needs met across the need categories of Home, Self, Mobility and Money, or if they hold four or more Suncorp products in a single need
Consumer Insurance	Consumer Insurance products consist of home and contents insurance, motor insurance, boat insurance, and travel insurance
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk-weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA

Glossary

Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods
Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 Earnings per Share
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded Value is equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Fire service levies (FSL) – Insurance (Australia)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Fire service levies (FSL) – New Zealand	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by Fire and Emergency New Zealand. Fire service levies were established to cover corresponding fire brigade charges
Funds under management and administration	Funds where the Wealth business, in Australia and New Zealand, receives a fee for the administration and management of an asset portfolio
General insurance businesses	General insurance businesses include Insurance (Australia)'s general insurance business and New Zealand's general insurance business. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure rather than business functions structure

Glossary

Gross earned premium	The total premium on insurance earned by an insurer during a specified period on premiums underwritten in the current and previous underwriting years
Gross non-performing loans	Gross impaired assets plus past due loans
Gross written premium	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years
Insurance (Australia) function	Suncorp's Insurance (Australia) business provides consumer, commercial, personal injury and life insurance products to the Australian market. Consumer insurance products include home and contents insurance, motor insurance and travel insurance. Commercial insurance products include commercial motor insurance, commercial property insurance, industrial special risk insurance, public liability and professional indemnity insurance. Personal injury insurance products includes CTP insurance and workers' compensation insurance
Insurance funds	Insurance funds explicitly back insurance liabilities. They are designed to match the insurance liabilities and are managed separately from shareholders' funds
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Life insurance businesses	Life insurance businesses include Insurance (Australia)'s life insurance business, the wealth business within Banking & Wealth and New Zealand's life insurance business. This term is used when describing Suncorp's capital position, statement of financial position and embedded value which are structured around the Group's legal entity structure rather than business functions structure
Life insurance policyholders' interests	Amounts due to an entity or person who owns a life insurance policy. This need not be the insured. This is distinct from shareholders' interests

Glossary

Life planned profit margin release	It includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the reporting period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
Liquidity Coverage Ratio (LCR)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario
Loan-to-value ratio (LVR)	Ratio of a loan to the value of the asset purchased
Long-tail	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consists of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Maintenance (or renewal) expense ratio	Expenses related to servicing in-force life insurance policies, including renewal or trail commissions, policy management and claim costs, expressed as a percentage of in-force premiums

Glossary

Marketplace	Suncorp's Marketplace is a connected network of brands, solutions, partners, and channels to empower customers to improve their financial wellbeing and deliver outstanding customer experiences and deepen Suncorp's relationships with its customers. This involves building an ecosystem of partners that will provide a suite of relevant products and offers that meet the needs of the customer in the key moments that matter in their lives
Maximum Event Retention	This is an estimate of the largest accumulated property loss (from a single event) to which Suncorp will be exposed (taking into account the likelihood of this event is up to one in 200 years), after netting off any potential reinsurance recoveries
Net earned premium (NEP)	Net written premium adjusted by the change in net unearned premium for a year
Net incurred claims – Insurance (Australia)	The amount of claims incurred during an accounting period after deducting reinsurance recoveries
Net incurred claims - New Zealand	The amount of claims incurred during an accounting period after deducting reinsurance recoveries and non-reinsurance recoveries
Net interest margin (NIM)	Net interest income divided by average interest earning assets. NIM is the percentage difference between revenue earned on interest bearing assets (loans) minus the cost of interest bearing liabilities (funding)
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net profit after tax (NPAT)	Net profit after tax attributable to owners of Suncorp derived in accordance with Australian Accounting Standards
Net Stable Funding Ratio (NSFR)	The NSFR measures the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF is the amount of capital and liabilities that are expected to be a reliable source of funds over a 1-year time horizon. The amount of RSF is based on the liquidity characteristics and residual maturity of assets and off-balance sheet activities. The requirement to maintain an NSFR of at least 100% was introduced on 1 January 2018

Glossary

Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
New Zealand function	Suncorp's New Zealand business distributes consumer, commercial and life insurance products through intermediaries and corporate partners as well as directly to customers via joint ventures
Operating functions	Suncorp has three operating functions - Insurance (Australia), Banking & Wealth and New Zealand. The operating functions are responsible for product design, manufacturing, claims management and end-to-end responsibility for the statutory entities within Suncorp Group
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Outstanding claims provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Prescribed capital amount (PCA)	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk, operational risk, combined stress scenario and aggregation benefit as required by APRA
Profit after tax from functions	The net profit after tax for the Insurance (Australia), Banking & Wealth and New Zealand functions

Glossary

Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all or a share of certain claims incurred by the insurance company. Suncorp's reinsurance arrangements currently include a main catastrophe program, a 30 percent, multi-year, proportional quota share arrangement to reduce geographic concentration to the Queensland home insurance market and a natural hazards aggregate protection cover
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months
Top-line growth	Top-line growth is derived from a weighted-average calculation of underlying year-on-year growth in Suncorp Group's key business segments. Top-line growth percentage is calculated as growth in general insurance gross written premium (65% weighting), growth in retail and business lending assets (weighting 25%) and growth in life insurance in-force premium (10% weighting)

Glossary

Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty
Underlying Insurance Trading Ratio (underlying ITR)	The insurance trading ratio is adjusted for reported prior year reserve releases and natural hazards claims costs above/below long-run expectations, investment income mismatch and any abnormal expenses

Important disclaimer

This report contains general information on the Group and its operations which is current as at 9 August 2018. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to the Group or any product or service offered by Suncorp or any of its subsidiaries. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate.

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

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