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Financial results for the year ended 30 June 2022

8 August 2022

SUNCORP GROUP LIMITED
ABN 66 145 290 124

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FY22 Overview

Steve Johnston
Chief Executive Officer

2

Good morning and welcome.

Let me begin by acknowledging the traditional owners of the lands on which we meet and pay our respects to all Elders, past, present and emerging.

Today, I am joined in Sydney by the Executive Leadership Team.

Our CFO, Jeremy Robson, will join me for the presentation while the remainder of the team will be available for Q&A.

I would like to start with a slide that we have used in our previous results presentations.

It describes how we believe value is created at Suncorp and after the events of the past year it feels more relevant than ever.

At its heart Suncorp is a Purpose-driven organisation - our Purpose is to Build Futures and Protect what matters.

We do this through a capable, diverse and customer-focussed team.

This year's flooding events have again demonstrated how we deliver on that Purpose. In Gympie, Lismore, across south-east Queensland, all the way down to Sydney and over in Auckland our people are standing shoulder to shoulder with our customers and the communities that rely on us.

The long term financial outcomes we achieve and the value we create for our shareholders reflects the sum of us getting all this right.

Suncorp FY22 Results

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Summary Profit & Loss Statement

	FY22 ($m)	FY21 ($m)	Change ($m)
Insurance (Australia)	174	547	(373)
Banking	368	419	(51)
New Zealand	155	200	(45)
Cash earnings	**673**	**1,064**	**(391)**
Group NPAT	**681**	**1,033**	**(352)**
Ordinary dividend (cps)	40	66	
Net impact of yields and investment markets:			
- General Insurance - Australia and New Zealand	(190)	453	(643)
- Banking (MTM losses on derivatives)	(16)	-	(16)
- Group	(13)	9	(22)
Natural hazards expense above allowance	(101)	(60)	(41)

- FY22 results demonstrate strong growth and progress in underlying margins
- Elevated natural hazards event season with assistance provided to around 130,000 customers
- Significant volatility in investment markets with increasing yields and widening credit spreads
- Combined impact of investment markets and natural hazards over $700m pre-tax versus FY21
- FY23 strategic targets reaffirmed

4

Moving to the result and this slide presents the high level P&L for the year, and some key year-on-year data points.

In summary, we feel this is a strong underlying result highlighted by record GWP growth, a turnaround in the bank, margin improvement in the face of inflation, improving customer and employee metrics and substantial progress against our key strategic initiatives.

Given this progress we see a clear path to achieving the FY23 targets we set for our business back in May 2020.

While both the Group's NPAT of $681 million and cash earnings of $673 million are well down on the prior year, the result should be viewed in the context of elevated natural hazards costs and the significant volatility in investment markets. Together, as you can see on the slide, these factors have reduced pre-tax profits by over $700 million compared to FY21.

During the FY22 La Nina year, the Group managed 35 separate natural hazards events and around 130,000 natural hazards claims at an estimated cost of $1.08 billion dollars – $101 million over our allowance for the year.

Volatility in global and domestic investment markets impacted investment returns across insurance, the bank, and at the Group with increasing yields and widening credit spreads the key drivers. Of course, the majority of these accounting losses will reverse to profit in future periods as the increased yield earns through.

Despite these factors and the impact they have had on our capital position we have set the final dividend at 17cps, meaning our FY22 payout will be 75% of cash earnings.

Having experienced such volatility and grown our business at record levels and then still be able to pay dividends towards the top of our payout range further underscores the strength of our balance sheet and our prudent capital management approach.

Suncorp FY22 Results

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FY22 key highlights

Insurance (Australia) GWP growth of 9.2%*
(10.7% in H2 v pcp)

Group UITR 9%
FY23 target of 10-12% reaffirmed

NZ GWP growth of 14.1%
(14.2% in H2 v pcp)

Claims management improvements effectively controlling inflationary pressures

Banking home lending growth of $4.1b
($2.9bn in H2)

Value realisation from strategic initiatives gaining momentum

*Excludes portfolio exits

5

To the next slide and here I have called out some of the key highlights embedded in the result.

The momentum we have built over the year is evident in record levels of growth as we unlock the value of our brands and deliver for our customers.

Our Australian Insurance business has achieved premium growth of 9.2% when you adjust for portfolio exits – with growth accelerating through the year with 10.7% growth in the second half when compared to the prior corresponding period.

In New Zealand, the GI business has continued its consistent growth story with GWP increasing by 14%, including 19% growth in our AA Insurance joint venture.

For a broad-based GI business of scale, like Suncorp's, to be growing above 10% is a substantial achievement.

In the Bank, growth has continued to accelerate in the home lending portfolio, up $4.1 billion or 9% for the year and $2.9 billion or 12.4% annualised for the second half. Two years ago the bank balance sheet was shrinking, turnaround times were among the worst in market and we'd lost the confidence of brokers. The contrast to today could not be more stark.

In deposits, where our digital program is most relevant, at-call transaction accounts grew by more than 20%.

We also saw an expansion in our GI underlying ITR with the second half margin of 9.9% highlighting our pricing discipline and the impact of our claims program of work in offsetting the significant inflationary pressures in the economy.

Suncorp FY22 Results

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Sale of Suncorp Bank - Strategic rationale

Simplify

Suncorp as an organisation with a commitment to being at the forefront of sustainability

Focus

on strategic initiatives within Suncorp's insurance businesses

Maximise

value for Suncorp shareholders with the offer representing an attractive premium

Position

Suncorp Bank's customers, people and purpose for greater success over the medium to long term

Alignment

of ambition with ANZ on the Bank's future potential

6

Before I hand to Jeremy I'd like to briefly touch on the sale of the Bank and restate the strategic rationale for the sale to ANZ.

As anticipated much has been spoken and written about the sale in the few weeks that have followed our announcement.

As I said on July 18, Suncorp has become a simpler and more focussed business over the past three years. We have exited businesses and portfolios where we were sub-scale or where industry dynamics would inevitably divert management focus from areas where we can really deliver for customers and improve shareholder returns.

Extending this simplification agenda to the Bank was not a decision taken lightly and followed a comprehensive strategic review. To move forward we set a number of key criteria:

Firstly, any acquirer needed to share our purpose, our values and our customer ambitions.

Secondly, we needed any proposal to align with the growth potential we envisage for the Bank, positioning our customers and employees for greater success over the medium to longer term.

Thirdly, any proposal needed to maximise value for Suncorp shareholders and fairly reflect the improvements that Clive and the team have orchestrated, and delivered. The sale price, in our view, and in the view of most of the shareholders I have spoken to since the announcement, demonstrably reflects this.

And finally, we needed to be convinced that any sale was good for our home state of Queensland and was in the national interest. We feel the agreement we have reached with ANZ ticks all those boxes.

When this transaction completes, Suncorp will be a simpler, growth focussed, Trans-Tasman

insurance company. Every minute of management and Board time will be dedicated to protecting what matters for our customers and ensuring we are at the forefront of the sustainable and vibrant insurance industry that Aussies and Kiwis need now more than ever.

With that let me hand over to Jeremy.

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FY22 Financial Results

Jeremy Robson
Chief Financial Officer

Suncorp FY22 Results

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Financial overview

Strong growth momentum and improving underlying performance

- Record 2H GWP growth in Australia and New Zealand and turnaround in Home Lending
- Underlying ITR expansion to 9% for FY22 and 9.9% in 2H (excluding COVID benefits)
- FY23 targets reaffirmed with natural hazards and reinsurance costs offset by investment income and pricing

Investment income

- Net Insurance loss from yields and investment markets $190m in FY22
- Mark to market on Bank derivatives (c$16m)
- Rate environment positively impact investment income

Natural hazards

- Second successive La Niña contributed to an elevated event season
- Natural hazards costs for the year were $101m above allowance
- FY23 allowance increased to $1,160m

Other items

- Recognition of a tax credit relating to the FY19 sale of the Australian life insurance business
- Reinsurance premiums on additional main cat and AXL cover
- Other provisions recognised, predominantly restructuring costs

8

Thanks Steve and good morning everyone.

Well, as you've heard, the result this year was highlighted by strong underlying performance with:

- Record second half GWP growth
- A clear turnaround in Home Lending, and
- An improved underlying ITR

But, the FY22 profit was also impacted by several headwinds and other items:

- Firstly, volatile investment markets, particularly in the second half, had a very significant impact on investment returns across both GI and Life. But also on our balance sheet hedges in the Bank. It's important to note that the MtM adjustments will drive higher returns going forwards.
- Secondly, natural hazard events reflected normal "through the cycle" volatility, as well as the La Nina weather pattern.
- And finally, we had a number of other unusual items in the result this year, which net to a largely neutral position, including:
    - A tax benefit relating to the sale of Life in 2019.
    - Additional reinsurance premiums on top-up Main Cat and AXL covers; and
    - Various restructuring costs.

Suncorp FY22 Results

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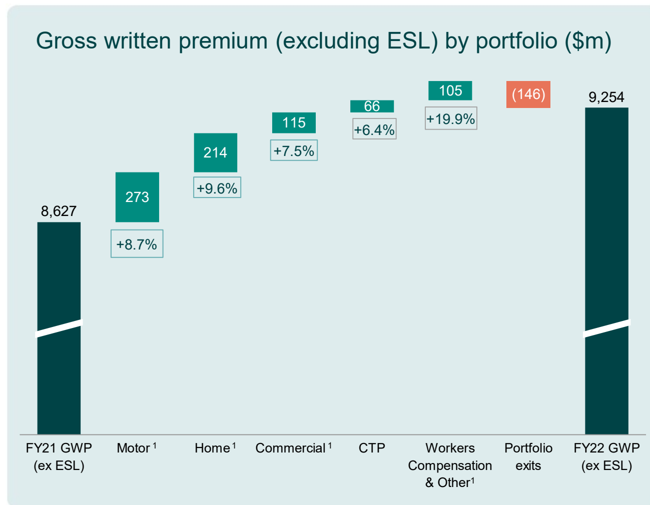
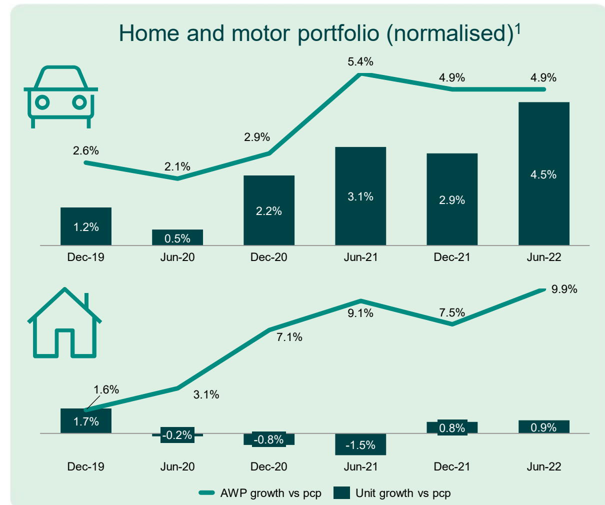
Insurance (Australia) – Gross written premium





[1]Excludes impact of portfolio exits

9

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

As usual, we've adjusted the GWP numbers for portfolio exits to provide a clearer view of the drivers of growth.

On this basis, GWP grew by 9.2%, with strong growth across all lines, and an acceleration in the second half at 10.7%.

Motor increased by 8.7% with unit growth reflecting improved customer propositions in AAMI and Suncorp, and AWP increases reflecting underlying inflation and higher sums insured.

The Home portfolio grew by 9.6% reflecting AWP growth from higher natural hazard and reinsurance costs.

In Commercial, we saw strong performances in NTI and Property, as well as our long tail liability business.

CTP grew by 6.4% driven by strong unit growth, with South Australia performing particularly well.

And Workers Compensation was up strongly across all states driven by rate increases and higher wages, although this level of growth for workers comp is not expected to continue into FY23.

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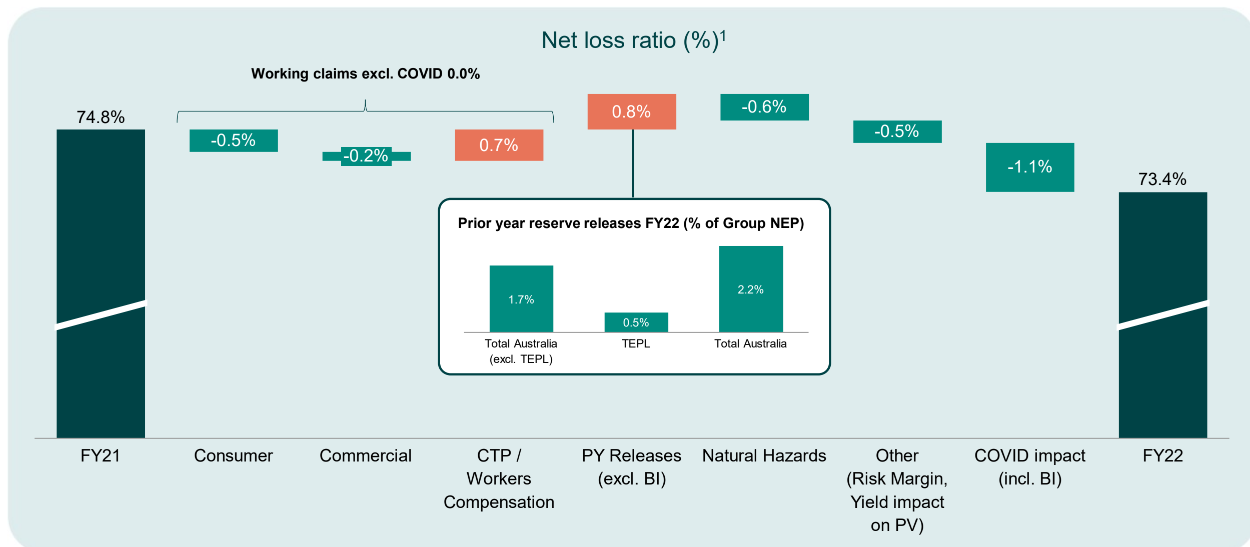
Insurance (Australia) – Net loss ratio



[1] excluding FSL, discount rate movement and unwind

Turning next to claims.

The improvement in Consumer was driven by the Home portfolio with ongoing rate increases, as well as lower frequency and contained inflation. In Motor, particularly in the second half, we saw some increase, including from higher secondhand car prices.

Claims inflation across Consumer continues to be well managed with the benefits of our repair panel network in Motor and the best-in-class claims programme of work in Home.

Commercial claims improved slightly, reflecting the benefit of ongoing pricing and underwriting actions, as well as benign loss experience.

CTP was broadly flat whilst growth in Workers' Compensation gave rise to a mix impact.

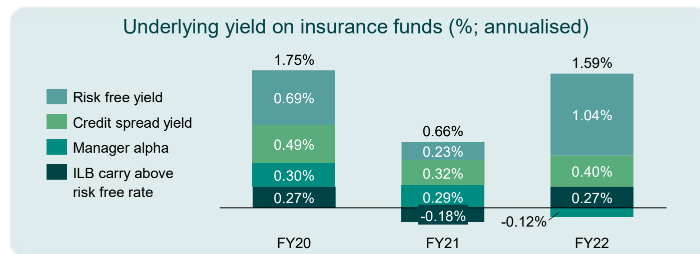
Prior year reserve releases were lower than last year with:

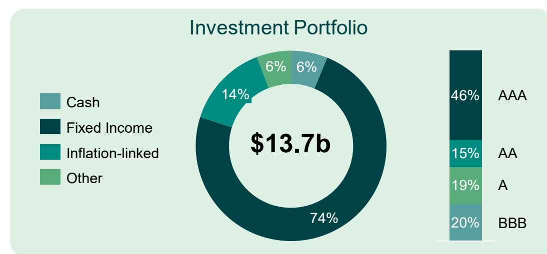
- Strengthening in the Commercial book, primarily related to bodily injury.
- The first half strengthening in the exited Workers Comp XOL portfolio.
- And lower releases in Qld CTP as a result of claims experience and scheme pricing.

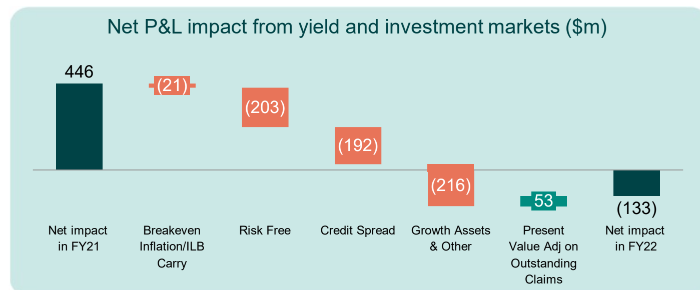
But NSW CTP continues to perform well and we also saw a benefit of reinsurance recoveries on prior year natural hazard events.

Natural Hazards improved from the impact of Home pricing, as well as lower risk margin and CHE as reinsurance recoveries were triggered in FY22.

Insurance (Australia) – Investment market impacts







- Conservatively positioned portfolio: cash holdings above long-term targets, c. 90% of portfolio invested in investment grade fixed income assets
- Short-term mark-to-market impact from higher interest rates and credit spreads driving negative FY22 result
- Ongoing results to benefit from increased underlying yield
- Risk-free and credit spread yields on insurance funds ~3.5% at exit on 30 June 2022

11

Moving now to investment performance.

Investment markets have had a significant impact on the full year result, across most asset classes and particularly in the second half.

We saw net mark-to-market losses on the overall fixed income portfolio of c$325m as a result of the sharp increase in both risk free yields and credit spreads. I'd like to make a critical point in this regard.

And that is - given we generally hold our investments to maturity, these MtM losses are expected to reverse over the average duration of the portfolios. By way of example, the exit yield on Insurance funds in June was c3.5%.

We continue to assess the profile of the investment portfolio and are currently maintaining a conservative bias:

- Approx. 90% of the portfolio is allocated to investment grade fixed income securities.
- We are currently overweight our allocation to cash.
- We maintain a prudent approach to growth assets, with our exposure to international equities at a reduced level.
- And we've maintained our effective exposure to inflation through the ILB portfolio, which has performed very well for us.

Suncorp FY22 Results

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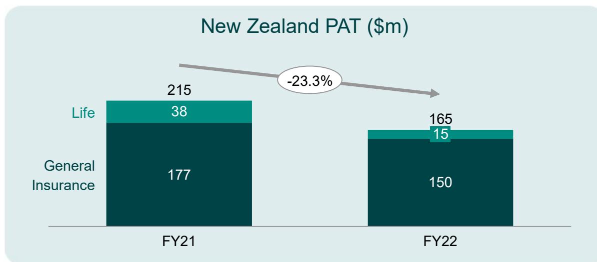
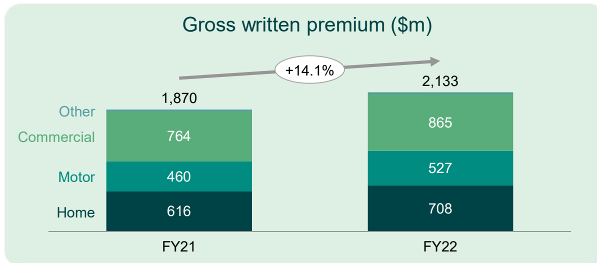
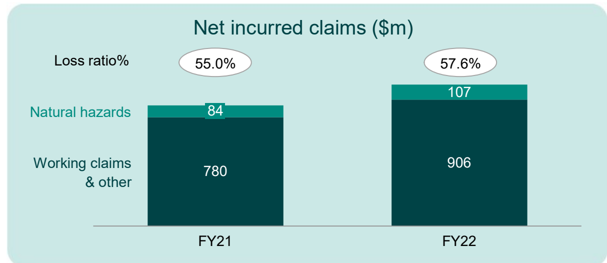
New Zealand (NZ$)



- Strong top line performance continued with seventh consecutive quarter of above system growth
- Lower investment returns impacted profit but will result in higher yields in future periods
- Elevated natural hazard season increased net incurred claims
- Higher working claims was driven by unit growth and inflationary pressures





Note: All metrics shown in New Zealand dollars

12

Turning now to New Zealand.

During the year, similar to Australia, strong top-line growth was offset by higher natural hazards and lower investment returns.

We're continuing to see very strong growth in NZ, with GWP up 14%, across all lines of business.

Natural hazard costs were $45m above the allowance driven by six material weather events, an unusually high number for New Zealand.

Working claims costs reflect unit growth, inflationary pressures and a number of large commercial and home fires. This was partially offset by lower motor claims frequency following the COVID lockdowns in the first half.

Investment income was materially lower, with the increase in rates impacting on fixed income portfolios, with similar dynamics to the Australian business.

And whilst Life saw an increase in planned profit margins and favourable experience, it was also impacted by the significant increase in rates. As with the GI business, these are also expected to reverse over time.

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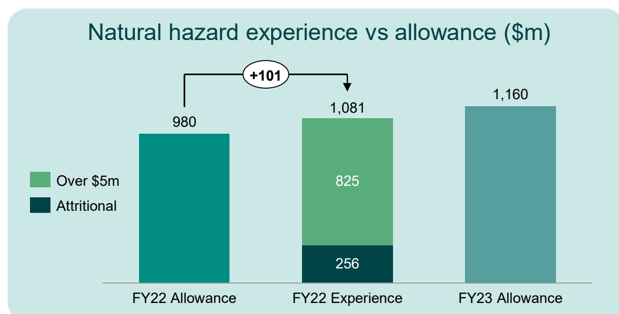
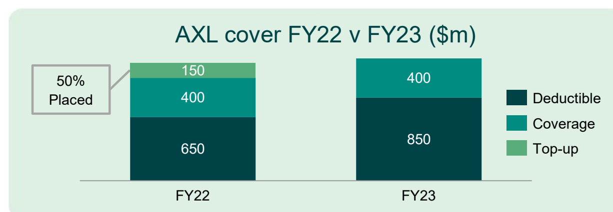
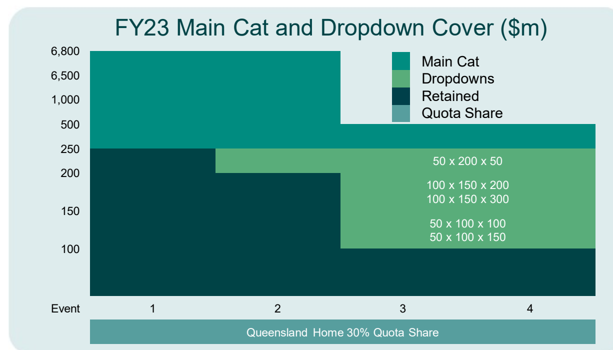
Natural hazards and reinsurance







- FY22 natural hazards experience was $101m above allowance, in line with modelling for a La Niña year
- Changes to the structure and cost of the FY23 reinsurance program driven by hardening global reinsurance market
- FY23 natural hazard allowance has been increased by $180m to $1.16b driven by:
  - changes to the structure of the reinsurance program
  - recent adverse natural hazard experience

13

On then to natural hazards.

With significant weather events in the year, our reinsurance programme provided good protection, and the allowance was exceeded by $101 million.

I note our allowance has been increased very materially over the last few years and it's important to remember that FY22 reflected the impact of:

- A very significant flooding event in February which was considered to be a high severity/low frequency event.
- And the impact of a second La Nina weather cycle. Now having said that, not all La Nina weather cycles are the same, with the FY21 La Nina giving rise to quite a different experience to that of FY22.

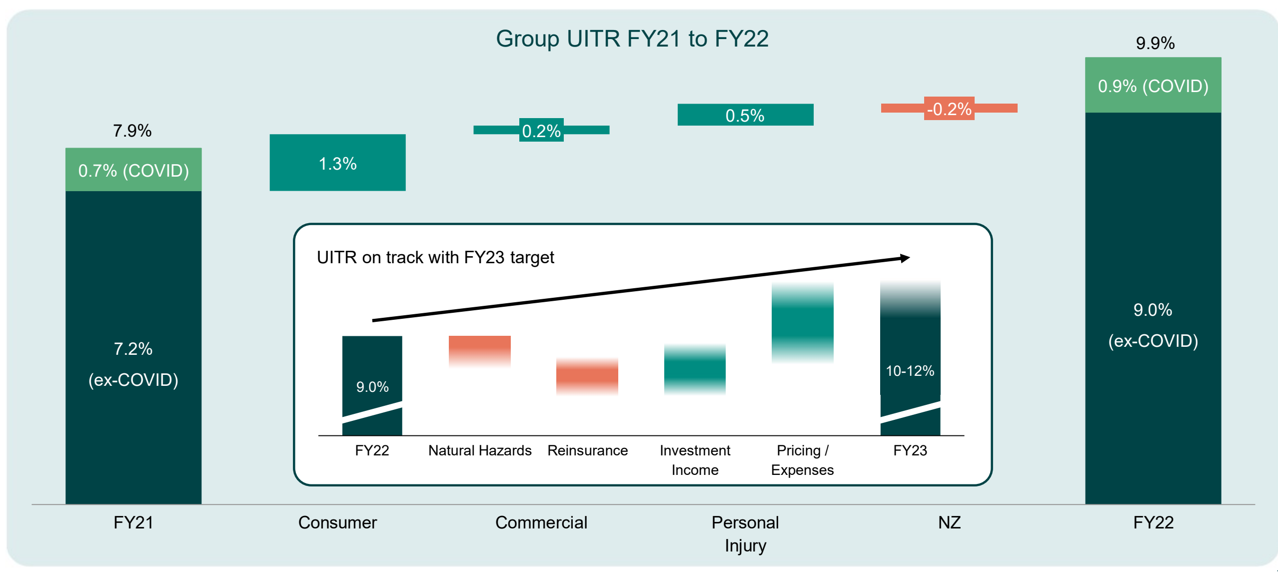
As previously advised, we've successfully fully placed our FY23 reinsurance programme with a similar structure to last year, including a main cat retention of $250m.

In response to market conditions, we've made some changes to our programme including:

- Increases in the deductibles on the AXL cover;
- And an increase in the attachment point for Dropdown 3.

We've also increased the natural hazard allowance for FY23 to $1.16bn, reflecting changes to the reinsurance program, as well as recent elevated experience.

I also note that we experienced our first significant event of the new financial year with heavy rain in New South Wales and Queensland in July. The event is expected to cost in the vicinity of $100m.



Turning then to the all important Group underlying ITR, which continues to trend upwards.

As usual, our focus is on the underlying ITR excluding COVID impacts. And I'm very pleased to report that this has now increased to 9% in FY22; and 9.9% in 2H.

As you can see, the increase was largely driven by the Consumer portfolio, with rate increases, our best in class claims programme and lower frequency in Home.

Commercial also improved, largely driven by working claims performance and disciplined underwriting. And Personal Injury benefited from the impact of rising yields.

The New Zealand UITR remains at very strong levels, but decreased reflecting the large fire losses in Commercial and Home.

Our momentum on margin, with the 2H UITR of nearly 10%, shows a clear pathway to delivery of our FY23 target. There are a number of important dynamics on the outlook for margin, and I'll quickly run through them:

- Firstly the increase in Natural Hazard allowance and reinsurance costs for FY23.
- Secondly the prudent expectation of claims inflation going forward, despite our experience to date and the ongoing benefits of our best-in-class claims work
- But these are expected to be more than offset by:
  - Ongoing pricing momentum across all portfolios, particularly Home, as evidenced by the 2H GWP growth numbers.

- Improved underlying yields from higher risk free and credit spread levels.
- And the benefit of lower expenses, largely from the reduction in elevated strategic spend.

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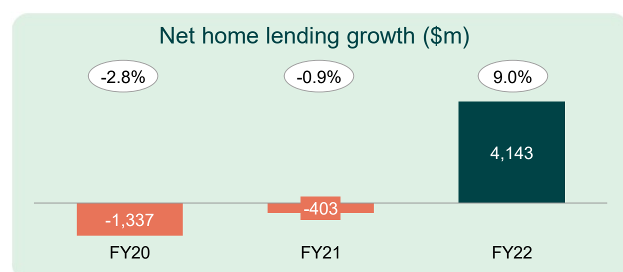
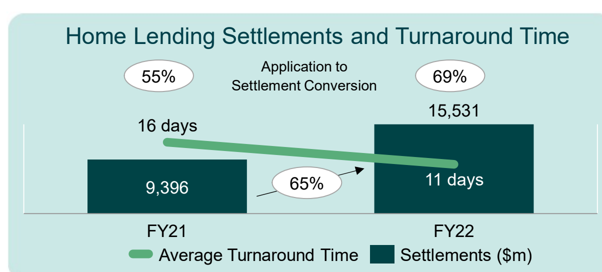
Banking

	FY22 ($m)	FY21 ($m)	Change (%)
Net interest income	1,245	1,242	0.2
Other operating income	3	39	(92.3)
Operating expenses	(736)	(731)	0.7
Profit before impairments	**512**	**550**	**(6.9)**
Impairment release/(expense)	14	49	(71.4)
Income tax	(158)	(180)	(12.2)
Banking profit after tax	**368**	**419**	**(12.2)**
CTI	**59.0%**	**57.1%**	





Now to Banking.

The highlight of the result was again the continued momentum and growth in home lending.

The portfolio grew at 9% over the year, and at an annualised rate of 12.4% in the second half.

Net interest margin decreased 14 basis points from FY21 driven by the rate environment, competitive pressures, higher fixed home lending mix and higher liquid assets, but with some offset from good active management of the deposit portfolio.

The NIM of 193 bps remains within our target range of 185 – 195 with improving trends experienced in the latter months of the year.

Other operating income was impacted by the MtM losses on balance sheet hedges, the change in reporting of mortgage break fees and lower gains on the liquidity portfolio.

Banking operating expenses increased 0.7%, largely from the temporary investment in strategic initiatives.

And we continue to target a cost to income ratio of around 50% by the end of FY23, with momentum in home lending, the rate environment and emerging cost efficiencies being the key drivers.

Suncorp FY22 Results

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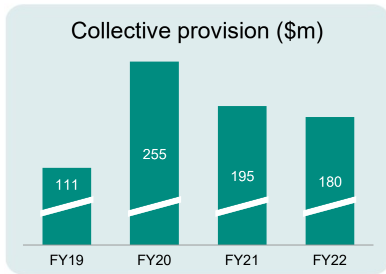
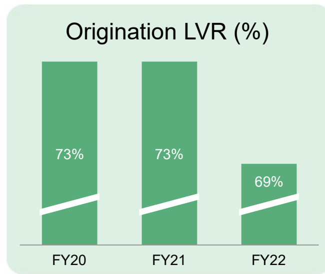
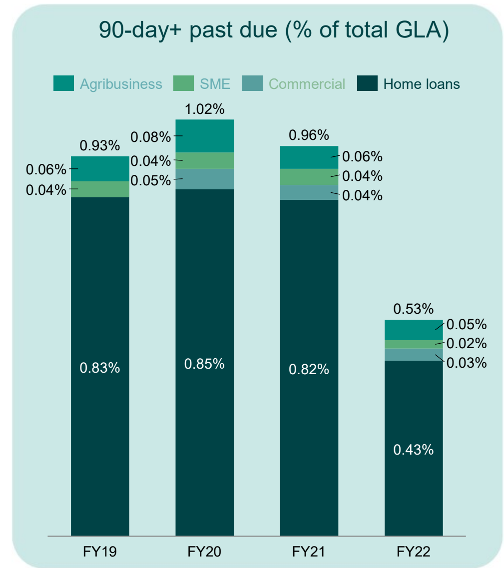
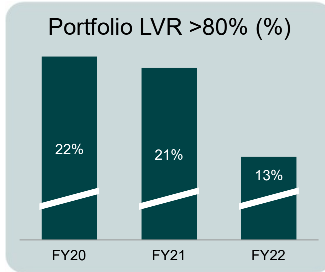
Banking – Credit Quality







- Credit quality in the lending book strong and improving across a variety of metrics
- Past due loans at record lows
- The proportion of customers with DTI > 6x lower than market average
- Origination and portfolio LVR measures sound and improving



16

The credit quality of the bank's lending portfolio is also a key feature of this result. It continues to strengthen, with 81% of the book in residential mortgages with a dynamic LVR of 54%.

Past due loans have reduced to multi year lows, driven by a buoyant housing market.

And both origination LVR and the proportion of the book with an LVR>80% declined over the year reflecting the fact that the growth in home lending has not come at the expense of quality.

Despite this, we've maintained our collective provision balance at $180m, reflecting the improved credit quality of the portfolio, but with a prudent view of the economic outlook.

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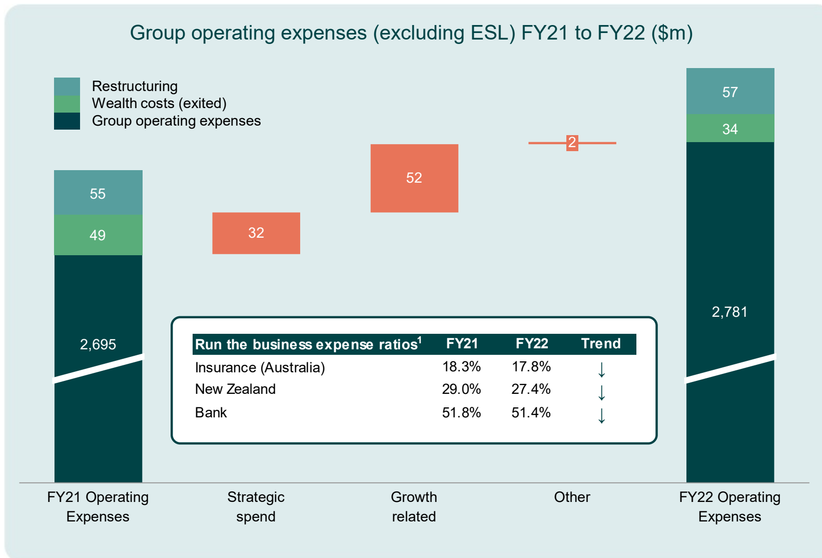
Group operating expenses



Run the business expense ratios[1]	FY21	FY22	Trend
Insurance (Australia)	18.3%	17.8%	↓
New Zealand	29.0%	27.4%	↓
Bank	51.8%	51.4%	↓

- Increase in strategic spend in line with previous guidance and expected to reduce in FY23
- Growth related costs driven by higher commissions, marketing spend and joint venture expenses in NZ
- Efficiency benefits from the delivery of strategic initiatives have offset inflationary impacts evident in flat other expenses and falling run the business expense ratios
- FY23 target of around $2.7b to be driven by the realisation of benefits from the strategic program and a reduction in strategic spend

1 Excludes projects costs and mark-to-market on Bank derivatives

17

Now to Group expenses.

As expected, project costs increased due to the planned spending on strategic initiatives.

We also saw an increase in growth related costs, with increased marketing and commissions, additional staff in the Bank to process the increase in lodgements and higher costs related to our growing joint ventures.

Pleasingly, we've been able to offset the impact of the inflationary environment with ongoing efficiency savings.

As you can see on the slide, this management of costs has enabled us to deliver improved "run the business" expense efficiency ratios.

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

But I do note the current inflationary environment and our growth momentum in this context.

Suncorp FY22 Results

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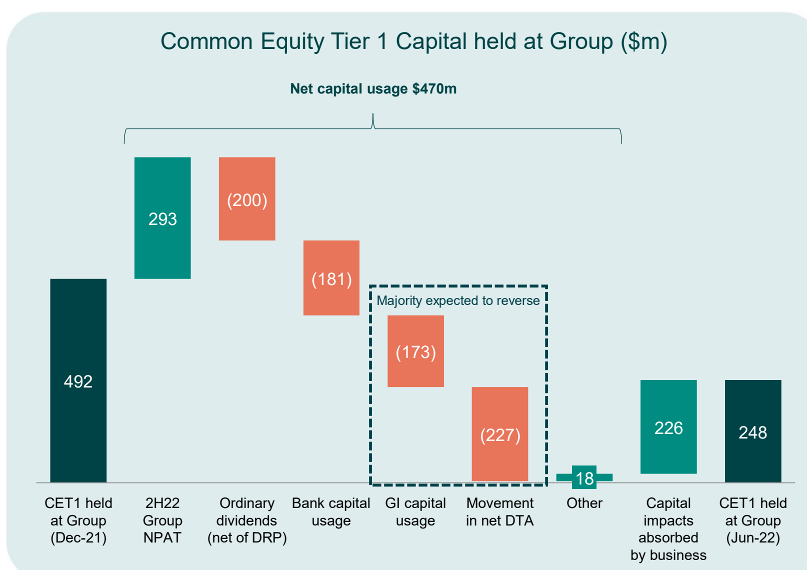
Group CET1 Capital

- The net capital usage was $470m during 2H22, with the majority of the Deferred Tax Asset (DTA) and GI capital usage expected to unwind over time as:
  - Investments reach maturity – average duration is 2 to 3 years
  - Pricing changes reverse the impact on Excess Tech Provisions from reinsurance and NHA
- $226m of net capital impact absorbed within the businesses
  - GI capital ratio allowed to fall into bottom half of target range and expected to improve as capital impacts unwind
  - Bank reverted to normal practice - operating in bottom half of target range post dividends
- Dividend payout ratio towards top of target range
- Ongoing commitment to return capital in excess of the needs of the business



18

Finally, moving onto capital.

The capital position at 30 June has seen net capital usage of $470m since 31 December, and I'll run through some of the key dynamics:

- Firstly, the investment market impacts have given rise to a large deferred tax asset, which is a deduction for capital purposes. This impact is expected to reverse over future periods.

- Secondly, the higher Natural Hazard allowance and Reinsurance costs effective 1 July impact premium liabilities for capital purposes. This is also expected to reverse in future periods as we put through the appropriate pricing response.

- Thirdly, the new FY23 reinsurance programme increases retained risk which results in a higher target capital level, as previously advised. This impact is offset by the benefit on capital of higher yields.

- And finally, capital applied to the strong Home lending growth.

Now whilst the chart shows the CET1 held at Group of $248m, I do note that some of the impact of the items I've just been through has been retained by the GI business. We are comfortable with this position given the expectation that many of them will reverse.

A final dividend of 17cps, at a 75% payout ratio for the year, reflects a robust balance sheet, withstanding the capital impacts I've just noted, as well as recognition of uncertainty over the global economic outlook and the weather cycle ahead for FY23.

We are continuing to maintain a prudent approach to capital management in the current

environment and remain committed to returning any capital surplus to our needs to shareholders.

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

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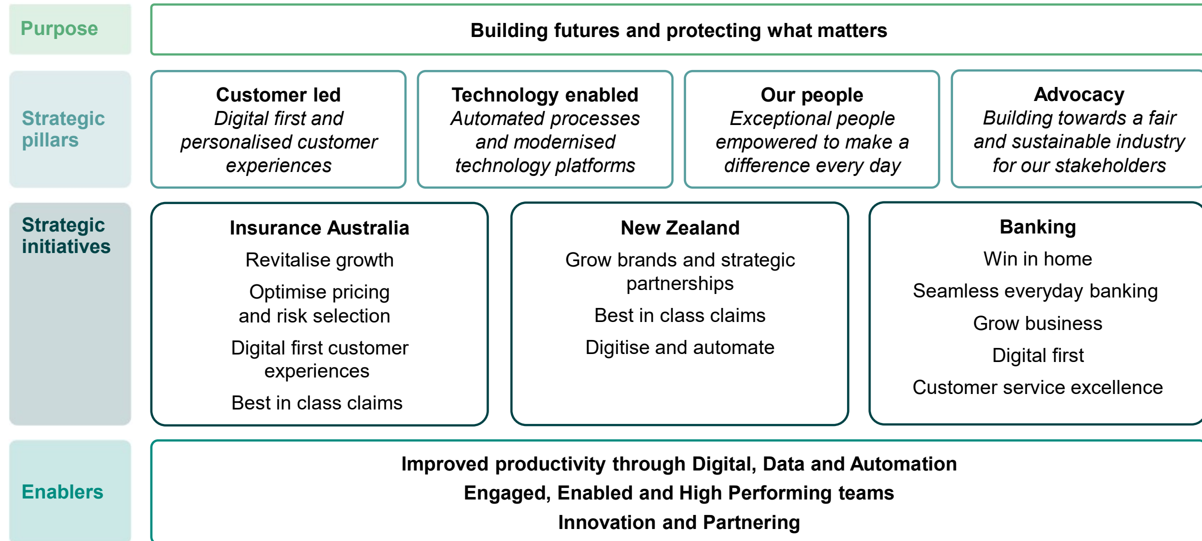
Strategic Outlook

Steve Johnston
Chief Executive Officer



Thanks Jeremy.

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

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

This slide recaps our strategy and the twelve key strategic initiatives - four in GI Australia, three in New Zealand and five in the Bank.

Given we've previously covered the Bank's strategy and progress I'll now run you through what you can expect from our GI business over the coming year and into the future.

Suncorp FY22 Results

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Insurance Australia - strategic progress and outlook

Revitalise growth	- Achieved strong gross written premium growth across all our portfolios, with AAMI generating unit growth in home and motor and higher NPS scores than FY21 - Delivered growth in Commercial supported by simplifying our product lines and improving digital platforms - FY23 will continue focus on strengthening our brands
Optimise pricing and risk selection	- Delivered CaPE for Home mass brands with over 65% of policies now priced via CaPE - Continued investment in Commercial underwriting tools, rolling out Property Underwriting tool and iSME pilot - FY23 will rollout CaPE Motor for mass brands in 2H
Digital first customer experiences	- Increased mass brand digital sales to 61% (up ~7pp) and service transactions to 37% (up ~6pp) - Released over 100 digital deployments and increased customer self service solutions via Interactive Voice Response and SMS routing - FY23 will continue delivering digital tools for customers and rolling out new frontline productivity tools
Best in class claims	- Motor and Home claims digital lodgements have more than doubled in FY22 versus pcp - Home and Motor repair panels reviewed, systems implemented to manage allocation and benchmark costs - Focus in FY23 will be on end to end digital enhancements, further supply chain optimisation (e.g. bulk buying / salvage opportunities), event Control Room Centre of Excellence, and operational transformation

21

In Australia GI, our key priorities have revolved around enhancing our brands, improving our underwriting, moving distribution to digital and becoming best in class in claims.

This slide summarises our progress and gives you a sense of what you can expect this year.

Our efforts to reinvigorate our brands, refine our customer value propositions, improve our marketing and simplify our product portfolio will continue the growth momentum that has been building since we implemented the strategy.

In pricing and risk selection, we have made good progress with the roll-out of our new pricing engine, known as CaPE, across the home portfolio. The focus now turns to motor.

Alongside CaPE we have introduced a number of innovative risk selection enhancements, including geospacial mapping, and are rolling out modern automated broking platforms across the commercial insurance business.

In distribution, we continue to invest in digital and data to meet our customers increased appetite to interact with us on-line.

The proportion of digital sales and service grew by 6 percentage points in the past year and now account for 42% of total sales and service transactions. This means we are well on our way to our long term target of 70% digital/30% voice in sales and service in GI. What once seemed a pipe dream is now well within reach.

Our best in class claims program has achieved a number of critical milestones during the year including the establishment of new repairer panels and the implementation of systems to better manage builder allocations and costs. All of this has allowed us to keep on top of inflationary pressure.

Motor and Home claims digital lodgements have increased in both working and event claims, as we meet customers in their channel of choice.

Digital lodgement at 58% in hazard claims has more than doubled in the year and reached 70% for Home customers during the flood events in February and March.

All of this has significantly improved customer experience, speeding up the repair process and bringing down the ultimate cost of hazard claims.

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Suncorp New Zealand - strategic progress and outlook

Grow brands and strategic partnerships	- Continued momentum with a targeted focus on deepening broker relationships and offering compelling market propositions delivered through trusted brands. - Increased market share by 134 basis points over the preceding 12 months, registering seven consecutive quarters of market share gains.
Best in class claims	- Continued progress to deliver a single claims platform, introducing new channels for customer engagement and seamless connectivity. - Automated claims assessment in the second half, resulting in reduced field assessment handling time and improved data accuracy.
Increasing digital and data capability	- Continued investment in core systems to deliver more value to customers and intermediaries through digitisation of key steps in the customer experience while simplifying products and automating high volume processes. - Launched online motor insurance sales through the ANZ corporate partnership, with development work underway on future product releases. - Continued progress on enabling broker connectivity with a pilot scheduled for early in FY23.

In New Zealand, as you can see on the next slide, we have made good progress growing our brands and partnerships, evidenced by a GI market share increase of 22 basis points in the third quarter, the seventh consecutive quarter we have grown share.

Our best in class claims program in NZ is progressing well with the migration to Claims Centre, our technology platform, ensuring all GI claims activity is managed on one platform, a big step forward.

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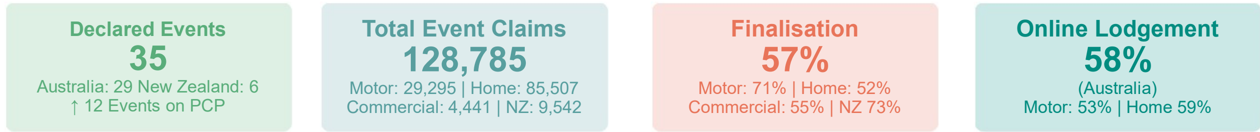
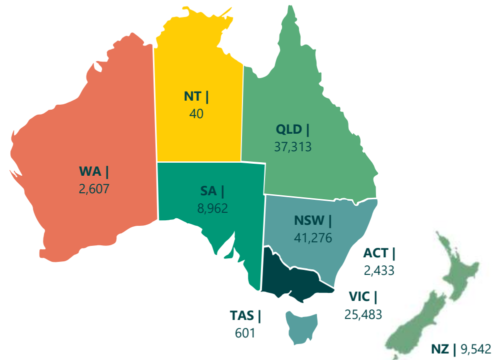
Natural Hazards, Resilience & Mitigation



Top Loss Causes

Rain	45,256
Hail	24,825
Flood	20,409
Wind	12,664



Four Point Plan

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

23

To the next slide and one of the key strategic pillars for Suncorp is advocacy, in particular ensuring our arguments around resilience and mitigation are heard and actioned.

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

Whether you believe in climate change - as we do - or put more recent events down to the normal cycle of weather, or just bad luck, it’s abundantly clear more needs to be done.

While we are working constructively with the Australian and New Zealand governments around their cyclone pool and EQC proposals, these initiatives are band aid solutions that don’t address the fundamental issues.

As we have discussed previously, Suncorp has developed a four point plan for a more resilient Australia. It includes improved public infrastructure; subsidies to improve private dwellings; an overhaul of planning laws and the removal of inefficient taxes and charges from insurance products.

By focusing on these initiatives the underlying risk and affordability issues will be better addressed; the costs of repair and recovery that are currently borne by taxpayers will be reduced and we will have a viable insurance industry, now and well into the future.

Suncorp FY22 Results

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FY23 targets reaffirmed

Returns	Cash return on equity above the through-the-cycle cost of equity
Dividends	Dividend payout ratio of 60% to 80% of cash earnings Return any capital to shareholders that is excess to the needs of the business
Key divisional metrics	
General Insurance	Underlying ITR of 10 – 12% by FY23
Banking	Cost-to-income ratio of ~50% by end of FY23

FY23 Outlook

- GWP growth expected to be in the mid to high single digits
- Pricing increases to reflect increasing reinsurance and natural hazards costs and inflationary environment
- Unwind of mark-to-market investment losses to grow yield and support UITR
- Prior year reserve releases expected to moderate
- Transitory capital impacts to unwind

24

Before moving to questions I'll conclude with our targets and outlook for FY23.

First to the business lines and in General Insurance, our underlying ITR has been improving steadily over recent periods and, for all the reasons Jeremy reported in his presentation, is on track to achieve the targeted 10-12%.

You will note we had previously stated that this margin outcome would be achieved alongside unit count and market share improvements. In the face of such steep input cost increases we will prioritise margin improvement and ensure pricing adequately reflects underwriting risk and returns on capital.

In the Bank, lending growth, the rising rate environment and operational efficiencies are forecast to improve the cost to income ratio to an exit point of around 50% by the end of FY23.

Alongside working constructively with ANZ to achieve the key regulatory approvals associated with the sale process, we will continue to execute the bank strategy, with the full focus and attention of the team each and every day through to completion

At a Group level, we remain committed to improving shareholder value by delivering a cash return on equity above the through-the-cycle cost of equity.

We expect the capital position to materially improve as the DTA position unwinds and as pricing reflects the recent increases in reinsurance and hazard allowances.

Our dividend policy remains unchanged, with a target payout ratio of 60% to 80% of cash earnings and we will continue to return any capital to shareholders that is in excess of the needs of the business – a policy that will also apply to the net proceeds we receive from the sale of the Bank.

With that let’s move to your questions.

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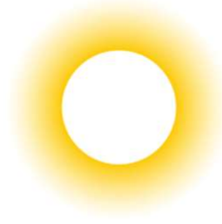

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Building futures and protecting what matters

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