

ASX Release

NobleOak Life 2023 AGM – Chair and CEO Addresses



23 November 2023

NobleOak Life Limited (ASX:NOL) (**NobleOak**) publishes the following ahead of the Company's 2023 Annual General Meeting:

- Chair's address – Stephen Harrison
- CEO's address – Anthony Brown

This announcement has been authorised by the Board of NobleOak Life Limited.

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About NobleOak (ASX: NOL)

NobleOak is an independent, multi award-winning, APRA-regulated Australian life insurance provider which has a 146-year history, dating back to one of the first benevolent societies in Australia, the United Ancient Order of Druids Friendly Society of NSW. NobleOak's core values: nobility, simplicity, adaptability and delivery, are embedded deeply in its culture. Following its demutualisation in 2011, NobleOak repositioned its business model, launching direct-to-consumer life insurance products through its modern and intuitive digital platform. Since then, NobleOak has diversified its business by manufacturing white-labelled tailored products for strategic partners which are mostly offered to customers through advisers. NobleOak's strategy is underpinned by a commitment to offer customers high value, easy to understand and competitive life risk insurance products.

For more information, please visit: www.nobleoak.com.au

Chair's address

I am pleased to report that the 2023 financial year has been another year of successful delivery for NobleOak, with the team making significant progress in executing our strategy, delivering growth in premiums and profits, while continuing to outperform the industry and gain market share.

With the market still settling following the introduction of new income protection products in 2022, sales volumes across the industry remain lower than normal.

For NobleOak, ongoing investment in the brand continues to drive sales and market awareness, and our ability to continue to capture market share in this environment shows the power of our diversified growth strategy.

Over the long-term, we believe that our Direct Channel will continue to be an important differentiator for NobleOak and our key growth engine, as we benefit from structural tailwinds as customers continue to become more self-directed.

Our aim is to be a leading challenger brand in the \$11 billion market, and with a small market share of less than 3%, we have plenty of room to grow.

Pleasingly after many years of regulatory intervention, the environment appears to be improving, with Treasury's Quality of Advice Review aiming to improve access to affordable financial advice and life insurance, including through direct channels and robo-advice.

We believe the Review will be a real positive for consumers, and that as a direct life insurer with a customer-focused culture and service-led value proposition, NobleOak is well positioned to capitalise.

In March, we were notified by the Australian Prudential Regulation Authority (APRA) that our approach to calculating and reporting our reinsurance asset exposures under the prudential standards was inconsistent with APRA's interpretation.

We were already in the process of changing the way our reinsurance arrangements operate, and successfully implemented actions to mitigate our reinsurance asset concentration by 30 June as planned. APRA has since confirmed the new arrangements meet its prudential standards.

The Board is committed to ensuring compliance with prudential and regulatory obligations and remains committed to the highest standards of governance and conduct.

Finally on the regulatory front, we have also been preparing for the implementation of AASB 17, the new accounting standard for insurance and reinsurance contracts which took effect from 1 July 2023. The standard will change the way the industry reports its financial performance, and we will update the market on the impact for the presentation of NobleOak's financials before our HY24 results.

Despite the high level of compliance activity, it is pleasing to see the team continue to provide excellent service to our customers, resulting in NobleOak receiving 24 awards during the year.

As Australia's fastest growing direct life insurer, our strategy continues to prove successful as we take market share from the incumbents. We are very excited about the opportunity ahead, and remain committed to investing in our platform, people and brand to drive growth.

On behalf of the Board, I would like to thank Anthony and the NobleOak team for their efforts this year. Thanks also to you, our shareholders, for your ongoing support.

I will now hand over to Anthony to provide more detail on the Company's performance this year, as well as some colour on recent trading and the outlook for FY24.

Thank you.

Stephen Harrison

Chairman

CEO's address

Thanks Stephen and good afternoon, everybody.

Financial highlights

As Stephen said, FY23 was another good year for NobleOak, with continued growth in premiums and profits.

We delivered strong in-force premium growth ahead of our guidance from the half year, driven by the strength of our diversified distribution model. In-force premiums, the real value driver of our business, grew by 24% to over \$315 million, as we continue to gain market share.

In the Direct Channel, our strategy continues to deliver results, with our investment in digital marketing, brand, and our network of distribution partners driving momentum and market share growth. Our in-force premiums grew by 16% to \$80.3m.

Our strong strategic partnerships with NEOS and PPS Mutual continued to deliver excellent growth, with in-force premiums up 27% to \$235.6m, as our contemporary products and high-quality service deliver market share gains.

After new business sales in the first half being down 46% on the prior year, it has been promising to see sales bounce back in H2 to close the full year down 26%, as our new business market share continued to track above target at 13%.

At 30 June 2023, we had over 120,000 active life insurance policies, up 16% from the prior year, including over 45,000 in the Direct Channel.

Our claims and lapse experience remains favourable to our long-term expectations and the industry, and alongside our strong financial disciplines and improving investment returns, has enabled us to maintain stable margins as we continue to invest for long-term growth.

Underlying NPAT grew by 9% to \$10.3 million, driven by our strong premium growth and disciplined approach to underwriting and expense management.

And we were pleased to have successfully implemented actions to mitigate our reinsurance asset concentration exposures in the second half of the year, and report a sound year-end regulatory capital position.

Operational and strategic highlights

I'm very proud of the efforts of our team in FY23, who continue to remain focused on delivering our strategy while providing excellent service to our customers.

This saw us maintain our high customer satisfaction ratings and status as Australia's most awarded Direct Life insurer, with 24 award wins, including the prestigious Canstar Outstanding Value Awards for both our Premium Life Direct Life insurance and Income Protection insurance - for the eighth consecutive year.

In our Direct Channel we retained market leading net promoter scores and customer satisfaction ratings, and I am proud to see us maintain our high ratings on Google of 4.4 and Feefo of 4.6 out of 5. Internally, team engagement also remains very high, with 89% of our team members saying they would recommend NobleOak as an employer of choice. This reinforces our appeal as a challenger brand in the industry.

After launching our ESG framework in FY22, we have made further progress on our commitments, including achieving carbon neutral certification for our business operations from Climate Active in support of our commitment to Net Zero by 2030, as well as relocating to a new, greener head office in Sydney.

We have kicked off an organisation-wide IT and digital transformation program to further enhance our market positioning, which will materially improve the way our customers interact with our products

and services and enhance the scalability of our business to support the next stage of our growth.

We are also further evolving our market-leading omnichannel experience for our customers. This will further enhance our differentiation, as customers increasingly opt for self-service in life insurance. In the Direct Channel, we continue to build our network of alliance partners. We recently partnered with Costco, the world's third-largest retailer, and KrisFlyer, the rewards program of the Singapore Airlines Group, which together provide us with access to more than 1,000,000 members in Australia.

FY24 strategic priorities

In FY24, the management team is focused on implementing our strategic priorities.

Our first priority is to build on our position as Australia's leading Direct life insurer. We are committed to continuing to invest in our strong brand, technology and diversified network of distribution partners.

Secondly, we will build and support our network of adviser partners in the Strategic Partner Channel. The advised market remains an important growth opportunity for us, and we are committed to working closely with our partners to continue to grow market share.

Thirdly, we will focus on optimising the business to achieve economies of scale. This will be driven by our growth and further assisted by our ongoing investment in technology.

FY24 outlook

FY24 is off to a good start, with the Australian life insurance market continuing to improve as NobleOak continues to achieve above market growth.

Over the first four months of FY24 to end October, our in-force premiums grew by approximately 7%.

Our underwriting performance has remained strong in the first half, and rising interest rates have provided a tailwind for our investment returns, more than offsetting inflationary impacts on our cost base.

Claims also remain within expectations.

Looking ahead, we expect to deliver in-force premium growth of 15-20% in FY24, in a market that is expected to grow by around 5%, and our disciplined approach is expected to keep our margins stable while investing for growth and capability.

2024 will be another exciting year for us, as we launch our improved customer digital interface - and access more growth channels. We feel confident that we have the strategy to capture the opportunities ahead of us.

I would again like to thank the NobleOak team for their hard work this year, as well as our partners, customers and shareholders for your continued support.

I will now hand back to Stephen for the formal business of the meeting.

Thank you.

Anthony R. Brown
Chief Executive Officer