SUNCORP

Financial Results

For the half year ended 31 December 2024

12 February 2025

SUNCORP GROUP LIMITED | ABN 66 145 290 124

1H25 Overview

Steve Johnston

Chief Executive Officer

Purpose driven, delivering strong outcomes for the long term

Our Purpose
Building futures and protecting what matters

+

People
Capable, engaged, diverse, innovative

=

Customers & Community
Delivering valued outcomes

=

Financial Outcomes
A sustainable business

Simplified – resilient with capacity to invest

Simplified

Sale of the Australian Life business

Sale of Capital S.M.A.R.T and ACM Parts

Sale of Wealth Business

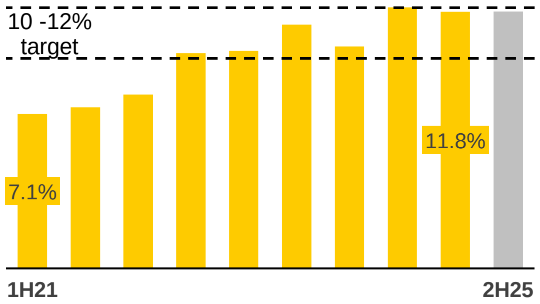
Sale of Suncorp Bank

Sale of New Zealand Life business

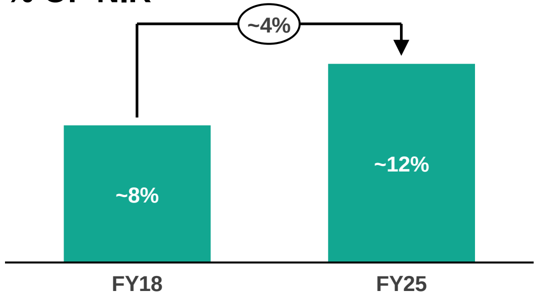
Pure play Trans-Tasman Insurer

Resilient

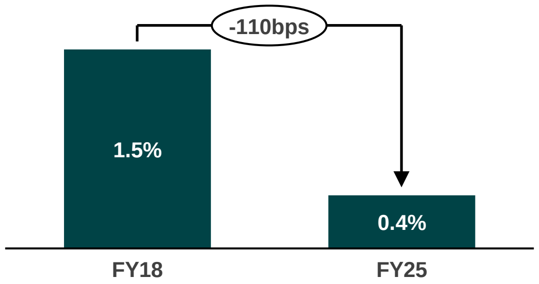
UITR[1]



NATURAL HAZARD ALLOWANCE % OF NIR



PY RESERVE RELEASES



Capacity to Invest

Data

CaPE - Home & Motor

Policy Admin

Artificial Intelligence

Enterprise

Improved customer outcomes

1. Underlying Insurance Trading Ratio: 1H21 to 2H23 excludes COVID-19 impacts. From 1H24, UITR based on AASB17. Prior periods based on AASB 1023.

Group result

Delivering for customers and shareholders

- Result supported by benign natural hazard period, positive investment returns, non-repeat of PY reserve strengthening and the gain on sale of Suncorp Bank
- Profitable growth with resilient margins
- Moderating pricing reflecting inflation and expense control
- Responded to over 550k new customer claims
- Supported c. 6,400 customers experiencing vulnerability
- $4.1 billion from Suncorp Bank sale proceeds to be returned to shareholders through capital return ($3.00 per share) and special dividend ($0.22 per share)
- Fully franked interim ordinary dividend of 41 cents per share, representing a dividend payout ratio of 61% of cash earnings
- Robust capital position provides capacity for further capital management initiatives, most likely on-market buy-backs

NET PROFIT AFTER TAX
$1,100m
pcp: $582m

CASH EARNINGS
$860m
pcp: $660m

GI UNDERLYING PROFIT AFTER TAX
$658m
pcp: $491

NATURAL HAZARD EXPERIENCE
$277m
below allowance

PROFIT ON SALE OF BANK
$252m

CLAIMS NPS
⬆6pts

NUMBER OF NEW CLAIMS
>550k

CLAIMS PAID
$4.8bn

Result snapshot

Consumer Insurance Gross written premium Home	Consumer Insurance Gross written premium Motor	Commercial Insurance Gross written premium	Personal Injury Gross written premium	New Zealand Gross written premium	General Insurance Underlying insurance trading ratio
⬆10.2%	⬆10.3%	⬆11.1%	⬆7.9%	⬆6.0%	11.8%

Note: All movements are 1H25 relative to the prior corresponding period

Investment to drive customer outcomes

Capacity to Invest → **Improved customer outcomes**

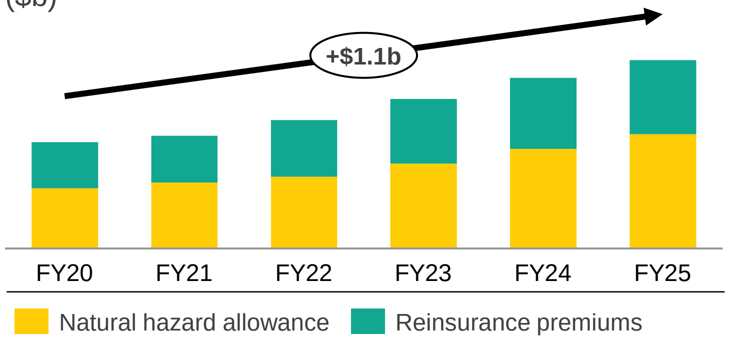
- Data
- CaPE - Home & Motor
- Policy Admin
- Artificial Intelligence
- Enterprise

Personalised and customisable product offerings to better suit customer needs	More granular and responsive pricing ensures customers pay a fair price	Facilitating digital interactions in line with customer expectations	AI use cases focused on customer pain points	Operational efficiencies = lower costs and premiums

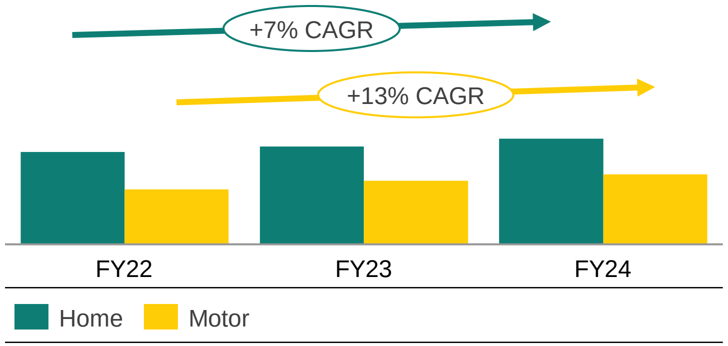
Factors driving insurance pricing and profitability

COST OF NATURAL HAZARDS

($b)

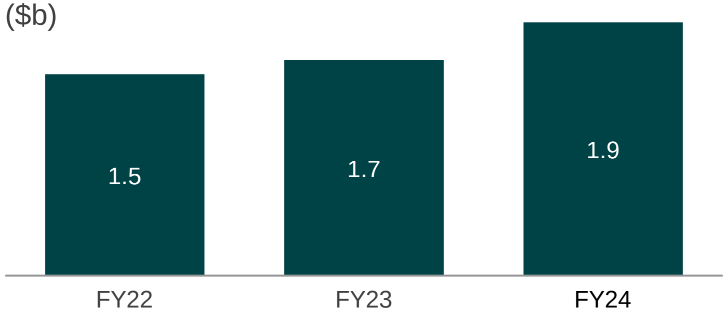


COST PER POLICY



TAXES COLLECTED ON INSURANCE PRODUCTS

($b)



NOTES

- Managed c.740,000 natural hazard claims over 5.5 years
- Launched state-of-the-art Disaster Management Centre and five Mobile Disaster Response Hubs to expedite support for customers before, during and after extreme weather events
- Additional 150 permanent employees and new on-call Lodgement Response Team to quickly scale up for major weather events

FOUR POINT PLAN FOR A MORE RESILIENT AUSTRALIA

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

1H25 Financial Results

Jeremy Robson

Chief Financial Officer

Result summary

GROUP P&L

	1H25 ($m)	1H24 ($m)	Change (%)
Consumer Insurance	423	203	108
Commercial & Personal Injury	208	194	7
Suncorp New Zealand	208	74	181
General Insurance profit after tax[1]	**875**	**510**	**72**
Life insurance profit after tax	17	13	31
Other profit (loss)	(47)	(34)	(38)
Cash earnings from continuing operations	**845**	**489**	**73**
Suncorp Bank profit after tax	18	192	(91)
Other profit (loss) from discontinuing operations	(3)	(21)	86
Cash earnings	**860**	**660**	**30**
Net profit (loss) from divested/divesting operations	247	(71)	na
Acquisition amortisation (after tax)	(7)	(7)	-
Net profit after tax	**1,100**	**582**	**89**

INVESTMENT PROPOSITION

Profitable growth

Strong and resilient risk adjusted returns

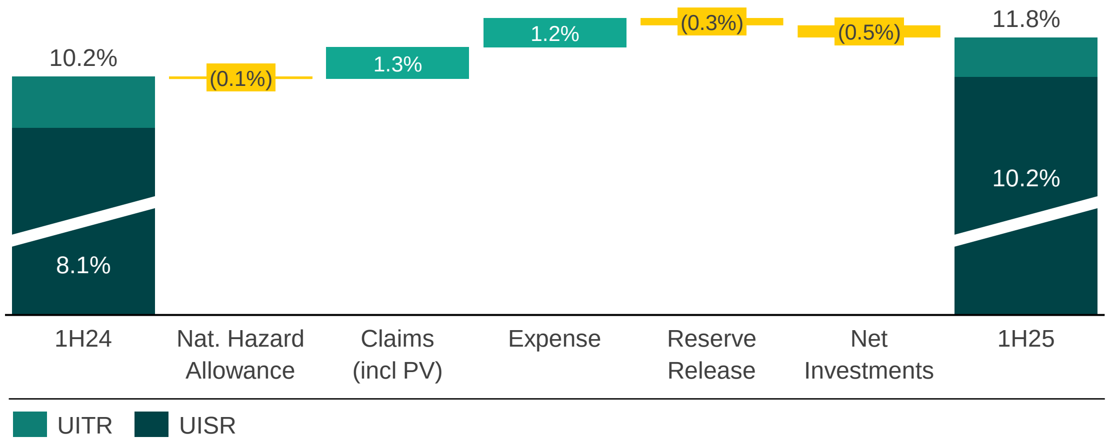
Strong and well managed balance sheet

Disciplined capital management

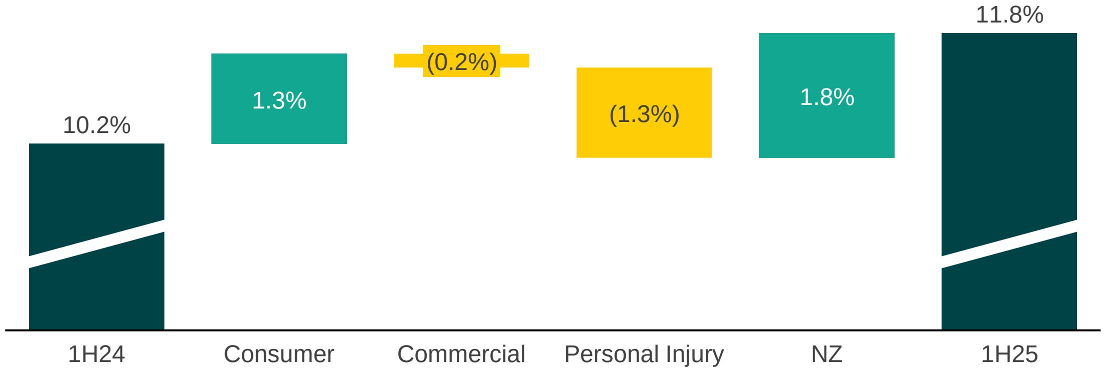
1. Includes internal reinsurance (1H25: $36m; 1H24: $39m)

General Insurance – underlying margin

UNDERLYING MARGIN DRIVER ANALYSIS



UITR CONTRIBUTION BY PORTFOLIO



UITR DRIVER ANALYSIS

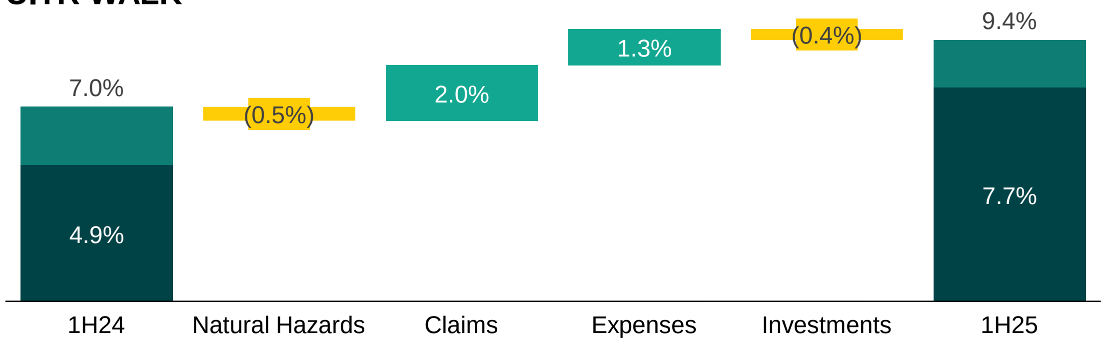
Driver	2H25 Outlook	Comments
Claims	Tailwind	CTP pricing impacts, Home fire claims to normalise
PV adjustment	Neutral	Driven by risk free rate movements
Net investments	Headwind	ILB returns moderating in line with inflation
Reserve releases	Neutral	0.4% of Net Insurance Revenue
Expenses inc NDAE	Headwind	Phasing of expenses across FY
RI and NHA	Tailwind	Flat NHA with growing net insurance revenue
2H25 UITR		Broadly in line with 1H25

NOTES

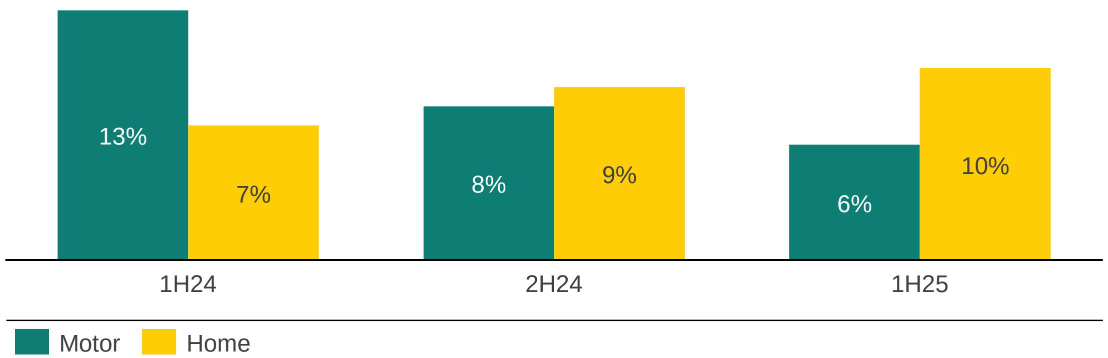
- Resilient margins consistently within the target range with higher natural hazard allowance, less reliance on reserve releases and an increased level of investment in growing the business
- Improvement in margin primarily driven by the earn through of pricing increases
- Individual portfolios expected to trend towards target ranges in the second half with actions taken to address underperforming portfolios

Consumer

UITR WALK

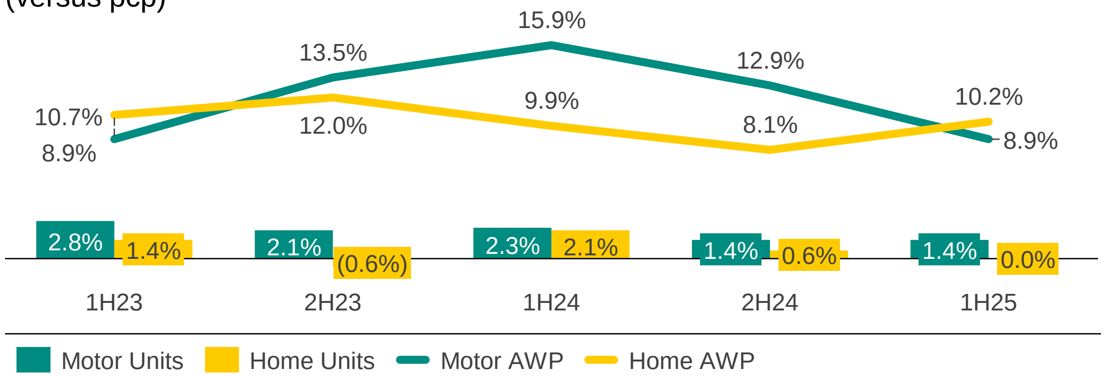


COST PER POLICY INFLATION



HOME AND MOTOR PORTFOLIO GROWTH

(versus pcp)

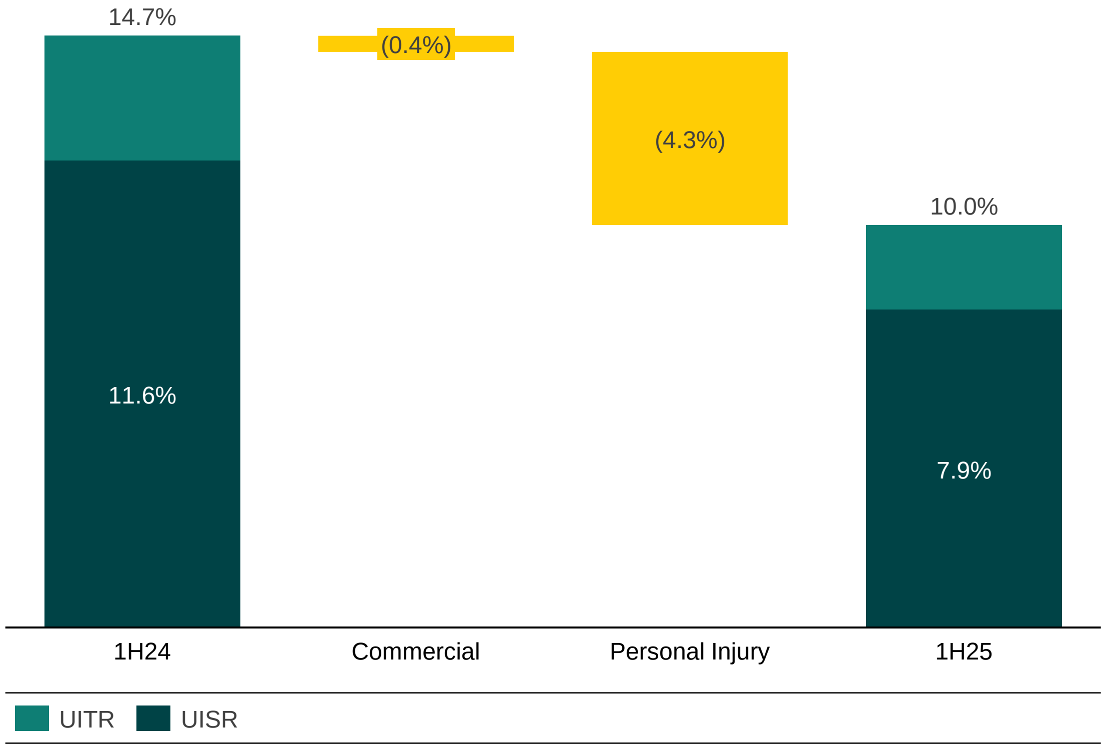


NOTES

- Strong growth across both portfolios, primarily driven by AWP
- Unit growth remains strong in Motor, while increased competition has resulted in moderation in Home units
- Margin repair supported by earn through of targeted pricing initiatives
- Home claims reflects volatility in fires
- Continued increase in digital sales and service transactions for mass brands

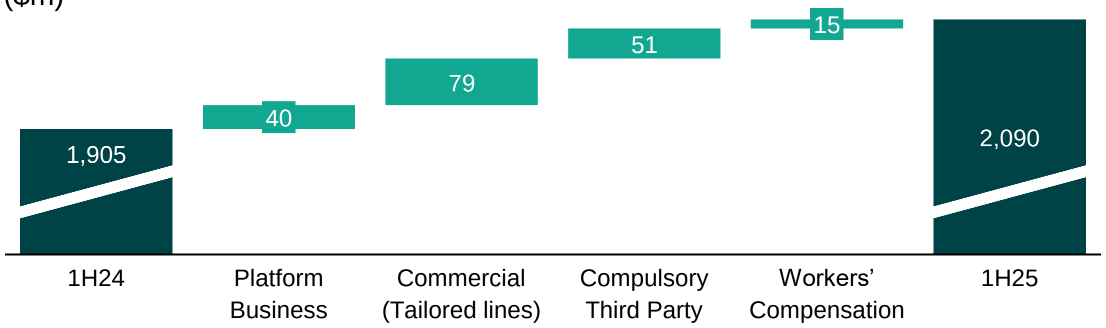
Commercial & Personal Injury

UITR WALK – PORTFOLIO VIEW



GWP WALK

($m)



GWP growth	15.4%	9.7%	9.0%	5.6%	9.7%

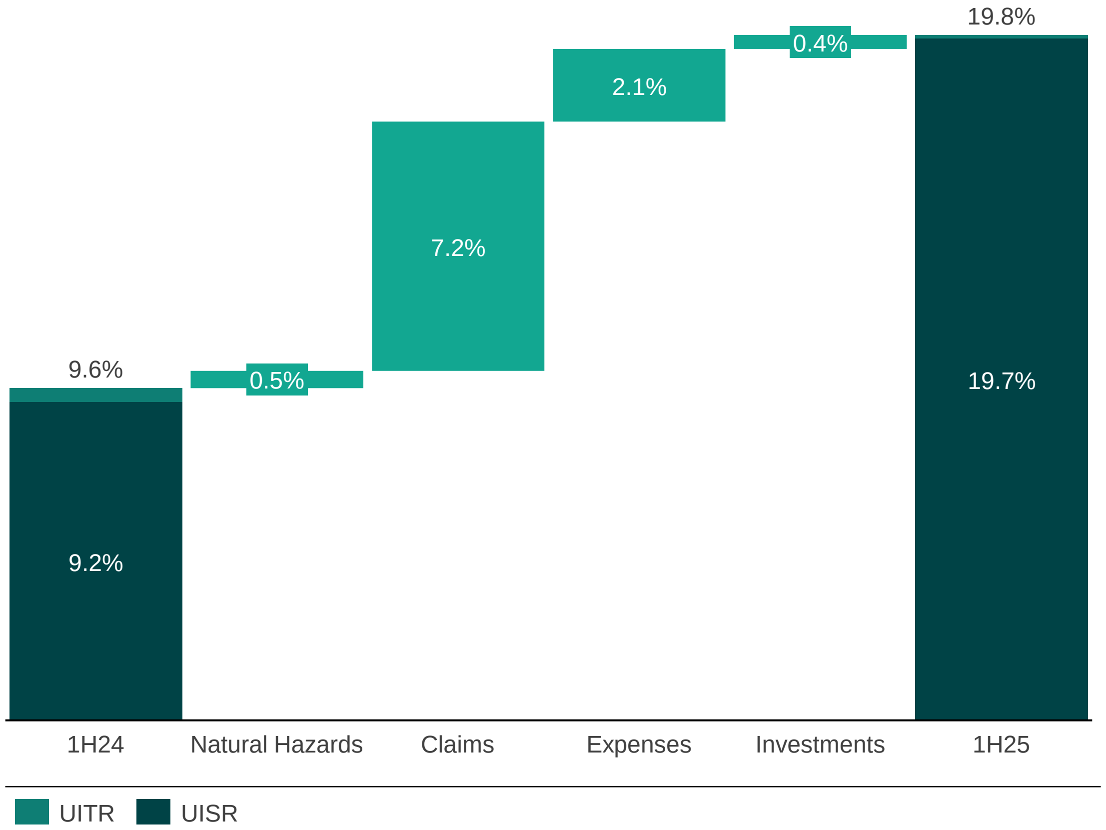
NOTES

— Robust growth across the portfolio, particularly in Platforms and Tailored Lines

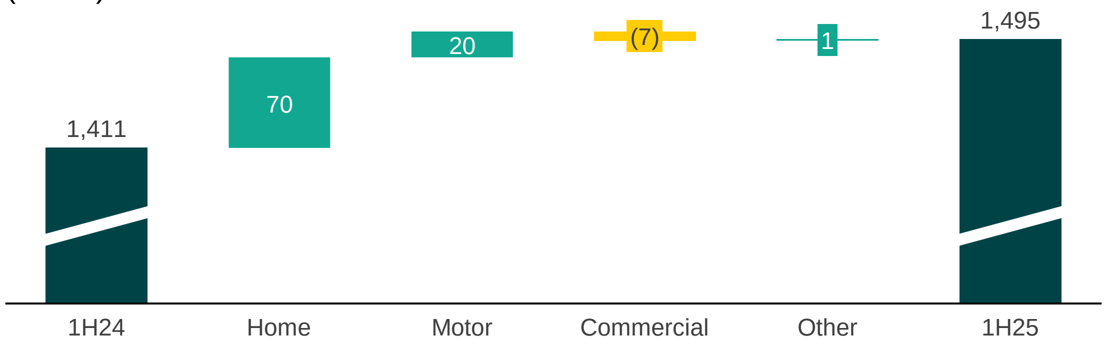
— Reduction in underlying margin predominately driven by Compulsory Third Party (CTP) with higher loss ratios in Queensland and NSW, and a reduction in the reserve release assumption from 0.7% to 0.4% - pricing responses have been implemented in January

New Zealand

UITR WALK



GWP WALK
(NZ$m)



Growth	**14.0%**	**5.6%**	**(1.3)%**	**5.0%**	**6.0%**

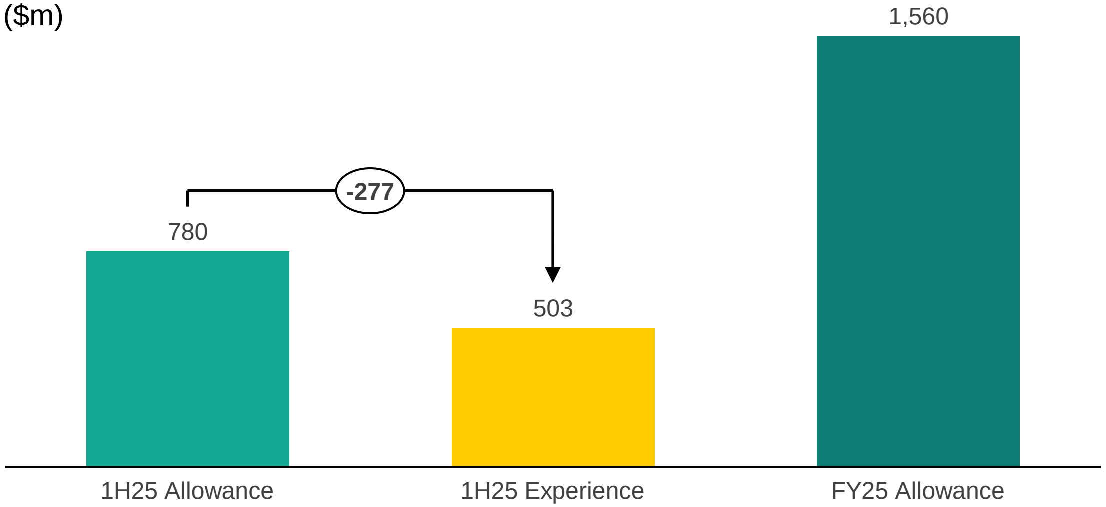
NOTES

- Growth supported by pricing increases and unit growth in Consumer, partially offset by moderated growth in Commercial portfolios
- Increase in underlying margin driven by earn-through of pricing increases, stabilising reinsurance costs and moderation in working claims
- Expect underlying margin outlook to trend towards target levels
- Completed the sale of Asteron Life Limited on 31 January 2025, net proceeds expected to be around A$270m

General Insurance - natural hazards, reinsurance and reserves

1H25 NATURAL HAZARDS VS ALLOWANCE

($m)



NATURAL HAZARDS AND REINSURANCE

— 1H25 Natural Hazards experience below allowance driven by favourability in both Australia and New Zealand

— Six natural hazards events over $10m in Australia in the half, no events in NZ

— Natural hazard experience in January slightly above allowance with several events including flooding in North Queensland

— The full year natural hazard allowance is set based on the full financial year and remains the best guide to full year experience

— Alternative reinsurance structures for FY26 continue to be assessed against a framework seeking to optimise long-term shareholder value creation. An update will be provided in early July once the structure of the FY26 program has been finalised

PRIOR YEAR RESERVES

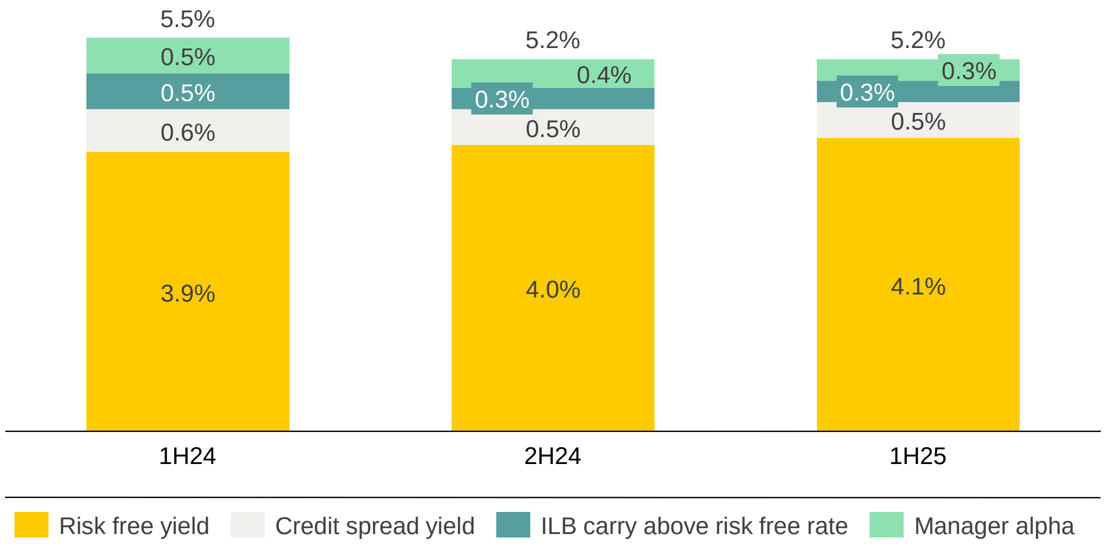
— Prior year reserve releases were in line with expectations with a $20m release in CTP and reserve movements in other portfolios netting off against each other

— Reserve strengthening of $161m in 1H24, net of releases in CTP, drove the large positive variance to pcp

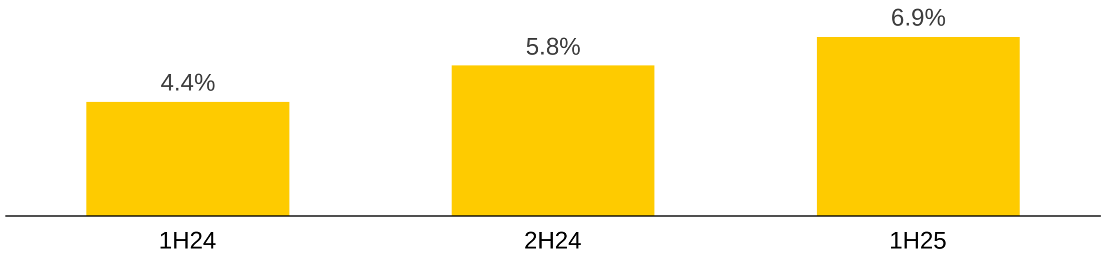
— Guidance for FY25 is unchanged with releases in CTP expected to be 0.4% of NIR and reserve movements in other portfolios to be neutral

General Insurance – investment market impacts

UNDERLYING YIELD ON INSURANCE FUNDS (AUS)

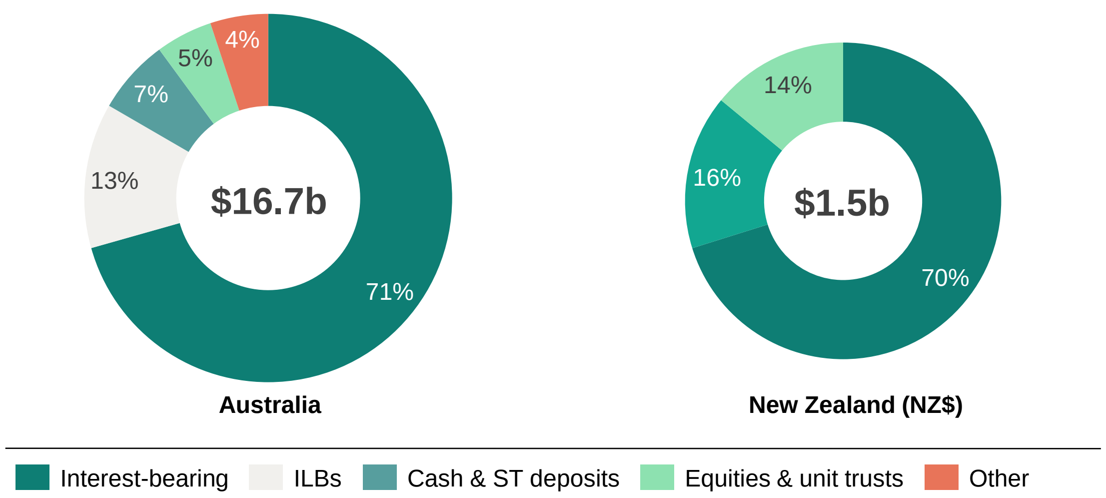


UNDERLYING YIELD ON INSURANCE FUNDS (NZ)



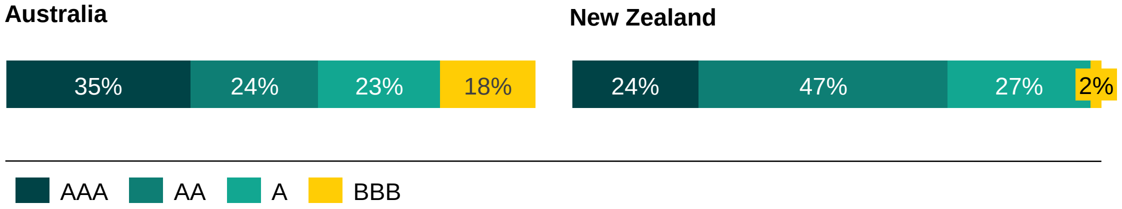
PORTFOLIO ASSET ALLOCATION

(% of total investment assets; December 2024)



FIXED INCOME INVESTMENT GRADE

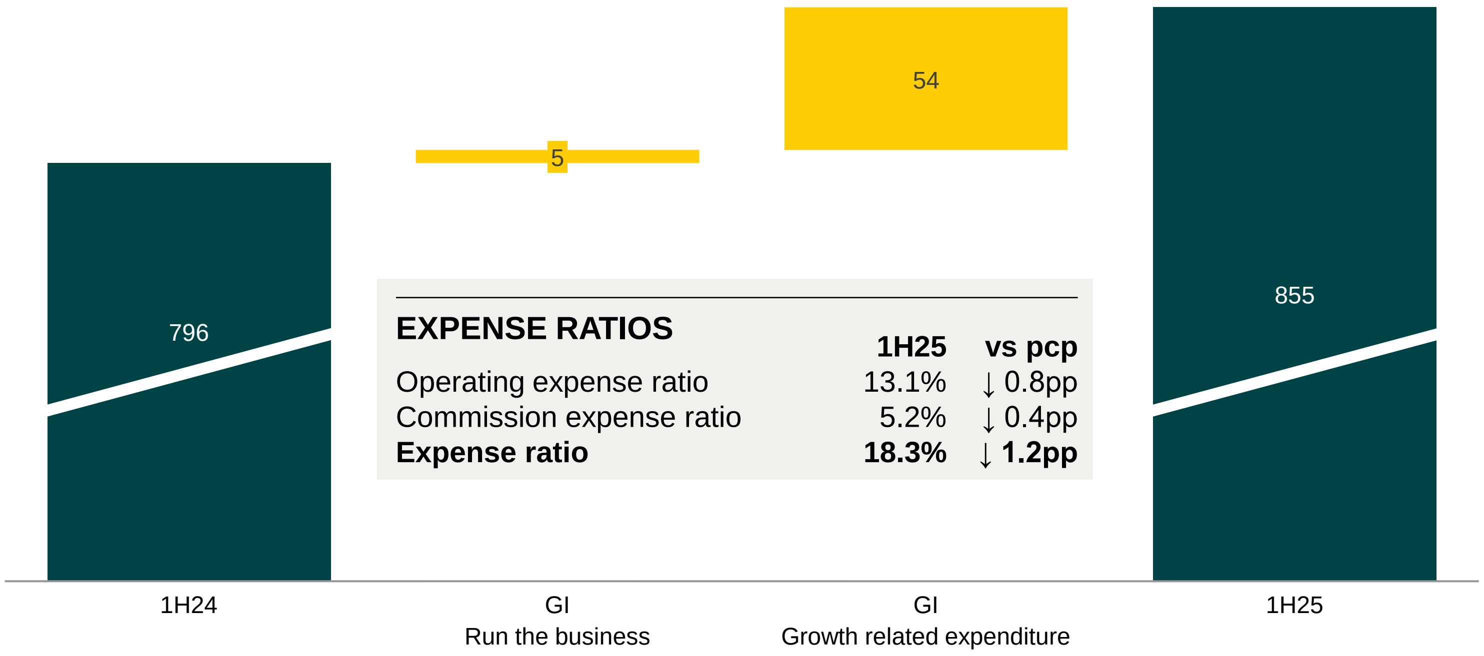
(% of total fixed interest; includes ILBs; December 2024)



Operating expenses

GI OPERATING EXPENSES[1 2]

($m; excluding restructuring, ESL and TEPL)



EXPENSE RATIOS

	1H25	vs pcp
Operating expense ratio	13.1%	↓ 0.8pp
Commission expense ratio	5.2%	↓ 0.4pp
Expense ratio	**18.3%**	**↓ 1.2pp**

NOTES

- Run the business expenditure broadly flat as management continued to focus on driving operating efficiencies
- Growth related expenditure increase primarily due to higher levels of strategic investment
- Expense ratio expected to improve by around 90 bps for FY25 albeit with increase in second half to reflect phasing

1. Bank and NZ Life expenses totalled $105m (pcp: $411m) with the reduction due to only one month of Bank expenses being included prior to sale completion. Commission expenses are now presented separately in the financial statements and are not included in this analysis
2. Includes NDAE (1H24: $23m; 1H25: $32m)

Suncorp Bank capital return

RETURN OF BANK SALE PROCEEDS

14 February 2025	17 February 2025	5 March 2025	14 March 2025
Investors must hold shares at close of trade to participate in return of capital	Trading begins on post-consolidation securities on a deferred settlement basis 0.8511 consolidation ratio	**Capital return** **$3.00 per share**	**Special dividend** **$0.22 per share** **Interim dividend** **$0.41 per share**

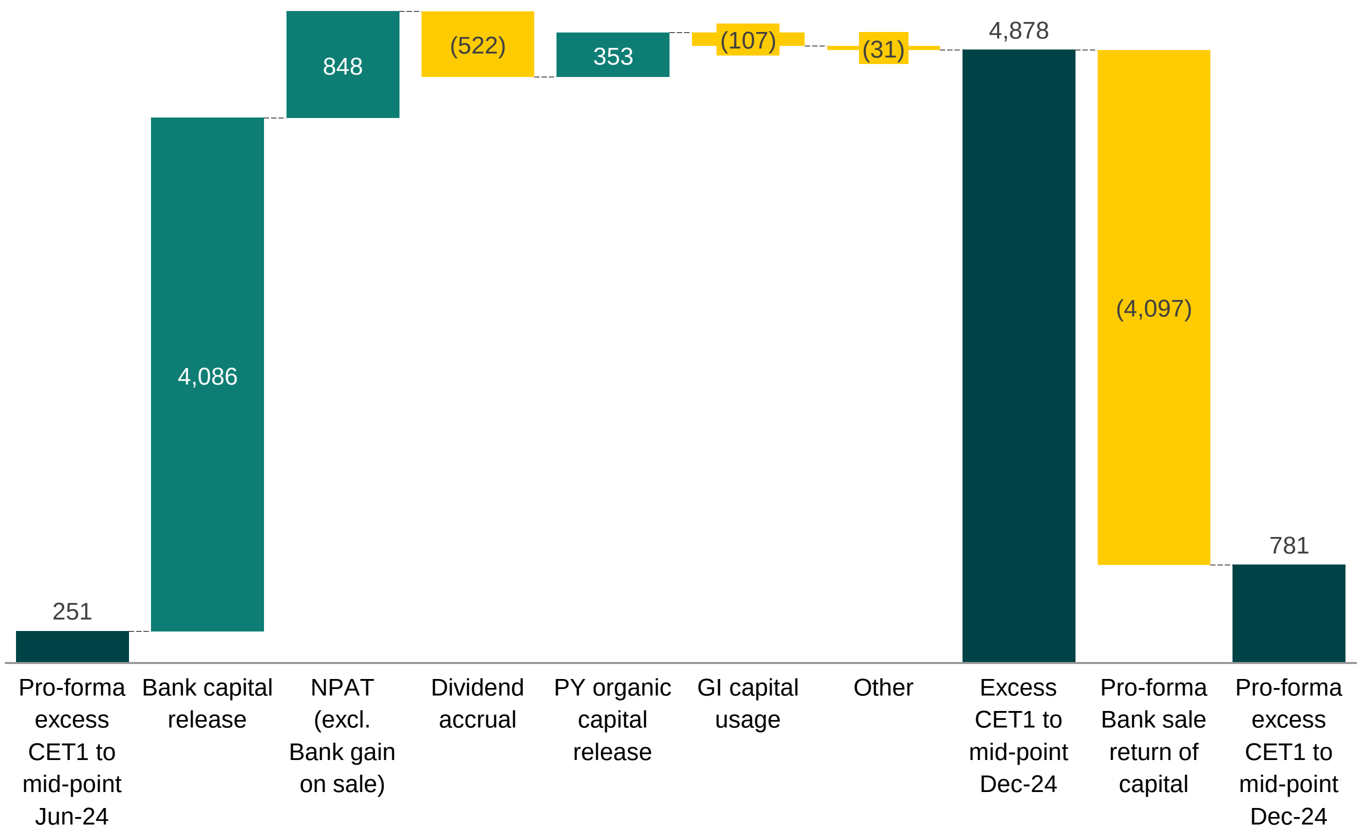
NOTES

- Successfully completed the sale of Suncorp Bank to ANZ on 31 July 2024
- $4.1 billion to be returned to shareholders:
  - $3.8 billion return of capital, equating to $3.00 per share
  - $0.3 billion special dividend, equating to $0.22 per share
- Share consolidation ratio of 0.8511
- Return of capital, special dividend and interim ordinary dividend paid on a pre-consolidation basis
- Strong capital position post capital return from Bank sale provides capacity for further capital initiatives, most likely on-market buy-backs

Group capital

EXCESS COMMON EQUITY TIER 1 CAPITAL

($m)



NOTES

- Refocus on excess CET1 to mid-point of targets (from CET1 held at Group) given changes to the composition of the business
- Bank capital release reflects net proceeds from the sale
- PY organic capital release reflects capital that was temporarily withheld to cover Bank sale related costs, as well as other Bank related adjustments
- GI capital usage of $107m largely driven by the impact of investment market movements on the risk charge and growth in CTP premium liabilities
- Pro-form capital position is net of the capital return and special dividend due for payment in March

FY25 Outlook

- GWP growth expected to be in the mid to high single digits as pricing moderates in line with easing inflationary pressures in some portfolios, particularly in New Zealand
- Underlying ITR expected to remain towards the top of the 10 to 12% range
- FY25 natural hazards allowance remains best guide for experience
- Prior year reserve releases in CTP expected to be around 0.4% of Group NIR with releases in other portfolios expected to be neutral
- FY25 expense ratio expected to be c. 90 bps below the prior year with some phasing of operating expenses in the second half
- Sustainable return on equity expected to be above the through-the-cycle cost of equity
- Maintain a disciplined approach to active capital management, with a payout ratio at the mid-point of the 60% to 80% range of cash earnings weighted to the 2H of the financial year. Robust capital position provides capacity for further capital initiatives, most likely on-market buy-backs.

Questions

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