
Financial Results
For the year ended
30 June 2024
19 August 2024
SUNCORP GROUP LIMITED | ABN 66 145 290 124

FY24 Overview

Steve Johnston

Group Chief Executive Officer

Good morning and welcome.

For those joining us in the office, I'd ask if you could put your mobiles on silent and, of course, if there is a need to evacuate, please follow the instructions of our team.

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

As you would have noticed in our ASX on Friday, unfortunately our CFO Jeremy Robson had a minor surgical procedure last week and on the instructions of his doctor won't be with us today. I'm sure I speak for everyone in wishing him a speedy recovery and we expect he will be back behind the desk later this week.

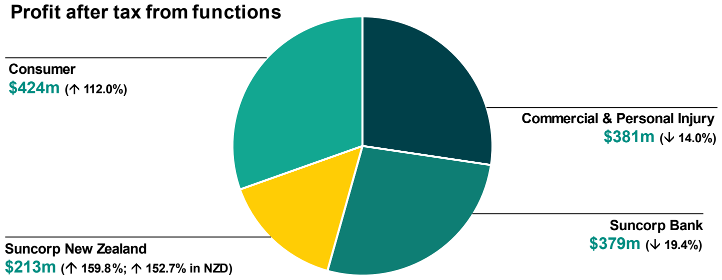
That means I will incorporate the usual CFO results overview into my presentation and following that will ask the key P&L CEOs to join me to answer your questions. I also plan to give you a high-level overview of our go-forward strategy and financial settings noting that we are also planning an investor day for 6 November where we can explore the strategy in greater detail.

Group result

Strong growth and margin improvement

- Growth driven by unit growth and pricing
- Improved underlying margins
- Positive investment returns driven by yield environment
- Fully franked final ordinary dividend of 44 cents per share, representing a full year dividend payout ratio of 72% of cash earnings
- Strong balance sheet maintained with CET1 capital held at Group of $203 million

Profit after tax from functions



GI UNDERLYING PROFIT AFTER TAX **$1,104m** ↑ 28.8%

NET PROFIT AFTER TAX **$1,197m** ↑ 11.8%

CASH EARNINGS **$1,372m** ↑ 16.6%

FINAL ORDINARY DIVIDEND **44cps**

Note: All movements are relative to the prior corresponding period

Starting with the headline result, and the Group has delivered an increase in earnings for the 2024 financial year with cash earnings of $1,372 million, and net profit after tax of $1,197 million.

This year we have included a new disclosure on page 14 of the investor pack which reconciles the headline GI NPAT with an underlying profit calculation, which provides you with the best description of how the business is performing year on year. This shows an underlying profit after tax of $1,104 million in the GI business, an increase of 29% on the prior year. The underlying ITR improved to 11.1% for the full year, and 12% in the second half.

The improvement in margins reflects the earn through of the premium rises that were necessary given higher input costs in particular from reinsurance, natural hazards and inflation.

During the year, we managed over 100,000 claims, including from 12 separate weather events in Australia and 1 event in New Zealand. This resulted in an estimated cost of $1.2 billion, $125 million or 9% below our allowance.

Investment income – a significant contributor to the result - benefitted from high underlying yields and strong equity markets.

To the dividend, and the Board has declared a final fully franked dividend of 44 cents per share, representing a payout ratio of 72% of cash earnings for the full year.

Result snapshot

Strong top-line growth and underlying momentum across the Group

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
⬆10.3%	⬆16.2%	⬆13.2%	⬆9.4%	⬆17.3%	FY24 11.1%
Customer policy growth ⬆1.4%	Customer policy growth ⬆1.8%	Rate and exposure ⬆9.1%	CTP ⬆8.9% Workers' Comp ⬆10.3%	Consumer ⬆23.7% Commercial ⬆8.1%	2H24 12.0%

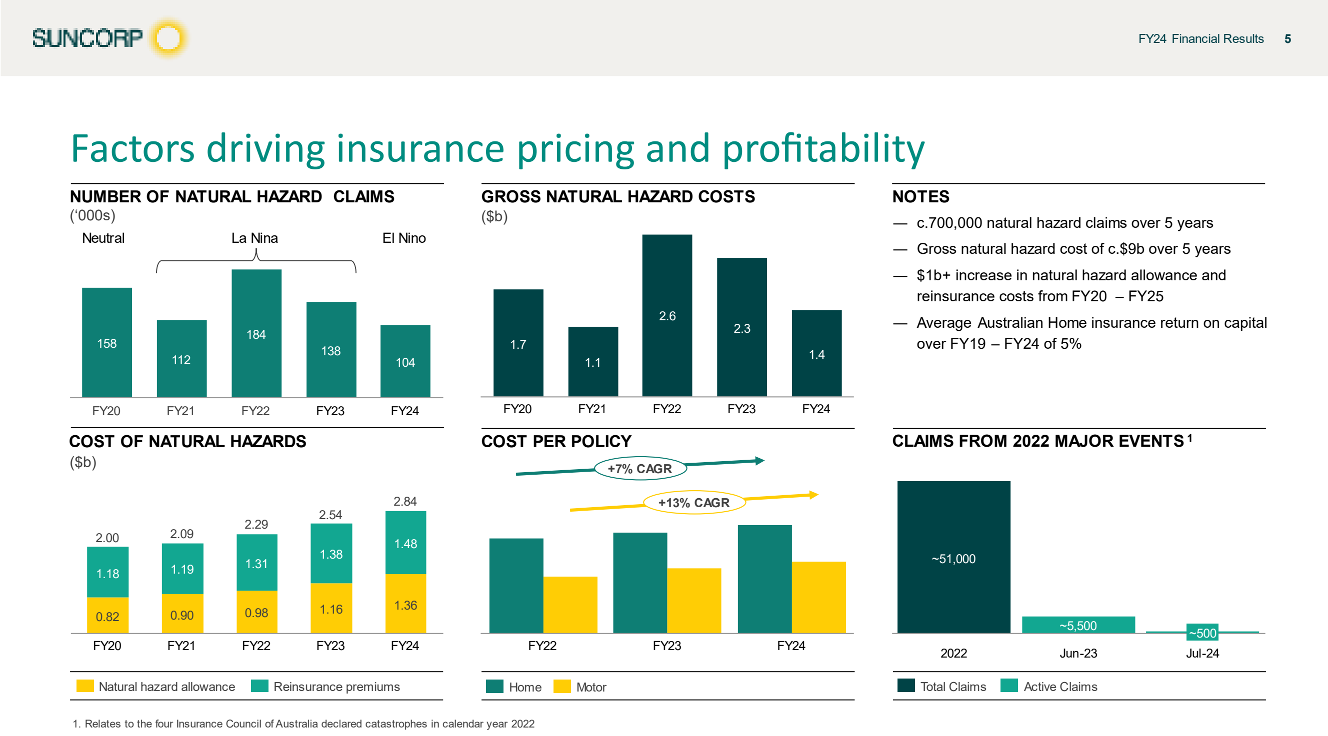
Note: All movements are FY24 relative to the prior corresponding period

On this slide I have called out some of the highlights within the result.

Our Consumer business has again achieved growth of 10% in Home and 16% in Motor, with growth in units and average written premium in both portfolios. It is pleasing to see unit growth with customers still seeing the value of insurance in the products we offer despite the increase in pricing that has been required to address higher input costs.

In Commercial & Personal Injury, GWP growth was achieved across all portfolios but was particularly strong across our Commercial portfolio, especially in Fleet and Commercial Property.

In New Zealand, the GI business reported premium growth of 17%. Both our intermediated and direct channels recorded strong growth through pricing increases in response to higher inputs costs, and solid unit growth, largely in the Consumer portfolio.



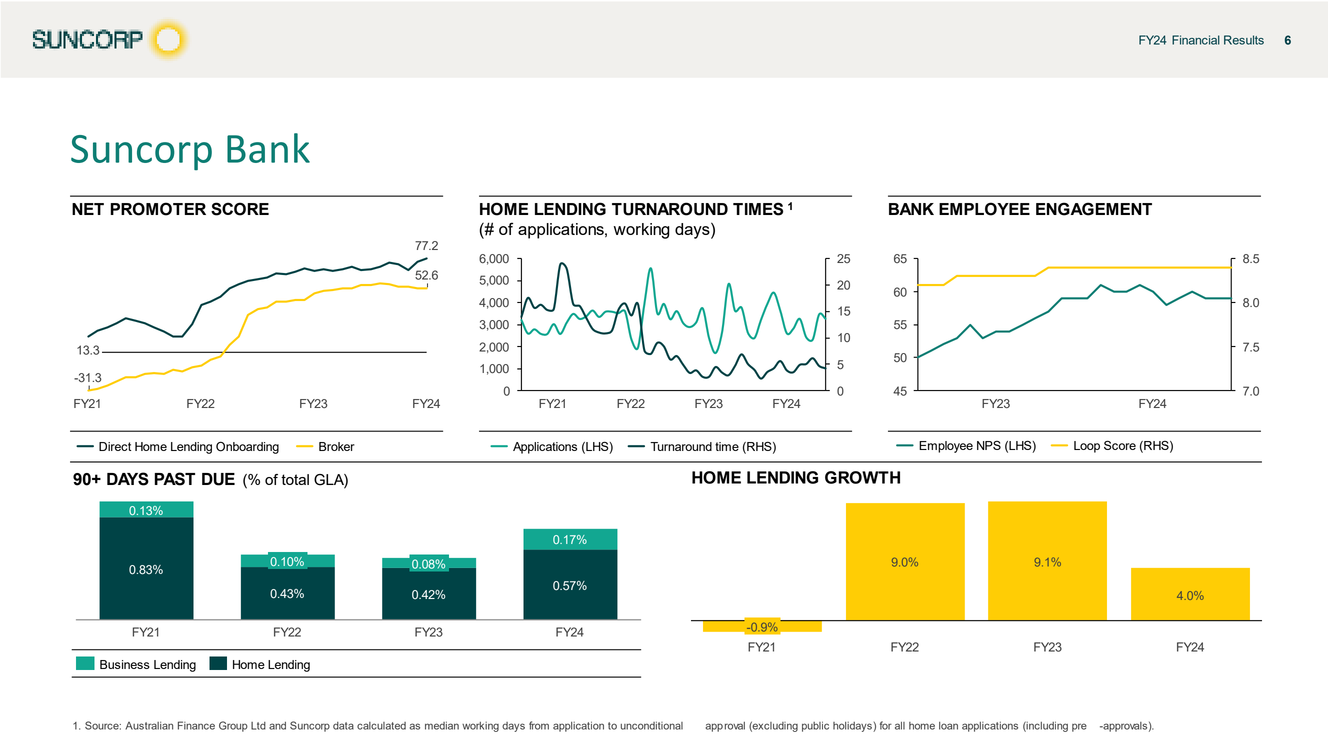
This slide will be familiar to you from our half year result presentation in February and I continue to remind everyone that there are a number of insurance specific factors driving premiums beyond the CPI.

On this slide, I have provided a five-year time series across natural hazard claims numbers and gross natural hazard claims costs (top of the slide) and their consequent impact on allowances and reinsurance costs (bottom left of the slide). I've also included here the dollar value cost per policy for home and motor over the past three years reflecting the elevated level of inflation across both portfolios.

As I have outlined previously, the impacts of climate change, a reassessment and repricing of risk by global reinsurers, the town planning mistakes of the past and stubborn inflation have converged to put significant, multi-year upward pressure on insuring pricing. This has also had a material impact on profitability in home insurance returns on capital.

I continue to reiterate that the best way of reducing the price of insurance is to reduce the risk of claim. We remain committed to working alongside government and the wider industry to respond to these challenges, recognising that it has been a challenging period for our customers.

And lastly, on this slide, I have called out at the bottom right the significant progress we have made in finalising our claims from the major events we experienced in 2022, the majority of which were subject to the Parliamentary review. Pleasingly, of the more than 51,000 claims we received from these events, we only have around 500 active and complex claims remaining.



I thought I would up-front address the Bank sale, the Bank FY24 performance, and importantly capturing where to now in respect of the transaction from a shareholder perspective.

It's no surprise to anyone in this room, or those listening in, that Suncorp's ongoing ownership of the Bank – and the rationale underpinning the conglomerate financial services model have been perennial questions overhanging the Group's valuation since at least the GFC. When I came into the CEO role I committed to the Board, that alongside the ongoing simplification agenda, we would resolve the Bank's ownership question once and for all. This involved testing the sale option against all of the other viable alternatives, but with the organic plan as the benchmark.

Fundamental to all this was improving the operational and financial performance of the Bank such that its value would be recognized under the continued ownership of Suncorp shareholders, if a sale was not viable, or alternatively by an acquirer if a sale process could be successfully executed.

This slide captures the extend of the turnaround that occurred over the past four years under both Bruce and Clive's leadership and the 3,000 strong team that make up Suncorp Bank.

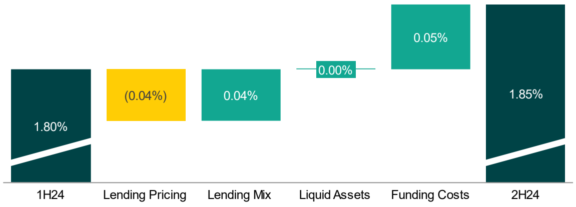
But perhaps the metric that we are most proud of is the sustained top quartile employee engagement over the protracted sale period. I draw your attention to the top right of the slide. In the face of the various hurdles put in our path, some loss of engagement would have been understood, if not expected. That it didn't occur, and that the team continued to deliver in line with the acquisition premium, suggests that the business should go from strength to strength under ANZ ownership.

Suncorp Bank

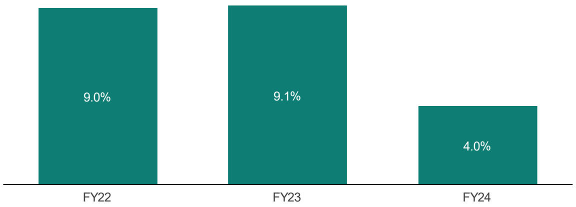
REPORTED PROFIT

	FY24 ($m)	FY23 ($m)	Change (%)
Net interest income	1,368	1,408	(2.8)
Other operating income	(10)	17	na
Operating expenses	(804)	(737)	(9.1)
Operating profit	**554**	**688**	**(19.5)**
Impairment release / (expense)	(13)	(17)	23.5
Income tax	(162)	(201)	19.4
Suncorp Bank profit after tax	**379**	**470**	**(19.4)**

NET INTEREST MARGIN



HOME LENDING GROWTH



NOTES

- Profit impacted by competitive pressures on net interest margin and increased operating expenses
- NIM recovered to 1.85% during the second half driven by lower funding costs
- Continued growth in Home lending in a highly competitive market
- 90+ days past due Home loans increased by 19 basis points of the portfolio although continue to track below long term trends
- ECL up $10 million largely from credit rating downgrades on a small number of business banking customers.

Turning now to the Bank FY24 result.

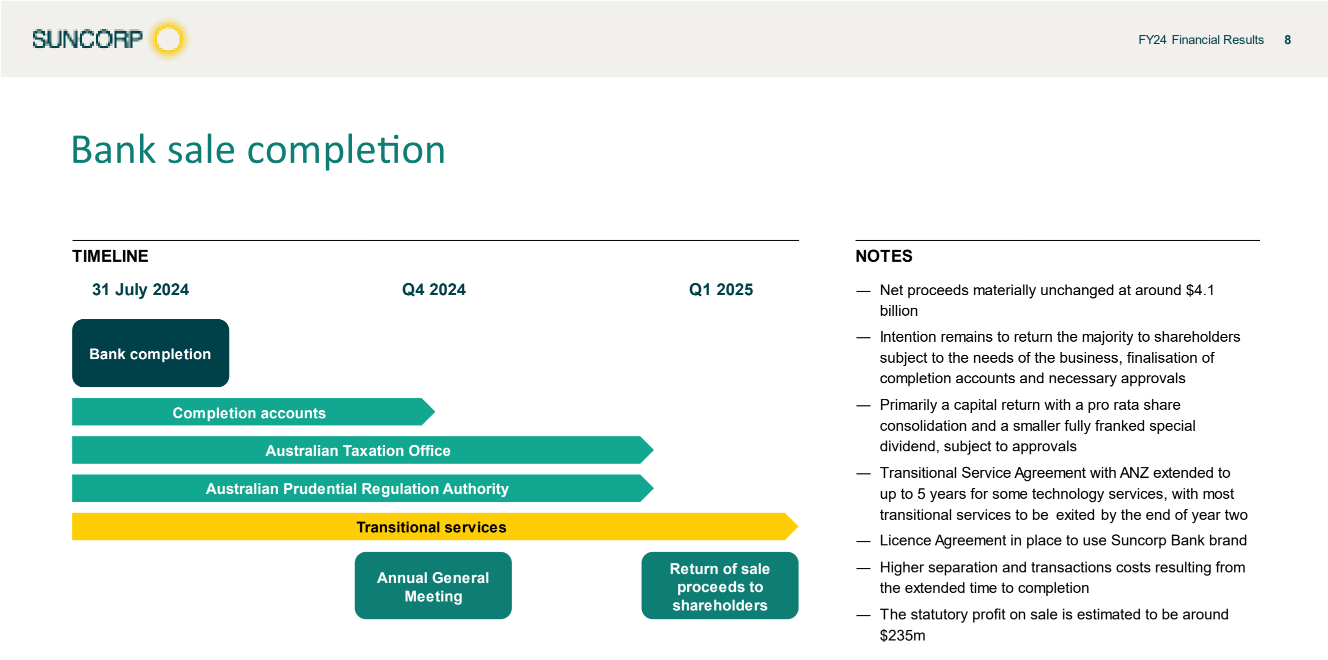
The decline in profit reflected competitive pressures on NIM that were experienced across the industry. NIM contracted to 182bps for the year, driven by deposit mix and lending competition, although it recovered in the second half to exit the year at the bottom end of our usual range.

The result was also impacted by lower other operating income, due to higher broker trail commissions in Home lending and lower gains on derivatives, and higher expenses, primarily from an increase in technology costs and inflation.

The Home lending book continued to grow, albeit at a lower rate as we balanced growth with margin outcomes.

Credit quality remained strong through the year with 90+ days past due loans continuing to track below long-term trends.

The ECL was increased by $10 million largely driven by credit downgrades on a small number of business banking customers.



Turning now to the timeline on the Bank sale proceeds which I'm sure is a key topic of interest. We still expect the net proceeds to be materially unchanged at around $4.1 billion and remain committed to returning these proceeds to shareholders, of course subject to the needs of the business at the time.

We believe this is a great result for shareholders, especially considering the significant delays in obtaining approvals for the sale and the inevitable complexity in separating the bank and insurance entities from a technology perspective.

As previously flagged, the majority of the return is likely to be in the form of a return of capital with a pro rata share consolidation and a smaller fully franked special dividend component.

We continue to expect this return to be around the end of the first quarter of calendar year 2025, following the finalisation of completion accounts, receipt of a ruling from the Australian Taxation Office and approval from APRA. Shareholders will also be asked to approve resolutions relating to the completion of the sale of the Bank at our Annual General Meeting in October.

As also previously announced, we have entered into a Transitional Services Agreement with ANZ to provide a range of services to Suncorp Bank. The majority of transitionary business and technology services are planned to be exited within two years and the remainder exited no later than five years post completion.

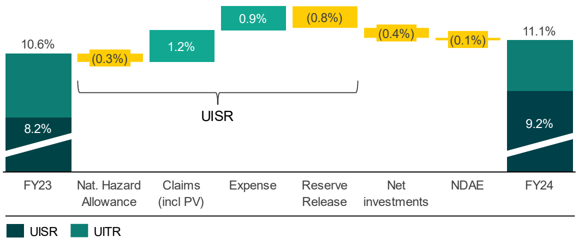
And with that, I will move to more detail of the financial results.

FY24 Financial Results

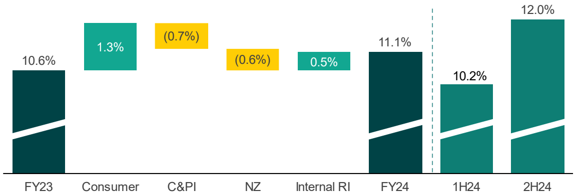
Photo: Ryley Batt, Brand Ambassador
Paralympian

General Insurance – underlying margin

UNDERLYING MARGIN DRIVER ANALYSIS



UITR CONTRIBUTION BY PORTFOLIO



FY25 MARGIN OUTLOOK VERSUS 2H24

Driver	Outlook	Comments
Claims	Tailwind	Earned premium to outpace inflation
PV adjustment	Headwind	Moderating risk-free rate to reduce discounting
Net investments	Headwind	Lower inflation carry and manager alpha
Reserve releases	Headwind	Continued long-term moderation
Exp inc NDAE	Neutral	Investment in growth absorbed in margin
RI and NHA	Neutral	Lower RI cost offset by higher allowance
FY25 UITR		**Towards the top of 10-12% target range**

RESILIENCE IN UNDERLYING MARGINS

Robust natural hazard allowance	Less reliance on reserve releases	Investment in growth	Disciplined expense management
⬆ Over 100% since FY17	⬇ From 1.5% to 0.7%	⬆ Absorbed in margin	⬇ Opex ratio 13.9%

Starting with the GI UITR.

As expected, it improved by 50 bps to 11.1% with the second half margin now at the top of our target range at 12%. The divisional movements in the UITR are shown on the top right of the slide and should be broadly as expected, bearing in mind the impacts of the lower reserve release assumption in personal injury and internal reinsurance arrangements between Australia and New Zealand.

At the bottom left you have Jeremy's usual headwind/tailwind analysis which is probably best summarised in our view of FY25 underlying margins remaining at the top end of the 10-12% range.

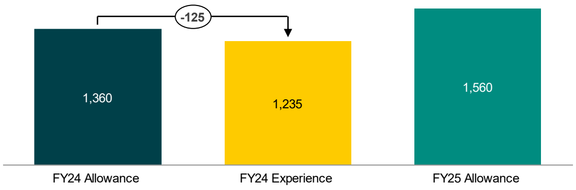
And I'd like to remind you of the growing resilience built into these margins, with the UITR range of 10-12% now featuring:

- A more robust natural hazard allowance, a more than 100% increase on FY17
- Less reliance on prior year reserve releases, from 1.5% of NEP to 0.7% in FY24 and to 0.4% in FY25.
- And increased investment in the growth of the business, enabled by our disciplined management of the expense base.

General Insurance - natural hazards & reinsurance

FY24 NATURAL HAZARDS VS ALLOWANCE

($m)

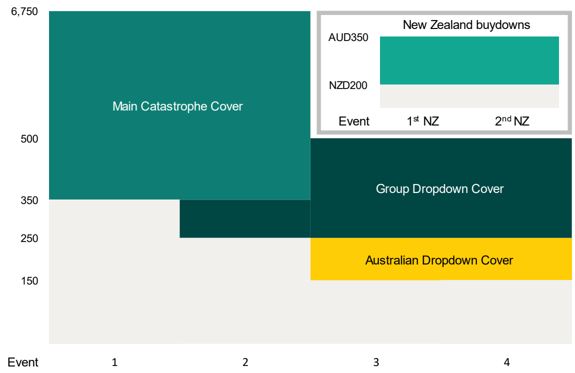


NOTES

- FY24 Natural hazards experience 9% below the allowance, with both Australia and New Zealand favourable
- FY25 reinsurance program in place with impact of portfolio growth and program structure (including removal of Queensland quota share), offset by improved reinsurance market conditions
- FY25 allowance of $1,560 million reflects unit growth, continued inflationary pressures across the industry, and increased risk retention resulting from the RI program structure changes
- Suncorp will explore alternative reinsurance options as appropriate

FY25 REINSURANCE PROGRAM

($m)



Turning now to natural hazards.

Natural hazards costs for the year were $125 million below the allowance, with relatively benign weather in the second half.

We did see some strengthening of reserves on first half events, primarily the large event in South East Queensland in late December. The multi-peril, multi geography nature of this event and its proximity to December 31 balance day made our central reserving estimate very challenging.

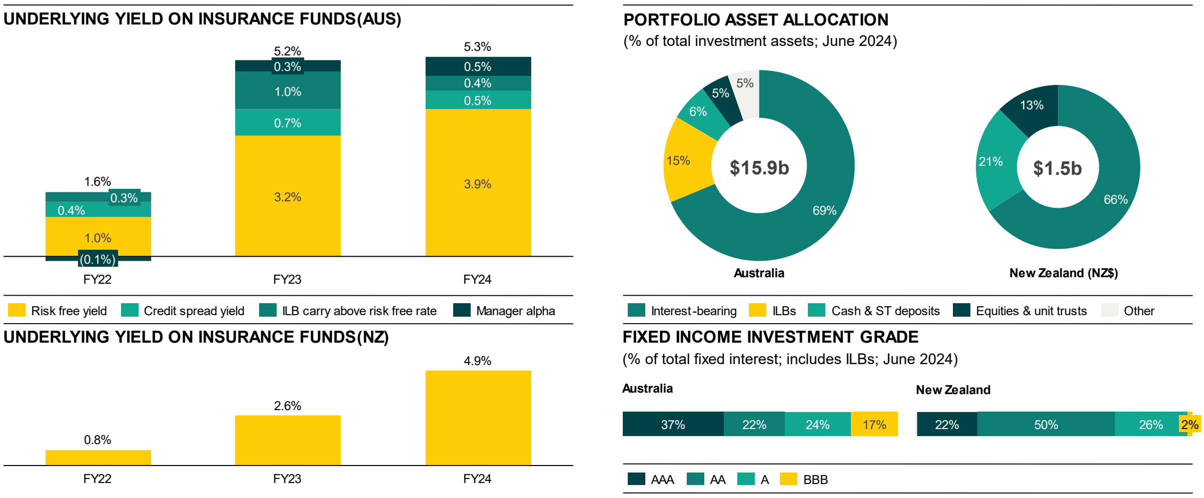
Pleasingly, we have successfully placed our FY25 reinsurance program with some stability returning to the global reinsurance market after three years of disruption.

Following a comprehensive review, and the implementation of the Federal Government's cyclone reinsurance pool, we decided not to renew our Queensland quota share arrangement.

Accordingly, the FY25 natural hazard allowance has increased by $200 million to $1.56 billion reflecting unit growth, continued inflationary pressure, and the removal of the QQS arrangement.

With the Bank sale complete and the FY25 program in place we are now well placed to explore other covers and structures that may make sense given the evolution of our strategy. But I add a very important caveat. Any proposal would need to be in the long-term interests of our shareholders; therefore value accretive and consistent with our strategic priorities.

General Insurance – investment market impacts



Turning to investment performance.

Investment income increased significantly across both the tech reserves and shareholder funds portfolio, in both Australia and New Zealand.

The average underlying yield on tech reserves in Australia was 5.3% with improved risk-free returns and very strong manager performances. And in NZ underlying yield increased to 4.9%.

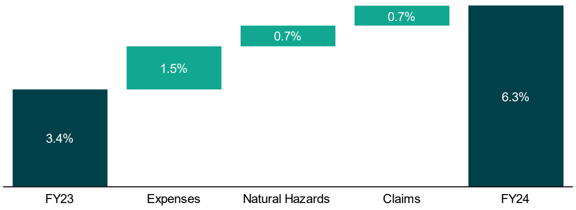
ILB's again produced strong returns, albeit down from previous periods as CPI inflation began to reduce.

The average return on SHF in Australia was 7.2% with higher running yields and strong equity market performance.

And lastly on investments, I note that we're not currently expecting any major changes to our asset allocation, although we will continue to monitor investment market outlooks.

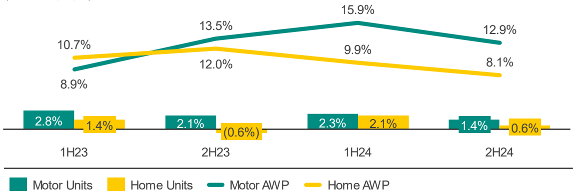
Consumer

UISR WALK

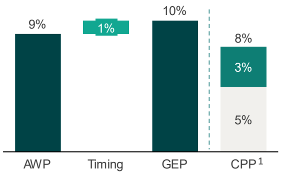


HOME AND MOTOR PORTFOLIO GROWTH

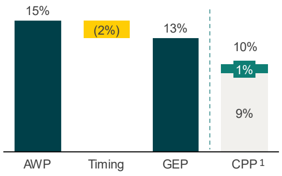
(versus pcp[2])



HOME PREMIUM VS CPP



MOTOR PREMIUM VS CPP



Natural Hazards ■ Working Claims

NOTES

- Double digit GWP growth across both Home and Motor
- Continued unit growth with strong new business
- Increase in digital sales and service transactions for mass brands
- Margin repair with discipline in cost management and price increases
- Changes to pricing, underwriting and vendor management in response to sticky inflation in Home related to higher water (Escape of Liquid) claim costs
- The entry into the Cyclone Reinsurance Pool has impacted AWP by approximately 3% over the course of the year

1. Excludes discounting, reserve releases and risk adjustment; Other factors that impact cost per policy such as expenses and reinsurance have an immaterial impact on FY24 inflation and are therefore not represented on the chart
2. Normalised for portfolio exits for FY23, no impact for FY24

Turning now to the divisional results, starting with Consumer.

Overall, GWP grew by 13.8%.

The Home portfolio grew by over 10% as we continued to price for the increased reinsurance costs and persistent inflation, especially in relation to water claims.

Unit growth in Home eased slightly in the second half but at 1.4% for the year was a strong result.

Motor GWP increased by over 16%, with premium increases reflecting continued inflation, albeit with some signs of the pressure easing in the second half.

Unit growth in Motor of 1.8% reflected a slight easing in the second half as the portfolio focused on improving margins.

In terms of inflation, we saw a cost per policy increase of c.8% in Home and c.10% in Motor.

Earned premium is at least 2% ahead of these rates in each portfolio as the earn through of the prolonged pricing response in each portfolio has now moved ahead of inflation.

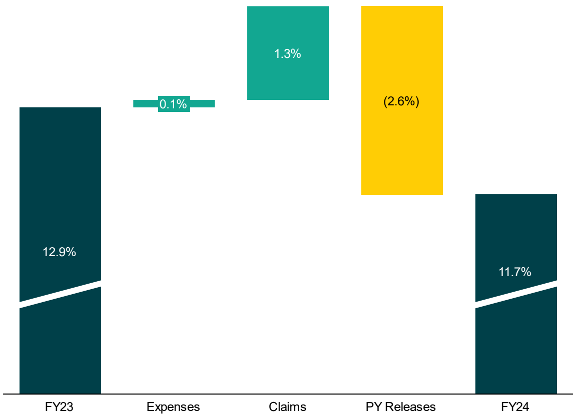
The increase in Motor working claims costs reflected ongoing industry-wide inflationary pressures including supply chain constraints and higher third-party settlements, but pleasingly, the rate of inflation has continued to ease over the second half and the written response has adjusted accordingly.

Home claims continued to be impacted by elevated water claims and some volatility around fire claims.

In terms of underlying profit, the Consumer portfolio was up just over 60% for the year, with improved margins on higher levels of premium.

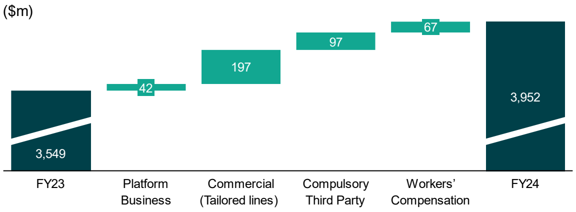
Commercial & Personal Injury

UISR WALK



GWP WALK

($m)



GWP growth	**8.6%**	**14.9%**	**8.9%**	**10.3%**	**11.4%**

NOTES

- Strong topline growth, especially in Tailored Lines and Workers' Compensation
- Improvement in underlying claims ratio driven by Workers' Compensation and Platforms portfolio
- Underlying margin impacted by lower reserve release assumptions in CTP, driven by broad based superimposed inflation in Queensland

Turning to Commercial & Personal Injury, and strong topline growth continued to be a feature of the result with the increase in underlying profit reflecting the growth in the portfolio.

GWP increased by over 11% with growth across all portfolios, with the individually underwritten or Tailored Lines portfolio the key driver with growth of around 15%, from a combination of both rate and improved new business/retention.

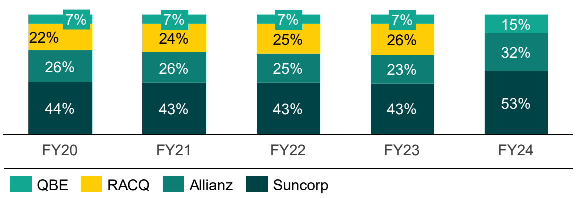
Pleasingly, our continued investment in the Platforms business saw growth continue to accelerate, reaching just under 9%.

Growth in the CTP business was primarily driven by the allocation of the RACQ book in Queensland, with the transfer of the book to be completed by October. I'll come to this in a moment.

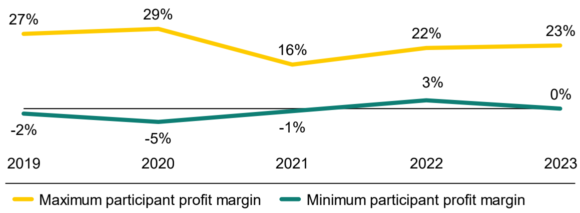
The underlying margin decreased slightly due to the reduction in reserve release assumptions.
As expected, FY24 reserve release assumptions declined to 0.7% for the CTP portfolios as we reduce margin reliance on this component.

Queensland CTP

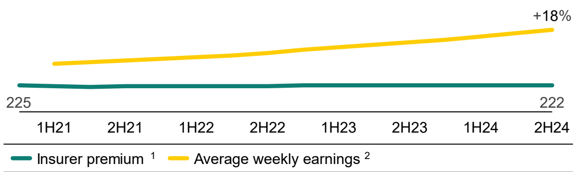
SUNCORP MARKET SHARE [1]
(rolling 3-month average at year end)



SCHEME PARTICIPANT PROFIT MARGIN [1]



INSURER PREMIUM VERSUS AVERAGE WEEKLY EARNINGS



NOTES

- No new scheme entrant in over 20 years
- Number of scheme participants has reduced from five at the start of FY14 to three at the end of FY24 with NRMA exiting in January 2014 and RACQ exiting in Oct 2023
- Suncorp's Queensland CTP portfolio considered onerous since FY22 with Combined Operating Ratios over 110%

1. Motor Accident Insurance Commission; 2. Australian Bureau of Statistics

I would like to briefly comment on the Queensland CTP portfolio, and the $39m onerous contract provision that is included in this result.

As you know, Suncorp has always had a significant position in the scheme with market share as high as 55 per cent.

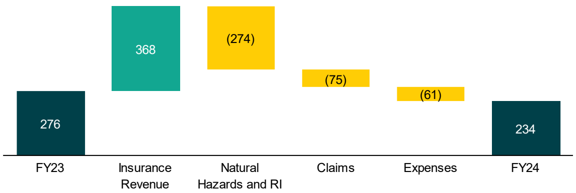
At present we are the largest participant in the scheme with over 50% market share, but we expect this to continue to grow as we inherit RACQ risk at a higher rate than the two insurers remaining in the scheme.

On this slide I've included some data points which I feel adequately points to a scheme in need of reform. At its core, insurers receive the same price for most policies even though their mix of business, and the way they acquire business, differs markedly. This leads to the wide disparity of margins described on the top right of the slide. An outworking of this is there have been no new market entrants for over 20 years and the number of scheme participants has reduced to three with the exits of NRMA and RACQ.

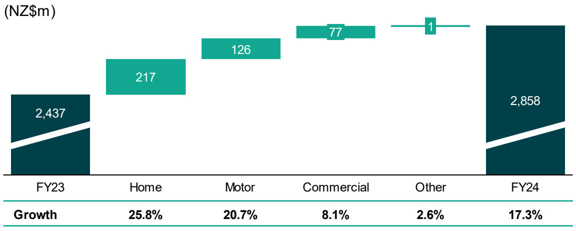
Additionally, all scheme participants have filed at the regulator-imposed price ceiling in each of the past 30 quarterly filings. I'm encouraged by the constructive discussion we have had with the QLD government on a range of sensible reforms which will have the effect of creating a more sustainable and competitive scheme while not adding to the cost-of-living burden for QLD motorists or reducing their ability to receive benefits from the scheme.

New Zealand

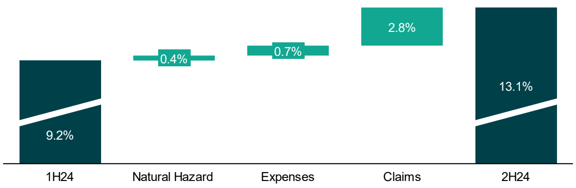
UNDERLYING INSURANCE SERVICES RESULT WALK
(NZ$m)



GWP WALK
(NZ$m)



2H24 UISR % WALK



NOTES

- Strong growth, especially in Consumer, reflecting pricing increases in response to higher input costs and solid unit growth
- Underlying margin impacted by increases in reinsurance costs and higher natural hazard allowance
- Earn-through of pricing increases in response to higher input costs drove margin improvement in the second half
- Life sale net proceeds expected to be around A$270m

To New Zealand, where there was a strong recovery in the reported result following the two large weather events in early 2023.

The underlying result, however, was impacted by the significant increase in reinsurance costs post those events although there was a strong recovery in the second half as the pricing response began to earn through.

This dynamic was reflected in the UISR which fell nearly 3% to 11.2% for the year despite a recovery to 13.1% in the second half.

The pricing response to this has led to GWP growth of over 17%, with the Home and Motor portfolios particularly strong across all channels.

Net incurred claims increased by just under 10% on an underlying basis, driven by a higher natural hazard allowance and inflationary pressures in Home and Motor that moderated as the year progressed.

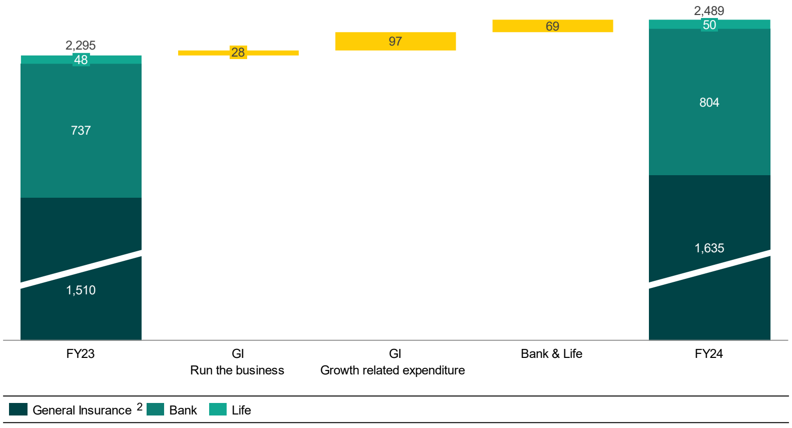
The Life result decreased 27% driven by an increase in planned profit margins offset by unfavourable experience.

In regards to the sale of the New Zealand Life business, we expect net proceeds of around AU$270m.

The sale remains on track to complete around the end of January 2025.

Group operating expenses

GROUP OPERATING EXPENSES[1]
($m; excluding restructuring, ESL and TEPL)



1. Commission expenses are now presented separately in the financial statements and are not included in this analysis
2. Includes NDAE (FY23: $40m; FY24: $56m)

NOTES

- General Insurance operating expense ratio fell 0.8pp to 13.9% driven by disciplined management of run the business costs
- Increase in growth related expenditure driven by marketing, customer and broker connectivity improvements, digital transformation as well as core system and regulatory projects
- Increase in Bank costs driven by an uplift in technology costs, inflation in wages, and increased investment and regulatory spend

Now briefly to Group expenses.

Operating expenses increased 8.5% driven by planned growth related investment in the General Insurance businesses and higher Bank expenses.

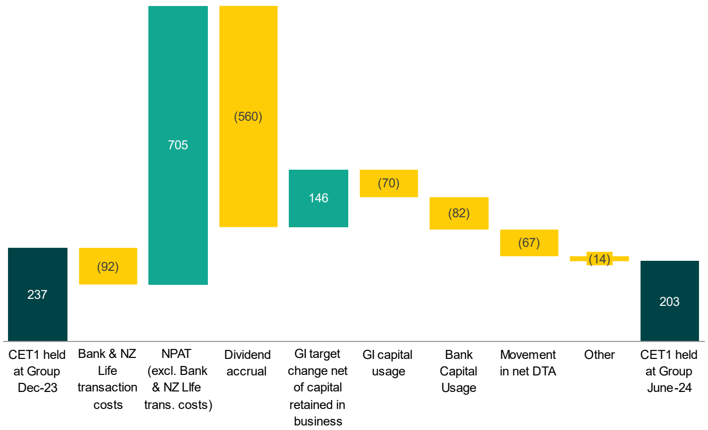
Growth related costs in GI are now fully allowed for within our margin targets, and this year included investment in customer and broker connectivity, the upgrade of core systems and some additional marketing spend.

GI run the business expenses were broadly flat, as we continue to offset wage and technology inflation and increased system costs with productivity savings.

As a result, the General Insurance operating expense ratio improved 80 bps to 13.9%.

Group capital

COMMON EQUITY TIER 1 CAPITAL HELD AT GROUP
($m)



1. Ex-dividend and announced capital management initiatives

NOTES

- $203m of CET1 capital held at Group
- Capital benefit from change to risk appetite at the GI holding company level partly offset by capital retained in the business
- GI capital usage largely driven by growth and inflation
- Bank capital usage driven by growth in the book
- 44 cps fully franked final dividend, with full year payout ratio at 72%
- Capital retained by the business will generate an appropriate return on capital in line with Group targets

Finally to capital.

The capital position at 30 June remains strong, with CET1 held at Group of $203 million.

I've included on the chart the usual capital waterfall and I'd like to note a few points on it:

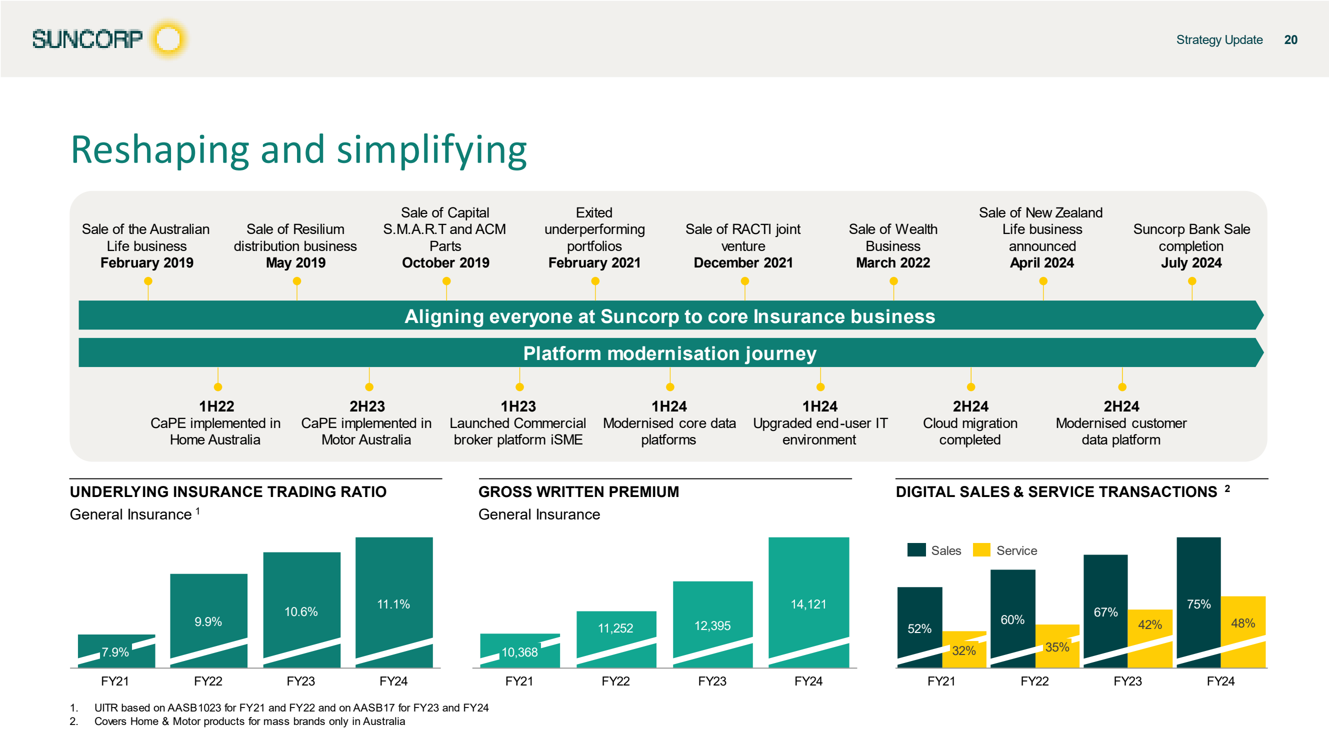
- Firstly, the GI CET1 ratio has reduced from 1.22x to 1.15x PCA, largely as a result of changes to our capital targets at the GI holding company level that aim to increase capital efficiency in the division.
- The benefit of the target change was partially offset by Bank not distributing its usual final dividend to Group.
- Capital usage in the General Insurance business was largely driven by growth and inflation, as well as an increase in the natural hazards allowance and investment market movements.
- And the movement in the net DTA is partly driven by the unwind of IFRS17 tax benefits, as expected

The final dividend of 44 cps is up on FY23, which I remind you included the benefit of BI reserve releases.

And the full year payout ratio of 72% is around the middle of our target range.

Strategy Update

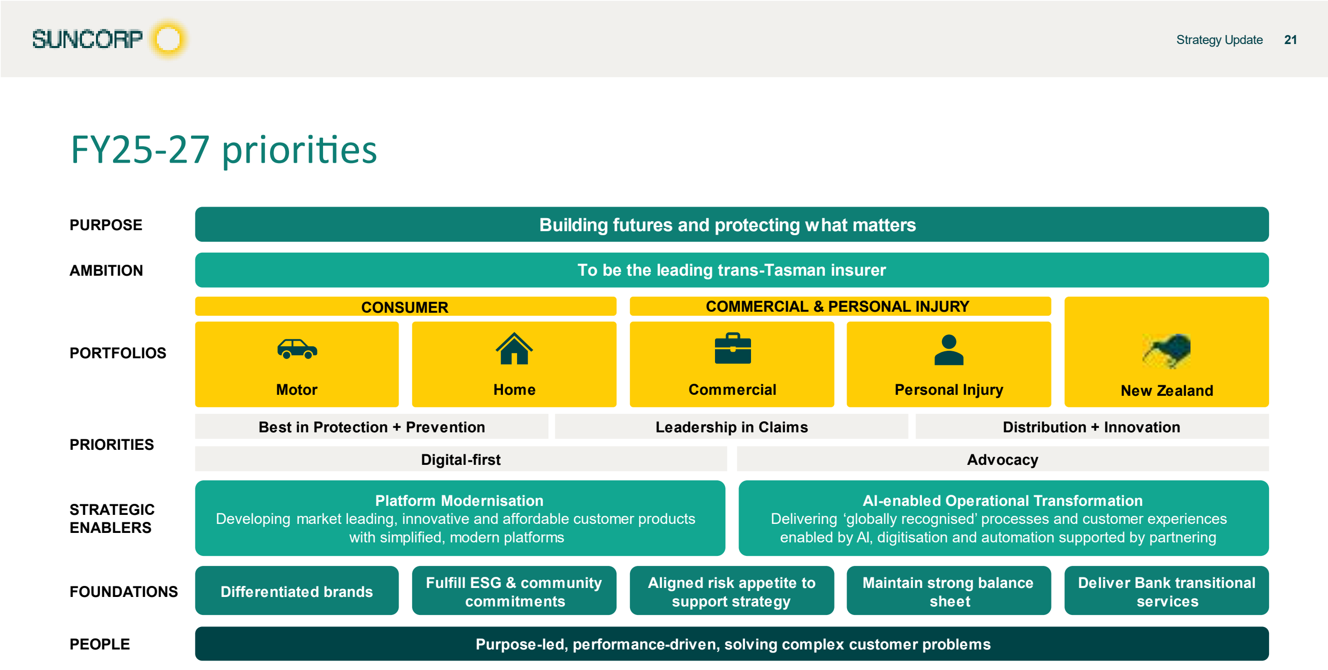
I would now like to take you through at a high-level our three-year business plan and our key financial metrics. We will then move to Q&A.



The completion of the Bank sale brings to an end a program of portfolio simplification which I have captured at the top of this slide. Suncorp has emerged as a far simpler, easier to understand, pure play Trans-Tasman general insurance company. Every moment of our time – from the Board through to each and every member of our team, is focussed on a program of work which we believe will create significant value for all our shareholders.

What's less well understood though is the program of platform modernisation we have been executing, alongside the sale of the Bank. Our FY20-23 strategy prioritised the modernisation of our data, pricing and digital assets. Over the past 3 years we have migrated all our data to the cloud, separated Bank and Insurance data, and transitioned to contemporary customer platforms. We have modern pricing infrastructure via Earnex, established commercial broker connectivity via ISME and we are well advanced in upgrading all our internal IT and telephony infrastructure.

The material investments have been delivered alongside the operational and financial improvements I've highlighted at the bottom of the slide and create the platform of which we launch the next chapter of the Suncorp story.



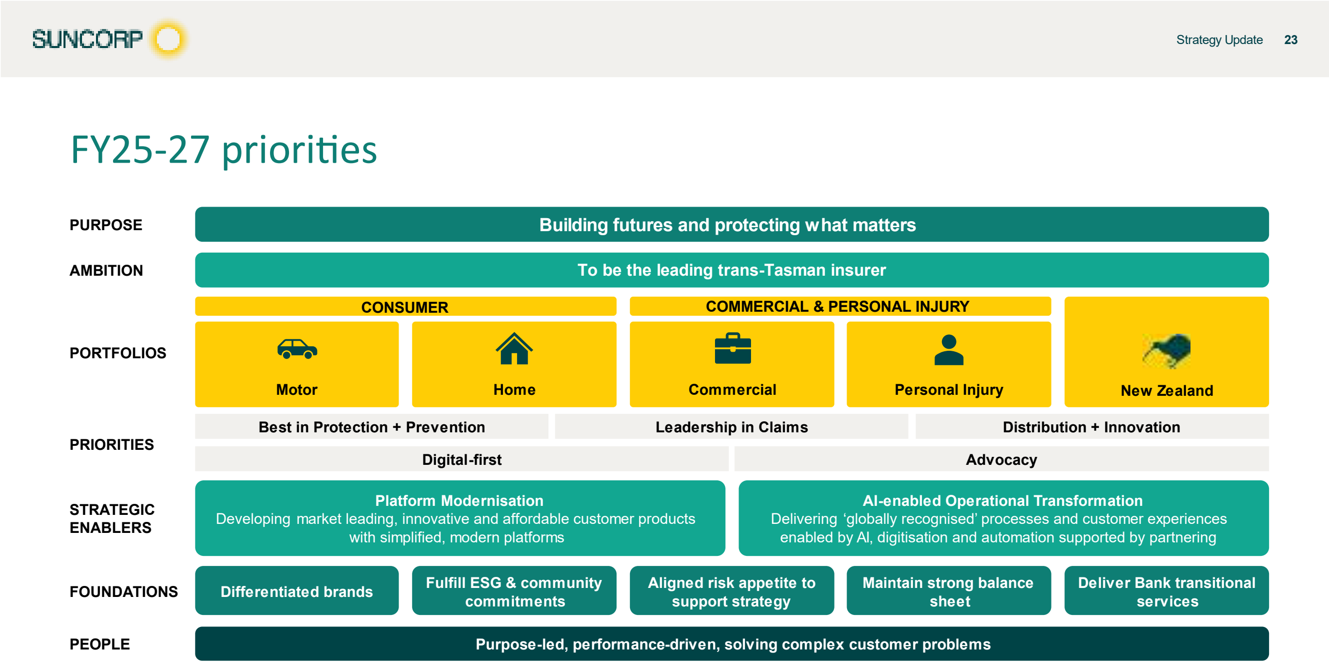
On this slide I have captured a very simple picture of 'what's next'.

From the top down everything we do is grounded in our Purpose. You have heard me talk about this at all our result presentations.

Purpose driven, delivering strong outcomes for the long term

The inverted triangle best describes how we believe long-term value is created at Suncorp.

Our purpose, delivered through our people, to the benefit of our customers and the community, in that order, should always lead to a sustainable and growing business for shareholders.



Our ambition is both near term to FY27 but aspirational to FY30 to recognise that we are making investments today that set up the long-term future of Suncorp.

Our five portfolios will be familiar to you. What's changed is that our organisation structure now reflects the end-to-end accountability for delivery of the financial, operational and customer metrics in each of these five portfolios. I will run you through these soon.

I've mentioned the work we've already completed in modernising our core platforms. Having built the foundations in data and pricing we now move to the multi-year program to replace our policy administration system or PAS. Put simply, a modern insurance company would not survive on technology that was built before 80% of the people that work on it were born.

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Strategic Enablers

PLATFORM MODERNISATION
Pricing • Data • Policy Admin • Claims • Enterprise

- Better customer propositions
- Business agility
- Reduce complexity
- Enables innovation

OPERATIONAL TRANSFORMATION
Digitisation • Automation • Partnering • Artificial Intelligence • Best in class claims

- Generative AI
- Low risk use cases
- Service excellence

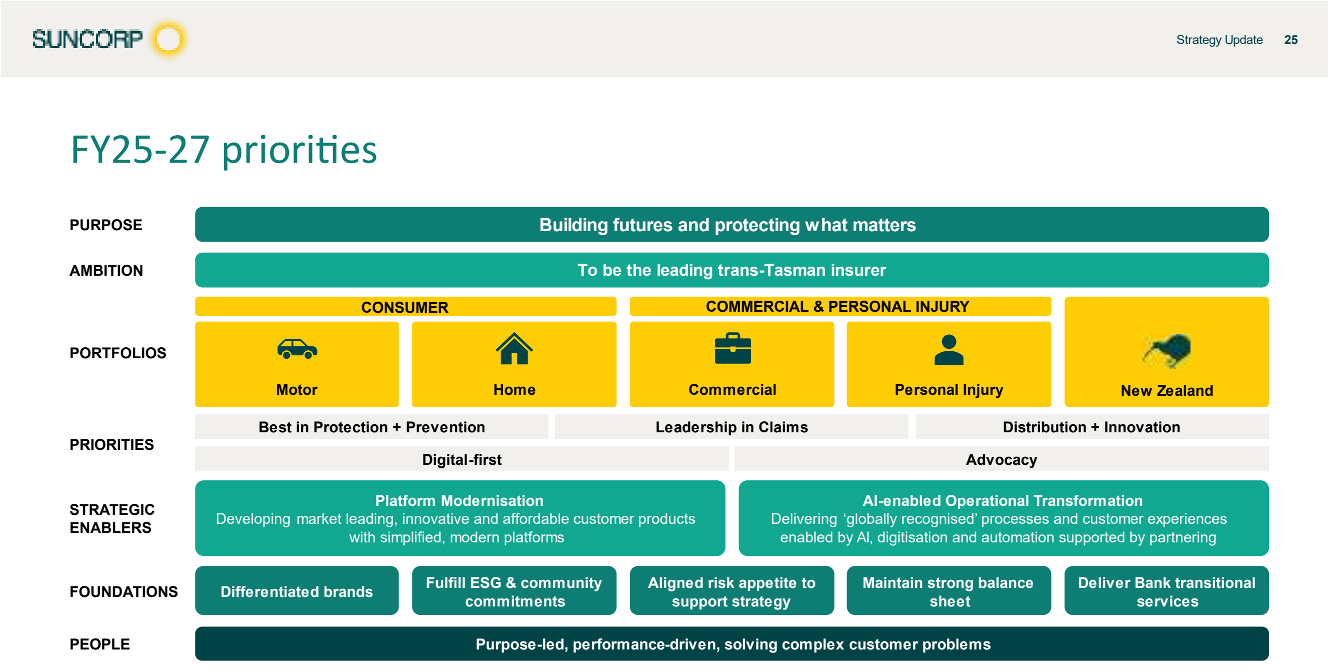
While there is a big technology component to a PAS replacement, think of it more as a root and branch rewiring of a general insurance business – reducing complexity, improving speed to market, enabling innovation and, importantly, allowing us to develop better customer propositions.

We are already underway in AAI in New Zealand before we move back to AAMI in Australia and then progressively through the remaining portfolios. This, and the ultimate reconfiguration of claims to the cloud will create a true digital insurer.

Importantly, the hard work we done to remediate margin means we can do all of this within the financial guardrails of the business.

The other key enabler of our strategy is operational transformation. In the FY20-23 strategy the focus was on digitisation and best in class claims. While these programs are ongoing, our attention will now turn to the deployment of new generation AI capabilities. Without any prompting, our team have already developed 100 plus use cases, the most attractive of which we have prioritised for funding in FY25.

We see General Insurance as a leading candidate for reaping the benefits of AI. However, we favour a measured deployment, recognising the pace of change will inevitably throw up a number of questions and concerns that will need to be worked through.



The elongated Bank sale process has allowed us to thoroughly review the core foundations of our business including our brand strategy, our risk appetite as a pure play insurer, our financial guardrails and on balance sheet positioning, including reinsurance.

Recognising our role as an ongoing provider of transitional services to ANZ we have also established a dedicated team within Adam's accountabilities, and group wide governance to oversee the successful delivery of these transitional activities.

And finally, the key to strategy execution is our people. With the recently announced changes I'm confident we have the most efficient and accountable structure, and the leading insurance team to deliver this strategy.

I'll now run you through how we think about the financial settings of the business, and how that translates through into an attractive investment proposition.

The underpinnings of these settings are:

Suncorp aims to deliver a risk adjusted ROTE in the top quartile of the ASX200.

The volatility of the ROTE is reviewed annually, considering variables such as changes in reinsurance structures, updated views on natural hazards and working claims risk, and investment strategy.

We then allocate this expected ROTE to the products based on their contribution to the group's return requirements.

For the FY25-27 plan period, this resulted in a ROE target of around 10% which obviously translates to a higher return on incremental capital and a UITR target range of 10-12% across the business.

In positioning Suncorp for this next phase, we reviewed the risk appetite of the organization going forward in the context of an appropriate probability of sufficiency and peer targets, and reassessed the capital settings to better align with our assessment of risk and return expectations.

The new CET1 capital target range is between 1.025 and 1.325x PCA and we expect to operate in the top half of this range. This will still allow Suncorp to have a conservative setting in keeping with our prudent approach to capital management.

These guiderails are then applied to each of the divisions, taking into account the capital consumption and volatility within each.

And I will run through how this translates to divisional UITR targets in a moment.

We believe that these settings allow us to deliver an investment proposition that:

- Promotes investment in growing the business
- Delivers strong risk adjusted returns

- Allows for a consistent dividend paid at the mid-point of the 60-80% of cash earnings range
- Allocates capital efficiently, which will be enabled by an active capital management policy that includes systematic on-market buybacks
- And all supported by a strong and well managed balance sheet with an optimized reinsurance structure and investment asset allocation strategy.

I want to emphasise the point on buy-backs. It is our intention to return surplus capital to shareholders through regular on-market buy-backs, including the proceeds from the divestment of the New Zealand life business.

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Divisional strategies

Division	Consumer		Commercial & Personal Injury		New Zealand	
Portfolio	**Motor** Maintain #1 market share	**Home** #2 to #1 market share	**Commercial** #4 to #2 market share	**Personal Injury** Australian public and private scheme leader	**Intermediated** Growth through improved pricing & UW	**Direct** Growth through digital experiences
UITR Target (relative to Group target)	Below	Above	In-line	Above	Above	
Leading protection & prevention solutions	Best in class underwriting & pricing Develop and launch prevention solutions		Best in class underwriting & pricing B2B customer focused distribution		Transform Intermediated pricing, underwriting & portfolio management	
Industry leadership in claims	Excellent customer claims experience Leading cost efficiency		Best in class claims Digital CTP lodgment for Direct Customers		Digitise claims lodgement Automate simple claims settlement Expand repairer network capacity	
Customer distribution and innovation	Best in class brands and customer service Develop prevention capabilities		Platform broker connections New product & expand claims as a service		Boost broker and partner digital experiences Develop digital platform through new partnerships	
Simple, digital -first customer experiences	Simple, personalised, digital experiences Affordable insurance propositions through efficient operations		AI supported underwriting AI enabled digital experiences and claims processing		Develop a scalable operating platform Direct GI core policy system through Digital Insurer	
Leading industry voice on advocacy	Amplify four -point plan for a more resilient Australia Leading voice for safer, greener roads		Reform for QLD CTP scheme sustainability Efficient government schemes for better customer results		Climate adaption advocacy with central and local government	

Onto the divisional strategies, and on the slide you will see how the financial settings translates to UITR targets for each division.

At one end of the continuum is Motor which has relatively low capital consumption and stable earnings.

The Home portfolio is impacted by its exposure to natural hazard events, which impacts both volatility and the level of capital that the portfolio requires.

The Commercial business sits in between these portfolios, with exposure including elements of both motor and property, amongst other risks.

The Personal Injury portfolio is impacted by the inherent risk of longer duration claims, increasing exposure to factors such as inflation.

Risk in New Zealand is primarily impacted by its exposure to earthquake risk which increases volatility and consequently capital consumption.

You will also see on the slide some of the specifics of the divisional strategies, aligned to the five priorities in the FY25-27 strategy.

Outlook

Now to the outlook for FY25.

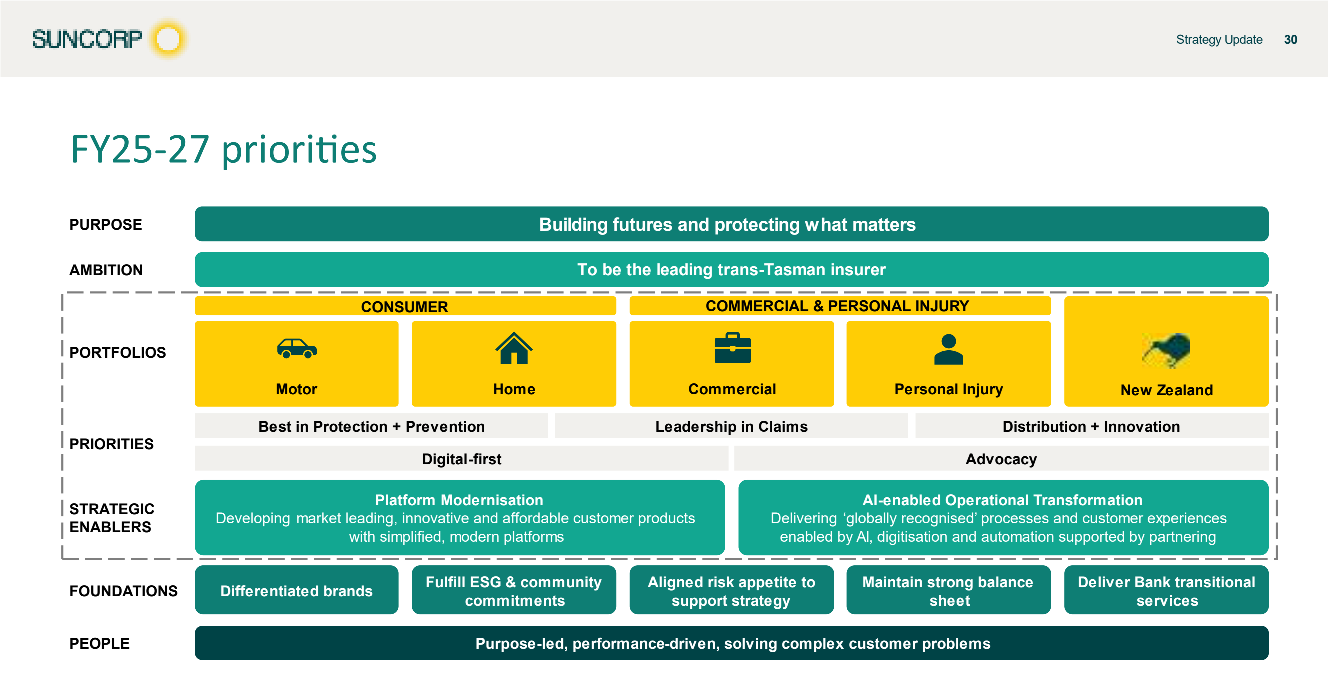
GWP growth is expected to be in the mid to high single digits as we price for increased input costs and inflationary pressures ease slightly in some portfolios.

Our underlying ITR target is towards the top of the 10 to 12% range which is supported by the continued earn through of elevated premium rates as inflation begins to moderate. We expect investment income to moderate as the market adjusts its expectations for interest rates.

Prior year reserve releases in the CTP portfolio are expected to be around 0.4% of group net insurance revenue, while releases in other portfolios expected to be neutral in FY25.

Our expense ratios are expected to be broadly flat and this takes into account the investment required to support strategic investments and to continue to grow the business.

We continue to target a sustainable return on equity about the through-the-cycle cost of equity.



And lastly, we plan to provide a lot more detail on our portfolios, priorities and key enabling programs of work at our planned investor day on 6 November.

With that, we will take your questions.

Questions

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