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ASX Announcement
1H25 Financial Results

12 February 2025

Delivering outcomes for customers and shareholders

Group NPAT (incl. profit on sale of Bank)	Cash earnings	Natural hazards	Net investment returns	General Insurance GWP
$1,100 million	**$860 million**	**$503 million**	**$374 million**	**$7.5 billion**
pcp $582 million	pcp $660 million	$277 million below allowance	pcp $396 million[i]	↑ 8.9%[ii]

Return of capital from sale of Suncorp Bank (5 March)	Special dividend from sale of Suncorp Bank (14 March)	Interim dividend (14 March)
$3.00 per share	**22 cents per share**	**41 cents per share**

- Underlying insurance trading ratio in the General Insurance business of 11.8%, in line with guidance.
- Fully franked interim ordinary dividend of 41 cents per share, representing a payout ratio of 60.6% of cash earnings.
- $4.1 billion of net proceeds from the sale of Suncorp Bank to be returned to shareholders through a $3.8 billion capital return and $0.3 billion fully franked special dividend, equating to $3.00 and $0.22 per share respectively.
- Robust capital position with capacity for further capital management initiatives, most likely on-market buy-backs.

Suncorp Group Limited (ASX: SUN | ADR: SNMCY) today reported Net Profit After Tax (NPAT) of $1,100 million (pcp: $582 million). The result includes a one-off gain on sale ($252 million) of Suncorp Bank, which completed on 31 July 2024. Other factors that supported the result include favourable natural hazard experience, positive investment returns and the non-recurrence of prior year reserve strengthening, which impacted the prior period.

Cash earnings, which backs out the gain on sale of Suncorp Bank and other non-cash items, increased to $860 million (pcp: $660 million). The underlying general insurance trading ratio (UITR) of 11.8% and growth in gross written premium of 8.9% were both in line with guidance.

The Suncorp Board has confirmed the first tranche of the return of capital associated with the Bank sale will occur on 5 March, amounting to $3.00 per share. A fully franked special dividend of 22 cents per share, associated with the sale, will be paid alongside the interim ordinary dividend of 41 cents per share on 14 March.

Suncorp CEO, Steve Johnston said: “These results reflect our discipline in executing strategic and operational priorities. We have delivered to our commitments, we are financially strong and resilient, and we have created future capacity to invest in initiatives to support our customers.”

“It is pleasing to be returning the net proceeds of the sale of the Bank to shareholders. It’s significant that we have been able to deliver the same net proceeds that we forecast when the transaction was announced almost 1,000 days ago. We also completed the sale of Asteron Life on 31 January 2025, positioning Suncorp as a simplified pure-play general insurance company.

“Over the last six months we have continued our focus on improving how we serve customers, including expanding our claims team and supply chains. We have redoubled our efforts to address those claims that have remained unresolved from prior year events. Increases in customers’ premiums are now moderating, with home construction and car repair costs showing signs of stabilisation, margins approaching or within our target ranges and reinsurance markets remaining constructive.

"We have focused on investing to improve customer experiences with digital interactions now 61% across sales and service, and more than 41% for claims, increasing to around 70% during weather events. We saw an uplift in our claims Net Promoter Score by 6 points over the half, testament to the improvements we are making in this area."

The total cost of natural hazards was $503 million, $277 million below the company's allowance in the half. The Group benefited from a benign natural hazard period, with 6 weather events above $10 million in Australia in the half, and no significant weather events in New Zealand. Suncorp has a comprehensive reinsurance program in place for major events with full limits available on all covers going into the second half of the financial year.

Gross written premium (GWP) in the General Insurance business increased by 8.9% reflecting both unit growth and the pricing response to claims inflation and a higher natural hazards allowance.

Net investment income contributed $374 million to the result (pcp: $396 million), supported by the continuation of high underlying yields on the interest-earning portfolio and strong equity markets.

Total net reserve releases were $18 million, compared to a strengthening of $161 million in the pcp. The release largely related to the Compulsory Third Party (CTP) business and was in line with expectations, with the net outcome across all other portfolios largely neutral. Significant reserve strengthening in the prior period was a result of external challenges, particularly supply chain pressures in the Motor portfolio.

General Insurance operating expenses increased 7.4%[iii] to $855 million, largely reflecting increased project expenditure to deliver strategic initiatives and investment in growth. Insurance expense ratios declined as management continued to focus on driving operating efficiency.

Other loss after tax from continuing operations increased $13 million to $47 million, driven by higher external funding expenses and the accounting for improved minority interest profits. This was partly offset by several non-recurring items including a benefit from reserve movements relating to the application of IFRS17 in New Zealand Life.

The Board has determined to pay a fully franked interim ordinary dividend of 41 cents per share. Suncorp's half year dividend payout ratio of 60.6% of cash earnings is within the target payout ratio range of 60% to 80%. As Suncorp is in the process of returning the $4.1 billion Bank sale proceeds, the dividend reinvestment plan will be suspended for this half.

Excess Common Equity Tier 1 (CET1) to mid-point of target (excluding the dividends and proforma for the return of capital from the Bank sale) is $781 million. Suncorp will continue to be disciplined in managing capital and remains committed to returning capital in excess of the needs of the business to shareholders.

Mr Johnston said Suncorp is now a simpler, more resilient, and focused business that consistently delivers for customers and shareholders.

"We have proven to have a disciplined approach to capital management with the amount and quality of capital superior to our peers. This approach has served shareholders well over time with Suncorp one of the few financial services companies not undertaking large-scale, dilutive capital raisings during COVID," he said.

"Our commitment to return capital in excess of the needs of the business and our robust capital position as at 31 December 2024 means we have the capacity for further capital management initiatives, most likely the establishment of an on-market buy-back facility. We will update the market further once the Bank proceeds have been returned to shareholders."

	1H25 ($m)	1H24 ($m)	Change (%)
Consumer Insurance	423	203	108.4
Commercial & Personal Injury	208	194	7.2
Suncorp New Zealand	208	74	181.1
General Insurance profit after tax[iv]	**875**	**510**	**71.6**
Life Insurance profit after tax	17	13	30.8
Other profit (loss) after tax	(47)	(34)	(38.2)
Cash earnings from continuing operations	**845**	**489**	**72.8**
Suncorp Bank profit after tax[v]	18	192	(90.6)
Other profit (loss) after tax from discontinuing operations	(3)	(21)	85.7
Cash earnings	**860**	**660**	**30.3**
Net profit (loss) from divested/divesting operations	247	(71)	na
Acquisition amortisation (after tax)	(7)	(7)	-
Net profit after tax	**1,100**	**582**	**89.0**

“Our customer base shows our brands and services are valued, as we know cost-of-living pressures continue to challenge many Australians and New Zealanders,” Mr Johnston said.

“Our strategy continues to focus on improving how we deliver contemporary and affordable insurance products to keep pace with the evolving expectations of customers. We have significant programs of work well underway to deliver on our plan and our ambition to be the leading Trans-Tasman insurer by FY27.

“Every year, we pay around $10 billion in claims, and we recognise our past communications and practices did not always meet our customers’ expectations. We are investing in enhancing our claims and complaints processes to provide timely support.

“Since 2022, we have expanded our home claims team by more than 150 permanent full-time employees and established an on-call Lodgement Response Team so we can quickly scale up for major weather events. In the last half we have identified and supported around 6,400 customers who are experiencing vulnerability, and our team has undertaken over 3,100 hours of training to improve how we support these customers.

“We have invested in a new state-of-the-art Disaster Management Centre in our Brisbane head office – a high-tech facility designed to enhance our response before, during and after extreme weather events. We are also rolling out five new Mobile Disaster Response Hubs to respond faster and reach more customers sooner in impacted communities.

“Late last year, we announced the location of our new office in Townsville, with a commitment to hire an extra 120 people to support customers in one of Australia’s most disaster-prone regions.”

Mr Johnston said that globally, insurers and their customers were on the front line of the impacts of climate change.

“Severity and frequency of extreme weather is becoming an increasingly large part of everyone’s premiums through natural hazard budgets and reinsurance protection,” he said.

“While we benefited from good weather conditions well below our expectations this half, over the last five years, we have delivered in line with our increasingly robust natural hazard budget.

“Suncorp remains committed to working with Governments, other insurers, banks, technical experts, community organisations and homeowners to reduce Australia’s exposure to natural hazard risks. Reducing risk will not only protect lives, homes and businesses, but it will also go a long way in reducing the risk of a claim, in turn ensuring Australians and New Zealanders can access affordable, fit-for-purpose insurance.

“It's a topic worthy of debate at the forthcoming Australian Federal election. We believe the aim should be a dollar-for-dollar pre and post disaster spending ratio. For every dollar spent mopping up after disasters, a dollar is invested in mitigation. That will equate to a multi-year, multi-billion-dollar investment in the future resilience of our nation.”

Mr Johnston said there has been constructive discussions with the Queensland government on a range of sensible reform options for the state’s CTP scheme. “Our focus is on creating a more sustainable and competitive scheme, while not adding to the cost-of-living burden for motorists or reducing their ability to receive benefits from the scheme.”

Consumer Insurance

Consumer Insurance profit after tax	GWP
$423 million	**$4,038 million**

Consumer Insurance delivered profit after tax of $423 million, up from $203 million, driven by benign natural hazard experience and the earn through of pricing in response to recent inflation. The UITR increased from 7.0% to 9.4%.

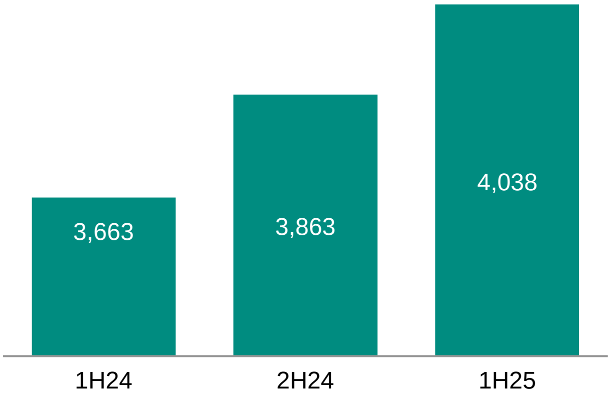
The Motor portfolio achieved GWP growth of 10.3%, driven by a 1.4% increase in units and 8.9% increase in Average Written Premium (AWP). AWP growth moderated over the half, reflecting a lower claims inflation enviornment.

Home GWP grew 10.2%, driven by AWP growth, with pricing adjustments reflecting the higher natural hazard allowance and ongoing claims inflation pressures.

Net incurred claims increased 4.2% to $2,546 million, reflecting increased exposure from portfolio growth and working claims inflation in the Home portfolio, partly offset by lower natural hazards experience and the non-recurrence of prior year reserve strengthening.

GROSS WRITTEN PREMIUM

Consumer ($m)



Commercial & Personal Injury Insurance

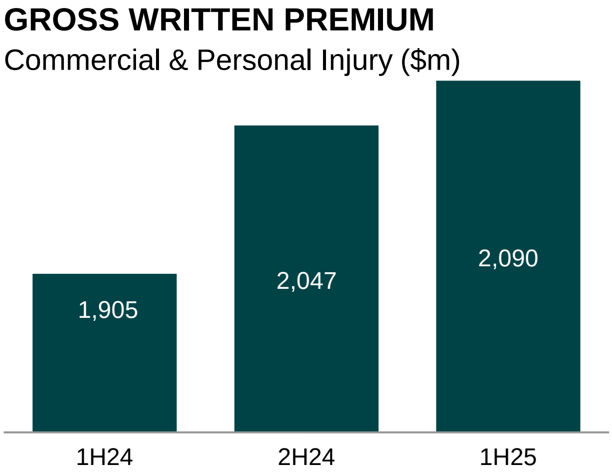
Commercial & Personal Injury profit after tax	GWP
$208 million	**$2,090 million**

Commercial & Personal Injury profit after tax of $208 million increased $14 million, driven by higher net insurance revenue and favourable prior year reserve movements outside of the CTP portfolio.

The GWP increase of 9.7% reflected growth in all portfolios, and was particularly strong in the Platforms business which was up 15.4%, and Tailored lines which increased 9.7%. CTP increased 9.0% driven by Queensland following RACQ's exit from the scheme.

Net incurred claims of $1,358 million increased 10.0%. The increase was driven by portfolio growth and a change in product mix, partly offset by favourable natural hazards experience and the non-recurrence of prior year reserve strengthening in some portfolios.

The UITR reduced from 14.7% to 10.0%, mostly driven by the CTP portfolio and a reduction in Suncorp's reserve release assumption to 0.4% of Net Insurance Revenue (NIR).



Suncorp New Zealand

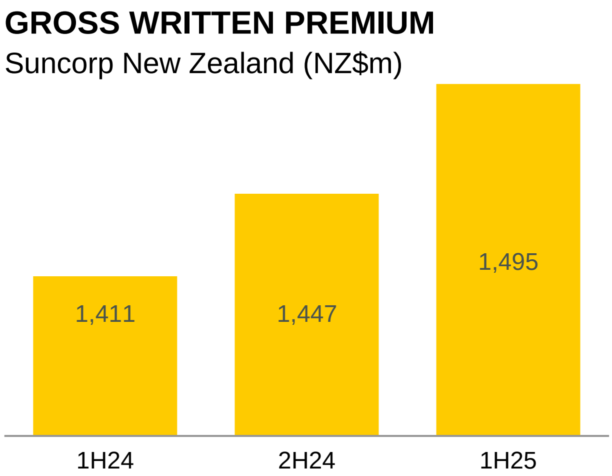
Suncorp New Zealand profit after tax	GWP
NZ$248 million	**NZ$1,495 million**

Suncorp New Zealand reported profit after tax of NZ$229 million in its General Insurance business, up from NZ$80 million. The business benefitted from benign natural hazard claims experience and the premium earn-through from prior year pricing in response to the inflationary environment. The prior period was significantly impacted by two large natural hazard events that contributed to the increase in natural hazard allowance and reinsurance costs.

GWP of NZ$1,495 million increased 6.0%, largely driven by growth in the Consumer portfolio from AWP increases and unit growth. The Commercial portfolio moderated due to the economic and competitive enviornment.

Net incurred claims of NZ$594 million decreased 4.2%. Natural hazard costs were lower relative to the prior year, and working claims experience benefitted from a moderation in claims volumes and inflationary pressures.

The UITR increased to 19.8%, driven by the earn-through of pricing, lower reinsurance costs and a moderation in working claims experience.



Life Insurance profit after tax of NZ$19 million, was up NZ$5 million, with an increase in planned profit margins and the prior year being impacted by project costs associated with the transition to IFRS17.

New Zealand Life sale

On 31 January 2025, Suncorp successfully completed the sale of the New Zealand Life business to Resolution Life NOHC Pty Ltd for NZ$410 million plus excess capital. Suncorp has received NZ$250 million plus the estimated excess capital in the business as at 31 January 2025. The level of excess capital is subject to the completion accounts processes post completion. The remaining NZ$160 million will be paid 18 months after completion.

As part of the sale, Suncorp has entered into a transitional services agreement for a period of up to two years post completion.

Return of net proceeds from sale of Suncorp Bank and key dates

The net proceeds from the sale of Suncorp Bank of $4.1 billion will be distributed to ordinary shareholders in the form of a $3.8 billion capital return equating to $3.00 per share, and a fully franked special dividend of $0.22 per share. The capital return will be accompanied by a share consolidation.

The share consolidation will be implemented in a manner which ensures each shareholder's proportionate interest in Suncorp remains unchanged following the capital return. The consolidation ratio is 0.8511.

Shareholders that hold shares at the end of trading on 14 February 2025 will be eligible for the capital return and special dividend. The capital return will be paid on 5 March 2025, and the special dividend will be paid with the interim dividend on 14 March 2025.

Key dates	
Ex-date	17 February 2025
Record date	18 February 2025
Payment date for return of capital to ordinary shareholders	5 March 2025
Payment date for interim and special dividend to ordinary shareholders	14 March 2025

For a detailed timetable relating to the capital return, share consolidation and interim ordinary dividend, refer to the separate key dates ASX announcement released today.

All shareholders should seek their own taxation advice in respect of the taxation consequences of the capital initiative. A final class ruling in relation to this capital initiative is expected to be provided from the Australian Taxation Office after the payments have been completed.

Shareholders with queries related to their individual holdings or who wish to update their banking details should contact MUFG Corporate Markets Limited (formerly Link Market Services) on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) or online via au.investorcentre.mpms.mufg.com.

FY25 outlook

Growth: 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: UITR expected to remain towards the top of the 10% to 12% range. For FY25, prior year reserve releases in CTP are expected to be around 0.4% of Group net insurance revenue, with releases in other portfolios expected to be neutral over the year.

Operating expenses: FY25 expense ratio is expected to improve by circa 90 basis points below the prior year with some phasing of operating expenses in the second half**.**

Capital: Suncorp will maintain its 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 management initiatives, most likely on-market buy-backs.

Strategic targets: Delivering a growing business with a sustainable return on equity expected to be above the through-the-cycle cost of equity.

Natural hazards: The natural hazard allowance is set over the full financial year and remains the best guide to natural hazard experience for FY25.

Reinsurance renewal: Suncorp continues to assess alternative reinsurance structures to optimise its current program against a framework seeking to generate sustainable shareholder value through the cycle, and will update the market once the FY26 renewal has been finalised.

Authorised for lodgement with the ASX by the Suncorp Board.

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[i] Net investment income is investment income on insurance funds and shareholders' funds net of discount unwind and rate adjustments on claims liabilities.
[ii] All changes refer to the prior corresponding period unless otherwise stated.
[iii] Excludes emergency services levies, transitional excess profits and losses (TEPL) provision, commission and restructuring expenses.
[iv] General Insurance profit after tax includes Internal Reinsurance arrangements (1H25: $36 million, 1H24: $39 million).
[v] Suncorp Bank 1H25 profit after tax is for the month of July 2024 as the sale completed on 31 July 2024.