

12 February 2025

Chairman's letter to shareholders – 1H25 Financial Results

Suncorp Group Limited (Suncorp) (ASX: SUN | ADR: SNMCY) has today released the attached letter from the Chairman to shareholders regarding Suncorp's 1H25 Financial Results.

Authorised for lodgement with the ASX by the Company Secretary.

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12 February 2025

Dear Shareholder

Half year results to 31 December 2024

I am writing to update on you on Suncorp's performance for the first six months of the 2025 financial year.

As a dedicated Trans-Tasman insurance company, Suncorp has been working hard to improve outcomes for our customers, communities and shareholders.

Suncorp has delivered strong earnings, driven in part from profit on the sale of Suncorp Bank, relatively fewer natural hazard events across Australia and New Zealand during the first half, and positive returns on our investments.

While we experienced relatively favourable weather conditions, bushfires in parts of Victoria and the recent flooding across North Queensland continue to reinforce the important role insurers play in our communities.

Suncorp remains a leading voice in advocating for greater investment in natural hazard mitigation and encouraging further government and industry collaboration. Building community resilience and reducing risk to extreme weather are critical levers in the face of a changing climate, and in addressing the wider insurance cost challenges. So too are investments in our own business, technology, processes and capability to improve outcomes for our customers and all of our stakeholders.

Suncorp's newly launched state-of-the art Disaster Management Centre, based in our Queensland headquarters, has strengthened our ability to prepare communities and customers and work with our emergency response partners and government agencies throughout major weather events across Australia and New Zealand. We have expanded our scalable workforce and supply chains and rolled out five new Mobile Disaster Response Hubs to provide timely on-the-ground support, which have already been deployed to flood-impacted communities. Additionally, Suncorp is proud to be investing in a new regional hub in Townsville, Queensland which will employ an additional 120 insurance specialists to boost our support for disaster-prone communities across North Queensland.

Cost of living pressures have continued to impact our customers, while a rapidly evolving technological and geopolitical environment remain part of Suncorp's broader operating landscape. Insurance affordability sits among this, and your Board remains deeply committed to Suncorp's role in addressing this pressing issue. We have seen stability return to reinsurance markets, supply chains start to free up and headline inflation begin to fall. Home construction and repair costs are showing signs of stabilisation and we are likely to see a moderation in the insurance premium increases that have been experienced across our communities, should these conditions prevail.

Your Board continues to closely monitor the areas where we know we can improve, in line with findings from recent industry inquiries and reviews. We remain confident that our strategic plan through to FY27 and beyond, including targeted technology investments to modernise our company, will allow us to deliver greater value for all of our stakeholders.

Performance and dividend

Suncorp has delivered improved earnings with Group net profit after tax (NPAT) of \$1,100 million for the six months to December 2024, and cash earnings increasing to \$860 million. This strong financial result reflects a benign natural hazards season for the first half, positive investment returns, and the one-off profit on the sale of Suncorp Bank. You can [view the ASX here](#).

Your Board has determined to pay a fully franked interim ordinary dividend of 41 cents per share. The Group's half year dividend payout of 61% of cash earnings is within the target payout ratio range of 60% to 80%.

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. This reflects our robust capital position, which provides us the capacity for further capital management initiatives such as the establishment of an on-market buy-back facility. We will update the market further once the bank proceeds have been returned to shareholders.

Return of proceeds from the sale on Suncorp Bank

In line with the ongoing commitments of your Board, \$4.1 billion of net proceeds from the sale of Suncorp Bank will be returned to shareholders through a \$3.8 billion capital return and \$0.3 billion fully franked special dividend. This equates to \$3.00 and \$0.22 per share respectively.

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.

A simpler business with a clear strategy

In addition to completing the sale of Suncorp Bank to ANZ Banking Group on 31 July 2024, Suncorp [completed the sale of our New Zealand life insurance business](#), Asteron Life, to Resolution Life NOHC on 31 January 2025. This has been the culmination of a five-year simplification journey for Suncorp, and as a result we are now operating as a Trans-Tasman general insurance company, with a clear ambition and strategy.

Suncorp's strategic focus as a pure play insurer is centred on modernising our platforms and accelerating large scale operational transformation enabled by artificial intelligence, digitisation and automation to deliver better customer experiences and more innovative, personalised insurance offerings.

Board Renewal

As mentioned in our 2024 Annual Report Board renewal is ongoing. [David Whiteing](#) will join our Board later this month as a non-executive director, bringing with him considerable experience in financial services and in leading major technology programs.

As a pure play general insurer, we will continue to refine the diversity of skills and background of the Board.

In closing

I would like to thank Suncorp employees for their ongoing care and commitment to our customers and focus on the organisation's purpose and ambition.

To you, our valued shareholders, thank you for your patience as we finalised the details of the capital return from the proceeds of the sale of Suncorp Bank, and for your ongoing support of Suncorp.

Suncorp remains well positioned to deliver the benefits of being a strong, profitable and reliable insurer for Australia and New Zealand

Sincerely,

C. F. McLoughlin

Christine McLoughlin AM

Chairman

12 February 2025