

# Financial Results

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**For the half year ended  
31 December 2024**

**12 February 2025**

SUNCORP GROUP LIMITED | ABN 66 145 290 124

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# 1H25 Overview

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Steve Johnston  
Chief Executive Officer

# Purpose driven, delivering strong outcomes for the long term



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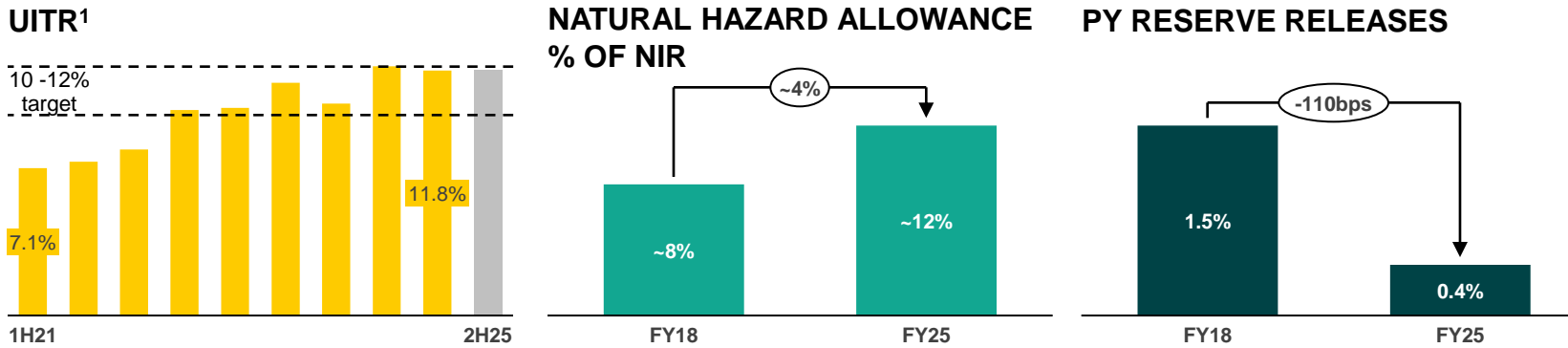
# Simplified – resilient with capacity to invest

**Simplified**



**Pure play  
Trans-Tasman  
Insurer**

**Resilient**



**Capacity to Invest**



**Improved  
customer  
outcomes**

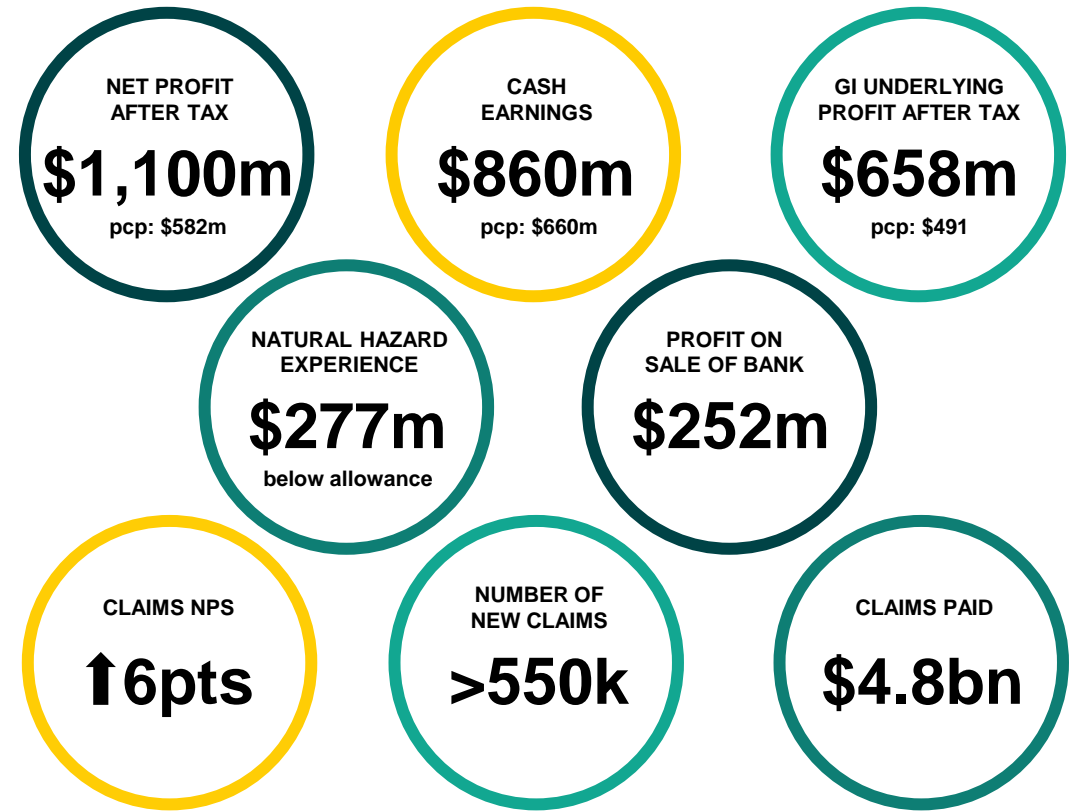
1. Underlying Insurance Trading Ratio: 1H21 to 2H23 excludes COVID-19 impacts. From 1H24, UITR based on AASB17. Prior periods based on AASB 1023.

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# Group result

## Delivering for customers and shareholders

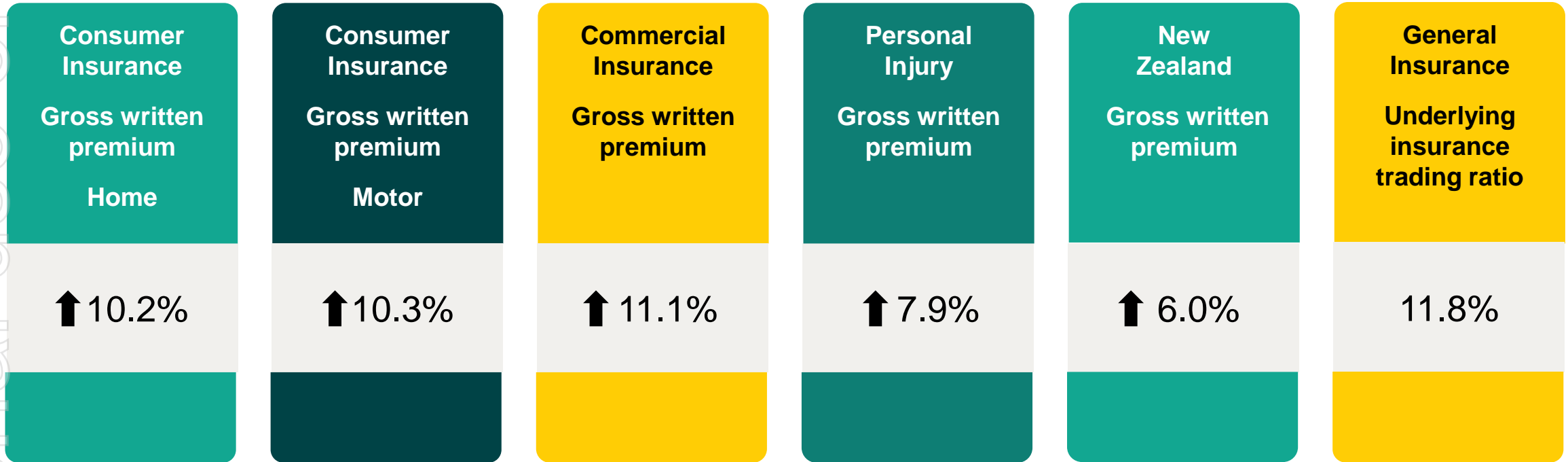
- Result supported by benign natural hazard period, positive investment returns, non-repeat of PY reserve strengthening and the gain on sale of Suncorp Bank
- Profitable growth with resilient margins
- Moderating pricing reflecting inflation and expense control
- Responded to over 550k new customer claims
- 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



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# Result snapshot

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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

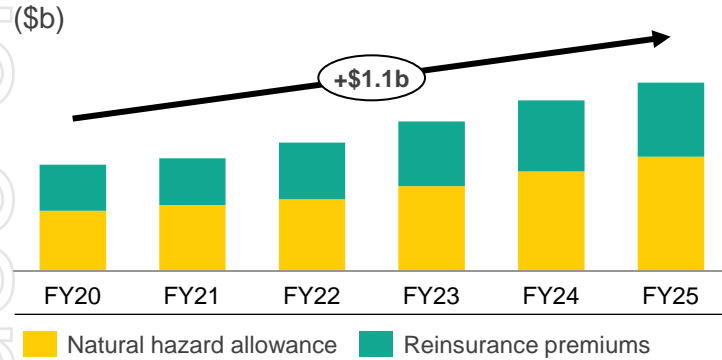
AI use cases focused on customer pain points

Operational efficiencies = lower costs and premiums

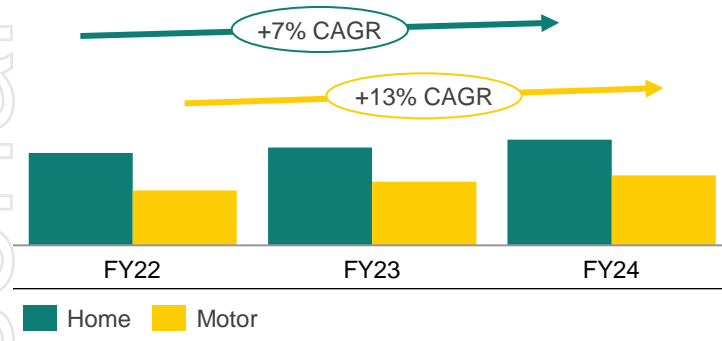
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# Factors driving insurance pricing and profitability

## COST OF NATURAL HAZARDS



## COST PER POLICY



## TAXES COLLECTED ON INSURANCE PRODUCTS



## 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

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# 1H25 Financial Results

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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
<b>General Insurance profit after tax<sup>1</sup></b>	<b>875</b>	<b>510</b>	<b>72</b>
Life insurance profit after tax	17	13	31
Other profit (loss)	(47)	(34)	(38)
<b>Cash earnings from continuing operations</b>	<b>845</b>	<b>489</b>	<b>73</b>
Suncorp Bank profit after tax	18	192	(91)
Other profit (loss) from discontinuing operations	(3)	(21)	86
<b>Cash earnings</b>	<b>860</b>	<b>660</b>	<b>30</b>
Net profit (loss) from divested/divesting operations	247	(71)	na
Acquisition amortisation (after tax)	(7)	(7)	-
<b>Net profit after tax</b>	<b>1,100</b>	<b>582</b>	<b>89</b>

## INVESTMENT PROPOSITION

Profitable growth

Strong and resilient risk adjusted returns

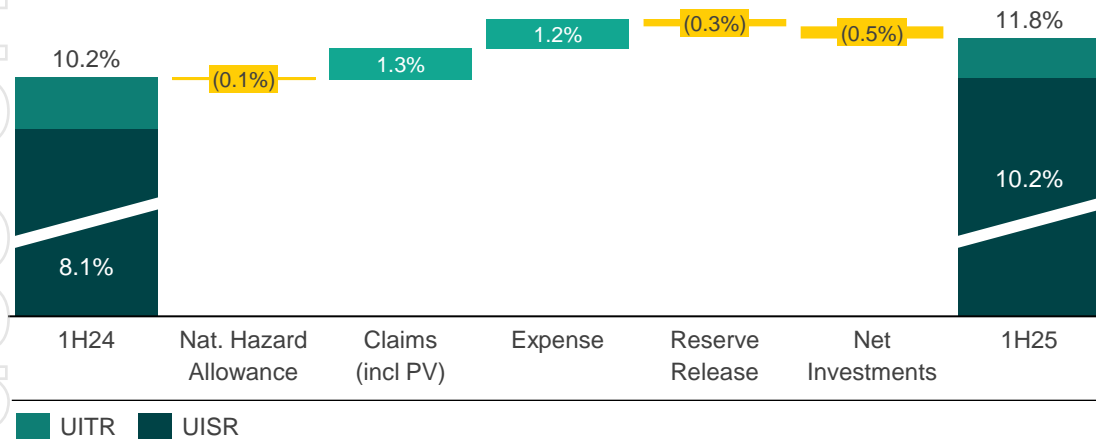
Strong and well managed balance sheet

Disciplined capital management

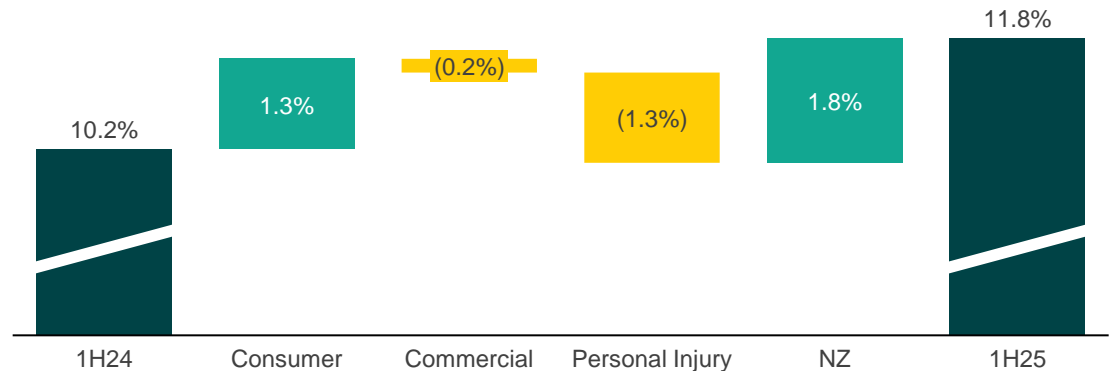
1. Includes internal reinsurance (1H25: \$36m; 1H24: \$39m)

# General Insurance – underlying margin

## UNDERLYING MARGIN DRIVER ANALYSIS



## UITR CONTRIBUTION BY PORTFOLIO



## UITR DRIVER ANALYSIS

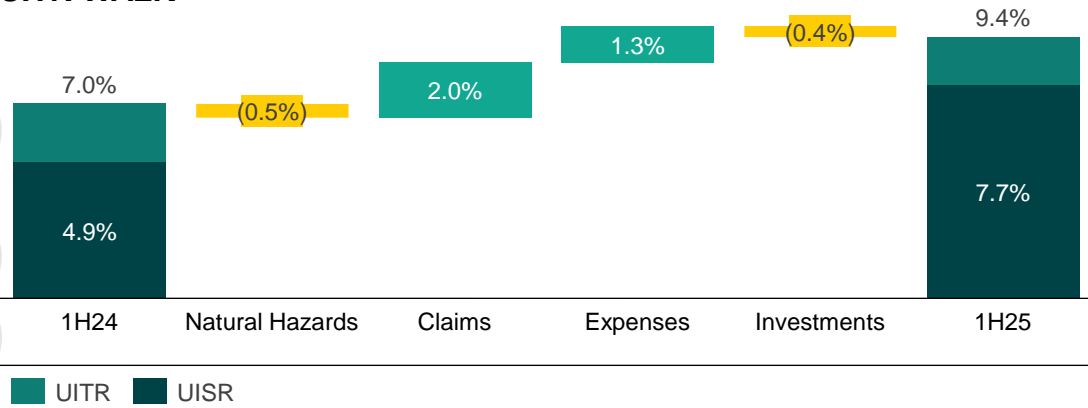
Driver	2H25 Outlook	Comments
Claims	Tailwind	CTP pricing impacts, Home fire claims to normalise
PV adjustment	Neutral	Driven by risk free rate movements
Net investments	Headwind	ILB returns moderating in line with inflation
Reserve releases	Neutral	0.4% of Net Insurance Revenue
Expenses inc NDAE	Headwind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

## NOTES

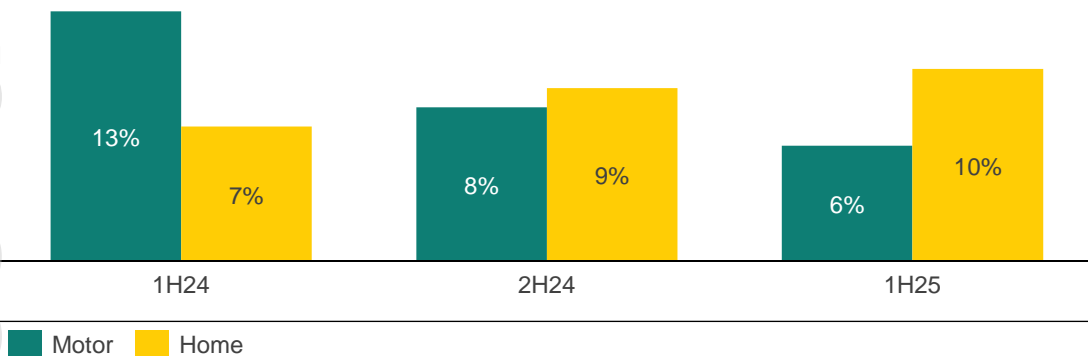
- Resilient margins consistently within the target range with higher natural hazard allowance, less reliance on reserve releases and an increased level of investment in growing the business
- Improvement in margin primarily driven by the earn through of pricing increases
- Individual portfolios expected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

# Consumer

## UITR WALK

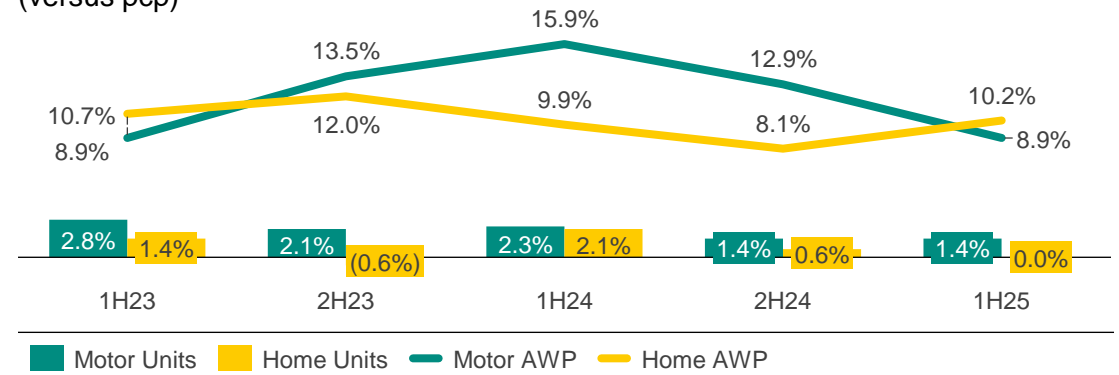


## COST PER POLICY INFLATION



## HOME AND MOTOR PORTFOLIO GROWTH

(versus pcp)

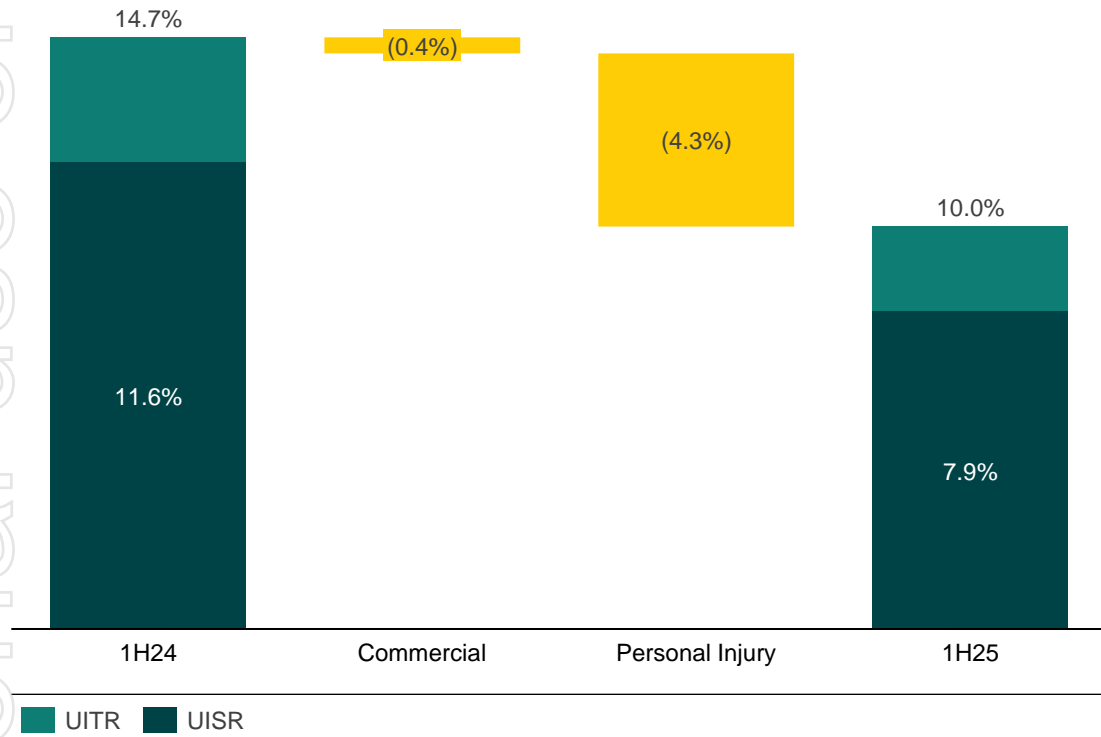


## NOTES

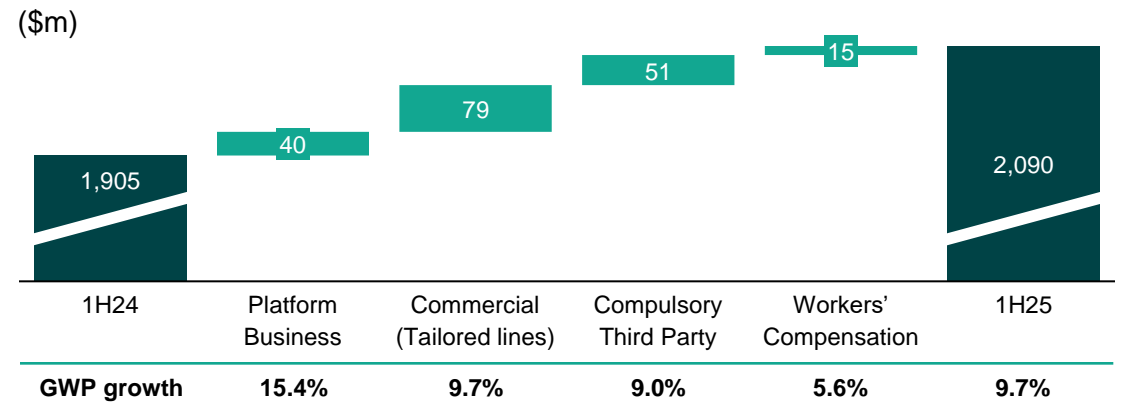
- Strong growth across both portfolios, primarily driven by AWP
- Unit growth remains strong in Motor, while increased competition has resulted in moderation in Home units
- Margin repair supported by earn through of targeted pricing initiatives
- Home claims reflects volatility in fires
- Continued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

# Commercial & Personal Injury

UITR WALK – PORTFOLIO VIEW



GWP WALK



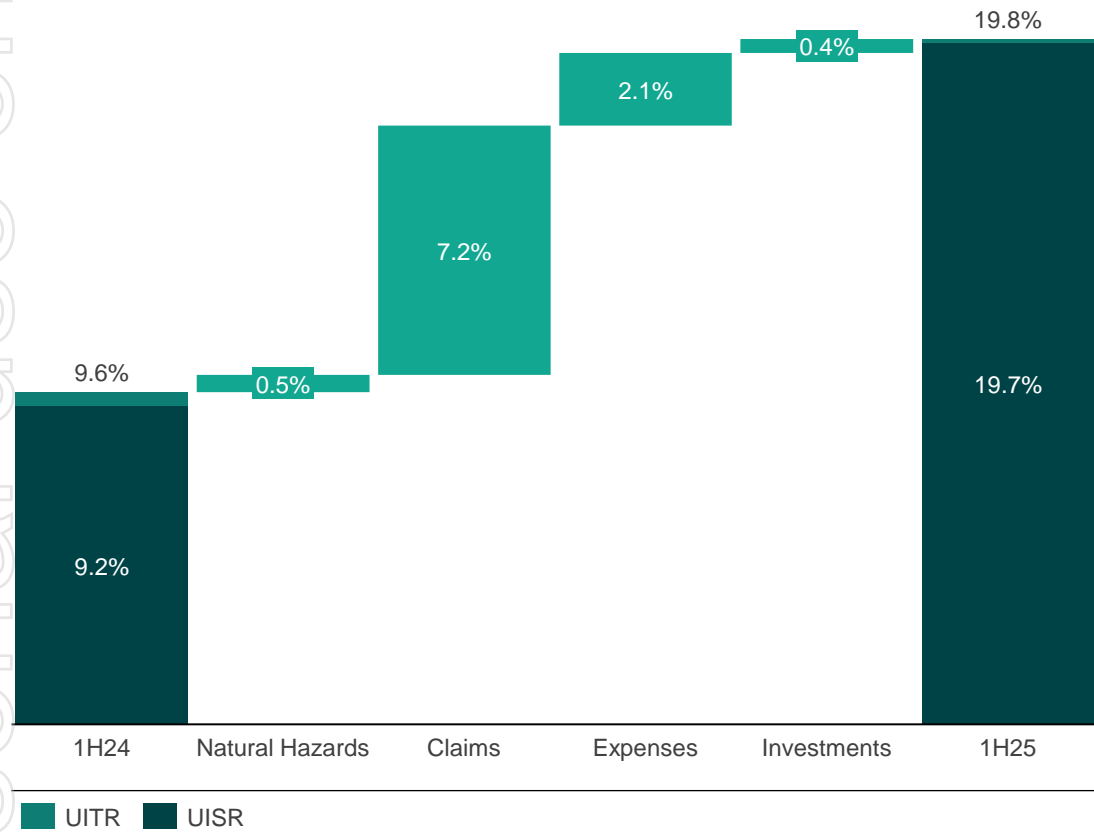
**NOTES**

- 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

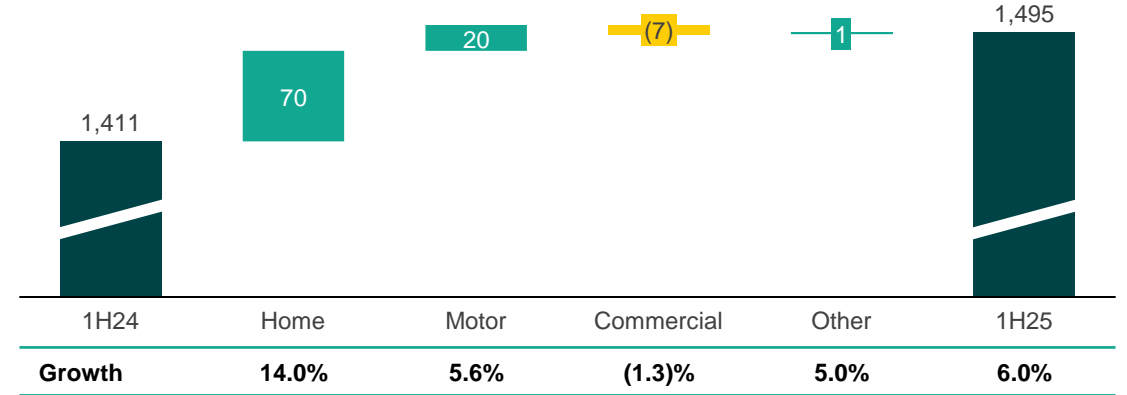
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# New Zealand

## UITR WALK



## GWP WALK (NZ\$m)



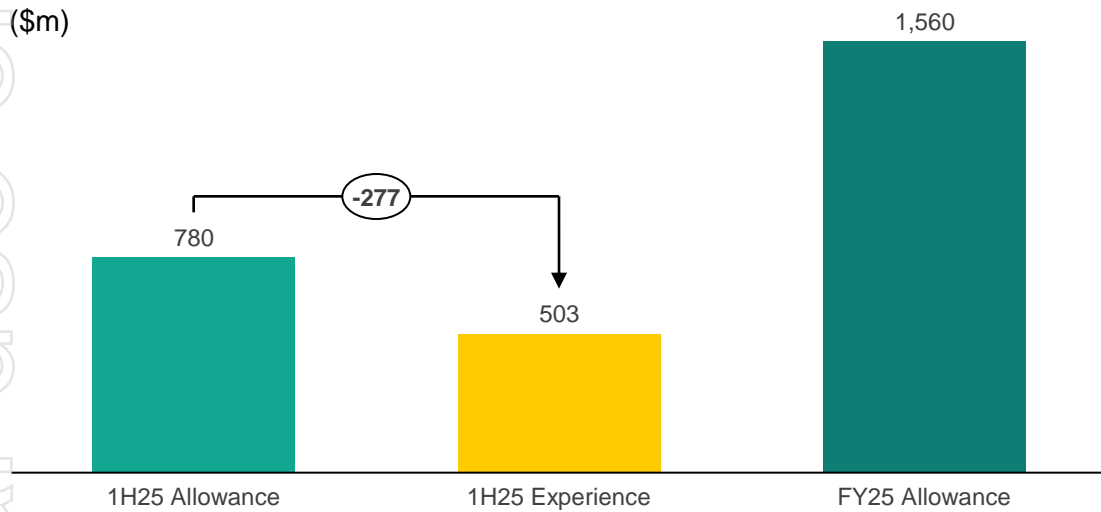
## NOTES

- 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

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# General Insurance - natural hazards, reinsurance and reserves

## 1H25 NATURAL HAZARDS VS ALLOWANCE



## 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

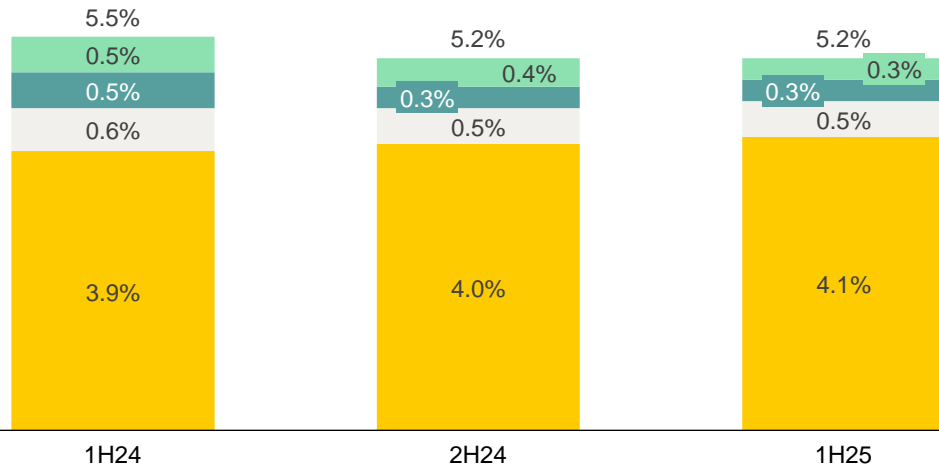
## PRIOR YEAR RESERVES

- 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 pcip
- 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

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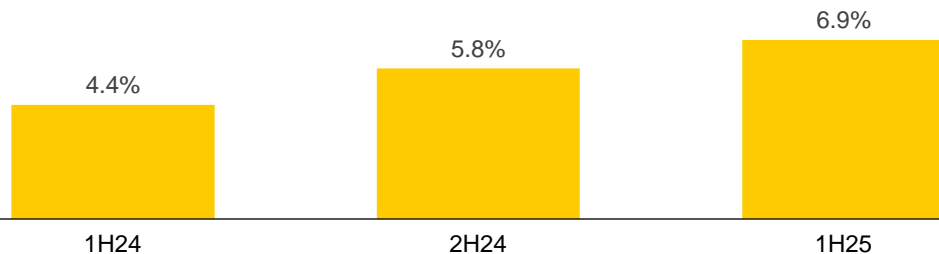
# General Insurance – investment market impacts

**UNDERLYING YIELD ON INSURANCE FUNDS (AUS)**



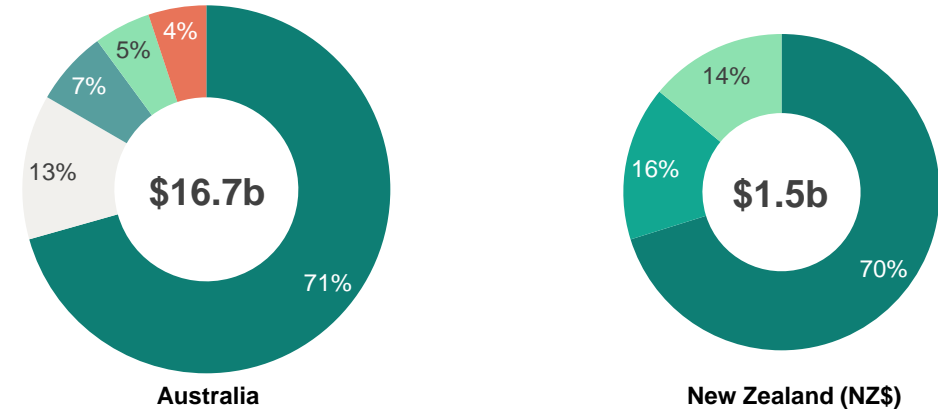
■ Risk free yield 
 ■ Credit spread yield 
 ■ ILB carry above risk free rate 
 ■ Manager alpha

**UNDERLYING YIELD ON INSURANCE FUNDS (NZ)**



**PORTFOLIO ASSET ALLOCATION**

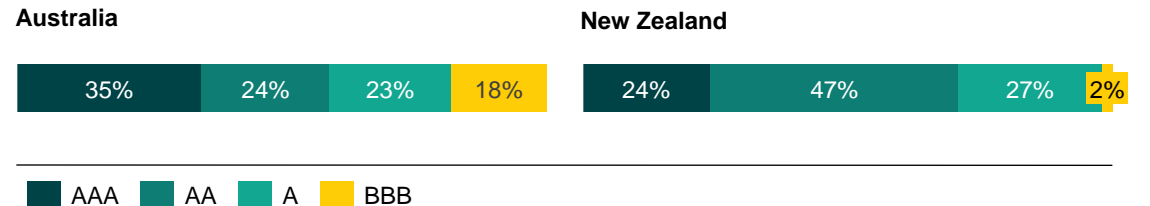
(% of total investment assets; December 2024)



■ Interest-bearing 
 ■ ILBs 
 ■ Cash & ST deposits 
 ■ Equities & unit trusts 
 ■ Other

**FIXED INCOME INVESTMENT GRADE**

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



■ AAA 
 ■ AA 
 ■ A 
 ■ BBB

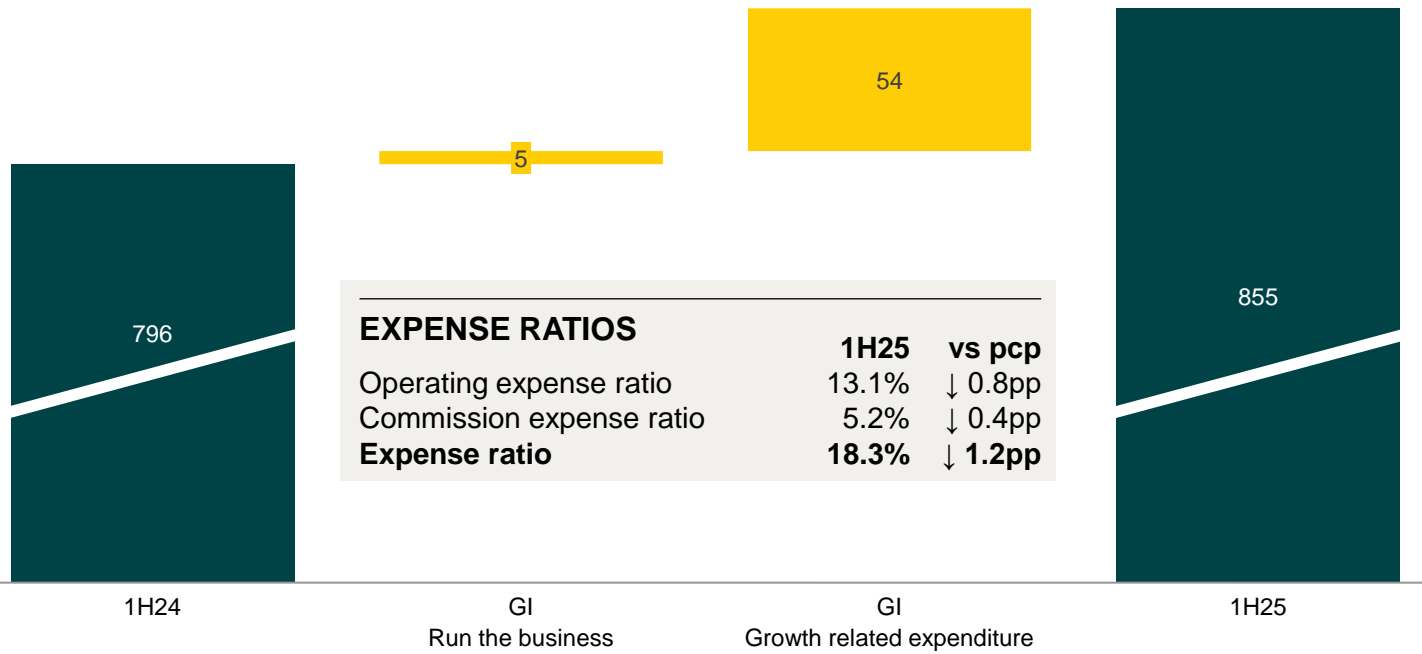
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# Operating expenses

## GI OPERATING EXPENSES<sup>1 2</sup>

(\$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
<b>Expense ratio</b>	<b>18.3%</b>	<b>↓ 1.2pp</b>

## NOTES

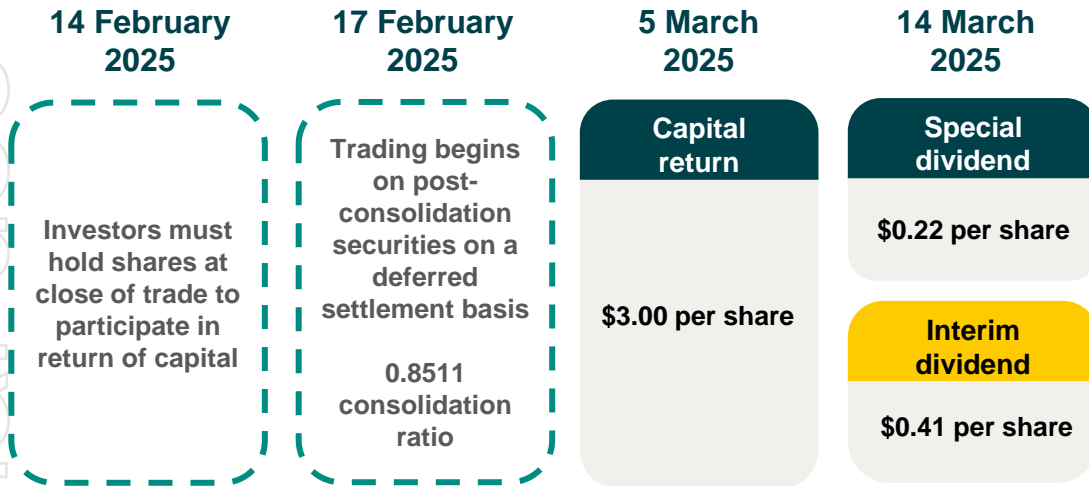
- Run the business expenditure broadly flat as management continued to focus on driving operating efficiencies
- Growth related expenditure increase primarily due to higher levels of strategic investment
- Expense ratio expected to improve by around 90 bps for FY25 albeit with increase in second half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

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# Suncorp Bank capital return

## RETURN OF BANK SALE PROCEEDS



## NOTES

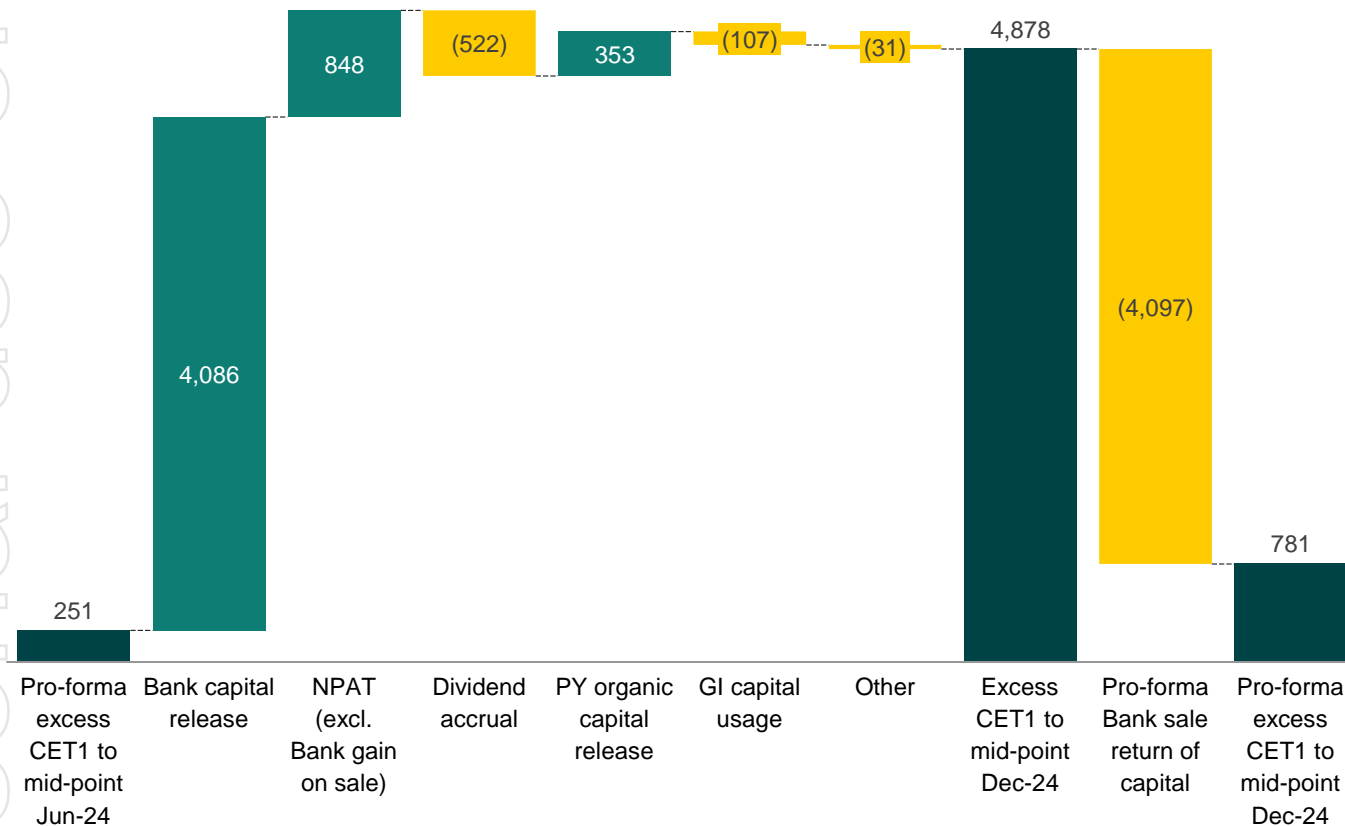
- Successfully completed the sale of Suncorp Bank to ANZ on 31 July 2024
- \$4.1 billion to be returned to shareholders:
  - \$3.8 billion return of capital, equating to \$3.00 per share
  - \$0.3 billion special dividend, equating to \$0.22 per share
- Share consolidation ratio of 0.8511
- Return of 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

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# 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.



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# Questions

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