
SUNCORP
Financial Results
For the half year ended
31 December 2023
26 February 2024
SUNCORP GROUP LIMITED | ABN 66 145 290 124

1H24 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.

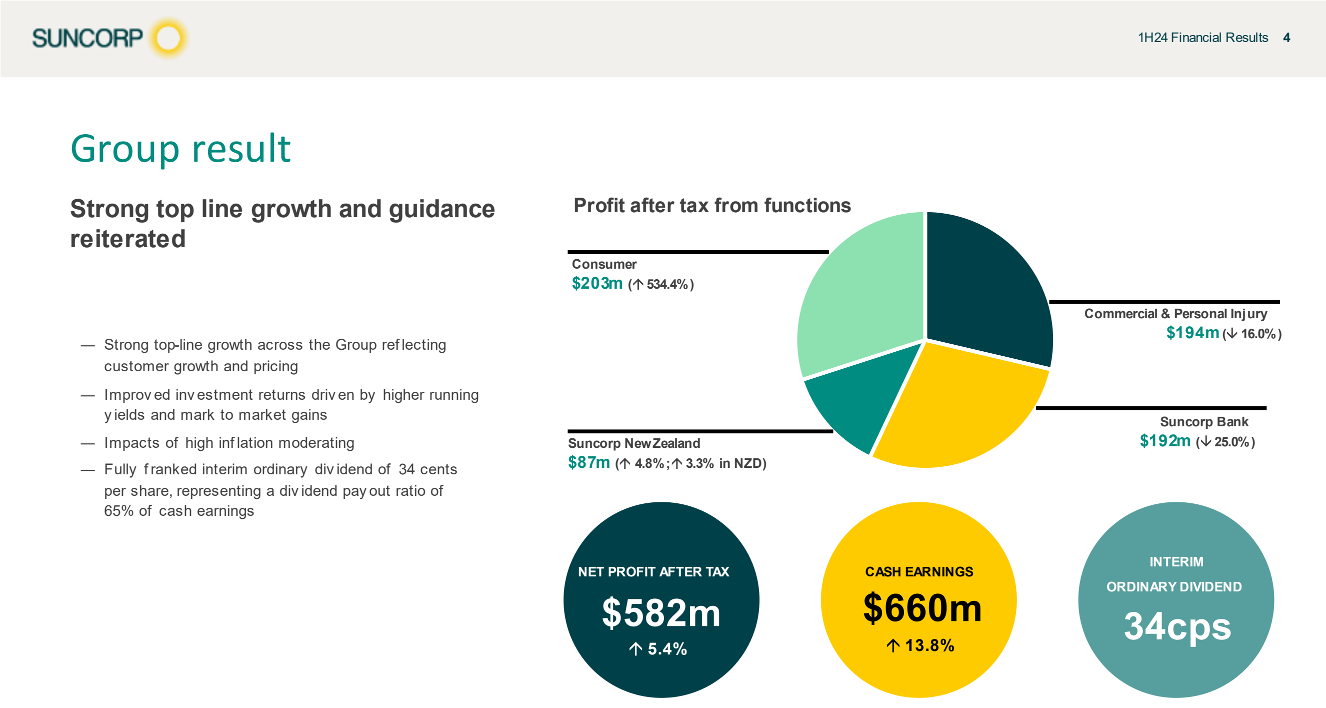
Today, Jeremy and I will present our financial results for the first half of FY24. We will run through the presentation and the other members of our leadership team will then join us for the Q&A session that follows.

Purpose driven, delivering strong outcomes for the long term

As usual, I will start with a brief overview of how we believe long term value is created at Suncorp.

Suncorp is a purpose-driven organisation. We deliver our purpose through capable, engaged, diverse and innovative people. This, in turn, delivers valued outcomes for our customers and the communities in which they live.

The financial outcomes we achieve for our shareholders reflects the sum of us getting all this right.



Turning now to the headline result and at the outset, I would acknowledge that this has been a challenging half for our customers with cost-of-living pressures and devastating weather events towards the end of the last calendar year.

I've been on the ground in Far North Queensland and across the Southeast of the state attending community forums and meeting with our customers. I've seen firsthand the great work our teams are doing to support our customers in the aftermath of these terrible events.

In the half year, the Group has delivered net profit after tax of $582 million. The result reflects strong growth across the group, and positive investment performance from higher running yields and mark to market gains.

Our New Zealand business benefitted from a relatively benign weather period with no natural hazard events over the half, while in Australia, we managed 6 significant weather events which occurred through November and December. This resulted in around 45,000 claims at an estimated cost of $568 million – which is $112 million below our allowance for the half year.

Based on cash earnings of $660 million, the Board has declared an interim fully franked dividend of 34 cents per share, which is a 1 cent improvement on the prior corresponding period. This represents a payout ratio of 65% of cash earnings.

Result snapshot

Consumer Home Gross Written Premium	↑ 12.0%	Consumer Motor Gross Written Premium	↑ 18.2%
Commercial Insurance Gross Written Premium	Ex-CTP ↑ 16.2% CTP ↑ 8.8%	New Zealand Gross Written Premium	↑ 19.6%
General Insurance Underlying ITR[1]	10.2%	Net Reserve Strengthening	$107m
Suncorp Bank	Home Lending [2] ↑ 2.2% Turnaround time [3] <4 days	Claims Progress	FY22 Aus Events 98% FY23 NZ Events [4] >90%

1. UITR based on AASB17; 2. Growth on prior half; 3. AFG reported turnaround time, averaging below 4 days; 4. Auckland floods and Cyclone Gabrielle

On this slide I have called out some of the key metrics embedded in the result.

Our Consumer business has achieved GWP growth of 12% in Home and 18% in Motor, with growth in AWP and customer numbers in both portfolios. It is pleasing to see the Consumer portfolios performing strongly, particularly given the significant pricing that has been required to address input cost inflation and rising reinsurance costs.

In Commercial and Personal Injury, GWP growth was achieved across all portfolios but was particularly strong across our Commercial portfolio which was up 16%.

In New Zealand, the GI business has reported premium growth of 20% through pricing uplift to offset inflationary pressures on claims and increased reinsurance costs following the weather events early in calendar year 2023.

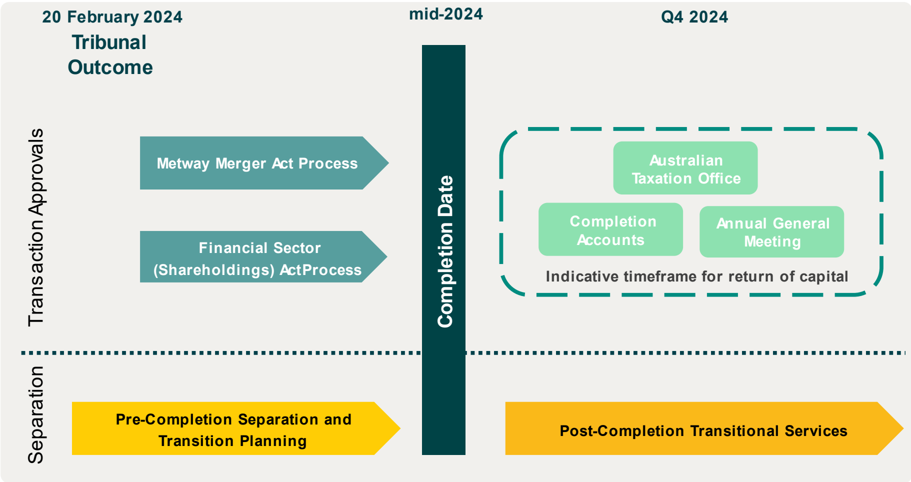
In the Bank, the home lending portfolio delivered modest lending growth of 2.2%, as we deliberately balanced growth with margin outcomes in a highly competitive market. We have maintained median application turnaround times averaging below four working days. Asset quality remained sound and the collective provision has remained flat on its June position.

The Group achieved an underlying ITR of 10.2% for the half, which was supported by improved investment yields and ongoing improvements to the business.

As you already know, the first half result has featured prior period strengthening across most insurance portfolios. As Jeremy will step you through in a moment, the adjustments in each of the portfolios are individually understandable, given the extent of inflation and supply chain disruption. I acknowledge, however, the sum of a number of smaller adjustments has led to a material net strengthening. This is at odds with the benchmark we as a management team set for ourselves – which is to deliver consistent, clean, no surprises, results. I remain confident the majority of the adjustments are one off and with inflation moderating we will return to our usual pattern of reserving adequacy in the second half.

And lastly, on this slide, it's important to highlight the progress we have made in finalising the large number of claims we received during the FY22 events in Australia, the majority of which are the subject of the current Parliamentary review. Pleasingly, in Australia, we've finalised more than 98% of the 124,000 event claims we received in FY22. And in New Zealand, we have settled over 90% of the 32,000 claims received following the Auckland Floods and Cyclone Gabrielle in FY23.

Pathway to Bank completion and transition



NOTES

- On 20 February 2024, the Australian Competition Tribunal granted authorisation
- Sale remains subject to the amendment of the State Financial Institutions andMetway Merger Act, and approval from the Federal Treasurer under the Financial Sector (Shareholdings) Act
- Targeted completion anticipated around mid-2024, subject to Financial Sector (Shareholdings) Act approval and legislative amendments
- Net proceeds remain materially unchanged, with the intention to return the majority to shareholders subject to the needs of the business

Turning now to the sale of the Bank which I'm sure is a key topic of interest to you.

We are pleased with the Australian Competition Tribunal's decision on 20 February to grant merger authorisation for the proposed transaction.

I don't need to re-state the strategic rationale for the transaction to this audience, other than to say the factors we took into account in reaching our decision in July 2022 continue to apply, underscoring the need to work at pace to complete the transaction as soon as possible.

This slide outlines the pathway to completion and following completion, the indicative timeframe for returning capital. While the Tribunal's positive decision is an important milestone, the transaction is still subject to the amendment of the Metway Merger Act and approval from the Federal Treasurer under the Financial Sector (shareholdings) Act.

Subject to all approvals being received, we expect completion to be around the middle of this calendar year. In order to return capital to investors, we need approval from the ATO and from shareholders. Subject to receiving these, our current expectation is that we should be in a position to return capital to shareholders later this calendar year or early next year.

With that let me hand over to Jeremy.

1H24 Financial Results

Jeremy Robson

Group Chief Financial Officer

Group result overview

Strong top-line growth and underlying margins on target

	1H24 ($m)	1H23 ($m)	Change (%)
Consumer	203	32	534.4
Commercial & Personal Injury	194	231	(16.0)
New Zealand GI	74	68	8.8
General Insurance[1]	**510**	**336**	**51.8**
New Zealand Life	13	15	(13.3)
Suncorp Bank	192	256	(25.0)
Cash earnings[2]	**660**	**580**	**13.8**
Group net profit after tax	**582**	**552**	**5.4**
Ordinary dividend (cents per share)	**34**	**33**	
CET1 held at Group	**237**	**290**	

KEY MESSAGES

— Strong top-line growth driven by customer growth and pricing

— Continued strong investment performance

— Higher quality underlying margin

— Strong capital position maintained with improved divisional capital ratios

— 1H24 dividend of 34 cents per share, payout ratio of 65%

— Results presented under AASB17 which was adopted from 1 July 2023

1. Includes internal reinsurance of $39m post-tax
2. Includes Other Profit / (Loss) of $55m post-tax

Thanks Steve and good morning everyone.

Well I'd like to start by also acknowledging the very welcome news delivered last Tuesday by the Competition Tribunal.

But my focus this morning is going to be on the 1H24 results.

We've seen strong top line growth across General Insurance as we priced for inflationary and hazard cost pressures.

The composition of our Group underlying margin improved with:

- better Consumer margins in Australia
- with the price response to higher reinsurance costs in New Zealand still to be earned through
- and less reliance on prior year reserve releases.

It was also pleasing to see Natural Hazards costs coming in below the allowance.

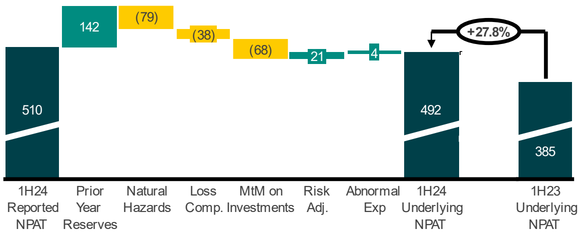
In Banking, we saw industry wide margin pressures impact profit.

The Group continues to have a strong capital position, with capital held at Group of $237 million, supporting a 1H dividend of 34 cents.

And of course, these results are the first to be reported under AASB17, which was effective 1 July.

General Insurance – underlying profit & margin

REPORTED TO UNDERLYING PROFIT WALK



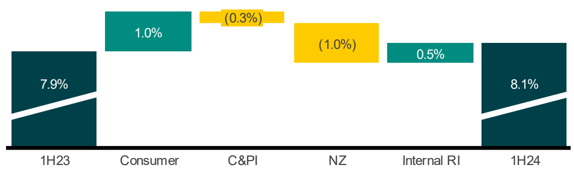
UITR[1] DRIVER ANALYSIS

	1H24 vs 1H23	2H24 Outlook
1H23 UITR	**10.0%**	
Natural Hazard Allowance	(0.4)%	Tailwind
Expenses (incl. Commissions)	0.8%	Neutral
Claims	0.1%	Tailwind
Present Value Adjustment	0.5%	Headwind
Prior year reserve releases	(0.8)%	Neutral
Investments	0.1%	Headwind
Non directly attributable expenses	(0.1)%	Neutral
1H24 UITR	**10.2%**	

IMPROVED RESILIENCE IN UNDERLYING MARGINS

Robust natural hazard allowance	Less reliant on prior year reserve releases	Investment in growth
⬆ Doubled since FY18	⬇ From 1.5% to 0.7%	⬆ Higher investment absorbed in margin target

UISR BY PORTFOLIO



1. UITR based on AASB17

I'll now take you through the result in more detail, noting that we've enhanced our presentation to provide additional focus on the General Insurance operating divisions. Including more detail on underlying profit.

The General Insurance business delivered an underlying profit of $492 million, slightly below the reported profit of $510 million, with the walk on the slide outlining the difference.

The underlying profit increased 28% as the pricing response to inflationary pressures and reinsurance earned through.

GWP growth of just over 16% was across all divisions and with good unit growth in our key Consumer portfolios.

The UITR improved by 20 bps to 10.2%. But I do note that this allows for a lower prior year reserve release, which effectively improves the quality of the underlying margin.

And on that note, I'd like to remind you of the growing resilience of our margin targets over the past few years. The UITR target range of 10-12% now has:

- a more robust natural hazard allowance
- less reliance on PYRR
- and a more sustainable level of investment in growth all included within the targets.

General Insurance – prior year reserves and loss component

PRIOR YEAR RESERVE STRENGTHENING / (RELEASES)

	1H24 ($m)	Expected PYRR (% of Group NIR)
Motor	56	-
Home	32	-
Natural hazards	32	-
Commercial and Workers' Comp.	41	-
NZ	24	-
Total	**185**	**-**
CTP (excl. TEPL)	(24)	0.7%
Total net reserve strengthening	**161**	**0.7%**

LOSS COMPONENT

$m	31 Dec 2023	30 Jun 2023	Movement
Loss component provision	(44)	(98)	54

NOTES

— Motor strengthening driven by higher repair costs and extended repair times, especially in relation to third party settlements

— Home strengthening was primarily driven by water damage and large fires

— Natural Hazards reserve strengthening includes development of the Newcastle Hail event from May 2023 ($19m)

— C&PI strengthening largely attributable to Workers Compensation in Western Australia, as well as a modest increase in claims in run-off long tail portfolios

— Strengthening in New Zealand driven by a small number of large commercial claims and event driven claims capacity constraints

— These items were partially offset by a release in CTP, primarily in NSW; the CTP release has moderated, largely driven by broad-based superimposed inflation in Queensland

— The loss component release was driven by improved profitability in Motor as the inflationary related pricing response is reflected in renewals

— Underlying margins updated to assume a long run average reserve release of 0.7%, down from 1.5% in previous periods

— The expected release is solely in the CTP portfolio and the reduction was driven by growth in Group NEP and CTP scheme changes

I'll now touch on reserves, with the position the same as the ASX release last month.

Prior year reserves were strengthened across most portfolios in the half by a total of $107 million, net of the impact of loss component movements.

The strengthening was driven by the combination of a broad series of challenges:

- Higher repair costs in Motor, especially in relation to 3rd party settlements;
- Water damage and large fire claims in Home;
- Updated losses across a number of natural hazard events; and
- Historical regulation changes impacting Workers' Compensation in Western Australia.

The release in CTP of $24 million was largely driven out of NSW, with some super imposed inflation evident in the Qld scheme.

We've now adjusted the expected reserve release in our underlying margins to 70bp, thereby reducing reliance on this item in our underlying margin targets.

I note that the release expectation is based on the reserving assumptions across the CTP portfolios, and we do not ordinarily expect to see any net release or strengthening across other portfolios.

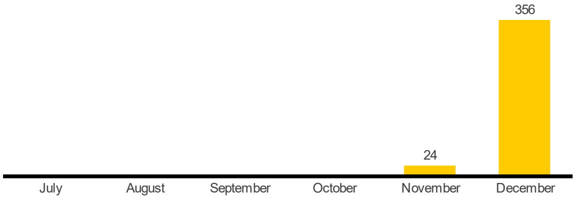
For clarity, we do not expect the 1H strengthening on the non-CTP reserves to be reversed in the 2H.

Movements in the loss component balance relate to improved profitability in the Motor portfolio.

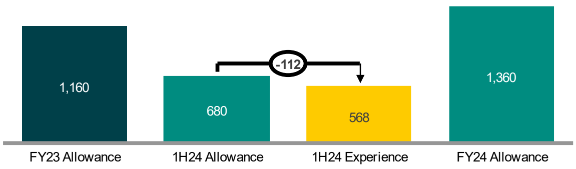
And the remaining loss component balance of $44 million largely relates to Queensland CTP and we continue to liaise with the regulator on this portfolio.

General Insurance - natural hazards & reinsurance

NATURAL HAZARD EVENTS >$10 MILLION BY MONTH



1H24 NATURAL HAZARDS VS ALLOWANCE
($m)



NOTES

Natural Hazards

- Natural hazards experience was primarily driven by Australian events in late December
- The full limits on all of the Group's reinsurance covers remain available going into 2H24
- The retained cost of exTropical Cyclone Jasper was approximately $55m whilst recoveries from the Cyclone Reinsurance Pool totalled only $14m

Internal reinsurance

- Reinsurance costs in New Zealand were significantly higher in FY24 largely driven by the two large weather events in early calendar year 2023
- The Group's strong capital position enabled the strategic decision to retain more risk for New Zealand events, which is reflected in higher internal reinsurance premiums
- The cost of the internal reinsurance premiums is reflected in the New Zealand divisional accounts
- There is no impact on Group financials resulting from the arrangements

Moving to natural hazards.

Our natural hazard costs for the half were below the allowance by $112 million, with a series of events in late November and December.

Pleasingly, while we continued to experience some event activity in January, we remained in line with our allowance for the month.

The natural hazard allowance for the year remains unchanged at $1.36 billion.

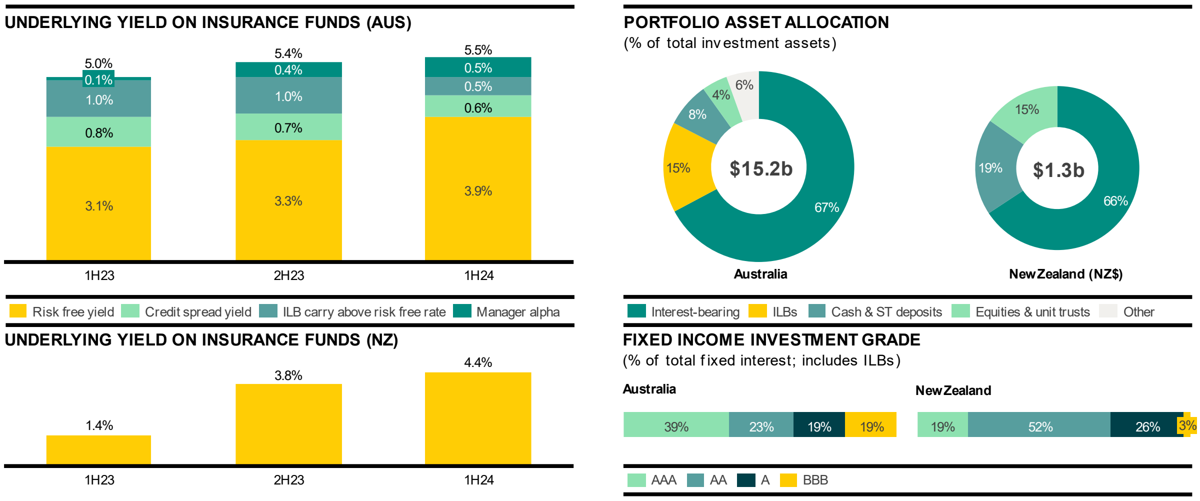
Following the 2 large weather events in NZ last year, and changes to reinsurers approach to New Zealand risk, we've put in place higher levels of intragroup reinsurance with New Zealand.

These arrangements are P&L neutral and capital efficient at the Group level.

As expected, following a period of some reset, reinsurance markets appear to have stabilised – as evidenced by the 1 January renewals.

We're currently assessing our FY25 programme and will update you once the renewal has been finalised.

General Insurance – investment market impacts



Turning to investment performance.

Investment income increased significantly across both TR and SHF, in both Australia and New Zealand.

The average underlying yield on TR in Australia was 5.5% with improved risk-free returns.

Our investment managers also continue to deliver a strong performance.

And the good returns from ILB's also continued, albeit down from previous periods as CPI inflation began to reduce.

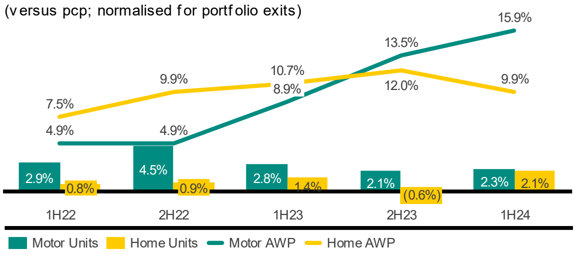
The average return on SHF was 8.4% with higher running yields and strong equity market performance.

And finally on investments, I note that we're not currently expecting any major changes to our investment portfolios.

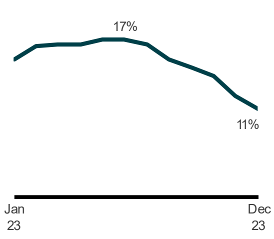
Consumer – portfolio growth

HOME AND MOTOR PORTFOLIO GROWTH

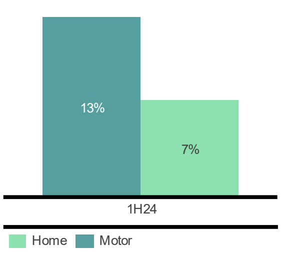
(versus pcp; normalised for portfolio exits)



MOTOR REPAIR INFLATION[1]



COST PER POLICY INFLATION[2]



NOTES

- Strong GWP growth across both Home and Motor
- Motor pricing in response to continued inflationary pressures, with some recent signs of moderation
- The reduction in Home AWP includes the impact of the Cyclone Reinsurance Pool
- Customer growth with >2% increase in units across both portfolios

NOTES

- Motor inflation is driven by supply chain capacity constraints and higher third party settlements, repair costs beginning to moderate
- Motor earned premium increase per policy is 13%, in line with cost inflation, and is expected to increase in 2H24 as sustained pricing earns through
- Home inflation driven by higher natural hazard costs and water damage claims
- Home per policy earned premium increase of 11% above claims inflation of 7%

1. 6-month rolling average; excludes total loss, 3rd party and other ancillary motor claims costs
2. Excludes discounting, risk adjustment and movements related to prior year and loss component

I'll now take you through the divisional GI results starting with Consumer.

Overall, GWP grew by 15.6%.

The Home portfolio grew by 12% as we continued to price for the increases in reinsurance costs and inflation.

Unit growth in Home of 2.1% was the fastest rate of growth in at least a decade.

Motor GWP increased by over 18%, with premium increases reflecting the persistent inflationary pressures.

Unit growth in Motor of 2.3% was broadly in line with the prior year.

Regarding inflation, we saw a cost per policy increase of c.7% in Home and c.13% in Motor.

AWP for the half is ahead of these rates by approximately 3% in each portfolio.

In Home, earned premium is now ahead of cost per policy increases, as the earn through of the prolonged pricing response begins to catch up.

In Motor, it was pleasing to see earned premium in line with cost per policy increases, and we expect the gap between the two to widen as rate continues to earn through and inflation continues to moderate.

Consumer – underlying profit, margin & claims

UNDERLYING PROFIT

	1H24 ($m)	1H23 ($m)	Change (%)
Gross written premium	3,663	3,169	15.6
Net insurance revenue	3,050	2,646	15.3
Net incurred claims	(2,439)	(2,128)	(14.6)
Directly attributable expenses	(461)	(436)	(5.7)
Insurance services result	**150**	**82**	**82.9**
Net investment income	75	73	2.7
Non directly attributable expenses	(10)	(8)	(25.0)
Insurance trading result	**215**	**147**	**46.3**
Consumer underlying NPAT	**188**	**123**	**52.8**

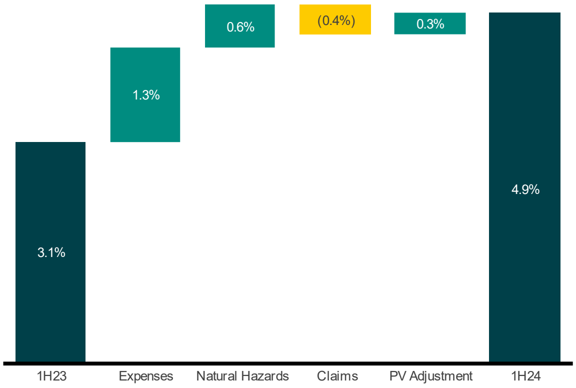
NOTES

— Significant improvement in UISR driven by strong revenue growth, more than offsetting higher working claims, natural hazards allowance and expenses

— Increase in NIC driven by an increase in the cost of water claims, severity of fire claims and natural hazard allowance in Home, and inflationary pressures in Motor as well as growth in both portfolios

— Operating expense ratio improved from 16.2% to 14.9%

UISR WALK



Turning to underlying profit for Consumer, which was up by over 50%. We're seeing an improved margin on a higher level of premium.

The result reflects the dynamics of our prolonged pricing response to escalating inflation and reinsurance costs over the past few years.

The increase in working claims was driven by a continuation of inflationary pressures in Motor, with constraints across the supply chain and elevated third-party demands. As I said previously, the rate of inflation in motor has already started to moderate this half.

Home was impacted by an increase in water claims and fire severity, as well as a higher NHA.

Together, these drivers translated into an improvement in the UISR from 3.1% to 4.9%.

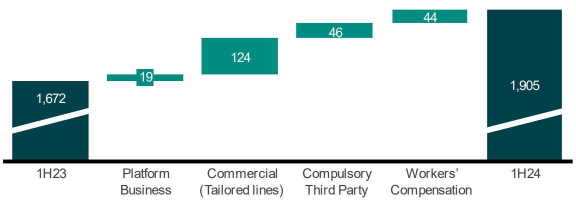
Now, whilst this margin is an improvement on prior periods, it's not yet at target levels and we expect further improvement as the premium and claims dynamics I've just discussed continue to emerge.

Commercial & Personal Injury

UNDERLYING PROFIT

	1H24 ($m)	1H23 ($m)	Change (%)
Gross written premium	1,905	1,672	13.9
Net insurance revenue	1,705	1,556	9.6
Net incurred claims	(1,160)	(1,048)	(10.7)
Directly attributable expenses	(347)	(315)	(10.2)
Insurance services result	**198**	**193**	**2.6**
Net investment income	56	49	14.3
Non directly attributable expenses	(4)	(5)	20.0
Insurance trading result	**250**	**237**	**5.5**
Comm. & Personal Inj. underlying NPAT	**211**	**174**	**21.3**

GWP WALK
($m)



NOTES

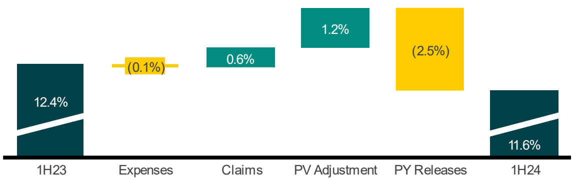
— GWP growth across all portfolios, especially Tailored Lines and Workers' Comp.

— Underlying profit increased with strong business performance, especially in working claims, offsetting a reduction in PY reserve assumptions

— Long run prior year reserve release assumption reduced from 1.5% to 0.7% of Group NIR driven by CTP scheme changes and Group NIR growth

— Queensland CTP market share to increase once Suncorp's allocation of RACQ customers are transferred

UISR WALK



Turning then to Commercial & Personal Injury. Strong topline growth was again a key feature of the result, with underlying profit up over 20%.

GWP increased by 14% with growth across all portfolios.

Tailored Lines and Workers' Comp were especially strong with increases of 18% and 20% respectively.

It was also very pleasing to see our investment in platforms delivering, with growth of 8%, the strongest we have seen in this portfolio for some time.

The underlying margin was in line with pcp but was impacted by the reduction in the expected PYRR assumption.

Now it's not shown on the page, but I also note the improved result for the managed schemes business, as we drive for returns across all our portfolios.

New Zealand

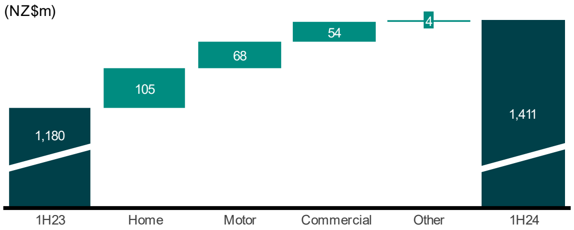
UNDERLYING PROFIT

	1H24 (NZ$m)	1H23 (NZ$m)	Change (%)
Gross written premium	1,411	1,180	19.6
Net insurance revenue	1,004	964	4.1
Net incurred claims	(606)	(547)	(10.8)
Directly attributable expenses	(306)	(280)	(9.3)
Insurance service result	**92**	**137**	**(32.8)**
Net investment income	13	(1)	n/a
Non directly attributable expenses	(9)	(4)	(125.0)
Insurance trading result	**96**	**132**	**(27.3)**
New Zealand GI underlying NPAT	**76**	**95**	**(19.7)**
NZ Life NPAT	**14**	**16**	**(12.5)**

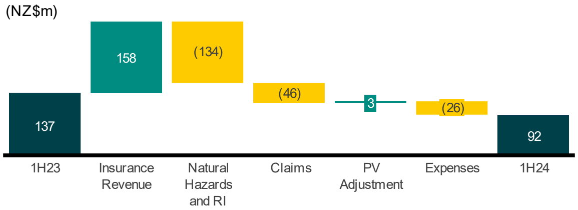
NOTES

- Strong GWP growth across all portfolios, reflecting response to higher input costs and solid unit growth
- Reinsurance costs significantly higher in FY24 largely driven by the two large weather events in calendar year 2023
- Higher claims costs, driven by inflationary pressures in Motor, have moderated compared to the second half of FY23
- Earn through of pricing expected to drive margin improvement in the second half

GWP WALK
(NZ$m)



UNDERLYING INSURANCE SERVICE RESULT WALK
(NZ$m)



Now on to New Zealand. The result was impacted by a significant increase in reinsurance costs following the two large events in early 2023.

You can see on the slide that reinsurance and natural hazard costs combined for New Zealand increased by $134 million in the half.

This is a very significant increase for our New Zealand business and drove the UISR margin decline of around 5%.

The premium response to this saw GWP growth of 20%, across the impacted Commercial, consumer and AA portfolios.

We do expect to see margin improvement in the second half as this earns through, noting that it takes 24 months for pricing to be fully earned.

Net incurred claims increased by 11%, which was primarily driven by continued inflation in Motor, also with some moderation in 1H24.

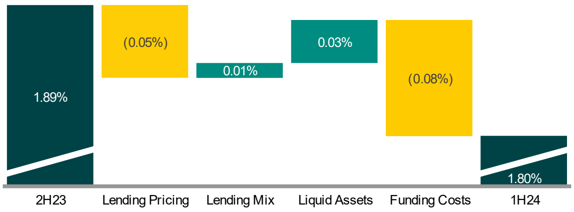
And the New Zealand Life result was in line with the pcp.

Suncorp Bank

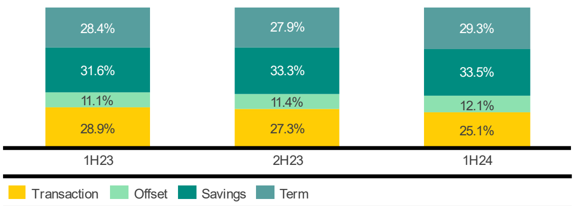
REPORTED PROFIT

	1H24 ($m)	1H23 ($m)	Change (%)
Net interest income	666	725	(8.1)
Other operating income	(5)	8	n/a
Operating expenses	(386)	(366)	(5.5)
Operating profit	**275**	**367**	**(25.1)**
Impairment release / (expense)	(1)	(2)	(50)
Income tax	(82)	(109)	24.8
Suncorp Bank profit after tax	**192**	**256**	**(25.0)**

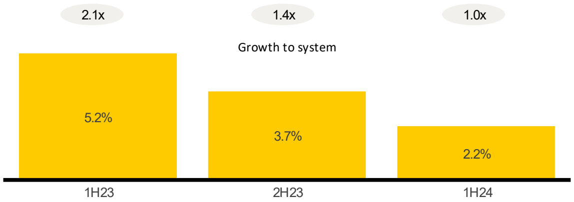
NET INTEREST MARGIN



DEPOSIT COMPOSITION



HOME LENDING GROWTH



Turning now to the Bank.

The decline in profit reflected industry wide pressure on NIM.

Whilst we continued to grow in Home lending, in line with system at 2.2%, the rate of growth slowed as we balanced growth with margin outcomes.

Importantly, we continue to maintain a portfolio with good credit quality which I'll touch on briefly on the next slide.

We've also maintained strong liquidity levels in the Bank with the LCR averaging 140% over the half.

Deposits grew 2%, with a continued shift in mix from transaction accounts to term deposits, savings and offset accounts as customers take advantage of higher interest rates.

The NIM of 180 bps was below our target range as expected, impacted by intense competition in both lending and particularly term deposit pricing.

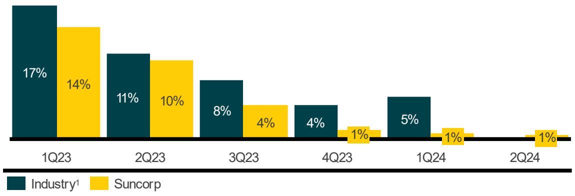
We have, however, seen a reduction in both the amount and rate of back book discounting, as well as improved new business mortgage pricing.

We still expect that NIM will be around the bottom of our range for the full year.

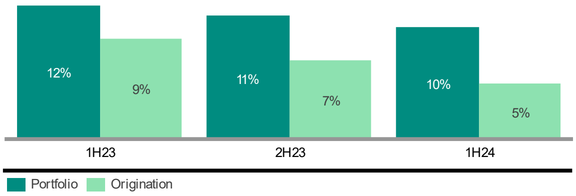
Expenses increased by 5.5% primarily due to higher technology costs, inflationary pressures including wages, and depreciation.

Suncorp Bank – credit quality

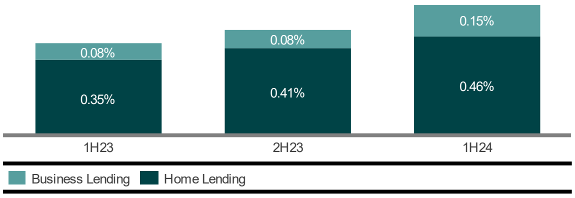
HOME LENDING ORIGINATIONS: DEBT-TO-INCOME > 6x



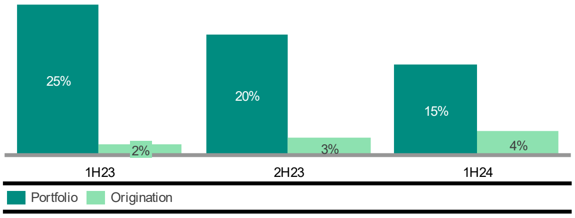
HOME LENDING: LOAN-TO-VALUE > 80%



90+ DAYS PAST DUE
(% of total GLA)



HOME LENDING: FIXED



1. Source:APRA. Industry data for 2Q24 is not yet available

The Bank's credit quality remains well positioned and strong on all key metrics:

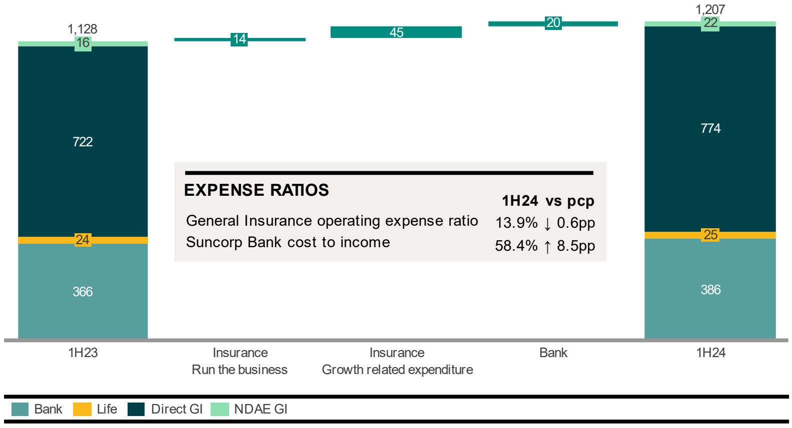
- 95% of new home lending business was originated at an LVR below 80%
- The dynamic LVR of the home lending portfolio is 56%; and
- Commercial watch list and arrears remain low

90+ days past due increased slightly to 62bp but remain well within tolerance and at the lower end of longer-term trends.

We continue to review and update the economic assumptions underpinning the collective provision. The balance of $190 million remains unchanged and we consider it to remain prudently set for the environment.

Group operating expenses

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



EXPENSE RATIOS

	1H24	vs pcp
General Insurance operating expense ratio	13.9%	↓ 0.6pp
Suncorp Bank cost to income	58.4%	↑ 8.5pp

1. Commission expenses are now presented separately in the financial statements and are not included in this analysis

NOTES

- Increase in Insurance run the business costs driven by inflation in wages and technology and an increase in system maintenance project costs
- Growth related expenditure includes discretionary investment
- Increase in Bank costs driven by inflation in wages and technology costs

Outlook

- Insurance run the business costs expected to be flat for the full year
- 2H24 GI expense ratios to remain in line with 1H24
- Bank CTI to remain at a similar level to first half

Turning then to Group expenses.

Operating expenses increased 7% driven by the planned increased investment in growing the General Insurance businesses and higher Bank expenses.

Growth related costs in General Insurance include investment in customer and broker connectivity, the upgrade of core systems, as well as some higher marketing spend.

This increased, but appropriate, level of investment is now fully allowed for within our margin targets.

General Insurance run the business expenses were up just 2%, as we offset much of the wage and technology inflation and an increase in system maintenance costs, with ongoing productivity savings.

And this saw the General Insurance operating expense ratio improve 60bp.

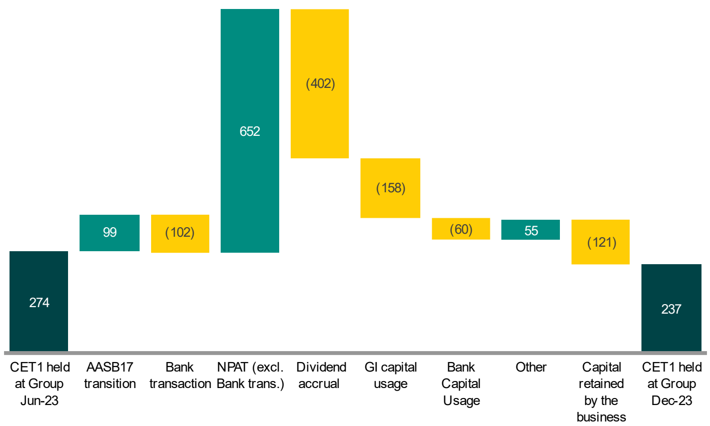
In terms of the outlook:

- We expect the General Insurance expense ratio to remain in line with the first half
- And the Bank cost to income ratio is expected to remain in line with the first half, largely reflecting the challenging revenue environment.
- Regarding Bank separation costs, we expect to incur a further $70 million post-tax in the second half with the remainder in FY25.

I'd also like to give an update on Bank stranded costs and we now expect to have dealt with the majority of the previously flagged Day 1 stranded costs of $40 million per annum as we go into completion.

Group capital

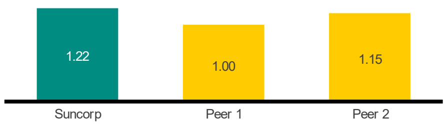
COMMON EQUITY TIER 1 CAPITAL HELD AT GROUP
($m)



NOTES

- $237m of CET1 held at Group
- AASB17 transition and Bank transaction cost impacts are broadly offsetting
- 34 cps fully franked final dividend, interim payout ratio 65%
- Additional capital retained by the business will generate an appropriate return on capital in line with Group targets
- Both GI and Bank capital ratios remain within target ranges, with GI CET1 ratio strong relative to peers

CAPITAL RELATIVE TO PEERS
(GI CET1 Capital Ratio[1])



1. Ex-dividend and announced capital management initiatives

Finally then on to capital.

The capital position at 31 December remains strong, with CET1 held at Group of $237 million.

I've set out on the chart the usual capital waterfall and I'd like to call out a few points on it:

- Firstly, the capital held at Group is after allowing for an improved GI CET1 ratio of 1.22x PCA, which compares favourably to peers, as you can see on the slide.
- Capital usage in the General Insurance business was largely driven by growth and inflation, with a higher insurance risk charge from larger outstanding claims and unearned premium balances.
- And lastly you'll see on the chart that there are two offsetting capital impacts of around $100 million each:
  - One relating to the AASB17 transition, as previously flagged
  - And then the Bank transaction costs incurred in the half.

We continue to manage our capital position prudently given the environment.

The interim dividend of 34 cps is up on 1H23, which included the benefit of BI reserve releases.

Regarding the expected Bank sale proceeds, we still expect the net proceeds to be materially unchanged at c$4.1bn.

We also remain committed to returning these proceeds to shareholders, subject to the capital needs of the business at the time.

The majority of the return is likely to be in the form of a return of capital and associated share consolidation.

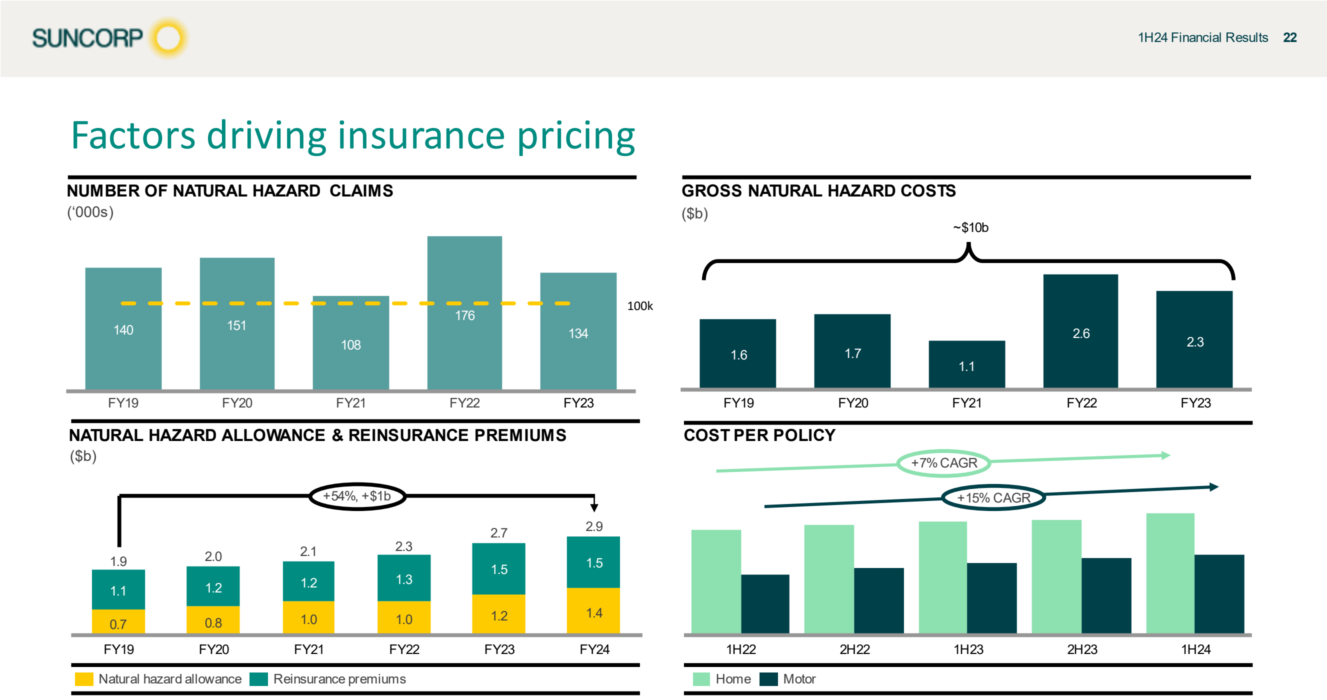
And the timing of return will depend upon a number of factors and is expected to be later in CY24 or early CY25.

And with that I'll hand back to Steve.

Strategy & Outlook

Steve Johnston

Group Chief Executive Officer



Thanks Jeremy.

Before we finish, I did want to briefly talk to the issue of insurance affordability.

It is a privilege afforded to me as a leader in the insurance industry to meet with customers at their most vulnerable following a life changing event and then return some months later and hand back the keys to their home.

During these visits the conversation is all about the value of insurance, not about the cost of insurance. It's therefore in everyone's interest that we have a viable insurance industry and that we collectively find ways to ensure that all our citizens have access to the sorts of covers they need to provide them with peace of mind.

But the issue of insurance affordability can not be solved by any one party alone.

On this slide, I have provided a five year time series across natural hazard claims numbers (top left of slide), gross natural hazard claims costs (top right of slide) and their consequent impact on allowances and reinsurance costs (these are the stacked yellow and green bars respectively). I've also included here the dollar value cost per policy for home and motor over the past two years reflecting the elevated level of inflation across both portfolios. All this data relates to Suncorp, but I expect the trends would be similar for all other insurers.

Put simply the impacts of climate change, a reassessment of Australia and New Zealand risk by global insurers, the planning mistakes of the past and, now, inflation have converged to put the upward pressure on insurance pricing we are currently experiencing.

So having identified the problem how do we go about solving it?

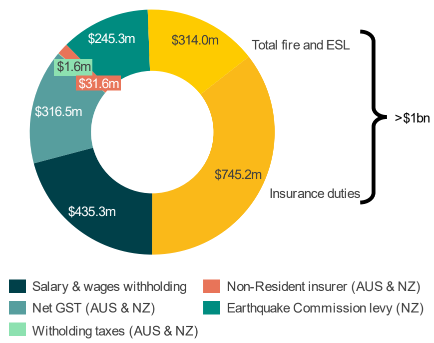
In our view the best way of reducing the price is to reduce the risk.

Four point plan for a more resilient Australia

1	Improve public infrastructure	3	Address inadequate planning laws and approval processes
2	Provide subsidies to improve the resilience pfivate dwellings	4	Remove inefficient taxes and charges from insurance premiums

STATE & TERRITORY TAXES PAID [1]

TAXES COLLECTED ON BEHALF OF OTHERS ($2,090M) [1]



1. 2023 Data

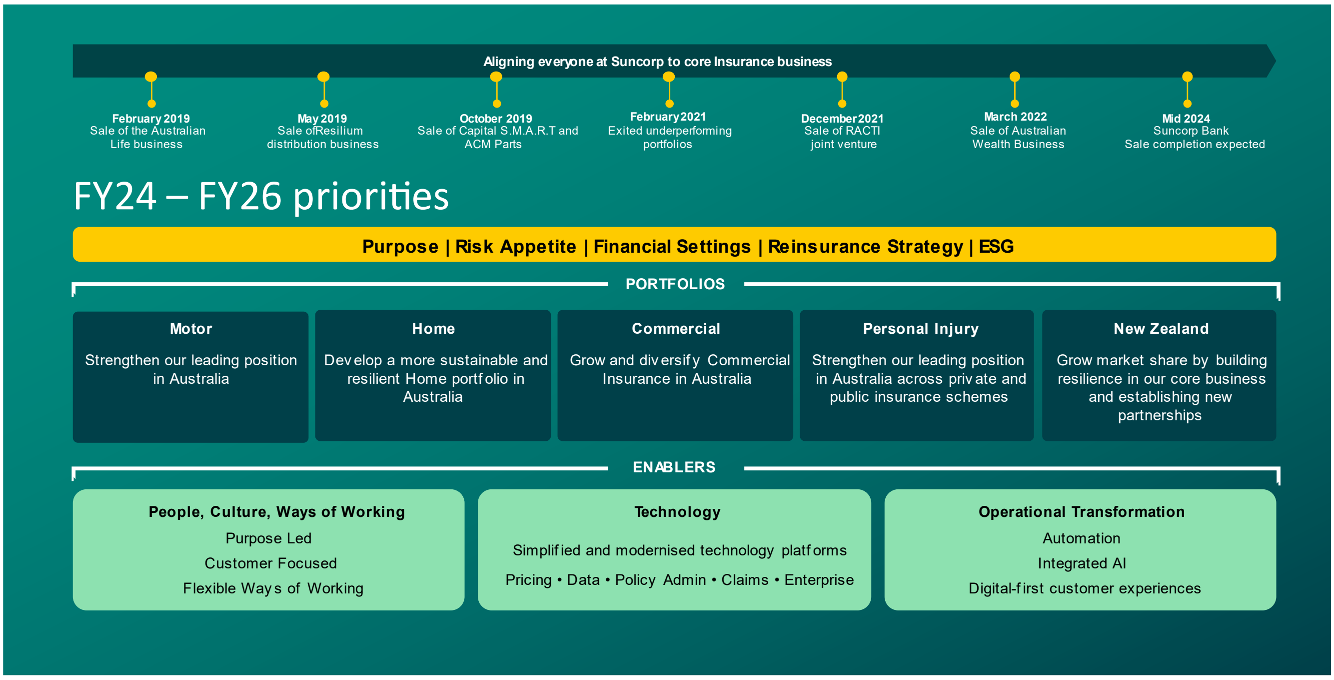
This next slide picks up our four-point plan to address natural hazard resilience. Its been part of our presentations for the past four years and includes improved public infrastructure; subsidies to improve private dwellings, an overhaul of planning laws and a national tax reform agenda to remove inefficient taxes and charges from insurance products.

I will spend a moment on that last point because it does tend to get lost in the affordability debate.

On this slide I've included excerpts from our soon to be published 2023 tax transparency report. What it shows is that Suncorp alone collects over $1 billion in insurance duties and levies across Australia and New Zealand. On top of that, we collect over $300 million in GST on behalf of the Australian and New Zealand governments. I'd make the point that these taxes and levies are calculated off the base premium so they are growing proportionally to the increased assessment of risk. In effect its a double hit for those unfortunate enough to have built or purchased a home in an area that proper planning laws should never have allowed homes to be built in.

Solving these problems should not sit with Government alone. Insurers have a huge role to play. We need to continually modernise our approach to underwriting, product design and claims management and be as efficient as possible with our own operating expenses.

This is at the heart of our strategic decision to sell the bank and it's the centrepiece of our FY24-26 strategy. I've captured this on the next slide.



As you know, simplification has been the overarching theme of the Suncorp story over the past five years. The sale of the Bank will allow a singular focus on improving the way we deliver insurance products across Australia and New Zealand.

Our FY24-26 plan will further enhance our core capabilities through investments in a market leading platform across pricing, data, policy administration, claims and enterprise. We can do all this without compromising shareholder returns because we have been disciplined in the way we have simplified the Group, remediated underperforming portfolios and by leveraging our operational transformation program.

Automation, digitisation and the emergence of integrated AI are creating the headroom for us to invest for the long term, in-turn driving growth and creating sustainable customer and shareholder value.

We will provide further details of our FY24-26 plan as we move to the completion of the bank sale process.

FY24 Outlook

— Insurance:
  - GWP growth now expected to be in the low to mid-teens driven by AWP increases to respond to increased input costs
  - Underlying ITR supported by premium momentum, offsetting reinsurance and natural hazard costs, and claims inflation, with around the middle of the 10% to 12% range remaining the target
  - Investment income to moderate in-line with expectations for interest rates
  - Operating expense ratios in 2H24 expected to remain in line with 1H24
  - Prior year reserve releases in CTP expected to be around 0.7% of Group NIR with releases in other portfolios expected to be neutral in 2H24

— Suncorp Bank:
  - Target Home loan growth at around system
  - NIM to be around the bottom of the 1.85% – 1.95% range
  - CTI ratio to be approximately in line with 1H24

— Capital management will be active and disciplined, with appropriate buffers held

— Bank completion targeted around mid calendar year 2024, subject to Financial Sector (Shareholdings) Act approval and Metway Merger Act amendments

Finally, to the outlook for the remainder of FY24 where I will re-iterate most of our guidance.

GWP growth is now expected to be in the low to mid-teens for FY24, as we price for natural hazard and increased input costs.

An underlying ITR around the midpoint of the 10-12% range remains the target for FY24, as premium increases earn through and as inflation moderates.

Investment yields are expected to moderate as the market adjusts its expectations for interest rates.

Prior year reserve releases in the CTP portfolio are expected to be around 0.7% of group net insurance revenue. Releases in the other portfolios are expected to be neutral in 2H24.

In the Bank, we continue to target Home lending growth in-line with system. Competition in both lending and deposits is keeping net interest margin under pressure and we expect the FY24 NIM to be around the bottom of the 1.85 – 1.95% range. Given the margin pressures and slowing credit growth, the Bank's cost to income ratio is expected to be in line with the 1H24 result.

At a Group level, we continue to target a cash return on equity above the through-the-cycle cost of equity. Alongside our target payout ratio of 60% to 80% of cash earnings, we remain committed to returning any capital to shareholders that is in excess of the needs of the business.

And with that, we will take your questions.

Questions

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