

26 February 2024

Chairman’s letter to shareholders – 1H24 Financial Results

Suncorp Group Limited (Suncorp) (ASX: SUN | ADR: SNMCY) has today released the attached letter from the Chairman to shareholders regarding Suncorp’s 1H24 Financial Results.

Authorised for lodgement with the ASX by the Company Secretary.

ENDS

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Dear Shareholder

Half year results to 31 December 2023

I am writing to update you on the first six months of Suncorp's 2024 financial year.

We continue to see increasing recognition of the important role Suncorp, and the insurance sector more broadly, plays in our Australian and New Zealand economies.

In fact, the value of insurance to our customers and communities has never been greater, nor the need for continued investment in a vibrant, sustainable private insurance sector more critical.

Since addressing you at our 2023 Annual General Meeting, our customers, communities and business have continued to face into ongoing challenges including supply chain inflation and cost of living pressures, as well as the impacts of severe weather events across several of our Australian communities.

We remain acutely alert to the compounding effects these factors are having on insurance affordability, particularly for those in high-risk areas. This is an industry-wide concern and remains a top priority for Suncorp to address.

Additionally, a shortage of suitable housing is creating further pressures as we seek to find temporary accommodation for customers displaced by extreme weather, particularly across Australia's east coast.

Suncorp continues to place increasing importance on our long-standing advocacy agenda aimed at better protecting people and communities before disaster strikes through greater investment in resilience and mitigation across Australia and New Zealand. Reducing the risk of extreme weather remains vital in reducing premiums for consumers and businesses.

We firmly believe our ability to address these increasingly complex issues such as insurance accessibility and affordability and climate change and meet the evolving needs of customers will be significantly strengthened as a dedicated insurance company. On this front, last week Suncorp welcomed the [decision by the Australian Competition Tribunal](#) to approve the proposed sale of Suncorp Bank to Australia and New Zealand Banking Group (ANZ). I provide an update on this below.

Over the half we maintained our focus on supporting our customers and delivering better outcomes for them, investing in our people and technology, while also continuing to grow our business and create value for you, our shareholders.

Performance and dividend

The Group delivered improved earnings over the half, largely underpinned by strong investment returns and increased customer demand for our products and services. You can view the [ASX here](#).

Group net profit after tax (NPAT) of \$582 million, was up 5.4%, while cash earnings increased 13.8% to \$660 million. Net investment returns of \$396 million were up from \$167 million in 1H23.

The Group received around 45 000 natural hazard claims over the half, the majority a result of six extreme weather events in Australia through November and December. The total cost of these was \$568 million, \$112 million below the Group's allowance. Our natural hazard allowance for FY24 remains \$1,360 million, and our comprehensive reinsurance program continues to provide strong protection for our business.

The Board has determined to pay a fully franked interim ordinary dividend of 34 cents per share. The Group's half year dividend payout of 65% of cash earnings is within the target payout ratio range of 60% to 80%.

Sale of Bank

As many of you would be aware, last week the [Australian Competition Tribunal granted authorisation](#) of the proposed sale of Suncorp Bank to Australia and New Zealand Banking Group (ANZ).

The sale remains subject to the amendment of the Queensland Government's State Financial Institutions and Metway-Merger Act and final approval from the Federal Treasurer under the Financial Sector (Shareholdings) Act. We continue to engage constructively with both parties to secure the remaining approvals. If received, completion is expected around the middle of the 2024 calendar year.

We continue to believe the sale of the Bank to ANZ is in the best interests of all of our stakeholders, the state of Queensland and the broader economy.

Suncorp remains fully committed to the Bank and delivering against its strategic priorities until the sale is completed.

Your Board also remains committed to returning to shareholders any capital that is excess of the needs of the business post completion.

In closing

In closing I would like to thank our shareholders and Suncorp employees for their ongoing commitment and patience as the bank sale process has been underway.

Our teams have continued to focus on supporting our customers as a number one priority, and I saw this firsthand when I visited Cairns and surrounding areas in the aftermath of ex-Tropical Cyclone Jasper.

On behalf of the Board, I would like to thank you, our valued shareholders, for your ongoing support of the Suncorp Group.



Christine McLoughlin AM
Chairman