

23 September 2022

Suncorp 2022 AGM Chairman and Group CEO Addresses

Suncorp Group Limited's (ASX: SUN | ADR: SNMCY) 2022 Annual General Meeting (AGM) will be held today at 1:00pm Australian Eastern Standard Time (AEST). The meeting will be held in a hybrid format, with shareholders able to attend in person at the Hilton Brisbane, Ballroom, Level 5 and via the online AGM platform which can be accessed at meeting.linkgroup.com/suncorp22.

More information on the AGM, including the 2022 Notice of Meeting, is available on the [Suncorp Group website](#). If you are unable to join the AGM live, a recording will be made available shortly after the conclusion of the meeting on the [Suncorp Group website](#).

The Chairman's and Group CEO's addresses to be delivered at the AGM are enclosed.

Authorised for lodgement with the ASX by the Company Secretary.

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CHAIRMAN'S ADDRESS - CHRISTINE MCLOUGHLIN

Good afternoon, and welcome everyone. This is Suncorp's first hybrid AGM, allowing shareholders to attend in person in Brisbane and also participate online.

We are fortunate to be joined today by First Nations Suncorp employee, Belinda Artates, who works in our Flood Response and Events Claims team, based here in Brisbane. Belinda is a proud Dharug woman and so will be giving an Acknowledgement of Country today.

On behalf of your Board, I would also like to acknowledge the Traditional Custodians of the lands on which we are meeting physically – the Yuggera and Turrbal peoples – and pay my respects to their Elders past, present and emerging. I also acknowledge the traditional custodians of the many lands we are meeting from online today.

At this point, I would also like to acknowledge the recent passing of beloved indigenous leader, Uncle Jack Charles.

I'd now like to introduce Michelle Bain, our Group General Counsel, to cover the meeting procedures we'll be using today, and then I will address the meeting.

Chairman's introductory comments

As you all can appreciate, Suncorp was required to change the date of our AGM at short notice in response to a National Day of Mourning being declared for yesterday to mark the passing of Her Majesty, Queen Elizabeth II.

On behalf of the Suncorp Group, I would like to pay tribute to Her Majesty's service and long-standing commitment to Australia, New Zealand and the Commonwealth of Nations. Her unwavering leadership and sense of duty were truly inspiring. For those in Queensland, you may recall Her Majesty's last visit was in 2011 to show support for those impacted by the floods that year. It was her sixteenth visit to Australia.

I would like to state my appreciation to you, our shareholders, your Board, and the management team, and our events team for accommodating the changed arrangements. I would also like to thank those who have already voted or pre-submitted questions relating to the business to be covered at today's meeting.

Before I invite our CEO to speak, I'll begin today's proceedings with some initial comments, including about the proposed sale of Suncorp Bank.

External operating environment

As we know, the past year has yet again brought a unique set of circumstances that have truly tested us all.

While as a society we have made great inroads in the way we are learning to live with and manage the lingering global pandemic, we continue to face broader challenges.

We are experiencing significant dislocations across the global supply chain and an extremely tight labour market.

Turbulence has been exacerbated by the Russia-Ukraine crisis. In addition to the human tragedy, we are seeing inflationary pressures impacting people, businesses, and economies.

Additionally, there has been significant investment market volatility. Suncorp is certainly not immune.

As you well know, our insurance business was confronted by an extraordinary 35 separate natural hazard events across Australia and New Zealand throughout the financial year, resulting in around 130,000 insurance claims for Suncorp.

The devastating Eastern Australia flood disaster earlier this year is the largest weather event in Suncorp's 100-plus year history and one of the costliest in Australia's history.

As soon as it was safe to do so, in early March the CEO and I visited the impacted areas on the east coast of Australia, including Lismore and surrounds, to get a deeper sense of the magnitude of the disaster and the recovery task that lay ahead for our people and communities.

While confronting, the first-hand experience provided a stark reminder of the incredibly important role our company and our people play in supporting our customers and communities through these events.

I also spent time at the State Emergency Services Brisbane Control Centre and the Queensland Fire and Emergency Services Headquarters. Suncorp is the proud Principal Community Partner of the Queensland SES and we commend their service to our community. It was a privilege to meet with so many volunteers who, together with all of our emergency services, have again done an outstanding job in the face of these immense challenges.

These destructive events have highlighted more than ever the critical role we must play in advocating to government and business for greater investment in resilience measures that better protect and safeguard our communities and address insurance affordability pressures in high-risk regions.

I will make some more detailed comments shortly with regards to the Board's recent decision to enter into an agreement to sell our Bank, but I would like to say upfront that the decision certainly considered the future challenges and opportunities for both the banking and insurance sectors.

Post completion of the sale, Suncorp Group will continue as a dedicated Trans - Tasman insurance company to meet the needs of our customers and communities at a time when the value of insurance has never been greater. We will maintain our Insurance Headquarters in Brisbane.

Financial performance

Turning to our financial performance. While the underlying performance of the Group was strong during the year, the enormity of the challenges we faced did impact our reported full year 2022 result.

The Group's net profit after tax was down 34.1% to \$681 million, with cash earnings down 36.7% to \$673 million.

Primary drivers were the combined impacts of elevated natural hazards costs, estimated at \$1.08 billion dollars, the necessary purchase of additional reinsurance covers and the mark-to-market losses on our investment portfolio from weaker global investment markets.

Your Board has declared a fully franked final dividend of 17 cents per share, which was paid this week. This brings the full year 2022 total ordinary dividend to 40 cents per share.

While lower than last year, this total annual dividend remains at the upper end of our target payout ratio range. Your Board believes this is appropriate given the uncertain outlook we continue to face, and we considered all of the relevant factors that go into making decisions around capital allocation and distribution.

Our Group CEO Steve Johnston will speak in more detail about the performance of the Group and progress against our strategic priorities.

As has recently been flagged by the Federal Treasurer, there are significant international headwinds and inflation in major economies and Suncorp continues to monitor and plan for a range of macroeconomic and geopolitical scenarios that can impact our business and operating plans.

Responding to important issues

Your Board suitably recognises that Suncorp's future success depends on understanding and meeting both the current and future needs and expectations of a range of our stakeholders.

Collectively, the Board takes responsibility for sustainability matters, including the approval of strategies and policies to address key environmental, social and governance risks and opportunities, as well as the setting of metrics and targets as they relate to non-financial reporting.

As I have already noted, building greater resilience to natural hazards, responding to climate change and ensuring insurance remains accessible and affordable continue to be some of Suncorp Group's most material topics to address.

We know the rising cost of living is having broad reaching implications.

This is why it is imperative that governments at all levels, together with the insurance industry and community groups, prioritise the work and investment required to reduce the risk from extreme weather for our communities, improve household and community resilience and in turn, the affordability of insurance.

Suncorp continues to advocate strongly on this front. A recently released research report from McKell Institute shows that this year's flooding has compounded that pressure for Australian households and consumers.

The research also highlighted the fact that the Commonwealth had spent \$24 billion on disaster recovery since 2005, and only \$510 million on resilience. That balance needs to change.

Tackling carbon emissions is an important part of ensuring ongoing insurance affordability.

This year, Suncorp Group refreshed its Climate Change Action Plan, which extends our commitment to taking an orderly approach to transition to a low carbon future in partnership with our customers, suppliers, governments and industry.

We have accelerated our own net-zero targets on Scope 1 and 2 greenhouse gas emissions to achieve our goal by 2030. We are also focussed on strengthening the measurement of

the emissions associated with our lending, underwriting and investing activities, otherwise known as Scope 3.

Emerging risks are becoming increasingly complex, particularly as they relate to data security and privacy.

The Board and management team dedicated considerable attention to the increasingly important issue of cyber risk and security this year.

As customers accelerate their use of digital channels, and as we continue to digitise our business, our ongoing investment in data privacy and security is absolutely critical. We continue to enhance our technology and capabilities to reduce the damage from cyber-attacks and protect our customers, people and business.

Suncorp's culture is inextricably linked to our purpose. Our people are fundamental to our ongoing success, and we have a renewed focus on programs to help reskill and upskill our people. It is imperative that we are an attractive employer and that we have a balanced, future-ready workforce.

The Board's Customer Committee has heightened the focus on customer outcomes and has provided a forum for us to regularly hear from our customer-facing employees as well as important consumer advocacy groups.

Regulatory costs continue to be a significant impost in running banking and insurance businesses.

Throughout the year Suncorp continued to implement the complex regulatory change agenda, aimed at improving customer outcomes. This has necessitated changes across the entirety of our business which comes at a cost.

Like all financial services businesses, Suncorp works closely with a range of regulators. Today, in that context I would like to acknowledge the considerable contribution of APRA Chairman Wayne Byres, who recently announced he will step down from that role at the end of next month. On behalf of the Board, I thank him and wish him well.

Sale of Suncorp Bank

I would now like to speak to the significant decision of the Suncorp Board in July to sell Suncorp Bank to the ANZ Banking Group.

As part of our annual strategic planning process, the Board tests our organic plan against inorganic alternatives.

As the Board of a public company, we have fiduciary obligations to act in our shareholders' best interests. In this context and against this existing strategic analysis, we considered ANZ's offer and found it to be compelling on all fronts.

The transaction will deliver significant shareholder value and is expected to yield net proceeds of around \$4.1 billion. Customers will have access to a wider range of products and services. ANZ will offer a broader range of banking career opportunities for our people. From a community perspective, and in particular for Queensland, ANZ has committed to maintaining and growing Suncorp Bank's strong Queensland presence. And importantly there is strong alignment of purpose and values.

The review also considered the viability of consolidation amongst regional banking peers and found this option for Suncorp to be inferior to both the ANZ offer and our own organic plan.

Recognising the value the financial services industry has to both the Australian economy and individual consumers, Australian Competition and Consumer Commission (or ACCC) approval will be required. The transaction is also subject to approval from the Federal Treasurer. In addition, we are engaging constructively with the Queensland Government in relation to our existing obligations under the State Financial Institutions and Metway Merger Act.

In terms of timing - it's important to note that we are in the early stages of this transaction.

The next step in this process will be a submission from ANZ to the ACCC. This submission will set out how the transaction delivers public benefit and why competition levels in the industry will remain robust. Given its significance, we anticipate the ACCC will give due consideration to the application, and will likely take some months from lodgement.

At this stage, we expect the transaction to complete in the second half of the 2023 calendar year, noting this will depend on the timing of the necessary approvals. There will continue to be a transition agreement in place between ANZ and Suncorp for up to two years after that. This is one of the reasons we have put forward resolutions today with regard to our long-term incentives.

Following completion of the sale of the bank, you will continue to hold shares in the Suncorp Group and the Board remains committed to returning to shareholders any capital that is in excess to the needs of the business.

Like many of you, I am a customer of Suncorp Bank as well as a holder of a number of our insurance policies. Suncorp is absolutely committed to ensuring minimal disruption for our customers throughout the sale process and beyond and I commit to having an eagle eye on that, during the transition.

Overall, we are confident the sale will result in a stronger insurance and banking system for Queensland and Australia.

Suncorp will have a singular focus as a dedicated, Queensland-head-quartered, leading Trans-Tasman insurer at a time when the value of insurance has never been greater. The Suncorp Group will also continue as the proud home of some of Australia and New Zealand's leading and most trusted brands including AAMI, GIO, Shannons, Apia and Vero, and of course Suncorp, which will continue to offer the same great service to Queenslanders.

As part of our commitment to Queensland, we will establish a national Disaster Response Centre of Excellence in Brisbane, utilising the latest technology to monitor, prepare for and respond to extreme weather and natural disasters.

Suncorp is proud to have built successful, sustainable and quality businesses on both sides of the Tasman. We are focused on delivering good growth and improved business performance over the coming year.

In closing

I would like to thank my fellow Directors for their continued support and commitment over the past year as we have navigated a broad range of opportunities and challenges together.

On behalf of the Board, I would also like to express my gratitude to Suncorp's Group CEO Steve Johnston and the executive team who have been inspiring and visible leaders, not just this year but over the course of the past few challenging years. And we thank all of Suncorp's dedicated employees for their ongoing efforts to support our customers and our communities and deliver value.

Finally, I'd like to extend my appreciation to you, our valued shareholders, for your loyalty and support of the Suncorp Group.

Your Board remains focused on ensuring Suncorp Group continues to deliver long-term value and we are confident we can continue to demonstrate this to you.

GROUP CEO'S ADDRESS - STEVE JOHNSTON

Thank you, Chairman and welcome everyone.

When I addressed you at our AGM last year, I reflected on the significant set of events that had occurred since I was appointed your CEO in 2019.

I spoke of the black summer of bushfires, the global pandemic and a La Niña weather system that had created 50,000 claims.

As the Chairman has just pointed out, the 2022 financial year continued the theme - with a second consecutive La Niña, 130,000 new event claims, the emergence of global inflation and investment market volatility.

Yet through all of this, our company has remained strong.

Three years ago, we laid out a simple strategy and a clear set of targets for FY23. And despite the challenges we have stared into between times, we remain on track to deliver.

At the heart of our strategy is purpose. This diagram is one I use frequently, and it describes how we connect purpose, through our people, to our customers, communities, and shareholders.

Purpose driven, delivering sustainable outcomes



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Suncorp is, and has always been, a company that understands and is guided by purpose.

It's why I often make the point that while business success should always be measured in terms of profits, dividends and valuations, equally as important for a business like ours are the lives we restore, the futures we assure and the communities we rebuild.

Because that builds long term trust in our brands and underscores the value of the products and services we offer.

As soon as the flood waters receded, I visited towns from Gympie down to Lismore, meeting with customers and observing the damage through their eyes. I did so again earlier this week.

I'm pleased to report that we have finalised over 50% of property claims associated with the event - progressively putting our customers back in their homes and making their lives whole again.

That's the power of purpose, it's the value that financial services, particularly insurance, provides to Australia and New Zealand and it's what engages and motivates our people.

Financial performance

I'll now turn to our financial performance and progress against our strategic priorities.

As you know the Group's net profit after tax of \$681 million, cash earnings of \$673 million and a full year ordinary dividend of 40 cents per share were significantly down from the previous year.

These headline results, however, mask the progress we are making to improve the business, and this is reflected in record growth, higher margins and improved customer metrics.

The difference between reported profits and our underlying performance, and between the FY21 and FY22 results can largely be explained by two factors: natural hazards and investment markets.

I've demonstrated this on this slide, and I'd particularly draw your attention to the table at the bottom which highlights the movements between the two years.

Summary Profit & Loss Statement

	FY22 (\$m)	FY21 (\$m)	Change (\$m)
Insurance (Australia)	174	547	(373)
Banking	368	419	(51)
New Zealand	155	200	(45)
Cash earnings	673	1,064	(391)
Group NPAT	681	1,033	(352)
Ordinary dividend (cps)	40	66	
Net impact of yields and investment markets:			
- General Insurance - Australia and New Zealand	(190)	453	(643)
- Banking (MTM losses on derivatives)	(16)	-	(16)
- Group	(13)	9	(22)
Natural hazards expense above allowance	(101)	(60)	(41)

- FY22 results demonstrate strong growth and progress in underlying margins
- Elevated natural hazards event season with assistance provided to around 130,000 customers
- Significant volatility in investment markets with increasing yields and widening credit spreads
- Combined impact of investment markets and natural hazards over \$700m pre-tax versus FY21
- FY23 strategic targets reaffirmed

I've already touched on the FY22 La Niña weather year, which led to 35 separate events and total natural hazard costs to Suncorp of \$1,081 million. This was \$101 million above the allowance we make for these sorts of events.

Unlike the impacts of weather, the flow on effects of volatile investment markets on our reported profits are more complex, so let me take a moment to run through it.

Like most insurers, we invest in a range of asset classes including government bonds, high quality corporate fixed interest and equities. When yield curves steepen, credit spreads widen and equity markets fall, as they have recently, accounting rules require us to report mark-to-market losses.

However, given we will continue to hold these high-quality assets to maturity, we don't expect to realise any of the mark-to-market losses. In fact, higher yields and therefore higher returns will be earned over the FY23 year and beyond.

These mark-to-market movements have also impacted our balance sheet and capital levels. But, again, as assets mature, deferred tax assets are realised and capital is replenished.

So, to a large extent, this is a timing issue and you, as shareholders, will benefit from these higher yields in future years.

This slide provides a brief summary of the key result highlights.

FY22 key highlights



*Excludes portfolio exits

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Our Australian and New Zealand insurance businesses delivered full year premium growth of 9.2% and 14.1% respectively, while the Bank grew its home lending portfolio by 9.0% and transaction accounts by more than 20% over the year.

The Underlying Insurance Trading Ratio ended FY22 at 9.9%, just below our FY23 target of 10-12% with our Best-in-Class claims program doing a great job of controlling the current inflationary pressures.

The result, in our view, demonstrates the progress we have made against our 12 strategic priorities to grow through our market leading brands, digitise and automate our businesses, become more efficient and ultimately improve how we serve our customers.

Our people

The growth and progress we have made this year have been delivered by a capable and united team and the clear alignment of all Suncorp people to our purpose and strategy.

We know that alignment to purpose played a large part in our ability to very quickly recruit and onboard more than 1,000 additional claims specialists and assessors this year to speed up the flood recovery process.

We have also prioritised further investment in our people, with a focus on attracting and retaining talent and building a workforce fit for the future.

We have taken the learnings of the past few years to elevate our hybrid model of working to maximise productivity, while enabling flexibility in the way we work - ensuring our customers, teams and individual needs are met.

Our new purpose-built head office facility, at 80 Ann Street here in Brisbane, provides a central workplace to support our hybrid working approach, while also enabling us to quickly adapt as operating conditions change.

Bank Sale

The Chairman has spoken at length about our recent decision to sell our bank to ANZ, thereby allowing us to focus on becoming a leading trans-Tasman insurance company, based here in Queensland.

As the Chairman said this decision, while by no means easy, is one we believe is in the best interests of our shareholders, customers, the Suncorp team and the state of Queensland.

Most importantly, we believe it's in the national interest.

As Australia and New Zealand stare into the challenges of a changing climate we will be able to dedicate all our time and resources to supporting customers and enabling the transition that will be required.

We believe a vibrant and healthy private sector insurance market is essential to working alongside Government at all levels to correct more than 100 years of poor planning, build the resilience of our private and public infrastructure and relieve the burden from the taxpayer.

We will, of course, engage constructively with all stakeholders over the coming year as we look to receive all necessary approvals to accompany the sale proposal.

Looking ahead

Looking ahead, our focus remains on building on the strong momentum across our three businesses to deliver on our strategic initiatives and meet our FY23 commitments.

We remain confident in our ability to achieve our targets despite the challenges posed by inflation and the likelihood of a third La Niña weather pattern for part of this coming summer.

Our strategic investments have so far allowed us to stand apart from the elevated levels of inflation experienced by some of our competitors. And our recently renewed reinsurance program, supported by a natural hazard allowance which has increased by 68% over the past five years, holds us in good stead for the weather season ahead.

We are executing well and are now accelerating opportunities to leverage our scale to generate further efficiencies. Alongside a comprehensive pricing response, we aim to meet the challenge of inflation and protect margins and returns while continuing to deliver the valuable products our customers have come to expect.

In closing, I'd like to thank all of our teams for their dedication and support of our customers, and also extend my deep appreciation to you, our shareholders for your continued confidence in our company.

ENDS