

26 September 2019

Suncorp 2019 AGM Chairman's and Group CEO's addresses

Suncorp Group Limited's (ASX: SUN | ADR: SNMCY) 2019 AGM will be held today at 10.30am at the Sofitel, 249 Turbot Street, Brisbane. For shareholders who are not able to attend the AGM, a webcast will be available on the Suncorp Group website www.suncorpgroup.com.au.

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

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For more information contact:

Media	Brett Zarb	+61 417 256 563 brett.zarb@suncorp.com.au
Analysts / Investors	Kelly Hibbins	+61 414 609 192 +61 2 8121 9208 kelly.hibbins@suncorp.com.au
	Jatin Khosla	+61 439 226 872 +61 7 3362 1322 jatin.khosla@suncorp.com.au

Welcome

Christine McLoughlin
Chairman

SUNCORP 



Good morning and thank you for attending this year's AGM in Brisbane. I appreciate you coming along today and look forward to meeting some of you over a light lunch when the meeting formalities are done.

While I have been a Director since 2015, this is my first Suncorp AGM as your Chairman – a position I am privileged and proud to hold.

As your Chairman, I strongly believe my role is to lead and work with my Board colleagues in providing best of class governance, as well as to provide stewardship around the Group's strategy and culture.

With the considerable and ongoing changes to the operating environment for financial services companies, it is now more important than ever that Boards and management teams are crystal clear about their respective roles and accountabilities.

I believe it is the Board's collective responsibility to create an environment in which our Group CEO, his management team and the broader organisation can successfully deliver the Group's purpose and business strategy.

Our People

In discussing our operating environment, it is most appropriate to begin with our people.

CEO Succession

In May we announced the departure of our former Group CEO, Michael Cameron. I would like to recognise and thank Michael for his leadership and helping Suncorp navigate a period of significant transformation and regulatory change. In his time at Suncorp, Michael helped strengthen the Group's digital capabilities and customer culture.

Selecting a CEO is one of the most important roles of a Board. Succession planning at Suncorp is an ongoing process and as such the Board was well prepared to undertake a competitive and robust recruitment process that considered a range of internal and external executives. Steve emerged as the outstanding candidate.

In our new Group CEO Steve Johnston, we have appointed the best person to exemplify the right culture and lead by example in the redefined environment we operate in.

Steve has been an important part of the Suncorp team since 2006 and is deeply connected to our purpose. He understands Suncorp's heritage, its connection to our customers and the communities in which we operate, and the people who work here.

Steve also has an intimate understanding of Australia and New Zealand's regulatory environment, and the opportunities and challenges this will present in coming years. He is respected by people inside the organisation and out, and the Board and I are confident of his ability to lead Suncorp into a successful and sustainable future.

Steve's vision leverages our strong digital foundations, embraces an innovation mindset, builds on our customer-centric culture and invests in the capability of our people.

Please join me in congratulating Steve on his appointment.

Board Renewal

Board renewal has remained a continued focus as you will have seen when we welcomed Ian Hammond to our Board in October last year. Today Ian will be seeking election as a non-executive director and Sally Herman will also be seeking re-election.

Both Sally and Ian bring a wealth of experience in governance, risk management and insights to evolving customer trends, and the external factors shaping our industry.

I would also like to announce that current non-executive director of Suncorp NZ, David Flacks will become Chairman of our New Zealand licensed entity Boards, as at 1 October 2019.

David succeeds current Chairman Geoff Ricketts who will be retiring later this year. I would like to formally thank Geoff for his tremendous commitment and significant contribution to Suncorp, both in New Zealand, and previously, as a director of Suncorp Group Limited in Australia.

Our People

Over the last 12 months, I have spent a lot of time talking to people – customers, employees, shareholders, suppliers, governments, regulators and others – to help me build a deeper understanding of our businesses as well as what we do well and what we need to improve.

One of the pieces of feedback I consistently hear is the exceptional quality of our people and the difference they make to the lives of our customers and the broader community when needed most.

Putting the customer at the heart of everything we do requires an innovation mindset and a customer-first culture in a very competitive and fast paced environment.

At the same time, over the past 12 months, in addition to putting our customers first as we run "business as usual", we experienced a number of calamities. Floods in north Queensland, hailstorms in Sydney, bushfires in central Queensland, and flash flooding in Melbourne – all devastating events which impacted thousands of customers, displaced communities and cost the industry billions. Our people continue to go the extra mile for our customers and for each other in these circumstances.

Watching how our teams mobilised from across the business to help our customers extends well beyond our insurance teams – Suncorp Bank has also played a vital role in helping our customers when they face hardship or important life decisions.

Responding to a Changing Climate

Only last week more than 3 million people around the world called for governments and corporations to do more about climate change, so at this point, it is appropriate I provide an update on how Suncorp is responding to climate change.

As a bank and insurance company, understanding weather change and climate risk and how this impacts our customers and our business makes not only good environmental sense but helps us protect and enhance shareholder value and makes good business sense.

Addressing Climate Change is a matter the Board considers a high priority. Our Climate Change Action Plan, Environmental Performance Plan and response to the Taskforce for Climate-related Financial Disclosures – outline the actions we are taking which includes a focus on building resilient communities and playing our part by reducing our own carbon footprint.

For those of you in the room we have provided a high-level summary of our own key environmental performance outcomes to date in demonstrating our commitment to reducing our environmental impact.

Importantly, we are using a shadow carbon price in the assessment and management of our investment exposures as well as enabling an orderly response to carbon intensive industries as our economy transitions.

We are working collaboratively with our re-insurers, climate scientists and our own teams to ensure we have a meaningful and orderly approach to assessing climate risks in our portfolios including effective oversight and management at the Board and senior management levels.

We are pleased with our progress to date - including the release of our first Responsible Business Report and the recently Board-approved Responsible Banking and Insurance Policy. This represents a big step to ensuring environmental, social and governance risks and opportunities are embedded in how we do business.

Whilst we have come a long way in how we understand and incorporate environmental, social and governance considerations in our business operations, I acknowledge there is still more work to do and we are committed to doing that.

New Environment

2018-19 has been a defining year for financial services in Australia and New Zealand – one which marks a new era of transparency and accountability for the industry. While the numerous inquiries were sometimes confronting, they were necessary and have provided rich learnings for the sector.

What has become abundantly clear is that we are operating in a permanently redefined environment where Boards and management have to deliver to customer, shareholder and community expectations;

- where regulatory oversight and associated compliance spending will remain at elevated levels; and
- where organisational culture and the mechanisms that reinforce it – such as remuneration and incentive structures – will be critical to strengthening the public's trust in financial institutions.

I am pleased to say that Suncorp has been focussed on this and is making good progress on these critical areas.

We are working at pace – embracing the opportunities provided by the range of regulatory changes and investing in projects that will deepen trust and deliver positive outcomes for our customers, employees, the broader community and, by building a long-term sustainable organisation, for our shareholders.

Suncorp has already implemented several recommendations identified by the Royal Commission, our own Risk Governance self-assessment to APRA as well as reviews conducted by the New Zealand regulators.

The APRA self-assessment, which was conducted by the Board last year, highlighted that, while Suncorp's culture benefits from a clear and consistent tone from the top and governance practices are well established, there are areas for improvement and we have been addressing those.

In our recent financial year reporting documents, you will have seen details of the various programs of work we have underway addressing the requirements and expectations of the new operating environment. Our focus is now very much on driving the outcomes from these programs.

As we continually scan the horizon for risks and opportunities for our business, front of mind for all of us is cyber risk and the importance of protecting the data and the integrity of our systems. This is an area of continued focus for our business and for our regulators.

Financial Performance and Strategy

In August, we announced a solid result for the full year, with cash earnings of \$1.115 billion and net profit after tax of \$175 million. This result was significantly impacted by the after tax non cash loss on the sale of the Australian Life Insurance business.

The Board has declared a fully franked final dividend of 44 cents per share. This takes the total full year dividend to 70 cents per share, with a pay-out ratio of 81.2%, above the top end of the target range.

Today, the Board will be seeking shareholder approval to distribute the remaining surplus capital, from the sale of the Australian Life business, in the form of 39 cents per share return of capital with a related share consolidation.

This is another demonstration of our commitment to returning excess capital to our shareholders and follows the special dividend of 8 cents per share fully franked we paid in May from the proceeds of the sale.

At a high level, the near-term strategy announced at our full year results in August is to strengthen our bank and insurance businesses by focussing on products and brands, while leveraging our strong digital foundations to enable growth and better customer outcomes.

Being digitally-enabled represents both enormous opportunity and challenge for the Group. It is making it easier for our customers to do business with us while streamlining processes, making us more efficient and helping our people to better serve our customers in a way they have come to expect from all organisations they deal with.

We are keeping pace with rapidly changing technology and shifts in customer expectations. However, we also recognise this is one race that never ends, and our ongoing success is dependent on continually finding ways to both innovate and leverage our capabilities.

As our former Chair, Ziggy said at this very meeting a few years ago, the one thing we know for certain is that the pace of change has never been this fast, yet it will never be this slow again!

In closing, I would like to thank my fellow Board members for their continued counsel and support throughout my first year as Chairman of this great company.

I would also like to extend my appreciation to our Group CEO, Steve Johnston, the Senior Leadership Team and all our people across Australia and New Zealand, who show up every day to support our customers in the moments that matter.

Finally, I would like to thank all of you – our shareholders – for your ongoing and loyal support.

I remain optimistic but realistic about Suncorp's future.

I'm pleased with the progress we have made over the past 12 months and believe we have a bright future and that this is a company of which you, our shareholders, can be very proud.

I mentioned earlier that it is the Board's responsibility to provide governance and stewardship to enable the management team to drive the operational performance of the company.

With that in mind our Group CEO will now share his insights and provide more detail about the performance of our businesses and the clear way forward for Suncorp.

Thank you.

Group CEO's address

Steve Johnston
Group CEO

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SUNCORP 



Thank you, Chairman and good morning all. Let me add my welcome to the 2019 Suncorp Annual General Meeting.

My name is Steve Johnston and it is a privilege to address you as your Group CEO and Managing Director.

First, a little bit about me.

I was born in Brisbane, and putting aside work travel, I have spent all my life living in this city.

I joined Suncorp in 2006 and most recently served the company as Group CFO.

I am deeply honoured to be asked by the Board to assume the Group CEO role.

Over the past 13 years, I have experienced the same highs and lows that many of you have also experienced.

Three weeks after I arrived at Suncorp, Cyclone Larry barrelled through Innisfail, destroying a community where more than 70% of the homes were insured by our company.

Soon after the event, I saw first-hand the pain experienced by our customers and the resilience of that community as it rebuilt.

For me, it was an early understanding of just how important our industry and our business is to the social fabric of the nation.

Create a better
today for our
customers

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SUNCORP 



Roll forward to 2019, and in June I had the privilege of travelling to Townsville with Gary Dransfield, our Insurance CEO, to welcome customers back into their homes after the devastating floods earlier this year.

It was there I met Ruth McGhie.



In January, and while Ruth was coming to terms with the passing of her husband, a wall of water destroyed her home and put her life on hold.

When I asked her how she was, Ruth broke down – recounting painful memories, mixed with relief at so quickly being able to return to her home.

As in Innisfail, or in Christchurch, or south east Queensland following the floods, or more recently the bush fires, our people are committed to helping our customers get back on their feet as soon as possible.

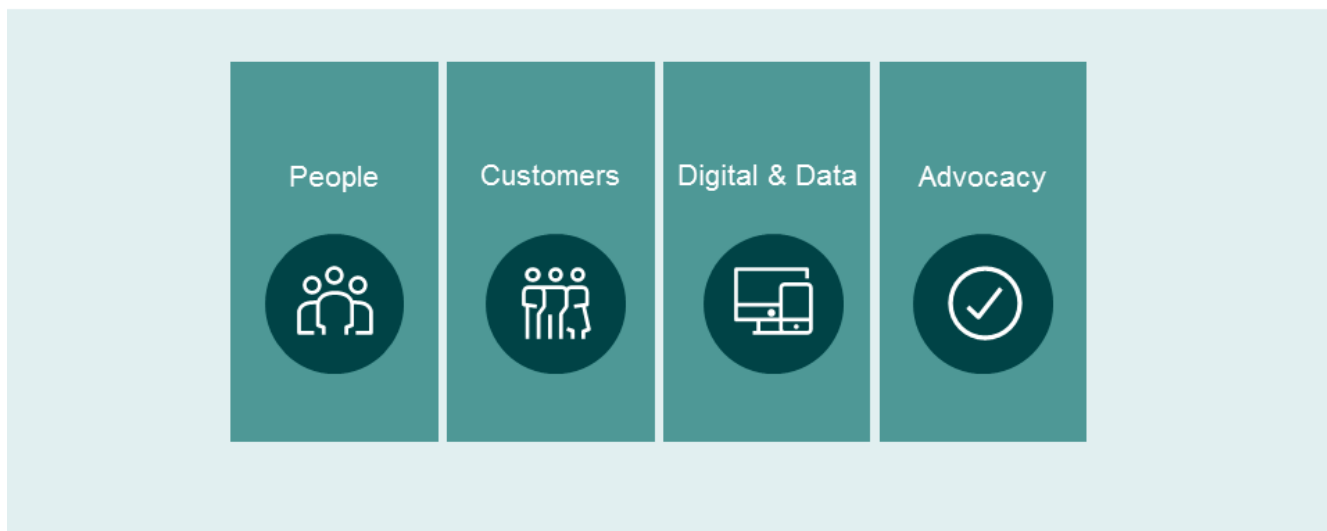
Why? Because our company is built around Purpose. We know why we exist and we do our best to meet our promises.

Let me show you more...

Video: <https://www.suncorpgroup.com.au/news/community/suncorp-industry-leading-disaster-response>

This is why I'm proud to lead Suncorp.

Leadership – four key pillars



With Purpose as our foundation, there are four key pillars around which I will build my leadership of Suncorp.

The first relates to our PEOPLE. Investing in and supporting the Suncorp team through a period of workforce change will be a priority.

The second revolves around our CUSTOMERS. We need to deliver value, meet needs and provide quality, personalised service through all our distribution channels...and do it consistently.

Thirdly, we need to embrace DIGITAL and DATA as the mechanism for the transformation of our company.

And finally, we need to raise our voice and ADVOCATE for change.

Whether that be in policy, regulation, or in arguing for more resilient communities in the face of a changing climate, we need to stand up for what's important to our stakeholders. We will do that constructively and respectfully.

I'll come back to some of these points in a moment but, as you soon will be voting to receive and consider the financial statements, I want to report to you on our performance in FY19 and our priorities for FY20 and beyond.

Results highlights

- Cash earnings of \$1.115bn and net profit after tax of \$175m
- Insurance Australia profit after tax of \$588m
- Increased natural hazard allowance to \$820m and additional \$200m reinsurance
- Banking & Wealth profit after tax of \$364m
- New Zealand profit after tax of \$245m, an 81% increase
- Business Improvement Program exceeded targets

As the Chairman has mentioned – cash earnings were \$1.115 billion and NPAT was \$175 million.

The difference between the two is accounted for by the loss on the sale of the Life insurance business, which was concluded in February this year. I'm pleased to report that as part of that sale we have secured a 20-year strategic partnership with TAL Australia, enabling us to continue to offer industry-leading Life insurance products to our customers.

Insurance Australia, which is our largest division, delivered profit after tax of \$588 million. This result was impacted by major events, including the Townsville floods in January this year and Sydney hailstorm in December 2018.

Over the past decade we have seen a steady increase in the frequency and severity of natural hazard events and this has seen us exceed our allowance for events far too often.

It was clear that we had to take action to improve the quality and predictability of earnings.

So, for FY20, we have increased our allowance for natural hazards from \$720m to \$820 million and also purchased reinsurance, providing an additional \$200 million of cover above that.

Our Banking and Wealth business delivered profit after tax of \$364 million; slightly down on the prior year, reflecting the slowdown in the housing sector and increased competition in mortgages and deposits.

In New Zealand, where we offer both General and Life insurance, profit after tax of \$245 million represented an 81% increase on the prior year and a record for the business.

While the result was helped by a benign year for weather claims, there were improvements across most lines of the P&L and I want to acknowledge the New Zealand team for an outstanding result.

For the Group, our business improvement program has exceeded targets, although this has been somewhat offset by regulatory and remediation costs, which remained elevated at \$155 million.

Committed to returning excess capital to shareholders

●	28 February 2019	Sale of Australian Life Insurance Business completes
●	2 April 2019	Payment of 26 cps fully franked, ordinary dividend
●	3 May 2019	Payment of 8 cps fully franked, special dividend from net sale proceeds
●	25 September 2019	Payment of 44 cps fully franked, ordinary dividend
●	26 September 2019	Suncorp Annual General Meeting seeking approval for capital return and share consolidation
●	30 September 2019	Suncorp ordinary shares commence trading on an 'ex return of capital' basis
●	8 October 2019	If approved, finalisation of share consolidation
●	24 October 2019	If approved, payment of 39 cps capital return

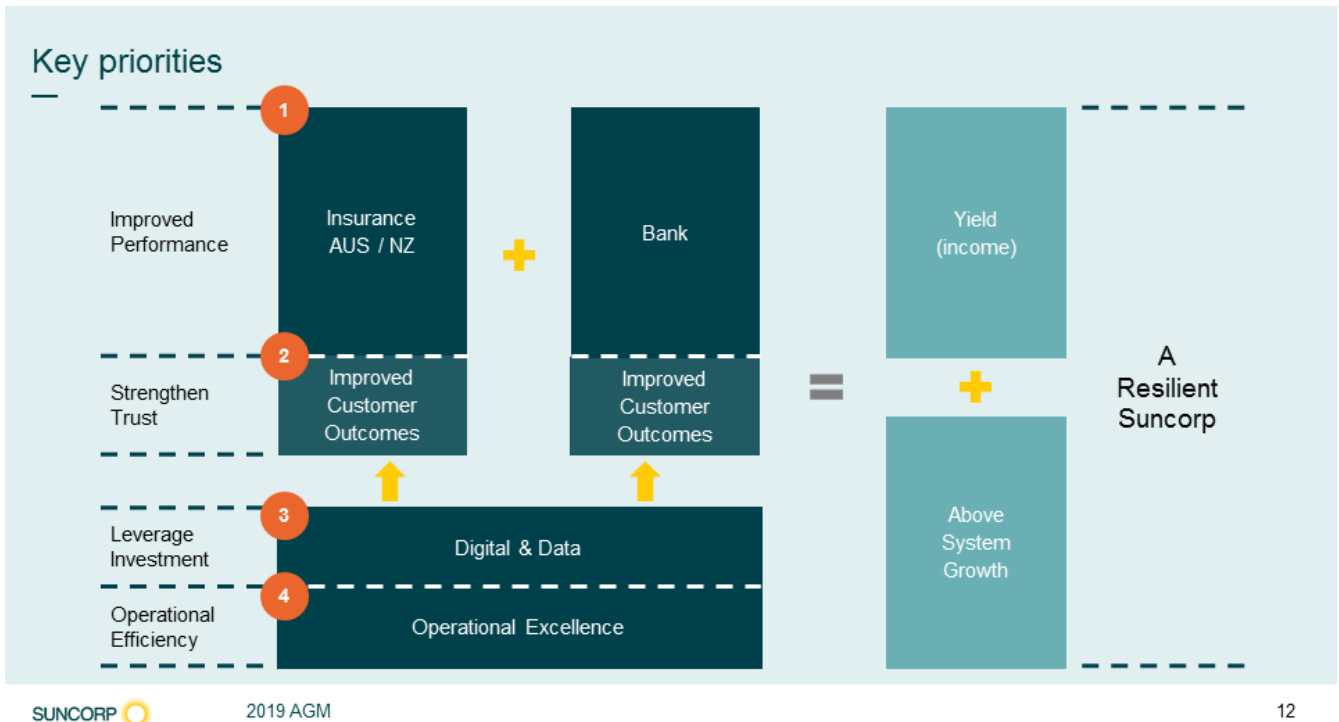
The final ordinary dividend was 44 cents per share, bringing the full year ordinary dividend to 70 cents per share.

As you know the first tranche of the life capital return, an 8 cent special dividend was paid in May, meaning that (all-up) fully franked dividends paid to shareholders in FY19 were 78 cents – a grossed up yield of over 8%.

We evaluated a number of options for returning the remaining \$506 million from the sale of the Australian Life business and determined a capital return, combined with a consolidation of shares, was the best method to ensure all shareholders' proportionate interests in Suncorp remain the same. We were unable to complete the return in the form of a fully franked, special dividend as we do not currently have a sufficient franking balance. If approved today, the share consolidation will be finalised on October 8, and shareholders will receive the 39 cent per share capital payment on October 24.

If you haven't already received a copy - a fact sheet has been prepared, highlighting the key information regarding the capital return and share consolidation, and this is available from our team in the foyer.

In total, this will mean that over a billion dollars of capital will have been returned to shareholders in the 10 weeks since our full year results, and we remain committed to returning to shareholders any capital that is excess to the needs of the business.



For FY20 we have established four key priorities to drive improved performance.

The first of these is aligning all our people and all our programs of work around improving the performance of our insurance and banking businesses.

For insurance this means:

- Reinvigorating our multi-brand strategy
- Being disciplined in our underwriting
- Developing new and innovative products
- Being best-in-class in claims and
- Using reinsurance to reduce earnings volatility

For the Bank we are focused on:

- Building digital products and functionality
- Preparing for open banking
- ‘Winning’ in our home market of Queensland
- Improving how we service brokers and
- Maintaining our high credit standards.

The second priority area is to embrace regulatory change, strengthen trust and improve customer outcomes.

As the Chairman said, with the Royal Commission behind us, we are implementing regulatory change and looking forward – seeing the new standards as an opportunity rather than a burden or an imposition.

Improving shareholder returns is predicated on our ability to deliver better outcomes for the consumers of our products and services.

And we must deliver those outcomes in a fair, honest and efficient way.

As part of this focus, a new Board Customer Committee was announced and established at last year's AGM. The Committee supports the Group's commitment to better meet the changing expectations of our 9 million customers.

The Customer Committee spends time with our customer-facing teams, as well as the Customer Advocate Office, to better appreciate the progress we are making in:

- addressing systemic trends in complaints,
- supporting our most vulnerable customers, and
- ensuring our products and services are accessible and represent fair value.

Our third priority area is perhaps our most important.

Over the past two years we have invested heavily in digital capability and improved our ability to use and analyse data. It's now time to leverage that investment.

Make no mistake – while the pace of adoption may be hard to predict - the future is unequivocally digital.

Therefore, we have a comprehensive program of work ahead of us in FY20 to further scale our digital capability.

Finally, we need to remain focused on improving the operational efficiency of our business.

With a decade of big programs behind us, we have all the tools and capability we need to keep automating, digitising and reengineering our processes.

Achieving cost leadership, simplifying our business and leveraging our scale will underpin our competitive advantage. It's now time to build this approach into business as usual.

Delivery of these four priorities creates a compelling investment case.

An investment built on a very strong balance sheet, which when coupled with a high payout ratio, creates an attractive yield.

And by adopting a digital mindset, focussing on our core businesses and executing well, we will grow our revenues and our profits.

A true yield and growth story.

Thank you

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Finally, as Group CEO I commit to working hard and to the best of my ability, on behalf of you, our shareholders.

In carrying out my duties I will balance the needs of all our stakeholders and I will do so consistent with our Purpose.

I am honoured to be the first internally appointed leader of the modern Suncorp. I thank the Board for their support and I am looking forward to working alongside them and the Suncorp leadership team as we guide Suncorp through the next chapter of its exciting future.

I would like to take this opportunity to acknowledge and thank the people of Suncorp for their hard work and commitment to helping our customers when they need us most.

I also want to thank you, our shareholders, for your support and look forward to catching up with as many of you as possible after the formal proceedings.