

22 October 2020

Suncorp 2020 AGM Chairman's and Group CEO's addresses

Suncorp Group Limited's (ASX: SUN | ADR: SNMCY) 2020 AGM will be held today at 10.00am Brisbane time (11.00am Sydney time). The meeting will be held in an entirely online format and can be accessed at agmlive.link/suncorp20.

More information on the AGM, including the Notice of 2020 Annual General Meeting, the Link Online AGM Guide and a list of frequently asked questions are available on our [Suncorp Group website](https://www.suncorp.com.au). 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](https://www.suncorp.com.au).

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.

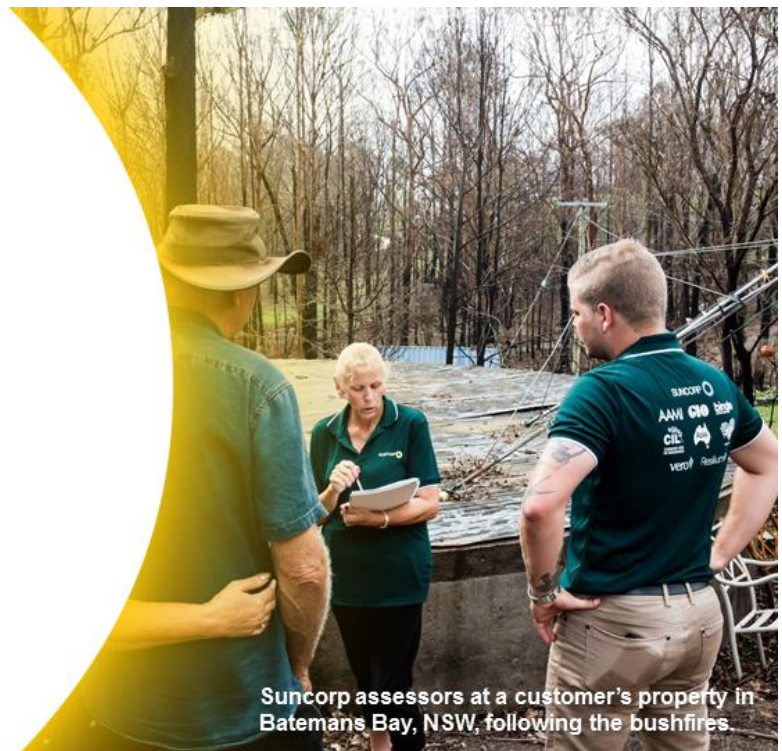
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For more information contact:

Media (Australia)	Pip Freebairn	+61 402 417 368 pip.freebairn@suncorp.com.au
	Andrew Dempster	+61 497 799 960 andrew.dempster@suncorp.com.au
Analysts / Investors	Jatin Khosla	+61 439 226 872 jatin.khosla@suncorp.com.au

Chairman's address

Christine McLoughlin
Chairman



Suncorp assessors at a customer's property in Batemans Bay, NSW, following the bushfires.

It was only a year ago that we were in Brisbane, my first AGM as your Chairman. Steve Johnston had just been appointed as your CEO, and I recognised that it was a new era of transparency and accountability for the financial services industry. Since then, Australia has experienced one of the worst seasons of natural disasters on record: 12 events, including bushfires, hailstorms and floods. Parts of Australia continue to experience terrible drought. And, of course, we are now living with the devastating health, social and economic impacts of the global COVID-19 pandemic, which has presented us with some of the biggest challenges of our collective lifetimes.

I have certainly never experienced a year like this, and I'm sure it's the same for many of our shareholders and customers.

Suncorp's response

I am proud of the way your management team and Board has responded to all these challenges. We managed around 80,000 claims related to natural disasters in the past financial year, mostly from New South Wales and Victoria, covering storm, hail, flood damage and of course bushfires. We know these events are devastating for the communities that we serve. And for Suncorp and our employees, it is at these moments that we are reminded of the importance of our purpose: to build futures and protect what matters.

Since the outset of the pandemic, your Board and management have been meeting in this virtual format. Initially these meetings were weekly, but we are back to a regular rhythm and this is now our normal way of working, due to ongoing border closures and restrictions. When COVID-19 emerged as an issue, our focus was on issues such as the health and safety of our people and customers; how to support customers in financial distress; as well as ensuring our strong financial position was protected. Once it became clear the impacts would be lasting, our attention turned to the longer-term outlook and implications. To help us navigate the changing landscape the Board has heard from a range of experts including leading economists, cyber-security specialists and professionals who work with vulnerable customers.

COVID-19 impacts

I remain concerned about the ongoing impacts of this crisis, particularly the likely effects on mental health and wellbeing. We are all aware of the direct impacts of the pandemic on mental health; weeks, and in some cases, months, of social isolation from families, colleagues and community activities.

But we must also recognise that during recessions, mental health issues increase – for example, by reducing employment quality and choices, and increasing the risks of poverty and exclusion.

We know that many small business owners are struggling to kick start their businesses; self-funded retirees are living with lower investment income; and many women are shouldering increased caring responsibilities. While young people have disproportionately suffered job losses, and many face a challenging transition from education to the workforce, middle-aged and older workers are also at risk of long-term unemployment as business models change as a result of COVID-19.

To address these impacts, it is clear that we need to adapt and manage to a new way of living and working, becoming more adaptable and agile in our approach so that we can live in a COVID-safe way.

Governments, businesses and the community must work together to enable the Australian and New Zealand economies to recover as quickly as possible in the months ahead. The reopening of borders is key to helping restart our economy. We understand that this must be done carefully and sensibly, with the health and safety of the community in mind; but it will be critical step to take us forward.

Financial performance and dividend

Turning to our FY20 financial performance, in August we announced solid results that demonstrated the financial and operational strength of our business. Group net profit after tax was \$913 million while cash earnings were down 33 per cent to \$749 million, largely reflecting COVID-19 impacts such as lower investment income, provisioning and reserves.

Your Board understands that dividends are important to our retail and institutional shareholders and that you expect a predictable and sustainable return. For the full year, our fully franked dividends totalled 36 cents per share. Our final, 10 cents per share dividend was paid yesterday. We felt it was important to pay our shareholders a final dividend, while at the same time conforming to APRA's regulatory guidance. The Board also believes that in these uncertain times, it is prudent to maintain a strong and conservative capital position, and we have worked to get this balance right for you, our shareholders.

Accelerating transformation

While COVID-19 has challenged us in ways we never expected, it has been a catalyst to focus on new possibilities, including new ways of working and the acceleration of our transformation through digitisation and automation.

Suncorp has been a leader in flexible working for many years; in fact, this has been part of our employees' lives since the Brisbane floods of 2011, when we recognised the need to enable greater levels of remote working. More hybrid working models are likely in the future. The ability to attract a wider range of talent is significant, while there are also efficiencies to be gained. However careful consideration will need to be given to how, and where, work is done. There is no doubt that some work is best done in a collaborative and social setting. Bringing people together is also an important way of ensuring that purpose, culture and values are consistently embedded and understood across the company.

It is not only the way we work that is transforming, it is also how we work. Digitisation and automation are removing manual processes and customer pain points, which means the workforce of the future will need different skills and capabilities. Artificial intelligence and its underlying technologies are reshaping the insurance industry, from distribution, to underwriting and claims. For example, connected devices and sensors including drones can work together to speed up traditional claims assessment methods, or even detect issues before they occur.

There is no doubt that jobs will change with these technological advances. The workforce of the future will need to reskill and upskill; build social skills that complement technical skills; become more resilient and adaptable; and harness greater creativity. At Suncorp, our Future Ready learning program is designed to support our people with this transition. These trends are at the heart of our efforts to reshape our organisation and build an even stronger, more efficient and sustainable business, which Steve will cover in his presentation.

Important issues for our future

One of the key roles of a Board is to set up the organisation to balance the demands of today with our longer-term requirements. This means we must carefully consider the risks and opportunities we face, as well as the expectations of different stakeholders including shareholders, customers, government and regulators, employees and the broader community.

As an insurance company and bank, the impact of climate change is one of our most material issues. Our Climate Change Action Plan, Environmental Performance Plan and climate-related financial disclosures collectively show how we are responding to the challenges. To adapt to our changing climate, we continue to advocate and collaborate with our customers, communities, government and industry stakeholders for better awareness, protection and preparation for natural disasters. Steve will talk more about this, including a recent visit to central Queensland.

Deepening trust and strengthening transparency also remains a key focus. Our Customer Committee enables the Board to ensure we are delivering good customer outcomes, and acts as an early indicator of any systemic issues. The Committee spends time with frontline teams, from contact centres to sales and claims, to hear first-hand the concerns and feedback of our customers. This has been invaluable for your Board. We understand that the bar is constantly rising in meeting expectations from a range of stakeholders, and we are committed to ongoing improvements to get the balance right.

Board and people

Finally, I would like to turn to your Board. In January 2020, the Board appointed Elmer Funke Kupper as a Non-executive Director. As I said earlier, Elmer brings significant experience and he will address you shortly, when we reach the resolution on his election.

Just a few weeks ago, we said farewell to Audette Exel after eight years on the Board. Audette made an extraordinary contribution that reflected her global mindset, her deep experience in banking and reinsurance, and her passion for the purpose of our business. We are undertaking a search for a new Director to replace Audette, and with skills to complement our existing Board.

I would like to thank my fellow Directors for their counsel and support in a year where we have had to manage many firsts, from both a national and global perspective.

I would also like to thank Steve Johnston. Despite the challenges of his first year as CEO, Steve is driving significant transformation across the Group. I would also like to thank all of Suncorp's people, and of course our shareholders, for their ongoing commitment and support through a particularly challenging and difficult period. I can assure you that we do not take your support for granted.

I will now ask Steve to address the meeting.

CEO's address

Steve Johnston
Group CEO



Thank you, Chairman and good morning.

When I addressed you at our AGM last September, I had only recently been appointed your CEO. In addition to describing how privileged I am to serve you in this role, I talked about the resolve of our company and how we had been tested over many years of supporting our customers as they dealt with economic, weather and other disasters. And that, how, on every occasion, our team had risen to the challenge and emerged stronger and with a greater sense of purpose. As our Chairman said, none of us could have anticipated the set of circumstances we would face this year.

Not long after our meeting concluded we stared into the first fires of a summer that seemed to never let up. As we counted the physical and human losses and celebrated the heroes, a series of destructive rain and hail events rolled through much of the east coast. Ferocious in intensity and expensive in repair. It feels such a long time ago, but it is just nine months. It was, however, a time when we could travel, when we could meet in person and when we could offer our hand in friendship and support.

And that is what I did in January, visiting a number of communities and customers devastated by fire. Customers who were calling on us in a moment that really mattered, for support in a time of immense pain and for us to honour what, in some cases, had been a lifetime of loyalty to our brands and products. It is probably unsurprising that some of those customers expected the worst when lodging their first claim. That is what happens when financial services in days gone by may have not fully understood its purpose as clearly as it should have, culminating in a Royal Commission, and months of negative headlines.

So, for the process to be smooth and for the products we offer to respond as they should, provided comfort when it mattered most – sure, life was tough at that moment, but it would eventually resume. It was also when I met James. Driving through the village of Balmoral outside Sydney, I happened upon James and his family as they picked through burnt ruins in search of anything salvageable. I stopped to sympathise and to make sure his insurer, if it was in fact our company, was doing its job.

House proud and determined, James told me he thought he had built a home that could adequately withstand fire. That theory, he said, had been tested before, and anyway, the premium was better spent on school fees and other living expenses. He, like many others, was uninsured.

Stories like those of James, are why we are so passionate about resilience and mitigation and have repeatedly called for a co-ordinated response from all levels of government to reduce risk and create more sustainable

communities. We recognise our role in improving our products and ensuring they deliver value for our customers. But as the climate changes and risk increases so too does cost. Today, just three cents in every dollar of disaster funding is spent in preparation and adaptation with 97 cents spent mopping up and picking up the pieces. It's a ratio that doesn't make sense. But finally, it seems like the message is getting through. The Queensland election campaign has seen a number of valuable commitments and of course we await the findings of the Bushfire Royal Commission and the federal response that will follow.

As the summer came to an end, the global pandemic began. There is, of course, no handbook to pull off the shelves to tell you how to deal with an event of such magnitude. So, we established a five-point framework to guide our decision making and our response. First, we were determined to ensure all our people were safe and stayed well. That meant, in the early days at least, we had to get as many of them working from home. Second, we had to continue to serve our customers, answer their calls, manage their claims and recognise their hardship. Third, we needed to communicate openly, honestly and regularly with all our stakeholders. Fourth, we had to make sure our business remained strong, with sufficient capital, funding and liquidity to address all scenarios. And finally, and most importantly, we wanted to explore all ways of ensuring we would emerge from COVID-19 with an even stronger, more resilient business. I'll return to this in a moment.

Before I talk to our plans for the future, let me take a moment to recap the FY20 financial performance of the Group. We delivered net profit after tax of \$913 million, which included the \$285 million after tax profit from the sale of the Capital S.M.A.R.T and ACM Parts businesses and a \$89 million non-cash impairment charge relating to the core banking platform. Insurance (Australia), our largest division, delivered profit after tax of \$384 million – a result impacted by lower reserve releases, higher reinsurance costs and the impact of low yields. We also strengthened our reserves for COVID-19-related business interruption claims, even though we remain confident in both the intent and specific exclusion wordings contained in those policies. Our Banking & Wealth business delivered profit after tax of \$242 million as we established provisions for the likely impairments as a result of COVID-19. In New Zealand, our business delivered another strong result with a profit after tax of \$259 million.

Despite the challenges there were a number of highlights. We had positive growth in our Australian consumer insurance portfolio – the first time in many years. Our customer satisfaction and retention scores improved across the organisation. Our purchase of additional reinsurance and increases to allowances meant natural hazard costs landed in line with allowances – again the first time in many years. Our investments in digital supported an industry leading response to hazards and have set us up well as customer buying patterns change.

Like all businesses there are areas for improvement. Our review of pay and entitlements identified deficiencies in our rostering and pay systems and we have needed to set aside provisions that have had a detrimental impact on FY20 results. We are working at pace to ensure remediation is timely and accurate and that new systems are implemented to make sure this does not happen again.

As I mentioned earlier, our focus has now turned to the steps we need to take to make sure our business prospers through COVID-19, and then emerges from COVID-19 even stronger. In the early days, like everyone, we saw COVID-19 as a threat. We now see a clear opportunity. This is because the fundamentals of our business are strong and getting stronger. We have sufficient capital, funding, liquidity, provisions and reserves to support a conservative assessment of the economic outlook. With strong foundations we can capitalise on the opportunities that are presenting. Specifically – through the prism of COVID-19 – our team are working differently: solving problems faster, implementing at pace and doing things we never thought possible. Our customers are also interacting with us in new ways - with digital the key driver. We all know, as consumers, we are procuring differently, and banking and insurance products are part of that story.

Our program of work to reset our business post-COVID-19 is well underway. We have made changes to our business model, the structure of our group and to our team. We are removing duplication, streamlining decision making and ensuring everyone at Suncorp understands their role in driving improved customer and shareholder outcomes in our core insurance and banking businesses.

In the Insurance business we are reinvigorating our brand portfolio, ensuring that our brands have clear value propositions and are positioned to grow. We are reviewing our marketing strategy and effectiveness. Our product

set is being simplified and our coverage reassessed in light of the changing climate, affordability and more demanding community expectations. Moving forward our distribution capability will support an optimal balance between all our distribution channels to drive down cost to serve and increase productivity. And we are aspiring to be best in class in our delivery of claims.

Our priorities for the Bank are similar and are consistent with those outlined last year. We need to win in home lending, particularly in Queensland; accelerate digital and everyday banking, and invest in open banking; optimise our physical channels; and simplify the portfolio. All within the existing low-risk settings that have served us well.

In New Zealand, our transformation program is well underway. We have a well-advanced business-wide program of automation, digitisation and end-to-end process improvement.

I recognise, as does the Board, that change is never easy and that the tough decisions we need to take have very personal impacts on our people. Be assured that we are managing change carefully and in a considered way. We are providing significant support and assistance to our team - particularly those that will leave over coming weeks.

As the Chairman mentioned in her presentation, I was lucky enough to get out of the office and into regional Queensland last week to meet customers, government representatives and of course our team. What today feels like a luxury is in fact an essential ingredient to an organisation's future success. Complex businesses cannot be run exclusively through spreadsheets, PowerPoint or Zoom. Sometimes you need to get out into the regional shopping centres, onto the farms and around the barbecues to make sure what may look good on paper can be applied in practice. We are a purpose driven business and we do care so we will get the right balance.

So, in concluding, I'd like to thank you, our shareholders, for your support and the confidence and trust you have in our company. We have a lot of work ahead of us as we seek to repay the faith you have in us. I'd of course like to thank the Board, the leadership team and the 13,000 Suncorp people who have worked diligently and differently, in serving our customers in a year like no other.

I would now like to hand back to the Chair.