

18 July 2022

Suncorp Group announces the sale of Suncorp Bank to create a leading Trans-Tasman insurer

Suncorp Group Limited (ASX:SUN | ADR:SNMCY) (Suncorp or the Group) today announces it has signed a share sale and purchase agreement with Australia and New Zealand Banking Group Limited (ANZ) to sell its banking business (the Bank) (the Transaction).

Suncorp's insurance operations in both Australia and New Zealand will not form part of the Transaction and the Group's head office will continue to be in Queensland.

The Bank will continue to operate under the Suncorp Bank brand pursuant to a licensing agreement between ANZ and the Group for a period of 5 years post completion.

The Transaction continues the reshaping and simplification of the Suncorp Group, and positions both the insurance and banking businesses for ongoing growth and success – benefiting employees, customers and other stakeholders.

Transaction highlights

- Cash sale of Suncorp Bank to ANZ for \$4.9 billion:
 - Represents \$1.3 billion of goodwill paid above net tangible assets¹
 - Represents 1.3x P/NTA¹.
- Additionally, a minimum fee of \$50 million for the use of the Suncorp Bank brand, to be received over time (representing \$10 million per year under the Brand Licence Agreement between the Group and ANZ).
- The Transaction is expected to yield net proceeds of \$4.1 billion, representing \$3.21 per share². The indicative proceeds are net of the impact of separation costs, transaction costs, other divestment related costs and provisions, indicative capital gains tax, and other capital impacts. Consistent with the approach taken in previous divestments, the current intention is to return the majority of proceeds to shareholders.
- ANZ and Suncorp commit to maintain the strong current presence of Suncorp Bank in Queensland and further invest in people and a range of initiatives in the state.
- Agreement with ANZ to license the Suncorp brand for the banking business for a period of 5 years post completion, maintaining and enhancing the customer proposition of Suncorp Bank. The brand licence period may extend for up to two years. If extended, Suncorp will receive an additional fee of \$10 million per year.
- A Transitional Services Agreement with ANZ for a period of 2 to 3 years post completion. Suncorp is targeting the removal of stranded costs arising from the transaction within 3 years post completion.
- The Transaction is subject to a range of regulatory approvals from the Federal Treasurer and the Australian Competition and Consumer Commission. Both parties will engage constructively with the Queensland government in relation to the State Financial Institutions and Metway Merger Act 1996 (Qld).

¹ Based on the last reported Net Tangible Assets (NTA) of the Bank of \$3.6 billion, as at 31 December 2021. This NTA is subject to change once the completion balance sheet is finalised.

² Based on total number of ordinary shares on issues as at 30 June 2022 of 1,262,604,976.

- The targeted timeframe for completion is approximately 12 months, during which time Suncorp Group will continue to run the Bank.

ANZ has indicated its intention to run the Bank as a separate business to minimise disruption and support the Bank's ongoing growth for at least the following three years. The Transaction creates an opportunity to accelerate the plan for Suncorp Bank under ANZ's ownership.

The Transaction also supports the ongoing transformation of Suncorp's insurance businesses as it builds on its leading market positions and scale in attractive and growing segments in Australia and New Zealand.

Suncorp Chairman Christine McLoughlin said: "This proposal has been assessed through the lens of creating value for shareholders and, just as importantly, to ensure there is alignment of purpose and values and positive outcomes for our people and customers.

"Suncorp Group, which is the proud home of several of Australia and New Zealand's leading and most trusted insurance brands including AAMI, GIO, Shannons, Apia and Vero, and of course the Suncorp brand, will continue to offer the same great service to Queenslanders.

"Both businesses will benefit from a singular focus on their growth strategies and investment requirements.

"We believe the agreed price fairly values the Bank and reflects the hard work of our people and progress made on delivering our strategic objectives.

"Our purpose of building futures and protecting what matters – the focus of our company for over 100 years – will remain at our core and enable our people to deliver on our vision to create the leading Trans-Tasman insurance company."

Suncorp Group CEO Steve Johnston said: "As a dedicated insurance business we will be singularly focused on meeting the needs of our customers and communities at a time when the value of insurance has never been greater.

"We acknowledge the needs of insurance customers are rapidly changing, with a preference for digital interactions and for product design to take into account personal circumstances and risk profiles. At the same time, the external environment has seen more frequent and severe natural hazard events resulting in increased costs and affordability challenges.

"Suncorp will continue to be at the forefront of advocating for a more resilient Australia and for all levels of Government to focus on mitigating the impacts of major weather events through improved public infrastructure, subsidies to improve private dwellings and an overhaul of planning laws."

Mr Johnston said the decision to divest the Bank had not been taken lightly and had been informed by extensive analysis and consideration.

"By combining with a larger banking group, Suncorp Bank will be well positioned for the future. Customers will see benefits including access to a wider range of products and services, and career opportunities will be enhanced for our people. ANZ is committed to growing its presence in Queensland and I am pleased about the commitments they are making to our customers and employees.

"Suncorp Group remains fully committed to supporting the Bank until completion of the sale."

Commitment to Queensland

As part of the Transaction, both Suncorp and ANZ are making a number of commitments to the state of Queensland including:

ANZ's commitment

- Maintaining Suncorp Bank's strong Queensland presence, with ANZ committing to no net job losses or branch closures as a result of the transaction for three years following completion of the transaction.
- Benefits for Suncorp Bank's Queensland customers, including product and technology initiatives, and additional development, career progression and training opportunities for Suncorp Bank employees.

- Allocating \$15 billion of new lending as part of ANZ's existing renewable lending commitments to support Queensland renewable projects and green Olympic Games infrastructure over the next decade.
- \$10 billion of new lending for energy projects particularly those targeting bioenergy and hydrogen over the next decade.
- \$10 billion of lending made available to support Queensland businesses over the next three years.

Suncorp Group's commitments

- Broader Suncorp commitment to the region, including the establishment of a Disaster Response Centre of Excellence, incorporating the latest technology to monitor, prepare for and respond to extreme weather and natural disasters. It will include the employment hub for our flexible event workforce.
- Continuing to be maintain its head office in Queensland, operating out of the new purpose-built facility at Heritage Lanes in Brisbane.

Suncorp reconfirms its commitment to its previously announced FY23 targets across all its businesses. FY22 results will be released to the market on 8 August 2022.

Suncorp CEO & Managing Director, Steve Johnston and Chief Financial Officer, Jeremy Robson, will be hosting an investor call at 9am (AEST).

Please click on the following link for the webcast:

Investor audio webcast: <https://webcast.openbriefing.com/8967/>

Please click on the following link to register for Q&A:

Investor Q&A teleconference line: <https://s1.c-conf.com/diamondpass/10023530-dqys6d.html>

Authorised for lodgement with the ASX by the Suncorp Group Board.

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