

28 April 2021

Sale of the Australian Wealth business

Suncorp (ASX: SUN | ADR: SNMCY) today announced it has entered into an agreement for the sale of its Australian Wealth business, Suncorp Portfolio Services Limited (SPSL), to LGIAsuper.

The sale follows a strategic review which commenced in February 2020. The review considered a range of options and the potential impact on superannuation members and the Group's people and shareholders.

Group CEO Steve Johnston said the sale agreement was a good outcome for Suncorp's 137,000 superannuation members and would continue the simplification of the Suncorp Group portfolio.

"When I was appointed CEO, I said I wanted to align everyone at Suncorp around improving the way we deliver for our insurance and banking customers.

"This approach is already delivering results, and the Wealth sale will allow the Bank team to focus exclusively on the priorities we outlined at the interim result in February."

CEO Suncorp Banking & Wealth Clive van Horen said: "After extensive engagement with a number of potential acquirers, we believe that LGIAsuper is best placed to deliver sustainable member outcomes.

"The values and purpose of LGIAsuper, which is also headquartered in Queensland, align closely with those of Suncorp. This transaction will also enable the combined business to take advantage of size and scale benefits."

LGIAsuper is progressing towards a merger with another Queensland-based fund, Energy Super. Together with Suncorp's Wealth business, the combined business will have around \$28 billion in funds under administration and approximately 250,000 members.

The Suncorp Wealth business has delivered strong customer service and investment returns, with the Multi-Manager Growth Fund the best performing balanced super investment fund for 2020. The business had \$6.4 billion in funds under administration and around 137,000 members (as at 31 December 2020).

Total consideration is estimated at \$45 million. This includes a fixed amount of \$26.6 million, plus regulatory capital. Consideration is subject to standard completion adjustments. After allowing for separation and transaction costs, the impact of the transaction on Group profit is expected to be broadly neutral.

Following completion of the sale, Suncorp will enter into an agreement with LGIAsuper to distribute Suncorp superannuation products to Suncorp customers for 18 months. LGIAsuper has agreed to offer roles to approximately 130 employees currently employed by Suncorp Group who work directly or indirectly within the Wealth business.

Suncorp estimates there will be approximately \$14 million (pre-tax) of annualised stranded costs as a result of the sale. Stranded costs are expected to be offset by transitional services fees during FY22 and FY23, and will be removed from the Group's cost base by the end of FY23.

The transaction is expected to be completed in FY22, subject to regulatory approvals.

Authorised for lodgement with the ASX by the Suncorp Disclosure Committee.

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About LGIASuper

LGIASuper is a Queensland-based super fund that has provided trusted and reliable investment, advice, and insurance solutions for more than 50 years. It looks after over \$13 billion in retirement savings for around 73,000 members (as of December 31 2020).

Since 1965 LGIASuper has existed as a profit-to-member fund, meaning profits are returned to members rather than shareholders.