Suncorp Group Limited

ABN 66 145 290 124

Investor Pack: Financial results for the year ended 30 June 2022

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Basis of preparation

Suncorp Group ('Group', 'the Group', 'the Company' or 'Suncorp') is comprised of Suncorp Group Limited (SGL) and its subsidiaries, its interests in associates and jointly controlled entities. The Group's results and historical financial information are reported across three functions: Insurance Australia, Suncorp Bank and Suncorp New Zealand.

Net profit after tax (NPAT) for the Group is measured in accordance with Australian Accounting Standards. Profit after tax from functions, associated ratios and key statistics are based on the segment reporting disclosures that follow Suncorp's operating model.

All figures have been quoted in Australian dollars, rounded to the nearest million, unless otherwise denoted. The Suncorp New Zealand section reports the profit contribution table in both A$ and NZ$ and all other Suncorp New Zealand tables and commentary in NZ$.

All figures relate to the full year ended 30 June 2022 and comparatives are for 30 June 2021, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology. Movements within the financial tables have been labelled 'n/a' where there has been a percentage movement greater than 500% (or less than 500%), or if a line item changes from negative to positive (or vice versa) between periods.

In the context of ASIC's Regulatory Guide 230, this report contains information that is 'non-IFRS financial information', such as the General Insurance Underlying Insurance Trading Result and Life underlying profit after tax. The calculation of these metrics is outlined in the report and they are shown as they are used internally to determine operating performance within the various functions.

Disclaimer

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Group result overview

Suncorp's FY22 result demonstrates strong growth and underlying business momentum and solid progress against the Group's key strategic priorities. The Group reaffirms its target to deliver sustainable returns above its cost of capital by FY23.

The result was impacted by investment market volatility and a highly elevated natural hazards season. The Group benefited from its comprehensive reinsurance program with significant recoveries offsetting the gross cost of the natural hazards events.

On 18 July 2022, the Group announced the sale of Suncorp Bank to Australia and New Zealand Banking Group for cash consideration of $4.9 billion, following a comprehensive strategic review. The transaction is expected to complete in the second half of calendar year 2023.

Profit after tax $681 million

↓34.1% on the prior corresponding period (pcp)

Strong underlying growth across the Group was offset by investment market volatility and natural hazard events, significantly impacting FY22 profit. Rising yields and widening credit spreads drove a net loss from yields and investment markets of $190 million and the retained cost of natural hazard events was $101 million above the annual allowance.

Total dividends 17 cents per share

Payout ratio (cash earnings) 75%

A final dividend of 17 cents per share (fully franked) brought total ordinary dividends to 40 cents per share, with a full year payout ratio of 75%, towards the top of the target payout ratio range of 60% to 80%. Appropriate capital buffers have been maintained in the heightened risk environment, in line with the Group's prudent approach to capital management. An on-market buyback of $250 million was completed in 1H22.

Insurance Australia
GWP excluding ESL $9.25 billion

↑9.2% excluding portfolio exits (2H22: ↑10.7%)

Suncorp New Zealand
GWP NZ$2.13 billion

↑14.1% on the pcp (2H22: ↑14.1%)

Insurance Australia continued to demonstrate strong momentum in FY22. Gross Written Premium (GWP) growth was broad based across all portfolios and was stronger in the second half. Growth reflected positive unit performance and rate increases driven by the ongoing pricing response to higher input costs.

Suncorp New Zealand (SNZ) intermediated and direct channels recorded strong GWP through a combination of unit growth and targeted pricing increases to offset inflationary pressures on claims.

Suncorp Bank total lending $62.1 billion

↑7.8% over the year (2H22 annualised: ↑11.8%)

Suncorp Bank total deposits $48.1 billion

↑15.9% over the year (2H22 annualised: ↑15.0%)

Suncorp Bank made strong progress on its strategic initiative to Win in Home, growing the home lending portfolio 9.0% over the year with increasing momentum in the second half. Business lending grew by 3.7%, predominately driven by commercial lending. At-call transaction accounts increased 20.6%, supported by a compelling digital offering. Bank net interest margin (NIM) declined 14 basis points to 1.93%, reflecting industry-wide trends.

Group underlying Insurance Trading Ratio (excluding COVID-19 impact) **9.0%** up from 7.2% in FY21 (2H22: 9.9%), largely reflecting a strong contribution from the Consumer portfolio.

Common Equity Tier 1 capital held at Group post-dividend $248 million

The Group has maintained an appropriate capital position with the General Insurance and Bank businesses operating within their target ranges after the payment of dividends, although at a lower level than in previous periods. This reflects elevated growth in the Bank and temporary capital impacts in General Insurance, from deferred tax assets (DTA) on unrealised investment losses and the impact of higher reinsurance costs and natural hazards allowance. Most of the temporary capital impacts are expected to reverse over time as the underlying investment assets reach their maturity in the case of the DTA and through a pricing response in the case of the higher reinsurance costs and natural hazards allowance.

Group operating expenses $2,781 million ↑ 3.2% on the pcp excluding emergency services levy (ESL), transitional excess profits and losses (TEPL) provision, reorganisation costs and Wealth.

The increase in operating expenses largely reflected the temporary increase in strategic investment as well as growth related costs.

FY23 Outlook

Operating environment	The operating environment remains challenging. Economic growth is forecast to slow in line with upward movements in interest rates, while supply chain issues from the ongoing impacts of COVID-19 and global geopolitical events are resulting in inflationary pressures. While the Group's extensive modelling of catastrophe risk indicates only a minor upward trend in the frequency of natural hazard related events, more recent years have been adversely affected by the prevalence of the La Niña related weather pattern. The Group has noted current modelling pointing to the likelihood of a third consecutive La Niña year. As previously announced, Suncorp has fully placed its reinsurance program, increased allowances and set the balance sheet appropriately. On 4 May 2021, the Federal Government announced a reinsurance pool for cyclones and related flood damage in Northern Australia. Suncorp will continue to work closely with the Government and regulators to finalise the construct of the pool.
Suncorp's FY23 plan	The FY23 plan aims to deliver a growing business with a sustainable return on equity above the through-the-cycle cost of equity. - Growth: In General Insurance, GWP growth is expected to be primarily driven by increases in Average Written Premium (AWP) as the business responds to increased input costs, including from reinsurance, natural hazards and supply chain inflation. In Bank, above system growth is expected to continue. - Underlying Insurance Trading Ratio (ITR): The Group's underlying ITR is impacted by headwinds from factors such as higher reinsurance and natural hazard costs which are expected to be offset by higher pricing, and the benefits from rising yields and strategic initiatives. The 10% to 12% target in FY23 is reaffirmed. - Cost to Income: The cost-to-income ratio target of ~50% by the end of FY23 is reaffirmed as the benefits of increased growth and the strategic program of work are expected to be realised, and the associated spend decreases. Favourable trends in the interest rate cycle are also expected to be beneficial. Suncorp announced the sale of the Bank to ANZ on 18 July 2022 with completion expected in the second half of 2023.
Natural hazards and reinsurance	The Group has increased its natural hazard allowance for FY23 to $1,160 million, reflecting net exposure growth in the underlying portfolio, recent natural hazard experience and changes to the reinsurance program in FY23. Changes to the reinsurance program included: - Aggregate Excess of Loss (AXL): an increase in the per event retention from $5 million to $10 million and an increase in the aggregate deductible from $650 million to $850 million - Dropdowns: an increase in the attachment point of Dropdown 3 from $50 million to $100 million with the level of cover reducing to $50 million - Main Catastrophe Cover: an increase in the top layer from $6.5 billion to $6.8 billion. The New Zealand Earthquake Commission will increase their cap for house policies by $150,000, effective October 2022. The net impact from this change is not expected to be material.
Prior year reserve releases	The Group allows for prior year reserve releases to be around 1.5% of Group net earned premium (NEP), assuming inflation remains at a controllable level. Future releases are expected to be impacted by growth in the Consumer and Commercial portfolios, as well as scheme reforms, and are expected to moderate over time.
Business Interruption	The Group remains well provisioned for potential business interruption claims, with the provision set at 90% confidence level in Insurance Australia. The industry Business Interruption test case is currently before the High Court of Australia for a Special Leave Application. The matter is expected to be resolved in FY23.

Capital	The Group will maintain its prudent capital management strategy, including holding an appropriate Common Equity Tier 1 (CET1) buffer at Group. The sale of Suncorp Bank is expected to yield net proceeds of $4.1 billion. The sale is subject to a number of approvals with a target completion by the second half of calendar year 2023. The Group remains committed to returning to shareholders any capital that is excess to the needs of the business. Capital requirements will be continually reassessed considering the needs of the business, the economic outlook and any regulatory guidance.
Dividend policy	The Group maintains its commitment to a 60% to 80% dividend payout ratio.

Contribution to profit by function

	Full Year Ended Jun-22 $M	Jun-21 $M	Jun-22 v Jun-21 %
Insurance Australia			
Gross written premium	9,384	8,790	6.8
Net earned premium	7,911	7,540	4.9
Net incurred claims	(5,328)	(5,496)	3.1
Operating expenses	(1,719)	(1,643)	(4.6)
Investment income - insurance funds	(400)	243	n/a
Insurance trading result	464	644	(28.0)
Other income	(227)	135	n/a
Profit before tax	237	779	(69.6)
Income tax	(63)	(232)	72.8
Insurance Australia profit after tax	**174**	547	(68.2)
Banking			
Net interest income	1,245	1,242	0.2
Total other operating income	3	39	(92.3)
Operating expenses	(736)	(731)	(0.7)
Profit before impairment releases/(losses) on loans and advances	512	550	(6.9)
Impairment releases/(losses) on loans and advances	14	49	(71.4)
Banking profit before tax	526	599	(12.2)
Income tax	(158)	(180)	12.2
Banking profit after tax	**368**	419	(12.2)
New Zealand			
Gross written premium	1,998	1,741	14.8
Net earned premium	1,648	1,463	12.6
Net incurred claims	(949)	(805)	(17.9)
Operating expenses	(473)	(437)	(8.2)
Investment income - insurance funds	(8)	3	n/a
Insurance trading result	218	224	(2.7)
Other income	(20)	2	n/a
Profit before tax	198	226	(12.4)
Income tax	(57)	(61)	6.6
General Insurance profit after tax	**141**	165	(14.5)
Life Insurance profit after tax	**14**	35	(60.0)
New Zealand profit after tax	**155**	200	(22.5)
Profit after tax from ongoing functions	**697**	1,166	(40.2)
Profit after tax from discontinued business [1]	**-**	-	n/a
Profit after tax from functions	**697**	1,166	(40.2)
Other profit (loss) after tax [2]	(24)	(102)	76.5
Cash earnings	**673**	1,064	(36.7)
Net profit (loss) on sale of ceased operations (after tax) [3]	38	-	n/a
Acquisition amortisation (after tax) [4]	(30)	(31)	3.2
Net profit after tax	**681**	1,033	(34.1)

1. Profit after tax from discontinued business includes the performance of the Wealth business which was sold to LGIAsuper on 31 March 2022.

2. Refer to 'Other profit / (Loss) after tax' (page 20) for details.

3. Net profit (loss) on sale of ceased operations includes a gain on sale of the RACTI business (Dec-21: $43 million), offset by losses associated with the sale of Wealth.

4. Acquisition amortisation includes asset impairments for Data Centre Hardware (Jun-22: loss $9 million) and Core Banking Platform (Dec-20: loss $6 million).

Contribution to profit by function

	Jun-22 $M	Half Year Ended Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Insurance Australia						
Gross written premium	4,842	4,542	4,446	4,344	6.6	8.9
Net earned premium	3,929	3,982	3,813	3,727	(1.3)	3.0
Net incurred claims	(2,405)	(2,923)	(2,625)	(2,871)	17.7	8.4
Operating expenses	(833)	(886)	(852)	(791)	6.0	2.2
Investment income - insurance funds	(377)	(23)	26	217	n/a	n/a
Insurance trading result	314	150	362	282	109.3	(13.3)
Other income	(237)	10	51	84	n/a	n/a
Profit before tax	77	160	413	366	(51.9)	(81.4)
Income tax	(17)	(46)	(124)	(108)	63.0	86.3
Insurance Australia profit after tax	**60**	114	289	258	(47.4)	(79.2)
Banking						
Net interest income	624	621	624	618	0.5	-
Other operating income	(11)	14	16	23	n/a	n/a
Operating expenses	(370)	(366)	(369)	(362)	(1.1)	(0.3)
Profit before impairment releases/(losses) on loans and advances	243	269	271	279	(9.7)	(10.3)
Impairment releases/(losses) on loans and advances	(2)	16	57	(8)	n/a	n/a
Profit before tax	241	285	328	271	(15.4)	(26.5)
Income tax	(73)	(85)	(99)	(81)	14.1	26.3
Banking profit after tax	**168**	200	229	190	(16.0)	(26.6)
New Zealand						
Gross written premium	994	1,004	880	861	(1.0)	13.0
Net earned premium	830	818	741	722	1.5	12.0
Net incurred claims	(477)	(472)	(412)	(393)	(1.1)	(15.8)
Operating expenses	(235)	(238)	(223)	(214)	1.3	(5.4)
Investment income - insurance funds	(4)	(4)	-	3	-	n/a
Insurance trading result	114	104	106	118	9.6	7.5
Other income	(19)	(1)	(7)	9	n/a	(171.4)
Profit before tax	95	103	99	127	(7.8)	(4.0)
Income tax	(29)	(28)	(27)	(34)	(3.6)	(7.4)
General Insurance profit after tax	**66**	75	72	93	(12.0)	(8.3)
Life Insurance profit after tax	**8**	6	8	27	33.3	-
New Zealand profit after tax	**74**	81	80	120	(8.6)	(7.5)
Profit after tax from ongoing functions	**302**	395	598	568	(23.5)	(49.5)
Profit after tax from discontinued business [1]	**1**	(1)	-	-	n/a	n/a
Profit after tax from functions	**303**	394	598	568	(23.1)	(49.3)
Other profit (loss) after tax [2]	9	(33)	(43)	(59)	n/a	n/a
Cash earnings	**312**	361	555	509	(13.6)	(43.8)
Net profit (loss) on sale of ceased operations (after tax) [3]	(1)	39	-	-	n/a	n/a
Acquisition amortisation (after tax) [4]	(18)	(12)	(12)	(19)	(50.0)	(50.0)
Net profit after tax	**293**	388	543	490	(24.5)	(46.0)

1. Profit after tax from discontinued business includes the performance of the Wealth business which was sold to LGIAsuper on 31 March 2022.
2. Refer to 'Other profit / (Loss) after tax' (page 20) for details.
3. Net profit (loss) on sale of ceased operations includes a gain on sale of the RACTI business (Dec-21: $43 million), offset by losses associated with the sale of Wealth.
4. Acquisition amortisation includes asset impairments for Data Centre Hardware (Jun-22: loss $9 million) and Core Banking Platform (Dec-20: loss $6 million).

Group ratios and statistics

		Full Year Ended		Jun-22 v
		Jun-22	Jun-21	Jun-21 %
Performance ratios				
Earnings per share [1, 2]				
Basic	(cents)	53.80	80.86	(33.5)
Diluted	(cents)	51.32	76.95	(33.3)
Cash earnings per share [1, 2]				
Basic	(cents)	53.17	83.29	(36.2)
Diluted	(cents)	50.74	79.20	(35.9)
Return on average shareholders' equity [1]	(%)	5.3	7.9	
Cash return on average shareholders' equity [1]	(%)	5.2	8.1	
Cash return on average shareholders' equity pre-goodwill [1]	(%)	8.3	12.7	
Insurance trading ratio	(%)	7.1	9.6	
Underlying insurance trading ratio	(%)	9.9	7.9	
Underlying insurance trading ratio (excl COVID-19)	(%)	9.0	7.2	
Bank net interest margin (interest-earning assets)	(%)	1.93	2.07	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	40.0	66.0	(39.4)
Special dividends per ordinary share	(cents)	-	8.0	n/a
Payout ratio (ordinary dividend) [1]				
Cash earnings	(%)	74.9	79.3	
Payout ratio (including special dividend) [1]				
Cash earnings	(%)	74.9	88.9	
Weighted average number of shares				
Basic	(m)	1,265.7	1,277.4	(0.9)
Diluted	(m)	1,399.2	1,380.0	1.4
Number of shares at end of period [3]	(m)	1,260.6	1,279.8	(1.5)
Net tangible asset backing per share	($)	5.95	6.40	(7.0)
Share price at end of period	($)	10.98	11.11	(1.2)
Productivity				
Australian General Insurance expense ratio	(%)	21.7	21.8	
Banking cost to income ratio	(%)	59.0	57.1	
New Zealand General Insurance expense ratio	(%)	28.7	29.9	
Financial position				
Total assets	($M)	106,378	96,857	9.8
Net tangible assets	($M)	7,501	8,193	(8.4)
Net assets	($M)	12,783	13,448	(4.9)
Average Shareholders' Equity	($M)	12,836	13,092	(2.0)
Capital				
General Insurance total capital PCA coverage	(times)	1.77	1.70	
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.22	1.28	
Bank total capital ratio	(%)	12.99	14.29	
Bank Common Equity Tier 1 ratio	(%)	9.08	10.07	
Common Equity Tier 1 Capital held at Group (pre-dividend)	($M)	333	787	(57.7)

1. Refer to Glossary for definitions
2. Refer to Appendix 'Group EPS Calculations' (page 63) for detailed earnings per share calculations
3. Excluding treasury shares

Group ratios and statistics

		Half Year Ended				Jun-22 v	Jun-22 v
		Jun-22	Dec-21	Jun-21	Dec-20	Dec-21 %	Jun-21 %
Performance ratios							
Earnings per share [1,2]							
Basic	(cents)	23.24	30.53	42.47	38.39	(23.9)	(45.3)
Diluted	(cents)	22.41	28.91	40.33	36.30	(22.5)	(44.4)
Cash earnings per share [1,2]							
Basic	(cents)	24.75	28.41	43.41	39.88	(12.9)	(43.0)
Diluted	(cents)	23.76	26.98	41.20	37.67	(11.9)	(42.3)
Return on average shareholders' equity [1]	(%)	4.6	5.9	8.3	7.5		
Cash return on average shareholders' equity [1]	(%)	4.9	5.5	8.5	7.8		
Cash return on average shareholders' equity pre-goodwill [1]	(%)	7.9	8.7	13.2	12.2		
Insurance trading ratio	(%)	9.0	5.3	10.3	9.0		
Underlying insurance trading ratio	(%)	9.9	9.9	7.4	8.4		
Underlying insurance trading ratio (excl COVID-19)	(%)	9.9	8.0	7.4	7.1		
Bank net interest margin (interest-earning assets)	(%)	1.90	1.97	2.09	2.04		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	17.0	23.0	40.0	26.0	(26.1)	(57.5)
Special dividends per ordinary share	(cents)	-	-	8.0	-	n/a	n/a
Payout ratio (ordinary dividend) [1]							
Cash earnings	(%)	68.7	80.3	92.2	65.2		
Payout ratio (including special dividend) [1]							
Cash earnings	(%)	68.7	80.3	110.7	65.2		
Weighted average number of shares							
Basic	(m)	1,260.5	1,270.8	1,278.6	1,276.3	(0.8)	(1.4)
Diluted	(m)	1,401.3	1,397.3	1,381.2	1,391.0	0.3	1.5
Number of shares at end of period [3]	(m)	1,260.6	1,260.4	1,279.8	1,277.2	0.0	(1.5)
Net tangible asset backing per share	($)	5.95	6.11	6.40	6.22	(2.6)	(7.0)
Share price at end of period	($)	10.98	11.07	11.11	9.74	(0.8)	(1.2)
Productivity							
Australian General Insurance expense ratio	(%)	21.2	22.2	22.3	21.3		
Banking cost to income ratio	(%)	60.4	57.6	57.8	56.5		
New Zealand General Insurance expense ratio	(%)	28.2	29.1	30.1	29.7		
Financial position							
Total assets	($M)	106,378	99,452	96,857	94,884	7.0	9.8
Net tangible assets	($M)	7,501	7,702	8,193	7,944	(2.6)	(8.4)
Net assets	($M)	12,783	12,969	13,448	13,198	(1.4)	(4.9)
Average Shareholders' Equity	($M)	12,722	12,951	13,180	13,005	(1.8)	(3.5)
Capital							
General Insurance total capital PCA coverage	(times)	1.77	1.71	1.70	1.74		
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.22	1.28	1.28	1.32		
Bank total capital ratio	(%)	12.99	15.14	14.29	14.43		
Bank Common Equity Tier 1 ratio	(%)	9.08	9.91	10.07	10.06		
Common Equity Tier 1 Capital held at Group (pre-dividend)	($M)	333	385	787	536	(13.5)	(57.7)

1. Refer to Glossary for definitions
2. Refer to Appendix 'Group EPS Calculations' (page 63) for detailed earnings per share calculations
3. Excluding treasury shares

FY23 plan

Suncorp is well progressed in its three-year plan to drive growth and efficiencies in the core businesses, while building on the Group's existing digital and data capability.

The plan consists of 12 key initiatives that have been prioritised using a robust return framework.

The plan has been built from the bottom up and incorporates recent experience including trends emerging from COVID-19, as well as leveraging existing capabilities. The executive team have clear accountability for the delivery of the key initiatives.

Strategic initiatives

Insurance Australia

Revitalise growth	– Invested in marketing and new product innovation to support growth. – AAMI, the most considered national insurance brand, achieved a Net Promoter Score (NPS) of +6.0 while also growing in Home and Motor. – GWP growth of 9.2% when normalised for portfolio exits. Growth was broad based across portfolios and stronger in the second half of the financial year, up 10.7% excluding portfolio exits. – Strong CTP unit growth of 10%, driven by digitisation in New South Wales and particularly solid unit growth in South Australia.
Optimise pricing and risk selection	– Invested in a modern, analytics-driven pricing engine and disciplined portfolio management to improve margins and loss ratios. – Deployed the Customer and Pricing Ecosystem (CaPE) for home mass brands. Delivery is planned for mass motor in FY23. – Responded to pricing for inflation, natural hazards and reinsurance costs through disciplined portfolio management. – Invested in underwriting tools across property, liability and packages in Commercial to improve risk selection and efficiency.
Digital first customer experiences	– Increased digital sales for mass brands across Home, Motor and CTP products to 61% of all sales and 37% of all service transactions, up from 54% and 31% respectively. – Focus on making purchasing simple with reduced friction and making self-service accessible, simple, and intuitive. – Deployed automation initiatives in Direct Distribution, including the implementation of targeted Interactive Voice Response and SMS. – Insurance sales and service long-term target of 70% digital/30% voice.
Best in class claims	– Motor and Home claims digital lodgements more than doubled in FY22. – Delivered better customer experience and personal injury claims outcomes by being first in market in digital lodgement and early intervention. – Reconfigured supply chain through a review of home and motor repairer panels, which is expected to drive improved repair quality, capacity and cost outcomes. – Successfully implemented technology solutions to better manage builder panel allocation and performance outcomes, as well as benchmarking claims costs against agreed contracted rates and industry benchmarks.

Win in home	–	Home lending growth of $4.1 billion in FY22, reaching 1.8 times system in 2H22.
	–	Targeted investments in customer and broker experiences supported a significant increase in home loan customer NPS and broker NPS and a reduction in median application turnaround times.
Seamless everyday banking	–	At-call transaction portfolio grew 20.6% over the year, with continued Main Financial Institution (MFI) customer growth, supported by a strong digital offering.
	–	Launched Buy Now Pay Later product linked to customer's core transactional account and banking app, Suncorp PayLater, to provide additional payment flexibility to customers.
	–	Debit cards are now issued with recycled materials and tactile indicators to support vision-impaired customers.
Grow businesses	–	Business lending developed significant momentum over the second half, delivering six consecutive months of growth.
	–	Business deposits performed strongly with 11.8% portfolio growth over the year, driven by a 27.2% increase in business transaction deposits.
	–	Digital service redraw facilities delivered alongside enhanced small and medium enterprise (SME) loan products have enabled more customers access to finance.
Digital first	–	Suncorp Bank completed the migration of personal customers to the Suncorp App, enabling the decommissioning of the legacy mobile banking app and focusing future investment on the core Suncorp App.
	–	Digital engagement and origination capabilities continued to strengthen, including joint account online origination, pre-filled income and expense data and the launch of a refreshed broker portal.
Customer service excellence	–	Continued to expand and upskill direct lenders, delivering leading service and customer experiences through the direct channel.
	–	A new arrangement with ATMx provides fee-free access to an additional 1,800 ATMs nationally.
	–	Installed braille functionality across ATMs and launched Translating and Interpreting Services across branches, business banking and call centres.

Suncorp New Zealand

Grow brands and strategic partnerships	– Continued momentum with a targeted focus on deepening broker relationships and offering compelling market propositions delivered through trusted brands. – Increased market share by 134 basis points over the preceding 12 months, registering seven consecutive quarters of market share gains.
Best in class claims	– Continued progress to deliver a single claims platform, introducing new channels for customer engagement and seamless connectivity. – Automated claims assessment in the second half, resulting in reduced field assessment handling time and improved data accuracy.
Digitise and Automate	– Continued investment in core systems to deliver more value to customers and intermediaries through digitisation of key steps in the customer experience while simplifying products and automating high volume operational processes. – Launched online motor insurance sales through the ANZ corporate partnership, with development work underway on future product releases. – Continued progress on enabling broker connectivity with a pilot scheduled for early in FY23.

Group capital and dividends

Capital management strategy

The Group's capital management strategy is to optimise shareholder value by managing the level, mix and use of capital resources. The primary objective is to ensure the Group remains resilient in building futures and protecting what matters. Capital management balances requirements to grow the business, commitments to customers, returns to shareholders and regulatory obligations.

The Group has maintained appropriate capital buffers over the year and was able to return $250 million excess capital to shareholders via an on-market buyback in 1H22.

The Group will continue to take a prudent approach to capital management throughout FY23, actively managing capital requirements while considering the needs of the business, the economic outlook and regulatory guidance.

Capital

	As at 30 June 2022					
	General Insurance	Bank	NZ Life & other businesses[2]	Corporate[3]	Total[4]	30 June 2021
	$M	$M	$M	$M	$M	$M
CET1 (pre div)	3,253	3,158	121	333	**6,865**	7,744
Midpoint of Target CET1 Range	3,278	3,219	72	14	**6,583**	6,355
Excess to Midpoint of Target CET1 Range (pre div)	(25)	(61)	49	319	**282**	1,389
Common Equity Tier 1 ratio (pre div)[1]	1.22x	9.08%				
Group dividend					**(200)**	(616)
Key metrics (ex div)	1.19x CET1 Ratio	9.08% CET1 Ratio		248 CET1	**82 Excess CET1**	773 Excess CET1
CET1 Target	1.125 - 1.325x	9.0 - 9.5%				
Total capital	4,732	4,520	121	333	**9,706**	10,281
Total target capital	4,348	4,437	72	-	**8,857**	8,584
Excess to target (pre div)	384	83	49	333	**849**	1,697
Group dividend					**(200)**	(616)
Group excess to target (ex div)					**649**	1,081
Total capital ratio[1]	1.77x	12.99%				

1. Capital ratios are expressed as coverage of the PCA for General Insurance and as a percentage of Risk Weighted Assets for the Bank.
2. The midpoint for "NZ Life and other businesses" represents the New Zealand life insurance RBNZ Minimum Solvency Capital (MSC).
3. Midpoint of Target CET1 Range for Corporate represents the Group NOHC target net of elimination of subsidiary targets relating to intercompany exposures.
4. The Total Group Midpoint of Target CET1 Range represents the sum of the targets for the General Insurance, Bank, NZ Life business, and Corporate.

Capital position at 30 June 2022

The strength of the capital position has enabled the Group to pay FY22 dividends within the target payout ratio range whilst maintaining an appropriate capital buffer considering the risk environment.

Key factors impacting the capital position during the year include:

— The $250 million on-market buyback completed in November 2021.

— The Bank saw strong growth in Risk Weighted Assets along with associated capitalised broker commissions over FY22.

— Issuing $405 million of Additional Tier 1 capital (SUNPI) in September 2021 to refinance the $375 million of capital notes (SUNPF) in advance of the securities being redeemed in June 2022.

— The $290 million issuance of Tier 2 capital notes in April 2022 ahead of the October 2022 optional call date of the $330 million of Tier 2 capital notes currently deployed in AAI Limited.

— Determining the FY22 full year dividend based on a payout ratio of 75% of cash earnings, within the Group's 60% to 80% target range.

— General Insurance capital usage of approximately $135 million, largely due to an increase in capital targets by 0.05x Prescribed Capital Amount (PCA) due to a change in FY23 reinsurance arrangements. The impact of higher natural hazard and reinsurance costs on Excess Tech Provisions was broadly offset by yield curve benefits. The net movement in the Excess Tech Provisions is expected to reverse over time with pricing increases.

— A significant increase in net Deferred Tax Assets (DTA) of $250 million, largely driven by unrealised losses on the investment portfolio, due to the material increase in bond yields.

— The majority of the GI capital usage and net DTA impacts are expected to unwind over time as the underlying investments reach maturity and pricing changes reverse the adverse impact on Excess Tech Provisions from changes to the FY23 reinsurance arrangements and NHA.

To enhance flexibility in capital management the Group maximises the capital it holds centrally, with $248 million of CET1 held at Group, while ensuring the regulated entities continue to maintain appropriate capital levels.

The General Insurance capital ratio has moved into the bottom half of the target range, reflecting the reduction in Excess Tech Provisions from reinsurance and natural hazard allowance which will partially reverse through pricing changes, and the net DTA primarily driven by the unrealised losses within the investment portfolio. The elevated level of net DTA will unwind as assets reach maturity. The Bank has reverted to the pre-pandemic practice of operating in the bottom half of target range post payment of dividends.

Dividends

Despite uncertainty in the outlook with volatile investment markets and continued elevated natural hazards activity, the Group's robust balance sheet has allowed the Board to declare a fully franked final ordinary dividend of 17 cents per share. This equates to a payout ratio of 75% of cash earnings, towards the top of the target payout ratio range of 60% to 80%. Appropriate capital buffers have been maintained in the heightened risk environment, in line with the Group's prudent approach to capital management. The final dividend will be paid on 21 September 2022. The ex-dividend date is 12 August 2022.

The Group's franking credit balance is set out in the table below. The franking balance is currently elevated due to material timing differences arising in the current year and persisting from prior years.

	Jun-22 $M	Dec-21 $M	Jun-21 $M
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	282	244	207

Group operating expenses

Operating expenses by function

	Full Year Ended		Jun-22 v	Half Year Ended				Jun-22	Jun-22 v
	Jun-22	Jun-21	Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Insurance Australia									
Insurance Australia operating expenses	**1,526**	1,485	2.8	760	766	771	714	(0.8)	(1.4)
New Zealand									
General Insurance operating expenses	473	437	8.2	235	238	223	214	(1.3)	5.4
Life operating expenses	46	43	8.0	24	22	21	22	9.1	16.5
	519	480	8.2	259	260	244	236	(0.4)	6.3
Banking									
Banking operating expenses	**736**	731	0.7	370	366	369	362	1.1	0.3
Group operating expenses	**2,781**	2,696	3.2	1,389	1,392	1,384	1,312	(0.2)	0.4
Other Expenses									
Restructuring Expenses	57	55	3.6	57	-	19	36	n/a	200.0
Wealth operating expenses	34	49	(30.2)	11	23	24	25	(52.2)	(53.6)
ESL	144	158	(8.9)	68	76	81	77	(10.5)	(16.0)
TEPL	49	-	n/a	5	44	-	-	(89.3)	n/a
Group total operating expenses (including Other Expenses)	**3,065**	2,957	3.6	1,530	1,535	1,507	1,450	(0.4)	1.5

Operating expenses movements

	Movement Jun-21 to Jun-22 $M
Jun-21 Group operating expenses	2,696
Strategic spend (included in operating expenses)	32
Growth related costs (commissions, marketing and JV)	52
Other	2
Jun-22 Group operating expenses	2,781

Group total operating expenses increased $85 million on the pcp to $2.8 billion. Key movements reflect:

- Temporary uplift in strategic spend particularly in Win in Home Lending in Bank, Digital First Customer Experiences and Revitalise Growth in Insurance Australia and Grow Brands and Strategic Partnerships in New Zealand.
- Growth related costs reflect the strong growth across each portfolio, including New Zealand Joint Ventures.
- Other includes efficiency benefits from the delivery of strategic initiatives, offsetting inflationary pressures in the expense base.

A provision of $49 million related to the CTP NSW scheme transitional excess profit and loss (TEPL) has been raised in this financial year in operating expenses to recognise the excess profit payable to the regulator, with an equivalent release from prior year claims reserves during the year.

Group General Insurance

Group reported and underlying ITR

Reconciliation of reported ITR to underlying ITR

	Full Year Ended		Half Year Ended			
	Jun-22 $M	Jun-21 $M	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M
Reported ITR	**682**	868	**428**	254	468	400
Reported reserve releases (above) below long-run expectations [1]	(32)	(74)	8	(40)	(48)	(26)
Natural hazards above (below) allowances	101	60	(104)	205	(26)	86
Investment income mismatch	98	(196)	94	4	(41)	(155)
Other:						
Risk margin	16	27	(26)	42	(25)	52
Abnormal (Simplification/restructuring) expenses [1]	6	24	1	5	8	16
Additional Reinsurance Premium [2]	82	-	79	3	-	-
Underlying ITR	**953**	709	**480**	473	336	373
Underlying ITR ratio	**9.9%**	7.9%	**9.9%**	9.9%	7.4%	8.4%

1. Reserve releases and abnormal expenses exclude impacts of TEPL.
2. Additional reinsurance purchased included top up AXL and an additional reinstatement for the main catastrophe program after the East Coast Heavy Rain event in February.

Underlying ITR movements

	Jun-21 v Jun-22 %
FY21 underlying ITR	**7.9**
COVID-19 impact	(0.7)
FY21 underlying ITR ex COVID	**7.2**
Consumer	1.3
Commercial	0.2
Long-tail statutory classes	0.5
New Zealand	(0.2)
FY22 underlying ITR ex COVID	**9.0**
COVID-19 impact	0.9
FY22 underlying ITR	**9.9**

Group underlying ITR increased from 7.9% in FY21 to 9.9% in FY22. Excluding COVID-19 impacts underlying ITR has increased from 7.2% to 9.0%, representing:

— Consumer increased reflecting the benefits of rate increases and portfolio exits, combined with improved working claims performance driven by lower claims frequency in the Home portfolio. This was partially offset by higher average claims sizes in the Motor portfolio following supply chain disruptions, higher severity, and higher cost technology in cars. Consumer also benefitted from the strong cost management flowing from the Best in Class claims program of work.

— Commercial increased from improved working claims performance in short-tail and long-tail portfolios, including benefits from disciplined portfolio pricing and underwriting.

— Long-tail statutory classes increased, reflecting a favourable impact from higher present value discounting as a result of rising yields. This was partly offset by one-off current year reserve strengthening in a Workers' Compensation portfolio which was in run-off during the first half.

— New Zealand decreased, largely reflecting the adverse large claims experience in property.

— COVID-19 related impacts across Australia and New Zealand were all in 1H22, and resulted in a 0.9% increase in underlying ITR in FY22. This reflected reduced motor claims frequency partly offset by increased claims costs associated with higher second-hand car prices and supply chain impacts, delays in claims lodgement and closure, industry support and higher operating expenses.

Note: The adjustment to ITR related to market rate movement on premium liabilities has been removed from the underlying ITR calculation. This change ensures that all mark-to-market movements are now removed from the underlying ITR. The adjustment did not have a material impact on the FY21 underlying ITR. Therefore, FY21 has not been restated and remains on a largely comparable basis to FY22.

Net impact of yields and investment markets

	Full Year Ended		Half Year Ended			
	Jun-22 $M	Jun-21 $M	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M
Insurance (Australia)						
Investment income (insurance funds)	(400)	243	(377)	(23)	26	217
Impact of risk-free discount rates on outstanding claims	373	25	322	51	46	(21)
	(27)	268	(55)	28	72	196
Present value adjustment on newly recognised claims	84	31	62	22	19	12
Investment income (shareholders' funds)	(190)	147	(217)	27	59	88
	(106)	178	(155)	49	78	100
Total Insurance Australia	(133)	446	(210)	77	150	296
New Zealand (AUD)						
General insurance						
Investment income (insurance funds)	(8)	3	(4)	(4)	-	3
Investment income (shareholders' funds)	(20)	9	(18)	(2)	(1)	10
	(28)	12	(22)	(6)	(1)	13
Life						
Market adjustments (pre-tax)	(29)	(5)	(19)	(10)	(15)	10
	(29)	(5)	(19)	(10)	(15)	10
Total New Zealand	(57)	7	(41)	(16)	(16)	23
Net impact of yields and investment markets	(190)	453	(251)	61	134	319

Insurance Australia

Financial markets are experiencing some of the most volatile and uncertain conditions in recent history. Suncorp's investment strategy incorporates medium to long term views of asset class returns, capital, profit volatility, liquidity and liability matching considerations. A large component of the FY22 investment loss is the result of short-term mark-to-market impacts from higher interest rates and widening credit spreads. This is expected to be recovered through an increasing underlying yield income earnt over future periods (2 to 3 years) as bonds are typically held to maturity in the primarily investment grade portfolio. Rising interest rates are also expected to lead to higher portfolio income from reinvestment of any bond maturity proceeds in future years.

For insurance fund assets, a key objective is to match the overall risk-free interest rate sensitivity of the insurance claims liabilities. The aim is to immunise, as far as possible, the impact from changes in risk-free interest rates, such that the dollar impact on assets and liabilities offset each other for every one basis point movement in interest rates. The residual net loss of $27 million for FY22 primarily reflects the unfavourable impacts from widening credit spreads and the risk-free mark-to-market losses on the portion of insurance fund assets backing the undiscounted unearned premium liabilities, partially offset by gains from higher breakeven inflation. Other contributions include investment manager active performance and a mismatch component arising from matching assets to the APRA assessment of liabilities instead of the accounting liabilities.

The present value adjustment on newly recognised claims reflects the initial discounting applied to new claims to recognise them at present value. This has increased as a result of rising yields.

The investment income on shareholders' funds is the absolute return on an investment portfolio of fixed income, convertible bonds, equities, and unlisted assets.

For further detail on investment income for Insurance Australia, please refer to page 29.

Natural hazards and reinsurance

Natural hazard costs to 30 June 2022 were $1,081 million, up from $1,010 million in the pcp, and $101 million above the Group's allowance of $980 million. Major natural hazard events for Australia and New Zealand are shown in the table below.

Date	Event	$M
Jul 21	WA Cold Front	12
Jul 21	Southern Australia Low	7
Jul 21	All NZ Heavy Rain	29
Aug 21	Eastern States Winter Winds	8
Aug 21	NZ North Island Storm	14
Sep 21	Mansfield Earthquake	36
Sep 21	Eastern Australia Storms	17
Sep 21	All NZ Spring Storm	8
Oct 21	Eastern Australia Complex Low	44
Oct 21	QLD Storms	20
Oct 21	Coffs Harbour Hail	78
Oct 21	Thirlmere Hail	25
Oct 21	Adelaide Hail	162
Nov 21	VIC Rain	10
Nov 21	November Rain	10
Nov 21	NSW QLD Rain and Floods	6
Dec 21	Eastern States Rain and Floods	26
Dec 21	December Rain and Storms	19
Dec 21	South Eastern Wind and Storms	14
Dec 21	NZ North Island Storm	5
Jan 22	January Hail and Storms	60
Jan 22	Ex TC Seth	7
Jan 22	Eastern States Rain and Storms	25
Jan 22	VIC Rain and Storms	43
Feb 22	NZ Heavy Rain Buller District	12
Feb 22	East Coast Heavy Rain	83
Feb 22	Western Sydney Hail and Storms	5
Mar 22	NSW East Coast Low	5
Mar 22	QLD Storms	5
Mar 22	March Storms and Flooding	5
Mar 22	NSW QLD Heavy Rain	5
Mar 22	NZ Northland / Auckland Storm	5
Apr 22	NSW Heavy Rain	5
May 22	May Heavy Rain	5
Jun 22	Eastern Australia Cold Front	5
Total events over $5 million		**825**
Other natural hazards		256
Total natural hazards		**1,081**
Less: allowance for natural hazards		(980)
Natural hazards costs above / (below) allowance		**101**

For additional information on natural hazard events, please refer to page 27 for events in Australia and page 51 for events in New Zealand.

During FY22 there were 35 events above $5 million. Suncorp's reinsurance program limited net retained losses from natural hazard events to $5 million after the occurrence of the East Coast Heavy Rain event in February. Due to the high frequency of events, additional reinsurance was purchased during the year including the $75 million top up AXL (50% placement of a $150 million layer above the existing AXL) at the end of the first half of the financial year and an additional reinstatement for the main catastrophe program after the East Coast Heavy Rain event in February.

The high frequency of natural hazard losses in Australia and around the world have caused reinsurance pricing to harden. For the FY23 reinsurance program, Suncorp has restructured the dropdown and AXL treaties to re-establish the optimal balance of natural hazard volatility protection, cost and capital retention. The AXL has been restructured to increase the attachment point to $850 million from $650 million, while the associated event deductible has also increased to $10 million from $5 million. In regards to the Dropdown covers, Dropdown 1 and 2 have been maintained, while the attachment point for Dropdown 3 has increased from $50 million to $100 million, with the amount of cover therefore, reducing from $100 million to $50 million.

The reinsurance program for FY23 has been outlined in appendix on page 74.

Other Profit / (Loss) After Tax

	Full Year Ended		Half Year Ended			
	Jun-22 $m	Jun-21 $m	Jun-22 $m	Dec-21 $m	Jun-21 $m	Dec-20 $m
Other profit (loss) after tax	(24)	(102)	9	(33)	(43)	(59)
Ongoing						
Net external funding expense	(40)	(33)	(22)	(18)	(17)	(16)
Non-controlling interest	(18)	(15)	(5)	(13)	(5)	(10)
Investment income / (loss) on capital funds held at Group	(9)	6	(8)	(1)	2	4
Total Ongoing	(67)	(42)	(35)	(32)	(20)	(22)
Other						
Net Tax Adjustment	90	-	92	(2)	-	-
Restructuring	(40)	(38)	(40)	-	(13)	(25)
Other	(7)	(22)	(8)	1	(10)	(12)
Total Other	43	(60)	44	(1)	(23)	(37)

The values in the above table are all stated after tax

Other profit / (loss) after tax comprises ongoing business items and other items which include:

FY21

— Restructuring: Redundancy costs following the implementation of the new operating model, plus real estate and bank branch optimisation costs.

— Other: Includes Corporate Development costs and costs associated with remediation activities.

FY22

— Net Tax Benefit: Tax adjustment on sale of Australian Life Business offset by one-off costs relating to General Insurance business no longer written.

— Restructuring: Real estate asset write offs in relation to excess lease space mainly within Suncorp's data centre, driven by the refreshed tech strategy to cloud, and corporate property due to a move to a more flexible working environment. Redundancy costs as a result of ongoing digitisation and automation of the organisation. Although expected to reduce there will likely be some level of restructuring costs ongoing as the business continues to automate and digitise.

— Other: Primarily Corporate Development costs and costs incurred ahead of Wealth, RACTI and Bank sales.

Insurance Australia

Insurance Australia delivers home and contents, motor, caravan, compulsory third party, workers compensation and commercial insurance through its suite of insurance brands including AAMI, Suncorp Insurance, GIO, Vero, Apia, Terri Scheer and Shannons. The Insurance Australia business is one of Australia's largest general insurers by gross written premium and Australia's largest compulsory third party insurer.

Result overview

GWP excluding ESL $9,254 million ↑7.3% on the pcp

Insurance Australia continued to see strong momentum in the strategic initiative to Revitalise Growth.

Excluding portfolio exits, GWP growth was 9.2% with growth broad based across portfolios and stronger in the second half of the financial year. The portfolio exits reflect the increased focus on improved risk selection and portfolio discipline. The proportion of new business digital sales for mass brands across home, motor and CTP products increased to 61% over the year, up from 54% in the pcp.

Consumer GWP excluding portfolio exits **↑9.1%,** including portfolio exits **↑6.6%.** AWP increases in the Home portfolio reflected the ongoing pricing response to higher natural hazard and reinsurance costs.

Motor AWP growth was driven by pricing for inflation including increases in the sums insured. Benefits were realised from ongoing strategic investment in AAMI marketing and enhanced digitisation of the sales process, driving positive unit performance.

Commercial GWP excluding portfolio exits **↑7.5%,** including portfolio exits **↑6.2%** reflecting strong retention and new business growth in the short-tail and long-tail portfolios.

CTP GWP ↑6.4% driven by unit growth across most schemes (+10%), with particularly strong growth in South Australia. Leading national market share position continues to be maintained.

Workers' compensation and other GWP ↑ 19.3% reflecting rate increases and higher wage growth in the Workers' compensation portfolio.

Profit After Tax $174 million ↓68.2% on the pcp

Underlying ITR improved, reflecting strong top-line growth, improving expense ratios and an increase in investment yields. However, on a headline basis, profit after tax of $174 million was impacted by lower investment returns due to significant levels of market volatility, particularly during the second half of the year, along with adverse natural hazards experience including additional reinsurance expenses.

Net incurred claims $5,328 million ↓3.1% on the pcp

Net incurred claims excluding discount movements increased by 3.3% reflecting the impact of portfolio growth and higher natural hazard costs, partly offset by the impact of business interruption provisioning in the pcp.

Online claim lodgements in the Consumer portfolios increased significantly. Best in Class Claims initiatives continue to be embedded across the supply chain including refreshed repair panels and technology changes to enhanced repair allocations and outcomes. Prior year reserve releases[1] were 1.7% of Group Net Earned Premium (NEP), above the Group's long-run expectation of 1.5%.

Net investment loss $133million

The net investment loss reflected the significant market volatility seen especially during the second half of the year. The loss was primarily driven by unfavourable mark-to-market movements from an increase in government bond yields, widening in credit spreads and lower equity markets. This was partially offset by a higher present value adjustment on new claims from rising yields, gains from higher breakeven inflation and an increase in infrastructure and property.

Operating expenses excluding ESL and TEPL[1] **↑2.8%** on the pcp driven by the temporary increase in strategic initiative spend and growth-related expenses.

1. Excludes the impact of Transitional Excess Profits and Losses (TEPL) (further explained on page 28 and page 29). Prior year reserve releases also exclude Business Interruption provision related release.

Insurance Australia Profit contribution and key ratios

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**9,384**	8,790	**6.8**	**4,842**	4,542	4,446	4,344	**6.6**	**8.9**
Gross unearned premium movement	(391)	(280)	(39.6)	(323)	(68)	(156)	(124)	(375.0)	(107.1)
Gross earned premium	8,993	8,510	5.7	4,519	4,474	4,290	4,220	1.0	5.3
Outwards reinsurance expense	(1,082)	(970)	(11.5)	(590)	(492)	(477)	(493)	(19.9)	(23.7)
Net earned premium	**7,911**	7,540	**4.9**	**3,929**	3,982	3,813	3,727	**(1.3)**	**3.0**
Net incurred claims									
Claims expense	(7,588)	(6,333)	(19.8)	(4,332)	(3,256)	(2,916)	(3,417)	(33.0)	(48.6)
Reinsurance and other recoveries revenue	2,260	837	170.0	1,927	333	291	546	478.7	562.2
Net incurred claims	**(5,328)**	(5,496)	**3.1**	**(2,405)**	(2,923)	(2,625)	(2,871)	**17.7**	**8.4**
Total operating expenses									
Acquisition expenses	(1,087)	(1,038)	(4.7)	(545)	(542)	(551)	(487)	(0.6)	1.1
Other underwriting expenses [1]	(632)	(605)	(4.5)	(288)	(344)	(301)	(304)	16.3	4.3
Total operating expenses	**(1,719)**	(1,643)	**(4.6)**	**(833)**	(886)	(852)	(791)	**6.0**	**2.2**
Underwriting result	864	401	115.5	691	173	336	65	299.4	105.7
Investment income - insurance funds	(400)	243	n/a	(377)	(23)	26	217	n/a	n/a
Insurance trading result	**464**	644	**(28.0)**	**314**	150	362	282	**109.3**	**(13.3)**
Managed schemes, joint ventures and other	(17)	3	n/a	(9)	(8)	(2)	5	(12.5)	(350.0)
Insurance (Australia) operational earnings	**447**	647	**(30.9)**	**305**	142	360	287	**114.8**	**(15.3)**
Investment income - shareholder funds	(190)	147	n/a	(217)	27	59	88	n/a	n/a
Insurance (Australia) profit before tax and capital funding	**257**	794	**(67.6)**	**88**	169	419	375	**(47.9)**	**(79.0)**
Capital funding	(20)	(15)	(33.3)	(11)	(9)	(6)	(9)	(22.2)	(83.3)
Insurance (Australia) profit before tax	**237**	779	**(69.6)**	**77**	160	413	366	**(51.9)**	**(81.4)**
Income tax	(63)	(232)	72.8	(17)	(46)	(124)	(108)	63.0	86.3
Insurance (Australia) profit after tax	**174**	547	**(68.2)**	**60**	114	289	258	**(47.4)**	**(79.2)**

Key ratios	**%**	%	**%**	%	%	%
Acquisition expenses ratio	13.7	13.8	13.9	13.6	14.5	13.1
Other underwriting expenses ratio	8.0	8.0	7.3	8.6	7.8	8.2
Total operating expenses ratio	**21.7**	21.8	**21.2**	22.2	22.3	21.3
Loss ratio	67.3	73.0	61.2	73.4	68.9	77.0
Combined operating ratio	89.1	94.8	82.4	95.6	91.2	98.3
Insurance trading ratio	5.9	8.5	8.0	3.8	9.5	7.6

[1] Other Underwriting Expense includes a $49m provision for TEPL. The reserve release associated with this provision is in Claims expense.

	Full Year Ended Jun-22 $M	Jun-21 $M	Jun-22 v Jun-21 %	Half Year Ended Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Insurance trading result (excluding ESL, discount rate and unwind)									
Gross written premium	9,254	8,627	7.3	4,780	4,474	4,372	4,255	6.8	9.3
Net earned premium	7,767	7,381	5.2	3,861	3,906	3,731	3,650	(1.2)	3.5
Net incurred claims[1]	(5,701)	(5,520)	(3.3)	(2,727)	(2,974)	(2,670)	(2,850)	8.3	(2.1)
Acquisition expenses	(1,087)	(1,038)	(4.7)	(545)	(542)	(551)	(487)	(0.6)	1.1
Other underwriting expenses[1]	(488)	(447)	(9.2)	(220)	(268)	(220)	(227)	17.9	-
Total operating expenses	**(1,575)**	(1,485)	**(6.1)**	**(765)**	(810)	(771)	(714)	**5.6**	**0.8**
Investment income - insurance funds	(27)	268	n/a	(55)	28	72	196	n/a	n/a
Insurance trading result	**464**	644	**(28.0)**	**314**	150	362	282	**109.3**	**(13.3)**
Key insurance trading ratios	%	%		%	%	%	%		
Acquisition expenses ratio	14.0	14.1		14.1	13.9	14.8	13.3		
Other underwriting expenses ratio[2]	6.3	6.0		5.7	6.9	5.8	6.2		
Total operating expenses ratio	**20.3**	20.1		**19.8**	20.8	20.6	19.5		
Loss ratio[2]	73.4	74.8		70.6	76.1	71.6	78.1		
Combined operating ratio	**93.7**	94.9		**90.4**	96.9	92.2	97.6		
Insurance trading ratio	6.0	8.7		8.1	3.8	9.7	7.7		

1. Other underwriting expenses includes a $49m provision for TEPL. The reserve release associated with this provision is in Net incurred claims.

2. Excluding the impacts of TEPL, Jun-22 Other underwriting expenses ratio is 5.7% for full year and Loss ratio is 74.0%.

Gross written premium

GWP by product & geography

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Motor	3,408	3,164	7.7	1,776	1,632	1,630	1,534	8.8	9.0
Home	2,482	2,363	5.0	1,259	1,223	1,167	1,196	2.9	7.9
Commercial	1,656	1,559	6.2	787	869	727	832	(9.4)	8.3
Compulsory third party	1,077	1,012	6.4	549	528	515	497	4.0	6.6
Workers' compensation and other	631	529	19.3	409	222	333	196	84.2	22.8
Total GWP	**9,254**	8,627	7.3	**4,780**	4,474	4,372	4,255	6.8	9.3
Emergency Service Levies									
Motor	17	15	13.3	8	9	6	9	(11.1)	33.3
Home	79	105	(24.8)	39	40	47	58	(2.5)	(17.0)
Commercial	34	43	(20.9)	15	19	21	22	(21.1)	(28.6)
Total ESL	**130**	163	(20.2)	**62**	68	74	89	(8.8)	(16.2)
Total GWP including ESL	**9,384**	8,790	6.8	**4,842**	4,542	4,446	4,344	6.6	8.9

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
GWP by geography									
Queensland	2,312	2,218	4.2	1,155	1,157	1,094	1,124	(0.2)	5.6
New South Wales	2,842	2,669	6.5	1,441	1,401	1,310	1,359	2.9	10.0
Victoria	2,152	2,017	6.7	1,113	1,039	1,030	987	7.1	8.1
Western Australia	892	792	12.6	509	383	438	354	32.9	16.2
South Australia	434	350	24.0	222	212	177	173	4.7	25.4
Tasmania	234	215	8.8	130	104	116	99	25.0	12.1
Other	388	366	6.0	210	178	207	159	18.0	1.4
Total GWP	**9,254**	8,627	7.3	**4,780**	4,474	4,372	4,255	6.8	9.3
Emergency Service Levies									
New South Wales	128	161	(20.5)	61	67	73	88	(9.0)	(16.4)
Tasmania	2	2	-	1	1	1	1	-	-
Total ESL	130	163	(20.2)	62	68	74	89	(8.8)	(16.2)
Total GWP including ESL	9,384	8,790	6.8	4,842	4,542	4,446	4,344	6.6	8.9

Motor

Motor GWP growth normalised for portfolio exits was 8.7% on the pcp, reflecting AWP growth of 4.9% and unit growth of 3.8%. On the same basis growth in the second half was higher at 9.6%. Growth was broad-based across mass and niche brands with the highest growth coming from the Shannons, AAMI and Suncorp brands. The strong growth in units was supported by system growth, improved retention and benefits of strategic initiatives including AAMI marketing spend. AWP outcomes reflected pricing for working claims and sum insured inflation.

Home

Home GWP growth normalised for portfolio exits was 9.6% on the pcp, reflecting an 8.7% increase in AWP and 0.9% increase in units. Growth increased in the second half driven by AWP of 9.9% from pricing for natural hazard and reinsurance costs. Unit growth reflected strong growth in customers taking landlord policies, mainly through the Terri Scheer brand, noting the lower AWP for this product. Home GWP benefited from ongoing strategic investment in AAMI marketing and enhanced digitisation of the sales process. Growth was also supported by the deployment of CaPE across the home mass brands as well as other product enhancements and tactical campaigns.

Commercial

Commercial GWP growth normalised for portfolio exits was 7.5% on the pcp, higher in the second half at 9.6%, driven by the short-tail and long-tail portfolios. Within short-tail, which accounts for 60% of Commercial GWP, growth was broad-based across portfolios but mainly reflected the rate, retention and new business dynamics in the larger NTI and Property portfolios. In long-tail, which accounts for 15% of Commercial GWP, growth mainly reflected rate and retention in the Profin schemes and Liability portfolios. Packages GWP, which accounts for one-quarter of Commercial GWP, was flat on FY21, inclusive of rate increases and targeted underwriting improvement.

Workers' Compensation and other

Workers' Compensation and Other GWP increased by 19.3% on the pcp. The result was driven by wage growth and rate increases in the Workers portfolio. Growth continues to be disproportionately larger in the small and mid-market segment and, by state, driven by Western Australia, which accounts for around 70 per cent of Suncorp's portfolio.

Compulsory Third Party (CTP)

CTP GWP increased 6.4% to $1,077 million driven by unit growth of 10%. Suncorp national market share increased to 32.1% driven by strong growth in South Australia (GWP+101.6%) reflecting first-ranked Claimant Service Rating, which improved on the pcp. There was also solid unit growth in NSW of 2.5%, reflecting pricing dynamics and benefits of the CTP digitisation program. CTP AWP fell 3.4% primarily driven by scheme price changes in Queensland.

	Full Year Ended		Jun-22		Half Year Ended			Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Queensland	417	428	(2.6)	215	202	214	214	6.4	0.5
New South Wales	483	466	3.6	245	238	241	225	2.9	1.7
Australian Capital Territory	54	57	(5.3)	24	30	29	28	(20.0)	(17.2)
South Australia	123	61	101.6	65	58	31	30	12.1	109.7
	1,077	1,012	6.4	**549**	528	515	497	4.0	6.6

Net incurred claims

Net incurred claims were $5,328 million, 3.1% below the pcp. Excluding discount movements, net incurred claims increased by 3.3%. This increase was largely due to the impact of portfolio growth and natural hazard costs.

Motor

Motor claims costs increased on the pcp due to unit growth, higher average claim sizes, and a return to more usual driving patterns. Average claims size was impacted, more notably in the second half, due to higher second-hand car prices, supply chain disruptions, higher severity, and the ongoing impact of increasing levels of integrated (and more expensive) technology in cars. Claims frequency in the first half was again impacted by lockdown restrictions due to COVID-19, mainly in New South Wales and Victoria, but rebounded to more normal levels by the end of that half and it has remained in line with expectations during the second half. Strategic initiatives to manage parts costs and the Suncorp preferred repairer network continue to deliver benefits. The digital program of work in claims continues to progress well, with online lodgement more than doubling in the last 12 months.

Home

Home working claims were favourable on the pcp due to lower frequency across multiple loss causes and lower average claims sizes across most loss causes. Water cost management has remained strong across the portfolio, while fire claim severity continues to present cost challenges. Average claim sizes increased half on half but on a full year basis remained lower than FY21. More broadly, supply chain pressures are being seen following the recent floods and there are inflationary pressures in the market more broadly across materials and labour. These trends continue to be offset by strategic initiatives embedded across the portfolio, including a refreshed panel of providers with renegotiated rates and terms aligned to improve customer and cost outcomes and the implementation of dedicated large loss claims management models across the regions. Further system enhancements are driving continuous performance improvements and optimising volume allocations based on panel performance. This is supported by the ongoing focus on digital claims experience that contributed to more than half of all home claims from recent events being lodged online.

Commercial

Commercial claims loss ratios were consistent with slight improvement in the long-tail and short-tail portfolios, with benign large loss experience in Property and favourable experience in the short-tail portfolio. Prior year reserves were strengthened in the long-tail portfolios across Packages (where targeted underwriting improvements are underway) for bodily injury claims, the professional indemnity portfolio, as well as some exited business.

CTP and Workers' Compensation

CTP claims costs increased, primarily due to growth in South Australia. Prior year reserve releases were driven by strong performance in New South Wales.

Workers' Compensation claims costs increased largely due to growth in the portfolio. Modest prior year reserve releases in the underwritten states were more than offset by a strain during the first half in the excess of loss portfolio that is in run-off.

Natural hazards – Insurance Australia

Total natural hazard costs were $981 million, up from $932 million in the pcp. This was $57 million above the $924 million allowance for Insurance Australia. Major natural hazard events for Australia are shown in the table below. This includes impact from some event costs from New Zealand due to the internal reinsurance arrangement between Australia and New Zealand that exists for Group capital efficiency purposes.

Date	Event	Net costs $M
Jul 21	WA Cold Front	12
Jul 21	Southern Australia Low	7
Aug 21	Eastern States Winter Winds	8
Sep 21	Mansfield Earthquake	36
Sep 21	Eastern Australia Storms	17
Oct 21	Eastern Australia Complex Low	44
Oct 21	QLD Storms	20
Oct 21	Coffs Harbour Hail	78
Oct 21	Thirlmere Hail	25
Oct 21	Adelaide Hail	162
Nov 21	VIC Rain	10
Nov 21	November Rain	10
Nov 21	NSW QLD Rain and Floods	6
Dec 21	Eastern States Rain and Floods	26
Dec 21	December Rain and Storms	19
Dec 21	South Eastern Wind and Storms	14
Jan 22	January Hail and Storms	60
Jan 22	Ex TC Seth	7
Jan 22	Eastern States Rain and Storms	25
Jan 22	VIC Rain and Storms	43
Feb 22	East Coast Heavy Rain	83
Feb 22	Western Sydney Hail and Storms	5
Mar 22	NSW East Coast Low	5
Mar 22	QLD Storms	5
Mar 22	March Storms and Flooding	5
Mar 22	NSW QLD Heavy Rain	5
Apr 22	NSW Heavy Rain	5
May 22	May Heavy Rain	5
Jun 22	Eastern Australia Cold Front	5
Total events over $5 million		**752**
Event cost relating to July NZ Heavy Rain		5
Other natural hazards		224
Total natural hazards		**981**
Less: allowance for natural hazards		(924)
Natural hazards costs above / (below) allowance		**57**

Outstanding claims provision breakdown

The valuation of outstanding claims has resulted in central estimate releases of $230 million ($164m excluding TEPL of $49m and BI provision release of $17m), which is above the Group's long-run expectation for reserve releases of 1.5% of Group NEP.

The short-tail release of $147 million was mainly driven by favourable claims experience on a number of FY21 natural hazard events, reclassification of attritional natural hazard claims leading to additional reinsurance recoveries and a downward revision to the business interruption provision.

Long-tail claims reserve releases of $83 million were primarily attributable to favourable claims experience. The impact of favourable experience in the NSW CTP portfolio contributed to the majority of the releases. This was partially offset by increases in Bodily Injury liability claims under the Commercial portfolio. As the NSW CTP scheme looks profitable for accident years 2018 and 2019, the transitional excess profit and loss (TEPL) provision has been raised accordingly this reporting period to recognise the excess profit payable to the regulator.

	Total	Net central estimate (discounted)	Risk margin (90th percentile discounted)	Change in net central estimate[1]
	$M	$M	$M	$M
Short-tail	2,116	1,910	206	(147)
Long-tail	5,849	5,020	829	(83)
Total	**7,965**	**6,930**	**1,035**	**(230)**

1. This column is equal to the closing central estimate for outstanding claims (before the impact of a change in interest rates) incurred before the opening balance sheet date, less the opening net central estimate for outstanding claims, plus payments and claims handling expenses, less investment income earned on the net central estimate. Figures in brackets imply that there has been a release from outstanding reserves.

Business interruption

The business interruption provision of $179 million has been calculated on a probability-weighted basis and significant judgement has been exercised to derive a reasonable estimate of the probability-weighted view of potential future cash flows relating to business interruption, in line with the Group's approach to reserve at a 90% confidence level for potential exposures.

The provision has reduced by $17 million over the year, given the successful finalisation of the Rockment Pty Ltd matter which confirmed the broad application of the Biosecurity Act wording.

To date, there have been two Insurance Council of Australia (ICA) industry test cases on business interruption claims. The first industry test case was ruled in favour of policyholders in November 2020, noting that certain policy exclusions referencing the Quarantine Act could not be read as references to the Biosecurity Act and relied upon in relation to COVID-19 business interruption claims. The second industry test case examined a number of insuring clauses, as well as adjustment clauses, including the application of government subsidies such as Job Keeper payments. In October 2021, the Federal Court ruled largely in favour of the insurance industry, finding that in most instances insurers are not liable to indemnify the policyholders. Applications for special leave to appeal had been lodged to the High Court around some parts of the judgement. In early August, the High Court provided notification that applications for special leave filed in the second test case have been granted an oral hearing. The Court has indicated that the oral hearing will not be listed before October 2022. The Group continues to maintain a provision for losses related to business interruption until the appeal process becomes clearer.

Since the onset of COVID-19, the level of exposure to policies with Quarantine Act exemptions has progressively reduced as the policies renew with updated wordings. All business interruption in-force policies now reflect the Biosecurity Act wording.

Outstanding claims provision over time

The following table shows the gross and net outstanding claims liabilities and their movement over time. The net outstanding claims liabilities are shown split between the net central estimate, the discount on net central estimate (90th percentile, discounted) and the risk margin components.

	Half Year Ended				Jun-22	Jun-22
	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	10,852	10,159	10,042	10,194	6.8	8.1
Reinsurance and other recoveries	(2,887)	(1,581)	(1,721)	(1,930)	82.6	67.8
Net outstanding claims liabilities	**7,965**	8,578	8,321	8,264	**(7.1)**	**(4.3)**
Expected future claims payments and claims handling expenses	7,526	7,713	7,421	7,274	(2.4)	1.4
Discount to present value	(596)	(255)	(186)	(134)	133.7	220.4
Risk margin	1,035	1,120	1,086	1,124	(7.6)	(4.7)
Net outstanding claims liabilities	**7,965**	8,578	8,321	8,264	**(7.1)**	**(4.3)**
Short-tail	2,116	2,448	2,164	2,060	(13.6)	(2.2)
Long-tail	5,849	6,130	6,157	6,204	(4.6)	(5.0)
Total	**7,965**	8,578	8,321	8,264	**(7.1)**	**(4.3)**

Risk margins

Risk margins give an assessed level of confidence to the outstanding claims reserves of 90%.

Total risk margins decreased by $51 million since June 2021 to $1,035 million, which is a similar percentage reduction to the net outstanding claims liabilities and included release in risk margins relating to FY22 natural hazards events following the triggering the AXL cover in second half of the year. The assets notionally backing risk margins had a net loss of $62 million. The net impact was therefore $11 million, which is excluded from the underlying ITR calculation.

Operating expenses

Excluding ESL and TEPL impact, operating expenses increased 2.8% driven by the temporary increase in project spend associated with the Group's strategy, and growth-related expenses. TEPL (Transitional Excess Profits and Losses), includes a profit normalisation mechanism which caps industry and insurer profits in the New South Wales CTP scheme. This has led to recognition of a levy provision (FY22: $49 million), recorded in operating expenses and offset by associated prior year reserve releases.

Managed schemes, joint ventures and other

Suncorp continues to be part of a scheme arrangement with the New South Wales Government receiving revenue as a claims management provider to manage its existing portfolio. Managed fund revenue has declined due to the runoff of certain portfolios. Suncorp continues to participate in tendering of new business for future periods but anticipates some strain over the short-term until volumes recover.

Investment income

Suncorp's primary objective is to optimise investment returns relative to investment risk appetite. This process has regard to capital as well as to immunise, as far as practical, the interest rate and claims inflation risks inherent in the insurance liabilities. Investment grade fixed interest securities and assets with inflation hedging characteristics are key to meeting this objective.

Key market metrics for the year are set out in the table below.

	Jun-22	Jun-21	Jun-22 v Jun-21
3 year bond yield (%)	3.12	0.41	+271bp
5 year breakeven inflation rate (%)	2.72	1.98	+74bp
10 year breakeven inflation rate (%)	2.27	2.06	+21bp
Ausbond credit 0-5 yr index (bp)	125	46	+79bp
Australian fixed interest (Bloomberg composite index)	9,408	10,513	-10.5%
Australian equities (total return)	**77,569**	82,932	-6.5%
International equities (hedged total return)	**2,121**	2,424	-12.5%

Asset allocation

Suncorp continues to invest in line with the Group's risk appetite and the Board approved investment strategy. Portfolio changes continue to reflect implementation of strategic asset allocation and current conservative portfolio positioning. In the Insurance Funds, the proportion of the portfolio allocated to corporate bonds increased by 4% over the half, offset by a decrease in commonwealth-government and semi-government bonds. The allocation to inflation linked bonds increased by 3% over the half primarily as a result of tactical repositioning towards physical securities within manager portfolios. In the Shareholders' funds, allocation to global equities was reduced during 2H22 as markets experienced heightened levels of volatility and uncertainty. A phased implementation of the global convertible bond asset class was completed during the second half of the year, resulting in a more diversified growth asset portfolio. Over the next 18 months, capital is expected to be deployed across unlisted infrastructure and property. Currently, the portfolio is holding elevated levels of cash. Five percent of shareholders' funds is targeted to impact investing which includes Green Bonds, Renewable Energy Infrastructure and Social Impact.

	Half Year Ended							
	Jun-22		Dec-21		Jun-21		Dec-20	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	326	3	450	5	282	3	417	4
Inflation-linked bonds	1,948	20	1,746	17	2,245	21	2,314	23
Corporate bonds	7,133	73	7,134	69	6,700	64	6,137	61
Semi-Government bonds	116	1	224	2	219	2	169	2
Commonwealth Government bonds	326	3	757	7	1,081	10	951	10
Total Insurance funds	**9,849**	**100**	10,311	100	10,527	100	9,988	100
Shareholders' funds								
Cash and short-term deposits	516	14	351	10	263	8	283	8
Australian interest-bearing securities	1,628	43	1,545	45	1,503	45	1,559	48
Global interest-bearing securities (hedged)	861	23	843	24	815	24	840	26
Equities	355	9	568	16	525	16	325	10
Infrastructure and property	200	5	168	5	244	7	259	8
Convertible bonds	242	6	-	-	-	-	-	-
Total shareholders' funds	**3,802**	**100**	3,475	100	3,350	100	3,266	100
Total	**13,651**		13,786		13,877		13,254	

Credit quality

The increased exposure to AAA rated securities is primarily the result of a higher allocation to cash instruments. The reduced allocation to A rated securities is due to the combined effect of rating changes and investment manager positioning.

	Jun-22	Dec-21	Jun-21	Dec-20
Rating	%	%	%	%
AAA	46.1	42.5	42.6	41.4
AA	14.5	14.0	14.9	18.9
A	19.2	22.4	20.2	18.6
BBB	20.2	21.1	22.3	21.1
	100.0	100.0	100.0	100.0

Duration

The interest rate duration of the insurance funds continues to closely match the duration of insurance liabilities, which comprise of outstanding claims and premium liabilities. The interest rate duration of the shareholders' funds has increased in 2H22 due to the addition of the global convertibles portfolio.

	Jun-22	Dec-21	Jun-21	Dec-20
	Years	Years	Years	Years
Insurance funds				
Interest rate duration	2.5	2.5	2.4	2.6
Credit spread duration	1.4	1.4	1.4	1.4
Shareholders' funds				
Interest rate duration	1.7	1.5	1.6	1.7
Credit spread duration	2.4	2.4	2.5	2.4

Investment performance

Total investment loss on insurance funds and shareholders' funds was $590 million, representing an annual return of -4.3% for the year.

Insurance funds

Investment loss on insurance funds was $400 million, representing an annual return of -3.9%. This reflects losses from rising government bond yields and widening of credit spreads partly offset by gains from an increase in breakeven inflation.

Underlying yield

The underlying yield income was $163 million, representing an annualised return of 1.6%, reflecting higher risk-free yields and credit spreads earnt on assets. The underlying yield income reflects the investment loss of $400 million adjusted for the following market valuation impacts:

- Losses of $564 million due to an increase in risk-free rates.
- Losses of $79 million due to a widening of credit spreads.
- Gains of $81 million due to an increase in breakeven inflation.

Adjustment to ITR for investment market volatility

Consistent with prior periods, an adjustment has been made to the ITR to normalise the impact of investment market volatility.

The adjustment has three parts, as follows:

- Risk free rates: For insurance funds, a key objective is to match the overall risk-free interest rate sensitivity of the insurance claims liabilities. The residual net unfavourable impact of $87 million in FY22 represents the impact from the asset and liability mismatch. This is added to the ITR.
- Credit spreads: the $79 million unfavourable impact due to the widening of credit spreads is added to the ITR.
- Inflation-linked bonds: the $81 million favourable impact from breakeven inflation is deducted from the ITR.

The combined impact of these adjustments to ITR is positive $86 million.

As noted on page 18, following external feedback, the adjustment to ITR related to market rate movement on premium liabilities has now been removed from the underlying ITR calculation.

Shareholders' funds

Investment loss on shareholders' funds was $190 million, representing an annual return of -5.3%, driven by short-term mark-to-market losses from rising government bonds yields, widening credit spreads and losses from equities and global convertible bonds, partially offset by gains in infrastructure and property.

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	-	1	n/a	-	-	-	1	n/a	n/a
Interest-bearing securities and other	(400)	242	n/a	(377)	(23)	26	216	n/a	n/a
Total	**(400)**	243	n/a	(377)	(23)	26	217	n/a	n/a
Investment income on shareholder funds									
Interest-bearing securities	(141)	25	n/a	(118)	(23)	(11)	36	(413.0)	n/a
Equities	(53)	113	n/a	(87)	34	56	57	n/a	n/a
Infrastructure and property	30	9	233.3	14	16	14	(5)	(12.5)	-
Convertible Bonds	(26)	-	n/a	(26)	-	-	-	n/a	n/a
Total	**(190)**	147	n/a	(217)	27	59	88	n/a	n/a
Total investment income	**(590)**	390	n/a	(594)	4	85	305	n/a	n/a

Suncorp Bank

Suncorp Bank provides lending, deposit and transaction account services to personal, SME, commercial and agribusiness customers. On 18 July, Suncorp announced it has signed a share sale and purchase agreement with Australia and New Zealand Banking Group Limited to sell its Banking business, following a comprehensive and strategic review. The sale is subject to a number of approvals with a target completion by the second half of the calendar year 2023. The sale of Suncorp's Wealth business to LGIAsuper was completed on 31 March 2022.

During the year the Bank announced its 'Create a Brighter Future' ambition, underpinned by two pillars of sustainability and wellbeing. Suncorp Bank was also recognised as Money Magazine's Bank of the Year for the fifth consecutive year.

Suncorp Bank result overview

Profit After Tax $368 million

↓12.2% on the pcp

Strong volume growth was offset by higher strategic investment spend and reduced operating income from margin compression.

NIM 1.93%

↓14 basis points on the pcp

Ongoing competitive pressure, compression in fixed rate margins, higher fixed rate lending mix and increased liquid assets, partly offset by strategic deposit repricing.

Other operating income $3 million

↓$36 million on the pcp

Driven by unrealised mark-to-market losses on interest rate risk management hedges and the removal of some customer fees in the middle of FY21. Break fees on fixed loans were re-classified from other operating income to net interest income effective January 2021, contributing to the reduction compared to the pcp.

Operating expense $736 million

↑0.7% on the pcp

Increased strategic investment and personnel costs to support volume growth, partly offset by branch optimisation benefits and lower technology spend.

Cost-to-income ratio 59.0%

↑190 basis points on the pcp

Driven by one-off unrealised mark-to-market losses and an increase in operating expense from strategic investment. Normalising for these factors, the ratio reduces to 57.5%.

Total lending $62.1 billion ↑ 7.8% on the pcp

The Bank made strong progress on its strategic initiative to Win in Home, growing the home portfolio 9.0% over the year and gaining market share in the second half. Aligned to the "Create a Brighter Future" ambition, the Bank introduced a solar home bonus offer for new and existing customers and launched a "green upgrades" loan for eligible eco-friendly home improvements. Business lending grew 3.7%, predominantly driven by commercial lending growth on the back of a buoyant property market.

Total customer funding $48.1 billion ↑ 15.9% on the pcp

The Bank continues to provide Seamless Everyday Banking. The at-call transaction portfolio ($20.8 billion, up 20.6% on the pcp) is supported by a strong digital offering after finalising migration to the Suncorp App. In FY22, the bank launched Paylater to provide customers payment flexibility and received both Canstar and Mozo awards for offering outstanding value in transaction accounts.

Net impairment release $14 million

↓ $35 million on the pcp

Driven by a $15 million reduction in the collective provision at the half year. The provision remains prudently calibrated at $180m despite further improvement in the risk profile in the second half.

Past due loans $327 million, 0.53% GLA

↓$223 million or ↓40.5% on the pcp

Home lending past due loans not impaired, down $210 million to $264 million underpinned by successful COVID-19 temporary loan deferral assistance and a buoyant housing market which assisted voluntary property sales.

CET1 Ratio 9.08% NSFR 138% LCR 142%

The Bank maintained strong capital, funding and liquidity metrics. Following APRA's announcement in 1H22 that the Committed Liquidity Facility (CLF) limits will not be available beyond December 2022, the Bank reduced its CLF limit from $3.9 billion to $1.0 billion on 30 June 2022 and will reduce to zero on 1 January 2023.

Profit contribution and key ratios

	Full Year Ended Jun-22 $M	Full Year Ended Jun-21 $M	Jun-22 v Jun-21 %	Half Year Ended Jun-22 $M	Half Year Ended Dec-21 $M	Half Year Ended Jun-21 $M	Half Year Ended Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Banking									
Net interest income	1,245	1,242	0.2	624	621	624	618	0.5	-
Net other operating income									
Net banking fee income and commission	2	14	(85.7)	-	2	2	12	n/a	n/a
Gain on derivatives and other financial instruments	(4)	21	n/a	(13)	9	12	9	n/a	n/a
Other revenue	5	4	25.0	2	3	2	2	(33.3)	-
Total other operating income	**3**	39	(92.3)	**(11)**	14	16	23	n/a	n/a
Total income	**1,248**	1,281	(2.6)	**613**	635	640	641	(3.5)	(4.2)
Operating expenses	(736)	(731)	(0.7)	(370)	(366)	(369)	(362)	(1.1)	(0.3)
Profit before impairment losses on financial assets	**512**	550	(6.9)	**243**	269	271	279	(9.7)	(10.3)
Impairment release/(loss) on loans and advances	14	49	(71.4)	(2)	16	57	(8)	n/a	n/a
Banking profit before tax	**526**	599	(12.2)	**241**	285	328	271	(15.4)	(26.5)
Income tax	(158)	(180)	12.2	(73)	(85)	(99)	(81)	14.1	26.3
Banking profit after tax	**368**	419	(12.2)	**168**	200	229	190	(16.0)	(26.6)
Wealth profit (loss) after tax	**-**	-	n/a	**1**	(1)	-	-	n/a	n/a
Banking & Wealth profit after tax	**368**	419	(12.2)	**169**	199	229	190	(15.1)	(26.2)

Key ratios	Full Year Ended Jun-22 %	Full Year Ended Jun-21 %	Half Year Ended Jun-22 %	Half Year Ended Dec-21 %	Half Year Ended Jun-21 %	Half Year Ended Dec-20 %
Lending growth	7.83	(0.79)	5.90	1.82	0.41	(1.20)
Customer funding growth	15.91	3.94	7.51	7.81	0.19	3.74
Net interest margin (interest-earning assets)	1.93	2.07	1.90	1.97	2.09	2.04
Cost to income ratio	59.0	57.1	60.4	57.6	57.8	56.5
Impairment release/(losses) to gross loans and advances[1]	0.02	0.09	(0.01)	0.05	0.20	(0.03)
Common Equity Tier 1 ratio	9.08	10.07	9.22	9.91	10.07	10.06
NSFR	138	131	138	132	131	132
LCR[2]	142	159	138	146	153	165

1. Annualised
2. LCR for half-year ended Dec-21 updated to reflect average rate in line with other reported metrics.

Net interest income

Net interest income (NII) of $1.24 billion, increased 0.2% on the pcp, as higher lending balances were mostly offset by a contraction in NIM.

	%
FY21 net interest margin	**2.07**
Lending pricing	(0.17)
Lending mix	(0.07)
Liquid assets	(0.10)
Customer deposit pricing and wholesale funding cost	0.20
FY22 net interest margin	**1.93**

NIM decreased 14 basis points over the financial year to 1.93%. The key drivers of the decline include:

— Lending pricing accounted for a 17 basis points reduction in NIM, primarily due to reduced margins on variable and fixed home lending and the impact of repricing existing customer loans driven by significant competition in market. The Bank remained competitive in pricing, without leading the market. Pricing was further impacted by the rise in Bank Bill Swap (BBSW) rates in anticipation of RBA rate increases towards the end of the financial year.

— Lending mix changes accounted for a 7 basis points decline in NIM, due to an increase in the proportion of lower margin fixed loans from 25% of the portfolio in FY21 to 35% in FY22. Fixed rate loans as a proportion of new business over the year were 36%, down from 38% in the pcp. However, this reduced significantly throughout the second half, ending at 6% in the month of June.

— Liquid assets increased, causing a 10 basis points NIM reduction primarily driven by an increase in high quality liquid assets (HQLA), partly offset by higher yields on the portfolio. The Bank reduced its CLF limit from $3.9 billion to $1.0 billion across this year, which contributed 9 basis points to this reduction, noting this change has had minimal impact on NII.

— Improved customer deposit margins and reduced wholesale funding costs added 20 basis points. This was driven by active management of customer pricing in the savings and retail term deposits book and lower wholesale funding margins on new issues relative to maturing deals.

Average interest earning assets increased $4.3 billion or 7.1% on the pcp to $64.3 billion, driven by:

— Gross loans and advances: increased $0.8 billion or 1.6% on the pcp to $53.9 billion (compared to 7.8% growth on spot balance) driven by an increase in home lending, partly offset by the decline in business lending and personal lending as the latter portfolio is in run off post the February 2021 announcement that it would be discontinued. Business lending average balances were lower as growth mostly occurred in the last quarter.

— Trading and investment securities: increased $3.4 billion or 48.9% on the prior half to $10.4 billion. The Bank increased HQLA predominantly to replace the CLF facility.

Other operating income

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income and commission	2	14	(85.7)	-	2	2	12	n/a	n/a
Gain/(loss) on derivatives and other financial instruments	(4)	21	n/a	(13)	9	12	9	n/a	n/a
Other revenue	5	4	25.0	2	3	2	2	(33.3)	-
Total other operating income	**3**	39	**(92.3)**	**(11)**	14	16	23	**n/a**	**n/a**

Total other operating income was $3 million, a decrease of 92.3% on the pcp due to:

— A decrease in banking fees from the movement of fixed loan break fees into net interest income effective 1 January 2021, representing $6 million of the decrease compared to the pcp.

— Other contributing factors to the decline in banking fees include increased payments related processing fees, increased home lending trail commissions associated with the growth in the home lending portfolio and the removal of some customer fees in the middle of FY21. This was partly offset by increased business lending fees and revenue from the merchant business.

— Gains on derivatives and other financial instruments were materially lower primarily due to unrealised losses on interest rate swaps utilised to hedge balance sheet risk. The losses were due to recent material increases in market rates and are expected to unwind next financial year. Gains from the sale of liquid assets also reduced.

Operating expenses

Total operating expenses of $736 million increased 0.7% on the pcp primarily driven by increases in strategic investment to enable scalability and efficiencies for future lending growth. High application volumes have led to increases in personnel costs to meet demand and market expectations around "Time to Yes". The cost increases were partly offset by reductions in branch numbers and some third-party costs.

The cost to income ratio increased to 59.0%, up from 57.1% in the pcp. If the cost to income ratio is normalised for strategic investment and unrealised mark-to-market losses impacting operating income, the ratio reduces to 57.5% or 58.6% in 2H22.

Loan impairment expense

Impairment releases/(losses) on loans and advances

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	15	60	(75.0)	-	15	60	-	n/a	n/a
Specific provision for impairment	1	(10)	n/a	(1)	2	(3)	(7)	n/a	66.7
Actual net write-offs	(2)	(1)	(100.0)	(1)	(1)	-	(1)	-	n/a
Impairment releases/(losses)	**14**	49	**(71.4)**	**(2)**	16	57	(8)	**n/a**	**n/a**
Impairment releases/(losses) to gross loans and advances (annualised)	0.02%	0.09%	-	(0.01%)	0.05%	0.20%	(0.03%)		

The underlying risk profile of the portfolio has improved since June 2021 due to the improvement in economic conditions and strong property markets, which drove a collective provision release of $15 million over 1H22. However, the forecast economic outlook contains downside risks and model assumptions have been strengthened accordingly, resulting in a flat collective provision over the 2H22. The collective provision remains prudently calibrated.

The Bank reported net impairment releases of $14 million, representing 2 basis points of gross loans and advances (annualised).

Bank Balance Sheet

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Housing loans - term[1]	44,838	42,334	40,675	39,347	5.9	10.2
Housing line of credit	778	872	1,022	1,107	(10.8)	(23.9)
Securitised housing loans and covered bonds	4,598	4,086	4,374	5,270	12.5	5.1
Total housing loans	**50,214**	47,292	46,071	45,724	6.2	9.0
Personal loans	67	93	122	151	(28.0)	(45.1)
Retail loans	**50,281**	47,385	46,193	45,875	6.1	8.8
SME[2]	2,641	2,716	2,738	2,779	(2.8)	(3.5)
Commercial[2]	4,884	4,406	4,404	4,637	10.8	10.9
Agribusiness	4,267	4,106	4,228	4,039	3.9	0.9
Total business loans	**11,792**	11,228	11,370	11,455	5.0	3.7
Total lending	**62,073**	58,613	57,563	57,330	5.9	7.8
Provision for impairment	(217)	(219)	(239)	(304)	0.9	9.2
Total loans and advances	**61,856**	58,394	57,324	57,026	5.9	7.9
Geographical breakdown - Total lending						
Queensland	29,195	28,053	28,020	28,224	4.1	4.2
New South Wales	17,388	16,266	15,771	15,582	6.9	10.3
Victoria	8,516	7,749	7,393	7,171	9.9	15.2
Western Australia	4,048	3,769	3,686	3,677	7.4	9.8
South Australia and other	2,926	2,776	2,693	2,676	5.4	8.7
Outside of Queensland loans	**32,878**	30,560	29,543	29,106	7.6	11.3
Total lending	**62,073**	58,613	57,563	57,330	5.9	7.8

1. Housing loans for all periods restated to include "other lending", bringing the disclosure in line with the quarterly APS330 regulatory

2. Commercial and SME balances for all periods have been split and restated

Home lending

A strong turnaround in home lending achieved growth of $4.1 billion, driven by higher new business volumes, improved customer experiences and faster turnaround times.

The Bank maintained record high lodgement and settlement volumes across FY22, up 30.5% and 65.3% respectively. Record inflows were partially offset by elevated outflows (up 12.3% on the pcp), driven by higher property sales and refinances. Although the volume of external refinances increased, the Bank outperformed system and achieved a positive net refinance rate across the year.

Growth momentum continued to build over the year, with 1.3 times system growth recorded. Overall, home lending grew ahead of system in FY22 and gained 4.8 basis points of market share against competitors.

The Bank continued to improve its home lending processes and technology with targeted investment in automation and digitisation initiatives which improved efficiency of the origination process and delivered improved broker and customer experiences.

The Bank delivered a material improvement to its turnaround time, while simultaneously assessing significantly higher lodgements, increasing from $17.8 billion in FY21 to $23.2 billion in FY22. The median turnaround time was 11 working days for FY22, an improvement of approximately 5 working days from the pcp (Australian Finance Group reported turnaround time). The result was assisted by the continued delivery of productivity enhancements including process simplification and technology enhancements that increased assessor productivity.

Home lending portfolio metrics

	Jun-22 %	Jun-21 %
Owner-occupier proportion of total portfolio	73	72
Investor proportion of total portfolio	27	28
Principal and interest proportion of total portfolio	88	86
Interest only proportion of total portfolio	12	14
Variable rate	69	73
Fixed rate	31	27
Broker originated	70	68
Direct originated	30	32
Proportion of total portfolio with LVR < 80%	86	82
Portfolio dynamic LVR[1]	54	59
Proportion of total portfolio covered by LMI[2]	24	28

1. Prior year dynamic LVR restated
2. Lenders mortgage insurance

Home lending origination metrics

	Jun-22 %	Jun-21 %
Owner-occupier proportion of new business	71	74
Investor proportion of new business	29	26
Principal and interest proportion of new business	85	84
Interest only proportion of new business	15	16
Variable rate	64	62
Fixed rate	36	38
Broker originated	76	67
Direct originated	24	33
Proportion of new business with LVR < 80%	87	79
Proportion of new business covered by LMI (1)	13	19

1. Lenders mortgage insurance

The Bank continues to maintain a high quality and conservatively positioned home lending portfolio. The portfolio dynamic LVR decreased to 54% in FY22 driven by house price growth, lower LVR origination mix and elevated customer repayments.

The proportion of fixed rate new business in FY22 was above long-term averages, driven by market dynamics and customer preferences to lock in historically low fixed interest rates. The mix of fixed rate new business reduced over the second half of FY22, with proportion of fixed rate new business falling to 6% in June.

Home lending portfolio geographic profile

	Jun-22 %	Jun-21 %
Queensland	44	46
New South Wales	29	28
Victoria	14	13
Western Australia	8	8
Other	5	5

The Bank maintains a strong geographic presence in Queensland, while the broker network continues to drive diversification across other states, particularly in New South Wales and Victoria. The Bank expanded its Business Development Manager footprint across these States to target key broker markets.

Business Banking

Commercial

The commercial portfolio increased 10.9% to $4.9 billion. Construction and development finance lending experienced strong growth, with sound credit quality. The economic recovery and an improvement in confidence within the property investment and construction and development finance portfolios saw pipeline approvals build over 2H22. Growth was driven by new lending in these portfolios and supported by moderation of external refinancing, project completion paydowns and customer-initiated property sales taking advantage of appreciating property values during the year.

The Bank continues to monitor the size and geographic distribution of the portfolio within a range of strict internal limits to ensure ongoing sound credit quality and prudent diversification of the portfolio.

Commercial portfolio breakdown

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Property Investment	2,882	2,555	2,554	12.8	12.8
Construction & Development	586	485	441	20.8	32.9
Hospitality & Accommodation	537	529	573	1.5	(6.3)
Services (Inc. professional services)	293	309	308	(5.2)	(4.9)
Retail	293	220	220	33.2	33.2
Manufacturing & Mining	49	88	132	(44.3)	(62.9)
Other [1]	244	220	176	10.9	38.6
Total $M	**4,884**	**4,406**	**4,404**	**10.8**	**10.9**

1. Excludes SME loans defined as all lending up to $3m Total Business-Related Exposure (TBRE) from the 'SME Comm' Concentration Risk Management Framework (CRMF) ANZSIC segment. Remaining business ($3m TBRE and over) is classified as Commercial.

SME

The SME portfolio declined 3.5% to $2.6 billion. Increased competition from new and existing lenders moderated new business with SMEs looking beyond traditional options to finance their diverse range of needs. Heightened runoff levels within the portfolio were attributed to external refinancing activity (most notably via broker), elevated repayments and customer-initiated property sales as SME customers capitalised on the buoyant property market and implemented strategies to mitigate a rising cost environment.

Recently announced enhancements to the SME lending offering with streamlined application requirements and more flexible terms were well received. There is strong momentum within the business and the lending pipeline continues to grow, with initiatives to reduce "Time to Yes", improve the end-to-end customer journey and make doing business easier.

SME portfolio breakdown[1]

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Property Investment	581	625	630	(7.0)	(7.8)
Hospitality & Accommodation	290	272	301	6.6	(3.7)
Retail	238	245	219	(2.9)	8.7
Construction & Development	291	244	246	19.3	18.3
Manufacturing & Mining	158	163	137	(3.1)	15.3
Services (Inc. professional services)	872	923	986	(5.5)	(11.6)
Other [2]	211	244	219	(13.5)	(3.7)
Total $M	**2,641**	**2,716**	**2,738**	**(2.8)**	**(3.5)**

1. SME lending defined as all lending up to up to $3m Total Business-Related Exposure (TBRE) from the 'SME Comm' CRMF ANZSIC segment. Remaining business ($3m TBRE and over) is classified as Commercial.

2. Includes a portion of small business loans, with limits below $1 million, that are not classified.

Agribusiness

The agribusiness portfolio grew 0.9% to $4.3 billion, with higher disbursements supressing the continued uplift in external refinances and repayments. New business was driven by restocking, property purchase activity and Suncorp's support of several customers through their expansion journey.

Agribusiness customers have benefited from rising Australian commodity prices which have remained elevated across most sectors coupled with a buoyant rural property market and low interest rate environment. In addition, significant and widespread rainfall has occurred across the eastern states, with storms and flooding in many areas. While this has negatively impacted winter crop harvesting, the sector has benefitted as river systems and water storage return to full capacity with flow on effects to support summer cropping and livestock industry performance.

Agribusiness portfolio breakdown

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Beef	1,963	1,889	1,860	3.9	5.5
Grain & Mixed Farming	1,067	985	1,099	8.3	(2.9)
Sheep & Mixed Livestock	342	329	338	4.0	1.2
Cotton	341	328	338	4.0	0.9
Sugar	85	82	85	3.7	-
Fruit	128	164	127	(22.0)	0.8
Other	341	329	381	3.6	(10.5)
Total $M	**4,267**	**4,106**	**4,228**	3.9	0.9

The agribusiness portfolio has benefited from favourable seasonal conditions over the past two years following a sustained period of drought. This has been particularly evident in the beef portfolio with major restocking and land purchases driving 5.5% growth over the full year.

Portfolio runoff rates through the year are being supported by competitive market conditions and elevated refinancing through a growing Queensland based broker network.

Funding and deposits

The Bank continues to maintain a conservative approach to managing liquidity and funding risk to provide a sustainable funding profile and support balance sheet growth.

The Bank's key funding and liquidity management strategies include:

- Continued focus on the Bank's stable deposit base by growing MFI customer relationships.
- Maintaining a sustainable and diversified funding base across a range of long-term wholesale markets.
- Minimising the impact of market volatility by maintaining a smooth profile of long-term wholesale funding maturities, with an appropriate weighted average tenor. This includes the CLF removal throughout the 2022 calendar year and managing the Term Funding Facility (TFF) maturities in FY23-FY24.
- Managing HQLA of over 100% of net cash outflows, under various stress scenarios.

Funding composition

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Customer funding						
Customer deposits						
At-call transactions[1]	20,805	19,449	17,248	16,545	7.0	20.6
At-call savings	15,832	16,949	16,180	15,888	(6.6)	(2.2)
Term deposits	11,488	8,364	8,092	9,010	37.4	42.0
Total customer funding	**48,125**	44,762	41,520	41,443	**7.5**	**15.9**
Wholesale funding						
Domestic funding						
Short-term wholesale	5,319	4,431	4,011	4,127	20.0	32.6
Long-term wholesale	8,543	7,995	7,346	5,776	6.9	16.3
Covered bonds	2,093	2,092	2,091	2,590	0.0	0.1
Subordinated notes	600	600	672	672	-	(10.7)
Total domestic funding	**16,555**	15,118	14,120	13,165	**9.5**	**17.2**
Overseas funding[2]						
Short-term wholesale	1,842	1,744	1,763	1,724	5.6	4.5
Long-term wholesale	711	1,400	1,370	1,354	(49.2)	(48.1)
Total overseas funding	**2,553**	3,144	3,133	3,078	**(18.8)**	**(18.5)**
Total wholesale funding	**19,108**	18,262	17,253	16,243	**4.6**	**10.8**
Total funding (excluding securitisation)	**67,233**	63,024	58,773	57,686	**6.7**	**14.4**
Securitisation						
APS 120 qualifying[3]	2,402	1,875	2,165	2,590	28.1	10.9
Total securitisation	**2,402**	1,875	2,165	2,590	**28.1**	**10.9**
Total funding (including securitisation)	**69,635**	64,899	60,938	60,276	**7.3**	**14.3**
Total funding is represented on the balance sheet by:						
Deposits	48,125	44,762	41,520	41,443	7.5	15.9
Borrowings	20,910	19,537	18,746	18,161	7.0	11.5
Subordinated notes	600	600	672	672	-	(10.7)
Total funding	**69,635**	64,899	60,938	60,276	**7.3**	**14.3**
Deposit to loan ratio	**77.5%**	76.4%	72.1%	72.3%		

1. The everyday options sub account was re-classified as 'at-call transactions' from 'at-call savings' customer funding in the second half of the 2021 financial year. Prior periods have been restated.

2. Foreign currency borrowings are hedged back into Australian dollars.

3. Qualifies for capital relief under APS120.

Customer funding

Customer deposits increased 15.9% to $48.1 billion, representing 69.1% of total Bank funding (June-21: 68.1%). The growth was weighted towards at-call transaction accounts, assisted by strong system growth in the first half of FY22 arising from reduced household spending and increased savings as the economy continued to recover from COVID-19 impacts.

At-call transaction deposits grew 20.6% to $20.8 billion, driven by continued growth in transaction accounts and mortgage offset balances supported by customer-focused initiatives including zero account-keeping fees, competitive rates, campaigns, and ongoing development of digital banking functionality. Suncorp Bank 'Paylater' was launched on 23 November 2021, providing customers access to a $1,000 spend limit where purchases are repaid over four instalments. The product has been well received by customers, with 6,000 customer accounts opened since inception.

At-call savings deposits decreased 2.2% to $15.8 billion and term deposits grew 42.0% to $11.5 billion. The mix between these portfolios continues to be optimised as market rate movements created improved conditions for term deposit funding.

The Bank has maintained MFI customer market share in FY22 at 2.4% resulting in 15,054 newly acquired MFI customers compared to 20,900 in the pcp. As the economy and associated spending levels recover from the pandemic, performance has returned to seasonal, and above average growth in Q4. Digital account openings continue to increase, and now account for 74% of new consumer deposit accounts (vs pcp 69%).

Wholesale funding

Wholesale funding of $19.1 billion increased 10.8% over the year, comprising:

- An increase in domestic short-term wholesale funding of 32.6% to $5.3 billion, driven by an increase in negotiable certificate of deposits to assist in funding the CLF removal.
- An increase in domestic long-term wholesale funding of 16.3% to $8.5 billion. This includes $4.1 billion from the Term Funding Facility (TFF), which was unchanged in FY22. The TFF will begin to roll into the lower maturity buckets in FY23 with the first parcel maturing in April 2023.
- A reduction in subordinated notes of 10.7% to $0.6 billion following the July 2021 maturity of floating rate subordinated notes.

Wholesale funding instruments maturity profile[1]

	Short-term $M	Long-term $M	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Maturity								
0 to 3 months	5,337	1,159	6,496	3,847	4,467	4,657	68.9	45.4
3 to 6 months	1,804	262	2,066	3,960	2,330	3,006	(47.8)	(11.3)
6 to 12 months	20	1,509	1,529	1,314	1,717	383	16.4	(10.9)
1 to 3 years	-	8,175	8,175	8,326	8,045	7,035	(1.8)	1.6
3+ years	-	3,244	3,244	2,690	2,859	3,752	20.6	13.5
Total wholesale funding instruments	**7,161**	**14,349**	**21,510**	**20,137**	**19,418**	**18,833**	**6.8**	**10.8**

1. Wholesale funding includes securitisations

Net Stable Funding Ratio and Liquidity Coverage Ratio

The Net Stable Funding Ratio (NSFR) remained above the typical operating range over the year, ending the period at 138%. This was due to continued growth in at-call deposits.

The average Liquidity Coverage Ratio (LCR) over the year was 142%, well above APRA's 100% requirement. The LCR was elevated throughout the year due to the phasing out of the CLF by 31 December 2022. The Bank's liquidity metrics began to normalise following the latest CLF reduction on 1 May 2022.

The Bank has sold down a portion of the alternative liquid assets following the 21 September 2021 APRA CLF announcement but will continue to hold a portfolio of liquid assets available to meet balance sheet requirements and unforeseen cash outflows under a range of market conditions and stress scenarios.

Capital

	%
June 21 CET1 Ratio	10.07
NPAT	1.01
Dividends	(1.23)
Risk weighted asset movement	(0.39)
Regulatory deductions and adjustments	(0.38)
June 22 CET1 Ratio	9.08

The Bank CET1 Ratio declined 99 basis points on the pcp to 9.08%, remaining within albeit at the lower end of the target operating range of 9.00% to 9.50%. The decrease in CET1 is largely attributable to the FY21 and 1H22 dividend payments to the Suncorp Group made in August 2021 and February 2022, partly offset by the $368 million Bank profit after tax contribution. An increase in risk weighted assets drove a reduction of 39 basis points, with this reduction benefitting from 8 basis points of relief from a recent $850 million RMBS issuance.

Credit quality

Impaired assets and non-performing loans

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Gross balances of individually impaired loans						
Retail lending	40	46	47	61	(13.0)	(14.9)
Agribusiness lending	7	12	25	35	(41.7)	(72.0)
Commercial lending[1]	77	88	90	64	(12.5)	(14.4)
SME lending[1]	14	20	18	25	(30.0)	(22.2)
Gross impaired assets	**138**	166	180	185	(16.9)	(23.3)
Impairment provision[2]	(46)	(51)	(57)	(54)	9.8	19.3
Net impaired assets	**92**	115	123	131	(20.0)	(25.2)
Impairment provisions expressed as a percentage of gross impaired assets	**33%**	31%	32%	29%		
Size of gross individually impaired assets						
Less than one million	33	37	36	46	(10.8)	(8.3)
Greater than one million but less than ten million	61	79	101	115	(22.8)	(39.6)
Greater than ten million	44	50	43	24	(12.0)	2.3
Gross impaired assets	**138**	166	180	185	(16.9)	(23.3)
Past due loans not shown as impaired assets	**327**	365	550	514	(10.4)	(40.5)
Gross non-performing loans	**465**	531	730	699	(12.4)	(36.3)
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	166	180	185	170	(7.8)	(10.3)
Recognition of new impaired assets	14	27	54	39	(48.1)	(74.1)
Other movement in impaired assets[3]	(1)	(2)	(3)	(1)	50.0	66.7
Impaired assets which have been reclassed as performing assets or repaid	(41)	(39)	(56)	(23)	(5.1)	26.8
Balance at the end of the full year	138	166	180	185	(16.9)	(23.3)

1. SME has been separated out from Commercial. All prior period balances restated.
2. The impairment provision for Jun-21 and Dec-20 has been restated to exclude the collective provision calculated for impaired assets with a specific provision.
3. Net of increases in previously recognised impaired assets and impaired assets written off.

Gross impaired assets of $138 million decreased $42 million, mainly driven by the agribusiness portfolio.

Retail impaired loans of $40 million declined $7 million, supported by a combination of Customer Assist focussing on late-stage arrears collections, well secured loans, and the strength of the property and labour market. The credit portfolio is yet to reflect signs that the economy is experiencing difficulties driven by higher interest rates and construction input costs.

Agribusiness impairments of $7 million declined $18 million over the year, driven by favourable weather conditions, high commodity prices and a strong property market.

Commercial impaired assets of $77 million reduced $13 million, with successful asset sales involving two large exposures contributing to the decrease, this was partly offset by the impairment of a commercial lending group exposure in the accommodation sector significantly impacted by COVID-19. This portfolio is also yet to reflect signs that the economy is experiencing difficulties driven by higher interest rates and construction input costs.

SME impairments of $14 million decreased $4 million over the year. SME impairments are not concentrated in any industry and include no large single exposures.

Provision for impairment

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 Dec-21 %	Jun-22 v Jun-21 %
Collective provision						
Balance at the beginning of the period	180	195	255	255	(7.7)	(29.4)
(Release)/charge against impairment losses	-	(15)	(60)	-	n/a	n/a
Balance at the end of the period	**180**	**180**	**195**	**255**	**-**	**(7.7)**
Specific provision						
Balance at the beginning of the period	39	44	49	46	(11.4)	(20.4)
Charge against impairment losses	1	(2)	3	7	n/a	(66.7)
Impairment provision written off[1]	(3)	(3)	(8)	(4)	-	62.5
Balance at the end of the period	**37**	**39**	**44**	**49**	**(5.1)**	**(15.9)**
Total provision for impairment - Banking activities	**217**	**219**	**239**	**304**	**(0.9)**	**(9.2)**
General equity reserve[2]						
Balance at the beginning of the period	90	85	76	81	5.9	18.4
Transfer (to)/from retained earnings	(14)	5	9	(5)	n/a	n/a
Balance at the end of the period	**76**	**90**	**85**	**76**	**(15.6)**	**(10.6)**
Pre-tax equivalent coverage	109	129	121	109	(15.8)	(10.3)
Total provision for impairment and general reserve for credit loss - Banking activities	**326**	**348**	**360**	**413**	**(6.4)**	**(9.6)**

Provision for impairment expressed as a percentage of gross loans and advances are as follows:	%	%	%	%
Collective provision	0.29	0.31	0.34	0.44
Specific provision	0.06	0.07	0.08	0.09
Total provision	0.35	0.38	0.42	0.53
General equity coverage	0.17	0.22	0.21	0.19
Total provision and general equity coverage	0.52	0.60	0.63	0.72

[1] Includes immaterial unwind of discount of less than $1m.
[2] This general equity reserve replaces the ERCL established under APS220 prior to 1 January 2022 – refer further commentary below.

The total provision for impairment and general reserve for credit loss was $326 million, a reduction of 9.6% or $34 million on the pcp. The total provision and general equity coverage was 52 basis points of gross loans and advances, reducing 11 basis points from June 2021 and 20 basis points from the COVID-19 peak, although up 7 basis points from the pre-COVID level in December 2019. The key drivers include:

— The collective provision reduced by 7.7% or $15 million to $180 million. This reduction largely reflects the improved credit risk profile of the portfolio since June 2021 from improving economic conditions and strong property markets.

— The specific provision reduced 15.9% or $7 million to $37 million. The reduction mainly occurred in Agribusiness due to favourable weather and high commodity prices.

— Following removal of the Equity Reserve for Credit Losses (ERCL) requirement in prudential standard APS220 from 1 January 2022, the general equity reserve has been established in its place. The general reserve will be maintained at this level ($76 million) pending further consideration of its future treatment.

Gross non-performing loans coverage by portfolio

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 Dec-21 %	Jun-22 Jun-21 %
Retail Lending						
Past due loans	264	317	474	436	(16.7)	(44.3)
Impaired assets	40	46	47	61	(13.0)	(14.9)
Specific provision	8	8	8	9	-	-
Collective provision	7	9	14	18	(22.2)	(50.0)
Total provision coverage[1]	**4.9%**	4.7%	4.2%	5.4%	4.3	16.7
Agribusiness Lending						
Past due loans	33	17	32	36	94.1	3.1
Impaired assets	7	12	25	35	(41.7)	(72.0)
Specific provision	1	1	5	8	-	(80.0)
Collective provision	5	6	11	12	(16.7)	(54.5)
Total provision coverage[1]	**15.0%**	24.1%	28.1%	28.2%	(37.8)	(46.6)
Commercial Lending[2]						
Past due loans	18	13	21	17	38.5	(14.3)
Impaired assets	77	88	90	64	(12.5)	(14.4)
Specific provision	21	21	23	21	-	(8.7)
Collective provision	13	14	19	6	(7.1)	(31.6)
Total provision coverage[1]	**35.8%**	34.7%	37.8%	33.3%	3.2	(5.3)
SME Lending[2]						
Past due loans	12	18	23	25	(33.3)	(47.8)
Impaired assets	14	20	18	25	(30.0)	(22.2)
Specific provision	7	9	8	11	(22.2)	(12.5)
Collective provision	3	7	8	8	(57.1)	(62.5)
Total provision coverage[1]	**38.5%**	42.1%	39.0%	38.0%	(8.6)	(1.3)

1. Calculated as: (Specific provision + Collective provision Stage 3) / (Past due loans + Impaired assets).
2. SME has been separated out from Commercial. All prior period balances restated.

Retail lending past due loans of $264 million reduced $210 million on the pcp, or from 1.03% to 0.53% of the portfolio. This was underpinned by continued momentum in the cohort of customers exiting hardship arrangements and returning to performing status, following earlier COVID-19 temporary loan deferral assistance. Customers with non-performing loans have benefitted from a buoyant and strong property market by taking advantage of higher property prices and repaying their loans.

Agribusiness past due loans of $33 million were flat on the pcp, but impaired assets reduced by $18 million over the year, supported by favourable regional weather conditions and high commodity prices resulting in property sales and strong refinance activity. This, together with an improving dynamic LVR profile for the portfolio and a more favourable outlook for property prices, accounts for the lower provision coverage at 15% versus 28% in the pcp.

Expected Credit Loss

Following the onset of the COVID-19 pandemic, the Bank materially increased its Expected Credit Loss (ECL) given the adverse macroeconomic outlook at the time.

The Bank calculates the ECL by considering a distribution of economic outcomes around a central underlying scenario, with the distribution of outcomes reflecting the Bank's view of the likelihood of more adverse outcomes. This approach ensures that the asymmetry of credit losses is captured, as required by accounting standards (that is, the negative impact of an economic downturn on credit losses tends to be greater than the positive impact of an economic upturn).

The key assumptions utilised in the Bank's calculation of ECL are residential property prices, commercial property prices and unemployment rates. The outlook for these variables is reviewed regularly and the latest outlook is reflected in the ECL in June 2022. As an example of the downside allowance in the model, although the central outlook sees residential property prices falling by 8.1% over FY23/FY24, the weighted average fall is 14.7% and there is a 14% probability that property price falls will exceed 25%.

Notwithstanding continued improvement in macroeconomic conditions, downside risk remains. The uncertainty from COVID-19 disruptions seems to have reduced, however the commencement of global monetary policy tightening, including from the RBA adds a new element of uncertainty to the macroeconomic outlook.

Key assumptions are presented in the table below.

	Weighted average model assumption	
	FY23	FY24
	%	%
Property prices - residential - annual change	(11.5)	(3.6)
Property prices - commercial - annual change	(1.8)	(4.7)
Unemployment rate[1]	3.8	4.4

1. Unemployment rate reflects the rate as at June 2023 and June 2024. The probability of default (PD) is driven by combinations of variables relevant for each portfolio, such as unemployment and property prices. These combinations form an Economic Cycle indicator for which there is a distribution of outcomes. As such, a weighted unemployment rate is not a direct model input.

The ECL has reduced $15 million over the year, to $180 million. This reduction largely reflects the improved credit risk profile of the portfolio since June 2021 due to improving economic conditions and strong property markets. The ECL of $180 million incorporates the following:

— The modelled collective provision.

— Various management overlays, including a separate economic overlay reflecting the ongoing uncertainty, as well as overlays to reflect general uncertainty in modelling of this nature.

Wealth

Profit contribution

The sale of Suncorp's Wealth business, Suncorp Portfolio Services Limited (SPSL), to LGIAsuper (LGIA), was successfully completed on 31 March 2022. The final consideration value was $55 million.

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Underlying profit after tax	-	-	n/a	1	(1)	-	-	n/a	n/a
Profit attributed to shareholders	-	-	n/a	1	(1)	-	-	n/a	n/a

Suncorp New Zealand

Note: All figures and commentary in the New Zealand section are displayed in New Zealand dollars (NZD) unless otherwise specified.

Suncorp New Zealand (SNZ) represents Suncorp's operations within New Zealand. SNZ includes Vero Insurance New Zealand, Vero Liability, Asteron Life, AA Insurance and AA Finance and operates an end-to-end business with local functions across the value chain. General and Life Insurance products are manufactured internally and distributed via intermediaries. General and Life Insurance is also underwritten and white-labelled via corporate partners. Joint ventures and a Life distribution arrangement with the New Zealand Automobile Association offer solutions manufactured and sold directly to customers.

Result overview (NZD)

New Zealand PAT $165 million ↓23.3% on the pcp

Suncorp New Zealand continues to make good progress on key strategic priorities of Growing Brands and Strategic Partnerships, delivering Best in Class Claims and Digitising and Automating. During the year, strong top-line growth was offset by higher natural hazard costs, as well as lower investment returns.

General Insurance PAT $150 million ↓15.3% on the pcp ITR 13.3%

Reported ITR was supported by strong top-line growth but impacted by adverse investment market impacts and elevated natural hazard experience.

GWP $2,133 million ↑14.1% on the pcp

Intermediated and direct channels recorded strong growth through a combination of unit growth and targeted pricing increases to offset inflationary pressures on claims.

Investment loss[1] $30 million

General Insurance investment income was materially impacted by rising bond yields leading to mark-to-market losses in fixed interest investments while volatility in equity markets also reduced investment income on shareholder funds.

Net incurred claims $1,013 million ↑17.2% on the pcp

Higher working claims costs driven by unit growth, inflationary pressures and a number of large property fire claims, partially offset by a COVID-19 related reduction in motor claims frequency seen in the first half of the year.

Natural hazard claims $107 million ↑27.4% on the pcp

$45 million above the allowance and $23 million above the pcp.

Operating expenses $504 million ↑7.2% on the pcp

Operating expense ratio 28.7%

General Insurance operating expense ratio improved driven by strong premium growth. The increase in operating expenses was driven by growth related costs and an increase in strategic investment spend.

Life Insurance PAT $15 million ↓60.5% on the pcp

In-force premium grew by 3.8%, supported by CPI and age-related premium growth. Growth in planned profit margins and favourable experience was offset by significant adverse market adjustment impacts from interest rate movements.

[1] Investment income = insurance funds + shareholder funds

Profit contribution (NZD)

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	vs Dec-21	v Jun-21
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
General Insurance									
Gross written premium	**2,133**	1,870	**14.1**	**1,081**	1,052	947	923	**2.8**	**14.1**
Gross unearned premium movement	(128)	(64)	(100.0)	(54)	(74)	(31)	(33)	27.0	(74.2)
Gross earned premium	2,005	1,806	11.0	1,027	978	916	890	5.0	12.1
Outwards reinsurance expense	(247)	(234)	(5.6)	(127)	(120)	(119)	(115)	(5.8)	(6.7)
Net earned premium	**1,758**	1,572	**11.8**	**900**	858	797	775	**4.9**	**12.9**
Net incurred claims									
Claims expense	(1,186)	(949)	(25.0)	(607)	(579)	(488)	(461)	(4.8)	(24.4)
Reinsurance and other recoveries revenue	173	85	103.5	89	84	45	40	6.0	97.8
Net incurred claims	**(1,013)**	(864)	**(17.2)**	**(518)**	(495)	(443)	(421)	**(4.7)**	**(16.9)**
Total operating expenses									
Acquisition expenses	(341)	(332)	(2.7)	(167)	(174)	(167)	(165)	4.0	-
Other underwriting expenses	(163)	(138)	(18.1)	(87)	(76)	(73)	(65)	(14.5)	(19.2)
Total operating expenses	**(504)**	(470)	**(7.2)**	**(254)**	(250)	(240)	(230)	**(1.6)**	**(5.8)**
Underwriting result	**241**	238	**1.3**	**128**	113	114	124	**13.3**	**12.3**
Investment income - insurance funds	(8)	3	n/a	(3)	(5)	-	3	40.0	n/a
Insurance trading result	**233**	241	**(3.3)**	**125**	108	114	127	**15.7**	**9.6**
Joint venture and other expense	(1)	(7)	85.7	(2)	1	(6)	(1)	n/a	66.7
General Insurance operational earnings	**232**	234	**(0.9)**	**123**	109	108	126	**12.8**	**13.9**
Investment income - shareholder funds	(22)	10	n/a	(20)	(2)	(1)	11	n/a	n/a
General Insurance profit before tax	**210**	244	**(13.9)**	**103**	107	107	137	**(3.7)**	**(3.7)**
Income tax	(60)	(67)	10.4	(31)	(29)	(30)	(37)	(6.9)	(3.3)
General Insurance profit after tax	**150**	177	**(15.3)**	**72**	78	77	100	**(7.7)**	**(6.5)**
Life Insurance									
Underlying profit after tax	38	42	(9.5)	25	13	20	22	92.3	25.0
Market adjustments	(23)	(4)	(475.0)	(16)	(7)	(11)	7	(128.6)	(45.5)
Life Insurance profit after tax	**15**	38	**(60.5)**	**9**	6	9	29	**50.0**	**-**
New Zealand profit after tax	**165**	215	**(23.3)**	**81**	84	86	129	**(3.6)**	**(5.8)**

Key ratios	%	%		%	%	%	%		
Acquisition expenses ratio	19.4	21.1		18.6	20.2	20.9	21.3		
Other underwriting expenses ratio	9.3	8.8		9.6	8.9	9.2	8.4		
Total operating expenses ratio	**28.7**	**29.9**		**28.2**	**29.1**	**30.1**	**29.7**		
Loss ratio	57.6	55.0		57.6	57.7	55.6	54.3		
Combined operating ratio	86.3	84.9		85.8	86.8	85.7	84.0		
Insurance trading ratio	**13.3**	**15.3**		**13.9**	**12.6**	**14.2**	**16.4**		

Profit contribution (AUD)

	Full Year Ended Jun-22 $M	Jun-21 $M	Jun-22 v Jun-21 %	Half Year Ended Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 vs Dec-21 %	Jun-22 v Jun-21 %
General Insurance									
Gross written premium	1,998	1,741	14.8	994	1,004	880	861	(1.0)	13.0
Gross unearned premium movement	(119)	(60)	(98.3)	(47)	(72)	(29)	(31)	34.7	(62.1)
Gross earned premium	**1,879**	1,681	**11.8**	**947**	932	851	830	**1.6**	**11.3**
Outwards reinsurance expense	(231)	(218)	(6.0)	(117)	(114)	(110)	(108)	(2.6)	(6.4)
Net earned premium	**1,648**	1,463	**12.6**	**830**	818	741	722	**1.5**	**12.0**
Net incurred claims									
Claims expense	(1,111)	(884)	(25.7)	(559)	(552)	(454)	(430)	(1.3)	(23.1)
Reinsurance and other recoveries revenue	162	79	105.1	82	80	42	37	2.5	95.2
Net incurred claims	**(949)**	(805)	**(17.9)**	**(477)**	(472)	(412)	(393)	**(1.1)**	**(15.8)**
Total operating expenses									
Acquisition expenses	(320)	(308)	(3.9)	(155)	(165)	(155)	(153)	6.1	-
Other underwriting expenses	(153)	(129)	(18.6)	(80)	(73)	(68)	(61)	(9.6)	(17.6)
Total operating expenses	**(473)**	(437)	**(8.2)**	**(235)**	(238)	(223)	(214)	**1.3**	**(5.4)**
Underwriting result	226	221	2.3	118	108	106	115	9.3	11.3
Investment income - insurance funds	(8)	3	n/a	(4)	(4)	-	3	-	n/a
Insurance trading result	**218**	224	**(2.7)**	**114**	104	106	118	**9.6**	**7.5**
Joint venture and other expense	-	(7)	n/a	(1)	1	(6)	(1)	n/a	83.3
General Insurance operational earnings	**218**	217	**0.5**	**113**	105	100	117	**7.6**	**13.0**
Investment income - shareholder funds	(20)	9	n/a	(18)	(2)	(1)	10	n/a	n/a
General Insurance profit before tax	**198**	226	**(12.4)**	**95**	103	99	127	**(7.8)**	**(4.0)**
Income tax	(57)	(61)	6.6	(29)	(28)	(27)	(34)	(3.6)	(7.4)
General Insurance profit after tax	**141**	165	**(14.5)**	**66**	75	72	93	**(12.0)**	**(8.3)**
Life Insurance									
Underlying profit after tax	36	39	(7.7)	23	13	19	20	76.9	21.1
Market adjustments	(22)	(4)	(450.0)	(15)	(7)	(11)	7	(114.3)	(36.4)
Life Insurance profit after tax	**14**	35	**(60.0)**	**8**	6	8	27	**33.3**	**-**
New Zealand profit after tax	**155**	200	**(22.5)**	**74**	81	80	120	**(8.6)**	**(7.5)**

Key ratios	%	%	%	%	%	%
Acquisition expenses ratio	19.4	21.1	18.7	20.2	20.9	21.2
Other underwriting expenses ratio	9.3	8.8	9.6	8.9	9.2	8.4
Total operating expenses ratio	**28.7**	**29.9**	**28.3**	**29.1**	**30.1**	**29.6**
Loss ratio	57.6	55.0	57.5	57.7	55.6	54.4
Combined operating ratio	86.3	84.9	85.8	86.8	85.7	84.0
Insurance trading ratio	**13.2**	**15.3**	**13.7**	**12.7**	**14.3**	**16.3**

General Insurance

Gross written premium

GWP by product (NZD)

	Full Year Ended		Jun-22		Half Year Ended			Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Motor	527	460	14.6	268	259	233	227	3.5	15.0
Home	708	616	14.9	368	340	317	299	8.2	16.1
Commercial	865	764	13.2	427	438	381	383	(2.5)	12.1
Other	33	30	10.0	18	15	16	14	20.0	12.5
Total	**2,133**	1,870	**14.1**	**1,081**	1,052	947	923	**2.8**	**14.1**

GWP grew 14.1% on the pcp driven by strong growth across all product classes with Vero intermediated and AA Insurance direct distribution channels recording growth of 12.0% and 19.0% respectively. This reflects the strength of SNZ brands and continued momentum towards achieving its strategic priorities. SNZ market share has grown over the last seven consecutive quarters to 25.4% as at 31 March 2022.[1]

Consumer insurance

Motor and Home GWP increased 14.6% and 14.9% respectively. Strong growth was achieved in both the Vero intermediated channels and AA Insurance, driven by a combination of strong unit growth and premium increases due to inflationary pressures.

Commercial insurance

Commercial GWP grew 13.2%, driven by strong retention, higher written business in the commercial motor portfolio, the inclusion of a new co-insurance arrangement, and rate increases as a pricing response to the current inflationary environment.

Other

Other business which mainly consists of marine pleasure craft contributed GWP of $33 million, up 10.0%.

Customer remediation provisions

SNZ has continued to make progress in remediating customers impacted by incorrect customer discounts or benefits in prior periods. Provisions have been updated during the year to reflect the latest estimated cost to complete the remediation, resulting in a net release of $8 million this year. This includes releases of $5 million recognised against gross written premium, with the remaining $3 million of associated interest costs recognised in the 'Joint venture and other expense' line.

[1] Market share growth data is sourced from the quarterly Insurance Council New Zealand (ICNZ) General Insurance statistical data.

Net incurred claims

Net incurred claims costs of $1,013 million increased 17.2% on the pcp.

Home claims costs were higher than the pcp due to unit growth, higher average claims cost, impacts from elevated levels of natural hazard claims experience and a number of large loss property fires. Average claim costs increased due to supply chain constraints and inflationary pressures in the market across materials and labour particularly with respect to higher value claims.

Motor claims costs increased due to a combination of unit growth and increased average claims cost. This was partially offset by reduced motor claims frequency in the first half of the year, impacted by the COVID-19 lockdown restrictions. Average claims costs increased due to longer repair times as a result of supply chain disruptions together with inflation in parts and labour costs.

Commercial claims costs increased, driven by the impact of large loss claims mainly relating to a small number of commercial property fire claims.

The business continues to focus on automating the claims value chain, emphasising continued simplification and enhancing the digital customer experience.

Natural hazards

NZ Natural Hazard costs (NZD)

Date	Event	Net costs $M
Jul-21	All NZ Heavy Rain	25
Aug-21	North Island Storm	15
Sep-21	All NZ Spring Storm	9
Dec-21	North Island Storm	6
Feb-22	Heavy Rain Buller District	13
Mar-22	Northland / Auckland Storm	5
Total events over $5 million		**73**
Retained natural hazards attritional claims		34
Total natural hazards		**107**
Less: allowance for natural hazards		(62)
Natural hazards costs above / (below) allowance		**45**

Total natural hazards costs of $107 million were $45 million above the allowance, with six events above the $5 million threshold. In addition to this, non-event attritional weather claims of $34 million were incurred for the year.

Outstanding claims provision

Outstanding claims provision breakdown (NZD)

	Actual $M	Net Central Estimate (Discounted) $M	Risk Margin (90th Percentile Discounted) $M	Change In Net Central Estimate[1] $M
Short-tail	361	318	43	9
Long-tail	112	94	18	(3)
Total	**473**	412	61	6

[1] This column is equal to the closing central estimate for outstanding claims (before the impact of a change in interest rates) incurred before the opening balance sheet date, less the opening net central estimate for outstanding claims, plus payments and claims handling expenses, less investment income earned on the net central estimate. Figures in brackets imply there has been a release from outstanding reserves.

The valuation of outstanding claims resulted in a net central estimate increase of $6 million.

There has been an overall $4 million strengthening of best estimate reserves over FY22 relating to the Canterbury earthquakes. As at 30 June 2022, total claims paid for the Canterbury events have reached 99.1% of the ultimate net loss (UNL), with $24 million in claims paid over the year. The only significant exposure remaining relates to the February 2011 Canterbury event, with total claims paid exceeding A$3.5 billion for this event as at 30 June 2022. Due to the reinsurance arrangements for the February 2011 event, Suncorp retains 15 cents in the dollar for claims costs exceeding A$3.4 billion up to A$3.5 billion. Suncorp's retention increases to 33 cents in the dollar once claims costs exceed A$3.5 billion up to A$5.6 billion.

Outstanding claims provisions over time (NZD)

	Half Year Ended				Jun-22	Jun-22
	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	v Dec-21 %	v Jun-21 %
Gross outstanding claims liabilities	775	705	643	611	9.9	20.5
Reinsurance and other recoveries	(302)	(269)	(231)	(246)	(12.3)	(30.7)
Net outstanding claims liabilities	**473**	**436**	**412**	**365**	**8.5**	**14.8**
Expected future claims payments and claims handling expenses	428	388	360	314	10.3	18.9
Discount to present value	(16)	(9)	(4)	(2)	(77.8)	(300.0)
Risk margin	61	57	56	53	7.0	8.9
Net outstanding claims liabilities	**473**	**436**	**412**	**365**	**8.5**	**14.8**
Short-tail	361	319	300	259	13.2	20.3
Long-tail	112	117	112	106	(4.3)	-
Total	**473**	**436**	**412**	**365**	**8.5**	**14.8**

The above table shows the gross and net outstanding claims liabilities and their movement over time. The net outstanding claims liabilities are shown split between the net central estimate, the discount on net central estimate, and the risk margin components. The net outstanding claims liabilities are also shown by major categories of the insurance business.

Risk margins

Risk margins represent approximately 12.9% of net outstanding claims reserves. This gives an approximate level of confidence of 90%.

Operating expenses

Total operating expenses of $504 million were 7.2% higher than the pcp. The operating expense ratio improved on the pcp, reflecting the continued strong top-line growth. Commissions were up on the pcp due to growth partially offset by changes to profit share arrangements. Excluding commissions, other operating expenses were up on the pcp reflecting increased investment in strategic initiatives, as well as resourcing to support top-line growth and maintain service levels.

Investment income

Suncorp's primary objective is to optimise investment returns relative to investment risk appetite. This process inherently has regard to capital and the insurance liabilities that the investment assets are supporting and seeks to substantially offset the associated interest rate risk.

The New Zealand investment portfolio includes insurance funds and shareholders' funds. The insurance funds are matched from an interest rate sensitivity perspective to the technical reserves within the balance sheet. The shareholders' funds support the capital position, whilst maintaining sufficient liquidity to enable the business to meet its commitments.

Asset allocation

Asset allocations within funds remain broadly consistent with the pcp and in accordance with risk appetite.

Asset allocation (NZD)

	Half Year Ended							
	Jun-22		Dec-21		Jun-21		Dec-20	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	297	35	243	32	206	28	189	29
Corporate bonds	496	59	455	60	454	61	417	63
Local government bonds	54	6	57	7	70	10	55	8
Government bonds	1	-	6	1	9	1	2	-
Total Insurance funds	**848**	100	761	100	739	100	663	100
Shareholders' funds								
Cash and short-term deposits	57	13	38	8	63	13	34	8
Interest-bearing securities	204	49	236	52	266	57	257	60
Equities and unit trusts	158	38	178	40	139	30	138	32
Total shareholders' funds	**419**	100	452	100	468	100	429	100
Total	**1,267**		1,213		1,207		1,092	

Credit quality

The average credit rating for New Zealand investment assets remained largely consistent with the pcp.

	Jun-22	Dec-21	Jun-21	Dec-20
	%	%	%	%
AAA	15.4	19.3	16.9	6.6
AA	58.7	50.1	51.7	57.3
A	22.6	26.8	28.0	33.7
BBB	3.3	3.8	3.4	2.4
	100.0	100.0	100.0	100.0

Duration

The interest rate duration of the insurance funds continues to closely match the duration of insurance liabilities, which comprise of outstanding claims and premium liabilities.

	Jun-22	Dec-21	Jun-21	Dec-20
	Years	Years	Years	Years
Insurance funds				
Interest rate duration	1.1	1.3	1.3	1.3
Shareholders' funds				
Interest rate duration	2.2	2.4	2.5	3.0

Investment performance

Investment income (NZD)

	Full Year Ended Jun-22 $M	Jun-21 $M	Jun-22 v Jun-21 %	Half Year Ended Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Investment income on insurance funds									
Cash and short-term deposits	2	1	100.0	1	1	-	1	-	n/a
Interest-bearing securities and other	(10)	2	n/a	(4)	(6)	-	2	33.3	n/a
	(8)	3	**n/a**	**(3)**	(5)	-	3	**40.0**	**n/a**
Investment income on shareholders' funds									
Cash and short-term deposits	1	-	n/a	1	-	-	-	n/a	n/a
Interest-bearing securities	(9)	(1)	n/a	(5)	(4)	(2)	1	(25.0)	(150.0)
Equities and unit trusts	(14)	11	n/a	(16)	2	1	10	n/a	n/a
	(22)	10	**n/a**	**(20)**	(2)	(1)	11	**n/a**	**n/a**
Total investment income	**(30)**	13	**n/a**	**(23)**	(7)	(1)	14	**(228.6)**	**n/a**

Total investment income has been challenged in the current rising yield environment with increases in government bond yields and widening credit spreads resulting in mark-to-market losses for fixed interest portfolios while equity returns have also been impacted by market volatility.

Insurance funds

Investment income on insurance funds was a loss of $8 million, representing an annualised loss of 1.0%, down from a gain of $3 million and 0.4% annualised return in the pcp.

Shareholders' funds

Investment income on shareholders' funds was a loss of $22 million, representing an annualised loss of 5.0%, down from a gain of $10 million and 2.2% annualised return in the pcp.

Life Insurance

The New Zealand Life Insurance business delivered a profit after tax of $15 million, down $23 million on the pcp. Growth in planned profit margins and favourable experience was offset by significant adverse market adjustment impacts from interest rate movements and increased IFRS17 implementation costs compared to the pcp.

Planned profit margins of $34 million were slightly up on the pcp, in-line with underlying growth and long-term profitability.

Net experience profit of $1 million was $4 million below the pcp. Favourable lapse experience was largely offset by adverse claims experience and lower underlying investment income. Claims experience reflects claims volatility across all product groups.

Market adjustments were significantly impacted from the interest rate environment across all durations of policy liabilities and adverse investment income returns through mark-to-market revaluations.

Life New Zealand profit contribution (NZD)

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Planned profit margin	34	33	3.0	17	17	17	16	-	-
Experience	1	5	(80.0)	4	(3)	-	5	n/a	n/a
Other	3	4	(25.0)	4	(1)	3	1	n/a	33.3
Underlying profit after tax	**38**	**42**	**(9.5)**	**25**	**13**	**20**	**22**	**92.3**	**25.0**
Market adjustments	(23)	(4)	(475.0)	(16)	(7)	(11)	7	(128.6)	(45.5)
Net profit after tax	**15**	**38**	**(60.5)**	**9**	**6**	**9**	**29**	**50.0**	**-**

Life risk in-force annual premium by channel (NZD)

	Half Year Ended				Jun-22	Jun-22
	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	$M	$M	%	%
Advised	234	231	228	224	1.3	2.6
Direct	44	44	44	43	-	-
Group and other	21	20	16	16	5.0	31.3
Total	**299**	**295**	**288**	**283**	**1.4**	**3.8**
Total new business	**8**	**10**	**8**	**10**	**(20.0)**	**-**

In-force premium of $299 million, grew 3.8% on the pcp, supported by CPI and age-related premium growth. New business excluding CPI, was in line with the pcp, with growth in the Direct and Group channels largely offset by lower business in the Adviser channel. Adviser activity was significantly impacted by a combination of COVID-19 restrictions in the community and business disruptions from ongoing regulatory and licensing changes. Retention rates continue to be above system.

Glossary

Acquisition expense ratio – general insurance	Acquisition expenses expressed as a percentage of net earned premium.
Suncorp Bank function	Suncorp Bank is focused on lending, deposit gathering and transaction account services to personal, small and medium enterprise, commercial and agribusiness customers. The sale of Suncorp's Wealth business was completed on 31 March 2022.
Basis points (bps)	A 'basis point' is 1/100th of a percentage point.
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, recoverable amount adjustments on intangibles, the profit or loss on divestment and their tax effect.
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period. Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period.
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years.
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years.
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim.
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus the costs of acquiring, writing and servicing the General Insurance business.
Common Equity Tier 1 (CET1)	Common Equity Tier 1 Capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves.
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank.
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities.
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods.
Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables.
Diluted shares	Weighted average number of ordinary shares outstanding during the period, adjusted for potential ordinary shares that are dilutive, in accordance with AASB 133 *Earnings per Share*.
Effective tax rate	Income tax expense divided by profit before tax.
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle, based on guidance provided by APRA.
Emergency services levies (ESL)	The expense levied on premiums for insurance policies, which is recoverable from insurance companies by the applicable State Government. Emergency services levies were established to cover corresponding emergency services charges.

General insurance businesses	General insurance businesses include Insurance Australia's general insurance business and New Zealand's general insurance business. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure, rather than business functions structure.
Gross earned premium	The total premium on insurance earned by an insurer during a specified period on premiums underwritten in the current and previous underwriting years.
Gross non-performing loans	Gross impaired assets plus past due loans.
Gross written premium (GWP)	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium.
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years.
Insurance Australia function	Suncorp's Insurance Australia business provides consumer, commercial and personal injury products to the Australian market. The Suncorp Group is one of Australia's largest general insurers by Gross Written Premium and Australia's largest compulsory third party insurer.
Insurance funds	Insurance funds explicitly back insurance liabilities. They are designed to match the insurance liabilities and are managed separately from shareholders' funds.
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves.
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium.
Life planned profit margin release	Includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time.
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the reporting period).
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period.
Life underlying profit after tax	Net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches.
Liquidity Coverage Ratio (LCR)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario.
Loan-to-value ratio (LVR)	Ratio of a loan to the value of the asset purchased.
Long-tail	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer.
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consists of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities.
Main Financial Institution Customer	A Bank customer that transacts every second day and spends $5,000 over a 90-day period.
Maximum Event Retention	This is an estimate of the largest accumulated property loss (from a single event) to which Suncorp will be exposed (taking into account the likelihood of this event is up to one in 200 years), after netting off any potential reinsurance recoveries.
Net earned premium (NEP)	Net written premium adjusted by the change in net unearned premium for a year.

Net incurred claims	The amount of claims incurred during an accounting period after deducting reinsurance recoveries and non-reinsurance recoveries.
Net interest margin (NIM)	Net interest income divided by average interest earning assets (net of offset accounts). NIM is the percentage difference between revenue earned on interest bearing assets (loans) minus the cost of interest-bearing liabilities (funding).
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest-bearing liabilities.
Net profit after tax (NPAT)	Net profit after tax attributable to owners of Suncorp, derived in accordance with Australian Accounting Standards.
Net Stable Funding Ratio (NSFR)	The NSFR measures the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF is the amount of capital and liabilities that are expected to be a reliable source of funds over a 1-year time horizon. The amount of RSF is based on the liquidity characteristics and residual maturity of assets and off-balance sheet activities. The requirement to maintain an NSFR of at least 100% was introduced on 1 January 2018.
Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period, adjusted for treasury shares.
Suncorp New Zealand function	Suncorp New Zealand distributes consumer, commercial and life insurance products through intermediaries and corporate partners, as well as insurance and personal loans directly to customers via partnerships with the New Zealand Automobile Association.
Operating functions	The Suncorp Group comprises three core businesses— Insurance Australia, Suncorp Bank and Suncorp New Zealand. The operating functions are responsible for product design, manufacturing, claims management, and distribution. The core businesses have end-to-end responsibility for the statutory entities within the Suncorp Group.
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium.
Outstanding claims provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid.
Past due loans	Loans outstanding for more than 90 days.
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period, multiplied by the ordinary dividend per share for the period divided by cash earnings.
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period, multiplied by the ordinary dividend per share for the period divided by profit after tax.
Prescribed capital amount (PCA)	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk, operational risk, combined stress scenario and aggregation benefit as required by APRA.
Profit after tax from functions	The profit after tax for the Insurance Australia, Suncorp Bank and Suncorp New Zealand functions.
Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all, or a share of, certain claims incurred by the insurance company.
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience.
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years.
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years.

Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years.
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds.
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months.
Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA.
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium.
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA.
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries.
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty.
Underlying Insurance Trading Ratio (Underlying ITR)	The insurance trading ratio is adjusted for reported prior year reserve releases and natural hazards claims costs above/below long-run expectations, investment income mismatch and any abnormal expenses.

Appendix A: Group Financial Statements

Consolidated statement of comprehensive income (statutory view)

	Full Year Ended Jun-22 $M	Jun-21 $M	Jun-22 vs Jun-21 %	Half Year Ended Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 vs Dec-21 %	Jun-22 vs Jun-21 %
Revenue									
Insurance premium income	11,132	10,438	6.6	5,593	5,539	5,265	5,173	1.0	6.2
Reinsurance and other recoveries income	2,452	947	158.9	2,022	430	349	598	370.2	479.4
Interest income	1,865	2,035	(8.4)	928	937	978	1,057	(1.0)	(5.1)
Net gains on financial assets and liabilities at fair value through profit or loss	-	230	(100.0)	-	-	(28)	258	n/a	(100.0)
Dividend and trust distribution income	252	80	215.0	203	49	53	27	314.3	283.0
Fees and other income	468	457	2.4	189	279	218	239	(32.3)	(13.3)
Total revenue	**16,169**	**14,187**	**14.0**	**8,935**	**7,234**	**6,835**	**7,352**	**23.5**	**30.7**
Expenses									
Claims expense	(8,786)	(7,328)	19.9	(4,909)	(3,877)	(3,426)	(3,902)	26.6	43.3
Outwards reinsurance premium expense	(1,357)	(1,228)	10.5	(729)	(628)	(608)	(620)	16.1	19.9
Underwriting expense	(2,371)	(2,276)	4.2	(1,153)	(1,218)	(1,172)	(1,104)	(5.3)	(1.6)
Interest expense	(385)	(530)	(27.4)	(197)	(188)	(225)	(305)	4.8	(12.4)
Net losses on financial assets and liabilities at fair value through profit or loss	(1,179)	-	n/a	(1,033)	(146)	-	-	n/a	n/a
Impairment release (loss) on loans and advances	14	49	(71.4)	(2)	16	57	(8)	n/a	n/a
Impairment loss on goodwill and other intangible assets	-	(9)	(100.0)	-	-	-	(9)	n/a	n/a
Amortisation and depreciation expense	(207)	(229)	(9.6)	(108)	(99)	(114)	(115)	9.1	(5.3)
Fees, overheads and other expenses	(1,016)	(940)	8.1	(553)	(463)	(470)	(470)	19.4	17.7
Outside beneficial interests in managed funds	(45)	(187)	(75.9)	13	(58)	(94)	(93)	n/a	n/a
Total expenses	**(15,332)**	**(12,678)**	**20.9**	**(8,671)**	**(6,661)**	**(6,052)**	**(6,626)**	**30.2**	**43.3**
Profit before income tax	837	1,509	(44.5)	264	573	783	726	(53.9)	(66.3)
Income tax (expense) benefit	(138)	(461)	(70.1)	34	(172)	(235)	(226)	n/a	n/a
Profit for the financial year	**699**	**1,048**	**(33.3)**	**298**	**401**	**548**	**500**	**(25.7)**	**(45.6)**
Profit for the period attributable to:									
Owners of the Company	681	1,033	(34.1)	293	388	543	490	(24.5)	(46.0)
Non-controlling interests	18	15	20.0	5	13	5	10	(61.5)	-
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	(183)	6	n/a	(162)	(21)	2	4	n/a	n/a
Net change in debt investments at fair value through other comprehensive income	(81)	23	n/a	(60)	(21)	(10)	33	185.7	500.0
Exchange differences on translation of foreign operations	(31)	(4)	n/a	(41)	10	(8)	4	n/a	412.5
Related income tax benefit (expense)	79	(9)	n/a	67	12	2	(11)	458.3	n/a
	(216)	16	n/a	(196)	(20)	(14)	30	n/a	n/a
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains on defined benefit plans	11	32	(65.6)	11	-	32	-	n/a	(65.6)
Net change in equity investments at fair value through other comprehensive income	(10)	-	n/a	(8)	(2)	-	-	300.0	n/a
Related income tax expense	(1)	(9)	(88.9)	(1)	-	(9)	-	n/a	(88.9)
	-	23	(100.0)	2	(2)	23	-	n/a	(91.3)
Total other comprehensive (loss) income	**(216)**	**39**	**n/a**	**(194)**	**(22)**	**9**	**30**	**n/a**	**n/a**
Total comprehensive income for the financial year	**483**	**1,087**	**(55.6)**	**104**	**379**	**557**	**530**	**(72.6)**	**(81.3)**
Total comprehensive income for the financial year attributable to:									
Owners of the Company	465	1,072	(56.6)	99	366	552	520	(73.0)	(82.1)
Non-controlling interests	18	15	20.0	5	13	5	10	(61.5)	-
Total comprehensive income for the financial year	**483**	**1,087**	**(55.6)**	**104**	**379**	**557**	**530**	**(72.6)**	**(81.3)**

Consolidated statement of financial position (statutory view)

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 vs Dec-21 %	Jun-22 vs Jun-21 %
Assets						
Cash and cash equivalents	1,418	1,025	1,200	1,234	38.3	18.2
Receivables due from other banks	2,490	4,004	1,495	1,212	(37.8)	66.6
Trading securities	2,722	2,144	1,579	1,371	27.0	72.4
Derivatives	741	342	351	478	116.7	111.1
Investment securities	20,957	20,258	21,230	20,219	3.5	(1.3)
Premiums outstanding	3,173	2,879	2,923	2,783	10.2	8.6
Loans and advances	61,856	58,394	57,324	57,026	5.9	7.9
Reinsurance and other recoveries	3,212	1,898	1,997	2,222	69.2	60.8
Deferred reinsurance assets	1,152	577	918	593	99.7	25.5
Deferred acquisition costs	796	774	752	753	2.8	5.9
Property, plant and equipment	712	558	504	530	27.6	41.3
Deferred tax assets	592	322	288	252	83.9	105.6
Goodwill and other intangible assets	5,282	5,267	5,255	5,254	0.3	0.5
Other assets	1,275	1,010	1,041	957	26.2	22.5
Total assets	**106,378**	**99,452**	**96,857**	**94,884**	**7.0**	**9.8**
Liabilities						
Payables due to other banks	165	115	103	68	43.5	60.2
Deposits	47,875	44,392	41,200	41,070	7.8	16.2
Derivatives	783	306	332	556	155.9	135.8
Amounts due to reinsurers	1,119	279	802	331	301.1	39.5
Payables and other liabilities	1,760	1,418	1,600	1,328	24.1	10.0
Current tax liabilities	-	44	189	78	(100.0)	(100.0)
Unearned premium liabilities	6,024	5,716	5,568	5,364	5.4	8.2
Provisions and employee benefit liabilities	518	457	597	534	13.3	(13.2)
Outstanding claims liabilities	11,692	10,985	10,788	10,912	6.4	8.4
Deferred tax liabilities	127	129	121	117	(1.6)	5.0
Managed funds units on issue	-	399	987	793	(100.0)	(100.0)
Borrowings	20,910	19,537	18,746	18,161	7.0	11.5
Loan capital	2,622	2,706	2,376	2,374	(3.1)	10.4
Total liabilities	**93,595**	**86,483**	**83,409**	**81,686**	**8.2**	**12.2**
Net assets	**12,783**	**12,969**	**13,448**	**13,198**	**(1.4)**	**(4.9)**
Equity						
Share capital	12,325	12,314	12,558	12,524	0.1	(1.9)
Reserves	(28)	187	204	209	(115.0)	(113.7)
Retained profits	456	431	662	441	5.8	(31.1)
Total equity attributable to owners of the Company	**12,753**	**12,932**	**13,424**	**13,174**	**(1.4)**	**(5.0)**
Non-controlling interests	30	37	24	24	(18.9)	25.0
Total equity	**12,783**	**12,969**	**13,448**	**13,198**	**(1.4)**	**(4.9)**

Consolidated statement of financial position by function

	General Insurance Jun-22 $M	Banking Jun-22 $M	Life Jun-22 $M	Corporate Jun-22 $M	Eliminations Jun-22 $M	Consolidated Jun-22 $M
Assets						
Cash and cash equivalents	848	609	27	184	(250)	1,418
Receivables due from other banks	-	2,490	-	-	-	2,490
Trading securities	-	2,722	-	-	-	2,722
Derivatives	162	579	-	-	-	741
Investment securities	13,964	5,949	490	13,896	(13,342)	20,957
Premiums outstanding	3,172	-	1	-	-	3,173
Loans and advances	-	61,856	-	-	-	61,856
Reinsurance and other recoveries	3,136	-	76	-	-	3,212
Deferred reinsurance assets	1,152	-	-	-	-	1,152
Deferred acquisition costs	796	-	-	-	-	796
Property, plant and equipment	67	-	1	644	-	712
Deferred tax assets	279	127	13	173	-	592
Goodwill and other intangible assets	4,748	262	64	208	-	5,282
Other assets	828	146	99	159	43	1,275
Due from related parties	197	221	65	1,517	(2,000)	-
Total assets	**29,349**	**74,961**	**836**	**16,781**	**(15,549)**	**106,378**
Liabilities						
Payables due to other banks	-	165	-	-	-	165
Deposits	-	48,125	-	-	(250)	47,875
Derivatives	213	559	5	7	(1)	783
Amounts due to reinsurers	1,117	-	2	-	-	1,119
Payables and other liabilities	784	200	14	748	14	1,760
Unearned premium liabilities	6,023	-	1	-	-	6,024
Provisions and employee benefits liabilities	105	1	20	391	1	518
Outstanding claims liabilities	11,529	-	163	-	-	11,692
Deferred tax liabilities	17	-	109	-	1	127
Borrowings	-	20,910	-	-	-	20,910
Loan capital	870	600	-	2,292	(1,140)	2,622
Due to related parties	216	135	27	456	(834)	-
Total liabilities	**20,874**	**70,695**	**341**	**3,894**	**(2,209)**	**93,595**
Net assets	**8,475**	**4,266**	**495**	**12,887**	**(13,340)**	**12,783**
Equity						
Share capital						12,325
Reserves						(28)
Retained profits						456
Total equity attributable to owners of the Company						**12,753**
Non-controlling interests						30
Total equity						**12,783**

Appendix B: Income Tax

	Full Year ended Jun-22 $M	Jun-21 $M	Jun-22 v Jun-21 %
Reconciliation of prima facie income tax expense to actual tax expense:			
Profit before tax	837	1,509	(44.5)
Prima facie domestic corporate tax rate of 30% (2021: 30%)	251	453	(44.6)
Effect of tax rates in foreign jurisdictions	(4)	(5)	(20.0)
Effect of income taxed at non-corporate tax rate	(1)	-	n/a
Tax effect of amounts not deductible (assessable) in calculating taxable income:			
Non-deductible expenses	13	11	18.2
Non-deductible expenses – Life companies	(2)	6	n/a
Amortisation of intangible assets	5	6	(16.7)
Dividend adjustments	13	14	(7.1)
Tax exempt revenues	(3)	(9)	(66.7)
Current year rebates and credits	(19)	(16)	18.8
Utilisation of previously unrecognised capital losses	(66)	-	n/a
Prior year over provision	(49)	(1)	n/a
Other	-	2	(100.0)
Total income tax expense on pre-tax profit	**138**	**461**	**(70.1)**
Effective tax rate	**16.5%**	**30.6%**	**(14.1)**

The effective tax rate of 16.5% (Jun 2021: 30.6%) is significantly below the Australian corporate tax rate of 30% due to the recognition and utilisation of increased capital losses on the sale of the Australian Life Business, which occurred in 2019. The benefit will be recovered against prior and current year capital gains.

Appendix C: Group Earnings Per Share

Earnings per share

	Full Year Ended		Half Year Ended			
	Jun-22	Jun-21	Jun-22	Dec-21	Jun-21	Dec-20
Numerator	$M	$M	$M	$M	$M	$M
Earnings:						
Profit attributable to ordinary equity holders of the company (basic)	681	1,033	293	388	543	490
Interest expense on convertible capital notes[1]	37	29	21	16	14	15
Profit attributable to ordinary equity holders of the company (diluted)	718	1,062	314	404	557	505

Denominator	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,265,706,373	1,277,438,768	1,260,526,085	1,270,800,291	1,278,598,458	1,276,297,986
Effect of conversion of convertible capital notes[1]	133,465,755	102,610,688	140,767,431	126,527,917	102,610,688	114,727,853
Weighted average number of ordinary shares (diluted)	1,399,172,128	1,380,049,456	1,401,293,516	1,397,328,208	1,381,209,146	1,391,025,839

Earnings per share	cents	cents	cents	cents	cents	cents
Basic	53.80	80.86	23.24	30.53	42.47	38.39
Diluted[1]	51.32	76.95	22.41	28.91	40.33	36.30

[1.] Capital notes will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share as per AASB 133 *Earnings per share*.

Cash earnings per share

	Full Year Ended		Half Year Ended			
	Jun-22	Jun-21	Jun-22	Dec-21	Jun-21	Dec-20
Numerator	$M	$M	$M	$M	$M	$M
Earnings:						
Cash profit attributable to ordinary equity holders of the company (basic)	673	1,064	312	361	555	509
Interest expense on convertible capital notes[1]	37	29	21	16	14	15
Cash profit attributable to ordinary equity holders of the company (diluted)	710	1,093	333	377	569	524

Denominator	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,265,706,373	1,277,438,768	1,260,526,085	1,270,800,291	1,278,598,458	1,276,297,986
Effect of conversion of convertible capital notes[1]	133,465,755	102,610,688	140,767,431	126,527,917	102,610,688	114,727,853
Weighted average number of ordinary shares (diluted)	1,399,172,128	1,380,049,456	1,401,293,516	1,397,328,208	1,381,209,146	1,391,025,839

Cash earnings per share	cents	cents	cents	cents	cents	cents
Basic	53.17	83.29	24.75	28.41	43.41	39.88
Diluted[1]	50.74	79.20	23.76	26.98	41.20	37.67

[1.] Capital notes will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share as per AASB 133 *Earnings per share*.

Appendix D: ASX Listed Securities

	Jun-22	Dec-21	Jun-21
Ordinary shares (SUN) each fully paid			
Number at the end of the period	1,262,604,976	1,262,604,976	1,282,966,675
Dividend declared for the period (cents per share)	17	23	48
SGL Capital Notes (SUNPF) each fully paid[1]			
Number at the end of the period	-	3,750,000	3,750,000
Distribution declared for the period ($ per share)[2]	0.75	1.44	1.46
SGL Capital Notes 2 (SUNPG) each fully paid			
Number at the end of the period	3,750,000	3,750,000	3,750,000
Distribution declared for the period ($ per share)[2]	1.65	1.28	1.30
SGL Capital Notes 3 (SUNPH) each fully paid			
Number at the end of the period	3,890,000	3,890,000	3,890,000
Distribution declared for the period ($ per share)[2]	1.42	1.06	1.07
SGL Capital Notes 4 (SUNPI) each fully paid			
Number at the end of the period	4,050,000	4,050,000	-
Distribution declared for the period ($ per share)[2]	1.39	0.99	-
Floating Rate Capital Notes (SBKHB)			
Number at the end of the period	-	-	715,383
Interest per note	-	-	0.38

1. SUNPF was redeemed on 17 June 2022

2. Classified as interest expense.

Appendix E: General Insurance ITR split

Insurance Australia: Consumer Insurance[1]

	Full Year Ended		Jun-22		Half Year Ended			Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**5,996**	5,656	**6.0**	**3,086**	2,910	2,855	2,801	**6.0**	**8.1**
Net earned premium	**4,981**	4,804	**3.7**	**2,460**	2,521	2,427	2,377	**(2.4)**	**1.4**
Net incurred claims	(3,675)	(3,577)	2.7	(1,726)	(1,949)	(1,812)	(1,765)	(11.4)	(4.7)
Acquisition expenses	(619)	(610)	1.5	(308)	(311)	(333)	(277)	(1.0)	(7.5)
Other underwriting expenses	(391)	(412)	(5.1)	(187)	(204)	(201)	(211)	(8.3)	(7.0)
Total operating expenses	**(1,010)**	(1,022)	**(1.2)**	**(495)**	(515)	(534)	(488)	**(3.9)**	**(7.3)**
Underwriting result	296	205	44.4	239	57	81	124	319.3	195.1
Investment income - insurance funds	(19)	97	n/a	(28)	9	26	71	n/a	n/a
Insurance trading result	**277**	302	**(8.3)**	**211**	66	107	195	**219.7**	**97.2**

	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	12.5	12.7	12.5	12.3	13.7	11.6
Other underwriting expenses ratio	7.8	8.6	7.6	8.1	8.3	8.9
Total operating expenses ratio	**20.3**	21.3	**20.1**	20.4	22.0	20.5
Loss ratio	73.8	74.4	70.2	77.3	74.7	74.3
Combined operating ratio	94.1	95.7	90.3	97.7	96.7	94.8
Insurance trading ratio	5.6	6.3	8.6	2.6	4.4	8.2

1. Consumer Insurance includes Home, Motor, Boat and Travel Insurance.

Insurance Australia: Commercial Insurance, CTP, Workers compensation and Internal Reinsurance

	Full Year Ended		Jun-22		Half Year Ended			Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	v Dec-21	v Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**3,388**	3,134	**8.1**	**1,756**	1,632	1,591	1,543	**7.6**	**10.4**
Net earned premium	**2,930**	2,736	**7.1**	**1,469**	1,461	1,386	1,350	**0.5**	**6.0**
Net incurred claims [1]	**(1,653)**	(1,919)	**(13.9)**	**(679)**	(974)	(813)	(1,106)	**(30.3)**	**(16.5)**
Acquisition expenses	(468)	(428)	9.3	(237)	(231)	(218)	(210)	2.6	8.7
Other underwriting expenses [1]	(241)	(193)	24.9	(101)	(140)	(100)	(93)	(27.9)	1.0
Total operating expenses	**(709)**	(621)	**14.2**	**(338)**	(371)	(318)	(303)	**(8.9)**	**6.3**
Underwriting result	568	196	189.8	452	116	255	(59)	289.7	77.3
Investment income - insurance funds	(381)	146	n/a	(349)	(32)	-	146	n/a	n/a
Insurance trading result	**187**	342	**(45.3)**	**103**	84	255	87	**22.6**	**(59.6)**

	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	16.0	15.6	16.1	15.8	15.7	15.6
Other underwriting expenses ratio [2]	8.2	7.1	6.9	9.6	7.2	6.9
Total operating expenses ratio	**24.2**	22.7	**23.0**	25.4	22.9	22.5
Loss ratio	56.4	70.1	46.2	66.7	58.7	81.9
Combined operating ratio	80.6	92.8	69.2	92.1	81.6	104.4
Insurance trading ratio	6.4	12.5	7.0	5.7	18.4	6.4

1. Other underwriting expense includes a $49m provision for TEPL. The reserve release associated with this provision is in net incurred claims.
2. Excluding the impacts of TEPL, Jun-22 Other underwriting expenses ratio is 6.5% and loss ratio is 58.1%.

General Insurance short-tail (includes New Zealand)

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	Dec-21	Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	9,019	8,374	7.7	4,566	4,453	4,177	4,197	2.5	9.3
Net earned premium	**7,448**	7,051	**5.6**	**3,700**	3,748	3,570	3,481	**(1.3)**	**3.6**
Net incurred claims	(5,075)	(4,948)	2.6	(2,386)	(2,689)	(2,403)	(2,545)	(11.3)	(0.7)
Acquisition expenses	(1,114)	(1,080)	3.1	(552)	(562)	(574)	(506)	(1.8)	(3.8)
Other underwriting expenses	(651)	(638)	2.0	(322)	(329)	(322)	(316)	(2.1)	-
Total operating expenses	**(1,765)**	(1,718)	**2.7**	**(874)**	(891)	(896)	(822)	**(1.9)**	**(2.5)**
Underwriting result	**608**	385	**57.9**	**440**	168	271	114	**161.9**	**62.4**
Investment income - insurance funds	(32)	126	(125.4)	(41)	9	34	92	(555.6)	(220.6)
Insurance trading result	**576**	511	**12.7**	**399**	177	305	206	**125.4**	**30.8**
Ratios	%	%		%	%	%	%		
Acquisition expenses ratio	15.0	15.3		14.9	15.0	16.1	14.5		
Other underwriting expenses ratio	8.7	9.1		8.7	8.8	9.0	9.1		
Total operating expenses ratio	**23.7**	24.4		**23.6**	23.8	25.1	23.6		
Loss ratio	68.1	70.1		64.5	71.7	67.3	73.1		
Combined operating ratio	91.8	94.5		88.1	95.5	92.4	96.7		
Insurance trading ratio	**7.7**	7.2		**10.8**	4.7	8.5	5.9		

General Insurance long-tail (includes New Zealand)

	Full Year Ended		Jun-22	Half Year Ended				Jun-22	Jun-22
	Jun-22	Jun-21	v Jun-21	Jun-22	Dec-21	Jun-21	Dec-20	Dec-21	Jun-21
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	2,363	2,157	9.6	1,270	1,093	1,149	1,008	16.2	10.5
Net earned premium	**2,111**	1,952	**8.1**	**1,059**	1,052	984	968	**0.7**	**7.6**
Net incurred claims [1]	(1,202)	(1,353)	(11.2)	(496)	(706)	(634)	(719)	(29.7)	(21.8)
Acquisition expenses	(293)	(266)	10.2	(148)	(145)	(132)	(134)	2.1	12.1
Other underwriting expenses [1]	(134)	(96)	39.6	(46)	(88)	(47)	(49)	(47.7)	(2.1)
Total operating expenses	**(427)**	(362)	**18.0**	**(194)**	(233)	(179)	(183)	**(16.7)**	**8.4**
Underwriting result	**482**	237	**103.4**	**369**	113	171	66	**226.5**	**115.8**
Investment income - insurance funds	(376)	120	(413.3)	(340)	(36)	(8)	128	844.4	4,150.0
Insurance trading result	**106**	357	**(70.3)**	**29**	77	163	194	**(62.3)**	**(82.2)**
Ratios	%	%		%	%	%	%		
Acquisition expenses ratio	13.9	13.6		14.0	13.8	13.4	13.8		
Other underwriting expenses ratio [2]	6.3	4.9		4.3	8.4	4.8	5.1		
Total operating expenses ratio	**20.2**	18.5		**18.3**	22.2	18.2	18.9		
Loss ratio [2]	56.9	69.4		46.8	67.1	64.4	74.3		
Combined operating ratio	77.1	87.9		65.1	89.3	82.6	93.2		
Insurance trading ratio	**5.0**	18.3		**2.7**	7.3	16.6	20.0		

1. Other underwriting expense includes a $49m provision for TEPL. The reserve release associated with this provision is in Net incurred claims.

2. Excluding the impacts of TEPL, Jun-22 Other underwriting expenses ratio is 4.0% and Loss ratio is 59.2%.

Appendix F: Group capital

Group capital

	As at 30 June 2022					
	General Insurance $M	Banking $M	Life $M	SGL, Corp Services & Consol $M	Total $M	As at 30 June 2021 Total $M
Common Equity Tier 1 capital						
Ordinary share capital	-	-	-	12,321	12,321	12,571
Subsidiary share capital (eliminated upon consolidation)	7,575	3,976	448	(12,025)	(26)	(41)
Reserves	(16)	(1,119)	314	743	(78)	145
Retained profits and non-controlling interests	287	772	(264)	(309)	486	686
Insurance liabilities in excess of liability valuation	441	-	-	-	441	482
Goodwill and other intangible assets	(4,740)	(486)	(64)	(225)	(5,515)	(5,431)
Net deferred tax liabilities/(assets)[1]	(287)	(84)	96	(172)	(447)	(198)
Policy liability adjustment [2]	-	-	(409)	-	(409)	(429)
Other Tier 1 deductions	(7)	99	-	-	92	(41)
Common Equity Tier 1 capital	**3,253**	**3,158**	**121**	**333**	**6,865**	**7,744**
Additional Tier 1 capital						
Eligible hybrid capital	609	560	-	-	1,169	1,139
Transitional Subordinated Notes	-	-	-	-	-	-
Additional Tier 1 capital	609	560	-	-	1,169	1,139
Tier 1 capital	**3,862**	**3,718**	**121**	**333**	**8,034**	**8,883**
Tier 2 capital						
General reserve for credit losses	-	202	-	-	202	199
Eligible Subordinated notes	870	600	-	-	1,470	1,180
Transitional Subordinated notes [3]	-	-	-	-	-	19
Tier 2 capital	**870**	**802**	**-**	**-**	**1,672**	**1,398**
Total capital	**4,732**	**4,520**	**121**	**333**	**9,706**	**10,281**
Represented by:						
Capital in Australian regulated entities	4,128	4,519	-	-	8,647	8,725
Capital in New Zealand regulated entities	519	-	84	-	603	628
Capital in unregulated entities [4]	85	1	37	333	456	928
Common Equity Tier 1 capital (ex div)	**3,180**	**3,158**	**79**	**248**	**6,665**	**7,128**
Total capital (ex div)	**4,659**	**4,520**	**79**	**248**	**9,506**	**9,665**

1. Deferred tax assets in excess of deferred tax liabilities are deducted in arriving at CET1.
Under the RBNZ's regulations, a net deferred tax liability is added back in determining CET1 Capital.

2. Policy liability adjustments equate to the difference between adjusted policy liabilities and the sum of policy liabilities and policy owner retained profits. This mainly represents the implicit Deferred Acquisition Costs for the Life risk business.
The policy liability adjustment for the New Zealand business is shown gross of Deferred Tax Liabilities.

3. Tier 2 instruments subject to the transitional arrangements outlined in APRA's prudential standard APS111 Attachment L.

4. Capital in unregulated entities includes capital in authorised NOHCs such as SGL, consolidated adjustments within a business unit and other diversification adjustments.

General Insurance capital

	GI Group[1] Jun-22 $M	GI Group[1] Jun-21 $M
Common Equity Tier 1 capital		
Ordinary share capital	7,575	7,375
Reserves	(16)	12
Retained profits and non-controlling interests	287	435
Insurance liabilities in excess of liability valuation	441	482
Goodwill and other intangible assets	(4,740)	(4,762)
Net deferred tax assets	(287)	(52)
Other Tier 1 deductions	(7)	(12)
Common Equity Tier 1 capital	**3,253**	3,478
Additional Tier 1 capital	609	554
Tier 1 capital	**3,862**	4,032
Tier 2 Capital		
Eligible subordinated notes	870	580
Tier 2 capital	**870**	580
Total capital	**4,732**	4,612
Prescribed Capital Amount		
Outstanding claims risk charge	987	1,026
Premium liabilities risk charge	689	645
Total insurance risk charge	1,676	1,671
Insurance concentration risk charge	250	250
Asset risk charge	984	1,048
Asset concentration risk charge	-	-
Operational risk charge	344	343
Aggregation benefit	(579)	(604)
Total Prescribed Capital Amount (PCA)	**2,675**	2,708
Common Equity Tier 1 ratio	**1.22**	1.28
Total capital ratio	**1.77**	1.70
Common Equity Tier 1 ratio (ex div)	**1.19**	1.24
Total capital ratio (ex div)	**1.74**	1.66

1. GI Group represents Suncorp Insurance Holdings Ltd and its subsidiaries including New Zealand subsidiaries.

Bank capital

	Regulatory Banking Group	Other Entities	Statutory Banking Group	Statutory Banking Group
	Jun-22	Jun-22	Jun-22	Jun-21
	$M	$M	$M	$M
Common Equity Tier 1 capital				
Ordinary share capital	2,754	1,222	3,976	3,976
Reserves	(132)	(987)	(1,119)	(934)
Retained profits	766	6	772	837
Goodwill and other intangible assets	(246)	(240)	(486)	(437)
Net deferred tax assets	(84)	-	(84)	(61)
Other Tier 1 deductions	99	-	99	(29)
Common Equity Tier 1 capital	**3,157**	**1**	**3,158**	3,352
Additional Tier 1 capital				
Eligible hybrid capital	560	-	560	585
Additional Tier 1 capital	**560**	**-**	**560**	585
Tier 1 capital	**3,717**	**1**	**3,718**	3,937
Tier 2 capital				
General reserve for credit losses	202	-	202	199
Eligible Subordinated notes	600	-	600	600
Transitional Subordinated notes	-	-	-	19
Tier 2 capital	**802**	**-**	**802**	818
Total capital	**4,519**	**1**	**4,520**	4,755
Risk-Weighted Assets				
Credit risk	30,914	-	30,914	29,549
Market risk	155	-	155	100
Operational risk	3,728	-	3,728	3,635
Total Risk-Weighted Assets	**34,797**	-	**34,797**	33,284
Common Equity Tier 1 ratio	**9.07%**		**9.08%**	10.07%
Total capital ratio	**12.99%**		**12.99%**	14.29%
Common Equity Tier 1 ratio (ex div)	**9.07%**		**9.08%**	9.42%
Total capital ratio (ex div)	**12.99%**		**12.99%**	13.64%

Capital instruments

30 June 2022	Semi-annual coupon rate/ margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	GI $M	Bank $M	SGL $M	Regulatory Capital $M	Accounting Balance $M
AAIL Subordinated Debt [1]	320 bps	Oct 2022	Oct 2016	330	-	-	330	330
SGL Subordinated Debt [1,2]	215 bps	Dec 2023	Sep 2018	-	600	-	600	596
SGL Subordinated Debt 2[1,2]	225 bps	Dec 2025	Sep 2020	250	-	-	250	250
SGL Subordinated Debt 3[1,2]	230 bps	Jun 2027	Apr 2022	290	-	-	290	290
Total subordinated debt				**870**	**600**	**-**	**1,470**	**1,466**
SGL Capital Notes 2 (SUNPG)[1,2]	365 bps	Jun 2024	Nov 2017	165	210	-	375	373
SGL Capital Notes 3 (SUNPH)[1,2]	300 bps	Jun 2026	Dec 2019	389	-	-	389	384
SGL Capital Notes 4 (SUNPI) [1,2]	290 bps	Jun 2028	Sep 2021	55	350	-	405	399
Total Additional Tier 1 capital				**609**	**560**	**-**	**1,169**	**1,156**
Total				**1,479**	**1,160**	**-**	**2,639**	**2,622**
30 June 2021								
AAIL Subordinated Debt [1]	320 bps	Oct 2022	Oct 2016	330	-	-	330	329
SGL Subordinated Debt [1,2]	215 bps	Dec 2023	Sep 2018	-	600	-	600	596
SGL Subordinated Debt 2[1,2]	225 bps	Dec 2025	Sep 2020	250	-	-	250	250
SML FRCN [3]	75 bps	Perpetual	Dec 1998	-	19	-	19	72
Total subordinated debt				**580**	**619**	**-**	**1,199**	**1,247**
SGL Capital Notes (SUNPF) [1,2,4]	410 bps	Jun 2022	May 2017	-	375	-	375	373
SGL Capital Notes 2 (SUNPG) [1,2]	365 bps	Jun 2024	Nov 2017	165	210	-	375	372
SGL Capital Notes 3 (SUNPH) [1,2]	300 bps	Jun 2026	Dec 2019	389	-	-	389	384
Total Additional Tier 1 capital				**554**	**585**	**-**	**1,139**	**1,129**
Total				**1,134**	**1,204**	**-**	**2,338**	**2,376**

1. Unamortised transaction costs related to external issuance are deducted from the "Accounting Balance" outlined above when recorded in the issuing entities balance sheet.
2. These instruments were issued by SGL and deployed to regulated entities within the Group. The amounts held by SGL, which have been deployed are eliminated on consolidation for accounting and regulatory purposes.
3. Tier 2 instruments subject to the transitional arrangements outlined in APRA's prudential standard APS111 Attachment L.
4. SUNPF was redeemed on 17th June 2022

Appendix G: Statement of assets and liabilities

General Insurance

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Assets						
Cash and cash equivalents	848	1,027	410	511	(17.4)	106.8
Derivatives	162	46	36	99	252.2	350.0
Investment securities	13,964	14,081	14,718	13,909	(0.8)	(5.1)
Premiums outstanding	3,172	2,878	2,922	2,782	10.2	8.6
Reinsurance and other recoveries	3,136	1,822	1,923	2,151	72.1	63.1
Deferred reinsurance assets	1,152	577	918	593	99.7	25.5
Deferred acquisition costs	796	774	752	753	2.8	5.9
Due from related parties	197	156	138	161	26.3	42.8
Property, plant and equipment	67	73	69	75	(8.2)	(2.9)
Deferred tax assets	279	101	40	2	176.2	597.5
Goodwill and intangible assets	4,748	4,767	4,774	4,781	(0.4)	(0.5)
Other assets	828	605	569	620	36.9	45.5
Total assets	**29,349**	**26,907**	**27,269**	**26,437**	**9.1**	**7.6**
Liabilities						
Payables and other liabilities	784	711	648	618	10.3	21.0
Provisions and employee benefits liabilities	105	110	131	125	(4.5)	(19.8)
Derivatives	213	68	58	24	213.2	267.2
Due to related parties	216	208	455	282	3.8	(52.5)
Deferred tax liabilities	17	12	7	-	41.7	142.9
Unearned premium liabilities	6,023	5,715	5,567	5,363	5.4	8.2
Outstanding claims liabilities	11,529	10,812	10,627	10,756	6.6	8.5
Loan capital	870	580	579	579	50.0	50.3
Current tax liabilities	-	-	3	5	n/a	(100.0)
Amount due to reinsurers	1,117	277	800	329	303.2	39.6
Total liabilities	**20,874**	**18,493**	**18,875**	**18,081**	**12.9**	**10.6**
Net assets	**8,475**	**8,414**	**8,394**	**8,356**	**0.7**	**1.0**
Reconciliation of net assets to Common Equity Tier 1 capital						
Net assets - GI businesses	8,475	8,414	8,394	8,356		
Insurance liabilities in excess of liability valuation	441	520	482	439		
Reserves excluded from regulatory capital	(20)	(18)	(18)	(18)		
Additional Tier 1 capital	(609)	(579)	(554)	(540)		
Goodwill allocated to GI businesses	(4,393)	(4,399)	(4,398)	(4,399)		
Other intangibles (including software assets)	(634)	(467)	(416)	(384)		
Other Tier 1 deductions	(7)	(4)	(12)	(14)		
Common Equity Tier 1 capital	**3,253**	**3,467**	**3,478**	**3,440**		

Bank

Bank balance sheet

	Jun-22 $M	Dec-21 $M	Jun-21 $M	Dec-20 $M	Jun-22 v Dec-21 %	Jun-22 v Jun-21 %
Assets						
Cash and cash equivalents	609	90	68	260	576.7	795.6
Receivables due from other banks	2,490	4,004	1,495	1,212	(37.8)	66.6
Trading securities	2,722	2,144	1,579	1,371	27.0	72.4
Derivatives	579	296	310	368	95.6	86.8
Investment securities	5,949	4,678	4,538	4,634	27.2	31.1
Loans and advances	61,856	58,394	57,324	57,026	5.9	7.9
Due from related parties	221	235	223	248	(6.0)	(0.9)
Deferred tax assets	127	57	49	64	122.8	159.2
Other assets	146	138	258	139	5.8	(43.4)
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	74,961	70,298	66,106	65,584	6.6	13.4
Liabilities						
Deposits	48,125	44,762	41,520	41,443	7.5	15.9
Derivatives	559	237	272	530	135.9	105.5
Payables due to other banks	165	115	103	68	43.5	60.2
Payables and other liabilities	201	123	158	132	63.4	27.2
Due to related parties	135	78	84	65	73.1	60.7
Borrowings	20,910	19,537	18,746	18,161	7.0	11.5
Subordinated notes	600	600	672	672	-	(10.7)
Total liabilities	70,695	65,452	61,555	61,071	8.0	14.8
Net assets	4,266	4,846	4,551	4,513	(12.0)	(6.3)

Reconciliation of net equity to Common Equity Tier 1 capital				
Net equity - Banking	4,266	4,846	4,551	4,513
Additional Tier 1 capital	(560)	(935)	(585)	(585)
Goodwill allocated to Banking Business	(240)	(240)	(240)	(240)
Regulatory capital equity adjustments	(2)	(4)	(5)	(3)
Regulatory capital adjustments	(231)	(287)	(287)	(301)
Other reserves excluded from Common Equity Tier 1 ratio	(76)	(90)	(85)	(76)
Common Equity Tier 1 capital	3,157	3,290	3,349	3,308

Average banking balance sheet

	Full Year Ended Jun-22			Half Year Ended Jun-22		
	Average Balance[1]	Interest	Average Rate	Average Balance[1]	Interest	Average Rate
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities [2]	10,389	49	0.47	11,542	30	0.52
Gross loans and advances	53,932	1,507	2.79	54,665	751	2.77
Total interest-earning assets	64,321	1,556	2.42	66,207	782	2.38
Non-interest earning assets						
Loan balances subject to mortgage offsets	4,722			4,886		
Other assets (inc. loan provisions)	617			477		
Total non-interest earning assets	5,339			5,363		
Total assets	69,660			71,570		
Liabilities						
Interest-bearing liabilities						
Customer deposits	39,609	114	0.29	40,826	51	0.25
Wholesale liabilities	19,636	183	0.93	20,106	100	1.00
Subordinated loans	605	14	2.31	600	7	2.35
Total interest-bearing liabilities	59,850	311	0.52	61,532	158	0.52
Non-interest bearing liabilities						
Other customer deposits	4,722			4,886		
Other liabilities	387			448		
Total non-interest bearing liabilities	5,109			5,334		
Total Liabilities	64,959			66,866		
Average Net Assets	4,701			4,704		
Non-Shareholder Accounting Equity	-			53		
Convertible Preference Shares	(840)			(906)		
Average Ordinary Shareholders' equity	3,861			3,851		
Goodwill allocated to banking business	(240)			(240)		
Average Ordinary Shareholders' equity (ex goodwill)	3,621			3,611		
Analysis of interest margin and spread						
Interest-earning assets	64,321	1,556	2.42	66,207	782	2.38
Interest-bearing liabilities	59,850	311	0.52	61,532	159	0.52
Net interest spread			1.90			1.86
Net interest margin (interest-earning assets)	64,321	1,245	1.93	66,207	623	1.90
Net interest margin (lending assets)	53,932	1,245	2.31	54,665	623	2.30

1. Calculated based on daily balances over the period.

2. Includes interest on cash and receivables due from other banks.

Appendix H: FY23 Group Reinsurance Program

Reinsurance security has been maintained for FY23, with over 85% of business protected by reinsurers rated 'A+' or better.

Property catastrophe program

The Group's maximum event retention remains at $250 million with an upper limit of $6.8 billion (FY22: $6.5 billion) which covers the Home, Motor and Commercial property portfolios across Australia and New Zealand. The FY23 limit remains in excess of Australia and New Zealand regulatory requirements. The main catastrophe program includes one prepaid reinstatement which covers losses up to $6.8 billion for a second event and two further prepaid reinstatements at the lower layer which covers losses up to $500 million for the third and fourth events.

In addition to the main catastrophe program, the Group has purchased dropdown aggregate protection in the form of three dropdowns:

- Dropdown 1 (50m xs 200m xs 50m) provides $50 million of cover, for events greater than $200 million once the cumulative impact of qualifying events reach $50 million.
- Dropdown 2 (100m xs 150m xs 200m) provides $100 million of cover, for events greater than $150 million once the cumulative impact of qualifying events reach $200 million.
- Dropdown 3 (50m xs 100m xs 100m) provides $50 million of cover, for events greater than $100 million once the cumulative effect of qualifying events reach $100 million. Dropdown 3 has been restructured to increase the event deductible to $100 million from $50 million last year.

The Group also has in place a prepaid reinstatement for Dropdown 2 and Dropdown 3. In aggregate, the dropdowns provide an additional $350 million of protection against large natural hazard events down from $450 million in FY22 due to the restructure of dropdown 3. The manner in which the dropdowns interact with the main catastrophe program and AXL (see below) depends on the size and frequency of natural hazard events. The extent to which the horizontal dropdown layer has been eroded will determine when a dropdown may be triggered and the amount of recoveries available. In general, the Group would make recoveries under the dropdowns where available, prior to utilising the aggregate excess of loss treaty.

For New Zealand, the Group has purchased cover to reduce the first event retention to NZ$50 million and the second and third event retentions to NZ$25 million. An internal reinsurance agreement with Insurance Australia reduces Suncorp New Zealand's retention for a first New Zealand event to NZ$25 million. However, this arrangement exists for capital purposes only and does not impact the Group's net exposure of NZ$50 million.

The AXL treaty for FY23 is an aggregate protection cover providing $400 million of cover in excess of a retention of $850 million for loss events above $10 million. The inclusion of the event deductible means Suncorp will retain the first $10 million of each event, accepting the lower end of the natural hazard volatility components. The AXL treaty has also been restructured and last year provided $400 million of cover in excess of a retention of $650 million for loss events above $5 million.

The Group also has a multi-year quota share arrangement ceding 30% from the Queensland home insurance portfolio. Suncorp maintains strong market share within this market and the quota share reduces concentration risk in this region.

Suncorp also has a 50% quota share arrangement in place for large global property risks. Other quota share arrangements continue to be investigated and implemented where they provide sufficient capital and earnings benefits to offset the profit ceded to reinsurance partners.

Appendix I: Financial Calendar

The financial calendar below may be updated throughout the year. Please refer to suncorpgroup.com.au for up-to-date details.

Dividend and distribution dates set out below may be subject to change.

Suncorp considers the payment of ordinary dividends as part of the process of preparing half and full year accounts, taking into consideration the company's capital position, the outlook for the operating environment and guidance from regulators. Suncorp generally pays a dividend on its ordinary shares twice a year following the interim and final results announcements and the proposed dates for the next 12 months are set out below.

Suncorp Group Limited (SUN)

Full year results and final dividend announcement	**8 August 2022**
Final ordinary dividend ex-dividend date	12 August 2022
Final ordinary dividend record date	15 August 2022
Final ordinary dividend payment date	21 September 2022
Annual General Meeting	**22 September 2022**
Half year results and final dividend announcement	**8 February 2023**
Interim ordinary dividend ex-dividend date	14 February 2023
Interim ordinary dividend record date	15 February 2023
Interim ordinary dividend payment date	31 March 2023

Suncorp Group Limited Capital Notes 2 (SUNPG)

Ex-distribution date	2 September 2022
Distribution payment date	19 September 2022
Ex-distribution date	2 December 2022
Distribution payment date	19 December 2022
Ex-distribution date	2 March 2023
Distribution payment date	17 March 2023
Ex-distribution date	2 June 2023
Distribution payment date	19 June 2023

Suncorp Group Limited Capital Notes 3 (SUNPH)

Ex-distribution date	2 September 2022
Distribution payment date	19 September 2022
Ex-distribution date	2 December 2022
Distribution payment date	19 December 2022
Ex-distribution date	2 March 2023
Distribution payment date	17 March 2023
Ex-distribution date	2 June 2023
Distribution payment date	19 June 2023

Suncorp Group Limited Capital Notes 4 (SUNPI)

Ex-distribution date	2 September 2022
Distribution payment date	19 September 2022
Ex-distribution date	2 December 2022
Distribution payment date	19 December 2022
Ex-distribution date	2 March 2023
Distribution payment date	17 March 2023
Ex-distribution date	2 June 2023
Distribution payment date	19 June 2023