Investor Pack

Financial results for the year ended 30 June 2023

SUNCORP

Suncorp Group Limited
ABN 66 145 290 124

9 August 2023

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 year ended 30 June 2023 and comparatives are for 30 June 2022, 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 'large' where there has been a percentage movement outside the range of 500% to (500%). If a line item changes from negative to positive (or vice versa) between periods, this has been labelled 'n/a'.

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.

In relation to Bank capital, this document is prepared in accordance with Basel III Prudential Capital requirements effective for reporting periods beginning on or after 1 January 2023.

Suncorp announced the sale of Suncorp Bank to Australia and New Zealand Banking Group Limited on 18 July 2022. The sale is subject to regulatory and government approvals with completion targeted by the middle of the 2024 calendar year. The financial performance of Suncorp Bank will continue to be reported as an ongoing function until completion occurs, if all necessary prior approvals have been obtained.

Disclaimer

This report contains general information on the Group and its operations, which is current as at 9 August 2023. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to the Group or any product or service offered by Suncorp or any of its subsidiaries. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate.

This report should be read in conjunction with all other information concerning Suncorp filed with the Australian Securities Exchange (ASX).

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's intent, belief or current expectations with respect to the business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

Suncorp undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report (subject to ASX disclosure requirements).

There are a number of other important factors which could cause actual results to differ materially from those set out in this presentation, including the risks and uncertainties associated with the Australian and global economic environments.

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Suncorp Group Limited
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ASX Announcement
FY23 Financial Results

9 August 2023

FY23 result delivers strong revenue growth and margin expansion; FY23 plan completed successfully

Group NPAT	Cash Earnings	Insurance AU GWP	Insurance NZ GWP	Bank Home Lending
$1,148 million	**$1,254 million**	**$10.2 billion**	**NZ$2.4 billion**	**$54.8 billion**
pcp $681 million	pcp $673 million	↑ 10.6%[i, ii]	↑ 14.3%	↑ 9.1%

- FY23 plan completed successfully, with improved stakeholder returns, setting strong foundations for the business going forward
- Gross written premium (GWP) across Australia and New Zealand up 10.8%[ii] and underlying insurance trading ratio (ITR) of 10.9%, up from 9.0% (excluding COVID-19 impacts)
- Suncorp Bank Home lending growth of 9.1%, net interest margin (NIM) of 1.96%, and cost-to-income ratio of 51.8%
- Investment market returns of $724 million, primarily from the significant turnaround in mark-to-market losses in the prior year
- Fully franked full year ordinary dividend of 60 cents per share, up 50% on FY22
- Common Equity Tier 1 (CET1) capital held at Group of $274 million, with appropriate levels of capital maintained across the business units
- The Group placed its comprehensive FY24 reinsurance program successfully, but premiums were up on the prior year
- Suncorp has confirmed that it will support Australia and New Zealand Banking Group (ANZ) through the Australian Competition Tribunal process in its application for a review of the Australian Competition & Consumer Commission's (ACCC) determination, and is confident in the merits of the case

Suncorp Group Limited (ASX: SUN | ADR: SNMCY) today reported a material increase in earnings, driven by continued momentum in top-line growth across the Group, improved underlying margins and a significant turnaround in investment returns.

Group net profit after tax (NPAT) of $1,148 million, and cash earnings of $1,254 million were both up significantly on FY22 which was impacted by mark-to-market losses on investment portfolios. The Group has successfully completed its three-year plan to FY23 (FY23 plan, three-year plan or the plan) and achieved its key financial and operational targets.

GWP growth of 10.6%[ii] in the Australian General Insurance business and 14.3% in New Zealand, reflected targeted price increases required to address material rises in reinsurance and natural hazard costs and economy-wide inflation. The Group's underlying ITR increased from 9.0% (excluding COVID-19 impacts) to 10.9%. The improved ratio was supported by revenue growth, improving expense ratios in the Australian business and an increase in investment yields. Margins have been impacted by increased natural hazard and reinsurance costs, and claims inflation, particularly in the Motor portfolio.

In the Bank, growth in Home lending of 9.1% provided further evidence of improved broker and customer experiences. The Bank's cost-to-income ratio decreased to 51.8% from 59.0%, driven by revenue growth and cost management.

While the underlying business demonstrated strong momentum, the Group's results were again impacted by elevated natural hazard activity. A third consecutive La Niña weather pattern, experienced across Australia and New Zealand for the majority of the financial year, led to 15 separate weather events and around 130,000 natural hazard claims. This resulted in the Group exceeding its natural hazard allowance by $97 million ($2 million favourable in Australia and $99 million unfavourable in New Zealand)[iii].

The Group's natural hazard allowance for FY24 is $1,360 million, and its comprehensive reinsurance program was placed successfully, with premiums up on the prior year. The changes to the reinsurance program will result in an approximately $340 million increase in capital required to be held by the Group.

Volatility continued in investment markets, although the impact of higher running yields more than offset any unfavourable mark-to-market movements across the Group's $16.2 billion investment portfolio. The net gain from yields and investment markets was $724 million compared to a loss of $190 million in FY22.

Group operating expenses fell 1.9% to $2,727[iv] million, largely reflecting efficiency benefits from the strategic program of work, and a decrease in project costs relative to the prior period, that more than offset significant inflationary pressures.

Other loss after tax increased $52 million to $76 million, largely due to the impact of a favourable one-off tax adjustment in the prior period. Restructuring costs of $34 million after tax were primarily driven by the impact of flexible working arrangements on the real estate footprint.

The Board has determined to pay a fully franked final ordinary dividend of 27 cents per share. The Group's full year dividend payout ratio of 60% of cash earnings is at the bottom of the target payout ratio range of 60% to 80%.

The FY23 dividend payout ratio reflects the Group's prudent and disciplined approach to managing capital in the context of the current environment, the FY24 reinsurance renewal and as it works through the Tribunal process relating to the sale of the Bank.

CET1 capital held at Group has remained broadly flat at $274 million, with appropriate buffers maintained across the business. Suncorp will continue to be disciplined in actively managing capital and remains committed to returning capital in excess of the needs of the business to shareholders.

Suncorp Group CEO Steve Johnston said the Group had delivered a strong set of results, demonstrating the progress made over the past three years to successfully execute the strategic initiatives under the FY23 plan while facing a challenging operating environment.

"Our dedicated focus on digitising and automating, reinvigorating our leading brands, becoming more efficient and improving how we serve our customers, has helped us to deliver strong top-line growth across our businesses and improve underlying margins," Mr Johnston said.

"Our Australian and New Zealand businesses have achieved strong growth in premiums, while unit growth across Consumer portfolios demonstrates the value of our products and brands. The Bank's continued growth in home lending demonstrates the benefits of improved broker and customer experiences," he said.

These outcomes are particularly pleasing given the challenging backdrop over the FY23 plan period, including the global pandemic, social and economic disruption and market volatility, supply chain inflationary challenges and unprecedented natural hazard events from three consecutive La Niña weather patterns. This is testament to the dedication of our people, strength and resilience of our business, and ability to create long-term shareholder value while meeting the evolving needs of our customers.

"Our underlying business is significantly more resilient today than it was when we laid out the three-year plan in 2020."

"We have maintained a strong focus on supporting our customers impacted by extreme weather events throughout the year, including the more than 32,000 impacted by the flooding and cyclone events on the North Island of New Zealand in early 2023, while also finalising more than 90% of claims following the 2022 Australian East Coast Floods, and supporting those impacted in flooding across New South Wales, South Australia and Victoria.

"While Suncorp Group remains well protected through its comprehensive reinsurance program, over the last few years floods, fires and other natural disasters has resulted in a continued reassessment of risk by our reinsurance partners. This, combined with broader inflationary pressures across the economy, continues to impact the cost of reinsurance across the industry, and is a major contributor to the rising costs of everyone's insurance premiums, particularly when household budgets are under pressure.

"This underscores the challenges facing the insurance industry in Australia and New Zealand and is why Suncorp continues to drive greater efficiencies in our own business through initiatives such as our Best-in-class claims program. We also continue to advocate that governments should provide a long-term program to support people living in areas that are prone to floods or bushfires to help make their homes stronger and more resilient, or to relocate to a safer location.

"We also firmly believe our ability to continue to manage the risks associated with a changing climate, drive a more resilient Australia and New Zealand through our products and advocacy and create further long-term shareholder value will be enhanced as a dedicated Trans-Tasman insurance company.

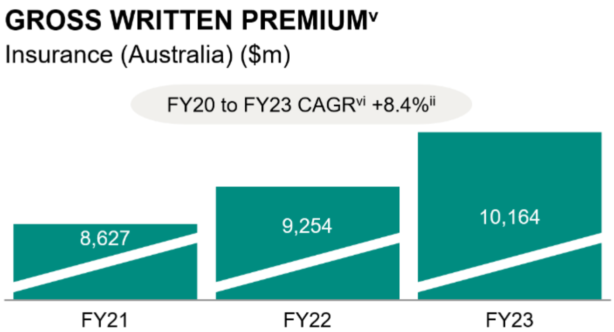
"Suncorp will support ANZ through the next step of the merger authorisation process as it relates to the sale of Suncorp Bank, being a referral of the ACCC's recent decision not to approve the transaction to the Australian Competition Tribunal for review. We remain fully committed to supporting Suncorp Bank while the process continues."

	FY23 ($m)	FY22 ($m)
Insurance (Australia)	755	174
Suncorp New Zealand	105	155
Suncorp Bank	470	368
Profit after tax from ongoing functions	**1,330**	**697**
Other profit (loss) after tax	(76)	(24)
Cash earnings	**1,254**	**673**
Group net profit after tax	**1,148**	**681**

Insurance (Australia)

Insurance (Australia) profit after tax	GWP
$755m vs $174m pcp	**$10,164m up 10.6%[ii]**

Insurance (Australia) delivered profit after tax of $755 million, up 333.9%, reflecting continued momentum in revenue growth, a reduction in operating expenses and a significant turnaround in investment income. Increased working claims and natural hazard costs were partially offset by the release of the majority of the business interruption provision. The result also benefitted from an intra-group reinsurance arrangement with Suncorp New Zealand, which was neutral to the Group.



The Home portfolio achieved GWP growth of 11.7%[ii], driven by the ongoing pricing response to higher natural hazard and reinsurance costs. Motor GWP grew 13.8%[ii], reflecting Average Written Premium (AWP) growth driven by pricing for claims inflation. Unit growth of 2.4% was achieved in the Motor portfolio.

In Commercial, GWP grew 9.9%[ii], with growth in Property, Fleet and heavy vehicles partly offset by a fall in Packages.

Compulsory Third Party (CTP) GWP increased by 0.7%, driven by growth across all schemes except for South Australia, which was impacted by increasing price competition.

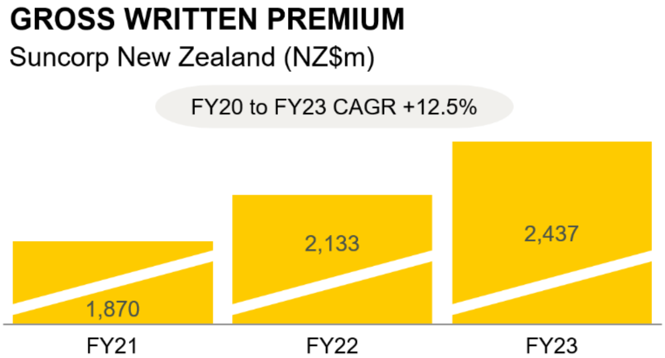
Net incurred claims increased by 19.6% to $6,373 million. Excluding discount movements, net incurred claims increased by 9.9% reflecting the impact of portfolio growth, reversion to pre-COVID-19 driving patterns, persistent inflation particularly in the Motor portfolio and natural hazard experience. This was partly offset by the release of business interruption provision. Prior year reserve releases were 1.3% of Group net earned premium (NEP).

Suncorp New Zealand

Suncorp New Zealand profit after tax	GWP
NZ$115m vs NZ$165m pcp	**NZ$2,437m up 14.3%**

Suncorp New Zealand delivered profit after tax of NZ$115 million.

General Insurance profit after tax of NZ$65 million decreased 56.7%. The General Insurance business was impacted by significant weather events, resulting in adverse natural hazards claims experience and NZ$95 million (before tax) of additional reinsurance reinstatement premiums from an intra-group arrangement with the Insurance (Australia) business. The result was also impacted by higher working claims experience.



GWP of NZ$2,437 million increased 14.3%. Intermediated and direct channels recorded strong growth through targeted pricing increases to offset inflationary pressures on claims and higher reinsurance costs.

Net incurred claims of NZ$1,232 million increased 21.6%. Higher working claims costs in the period were driven by unit growth, inflationary pressures, large loss claims from home fires, elevated claims experience in Motor, and COVID-19 related motor frequency benefits in FY22.

Prior year reserves were strengthened by NZ$13 million to reflect a combination of Canterbury earthquake claims and development on property claims.

Life Insurance profit after tax of NZ$50 million, increased 233.3% supported by growth in planned profit margins and favourable market adjustments. In-force premium grew by 6.7%, supported by Consumer Price Index, and age-related premium growth.

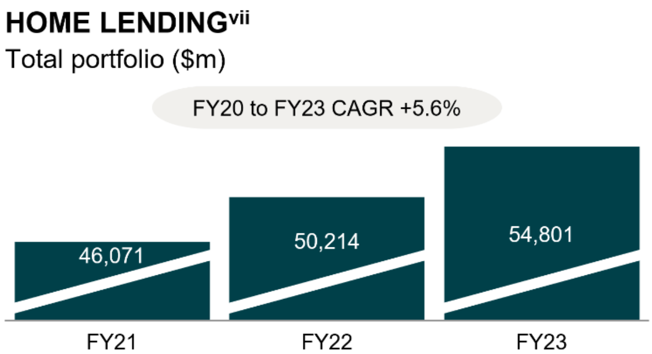
Suncorp Bank

Suncorp Bank profit after tax	NIM
$470m vs $368m pcp	**1.96% up 3 basis points**

Suncorp Bank profit after tax increased 27.7% to $470 million, driven by strong volume growth and higher margin.

NIM increased 3 basis points to 1.96%, supported by strategic deposit pricing, but partially offset by competitive pressures in Home lending pricing and increased funding costs.

The decrease in the cost-to-income ratio to 51.8%, from 59.0%, was achieved through a combination of asset growth and disciplined cost management.



Growth momentum continued with a $4.6 billion or 9.1% increase in the Home lending portfolio, which continues to maintain high credit quality and is conservatively positioned. Business lending grew 5.9%, predominantly driven by Commercial lending growth across several industries.

Total customer deposits increased 6.9% to $51.4 billion, with growth primarily driven by term deposits and at-call savings as customers responded to higher interest rates.

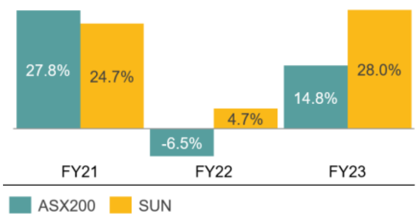
Asset quality overall remained sound. A net impairment charge of $16 million represented two basis points of gross loans and advances. The collective provision increased $10 million to $190 million.

FY23 plan delivered successfully

Suncorp successfully delivered its FY23 plan against a backdrop of considerable external headwinds. The plan achieved its financial and operational targets, delivering growth and improving profitability, while also building on the Group's customer value propositions including through enhanced digitisation and automation.

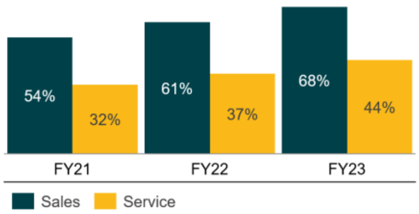
The plan committed to delivering a cash return on equity (FY23: 9.6%) above the through-the-cycle cost of equity, an underlying insurance trading ratio between 10% to 12% (FY23: 10.9%) and a cost-to-income ratio in the Bank of around 50% (FY23: 51.8%). Significant premium increases and higher investment returns have enabled the Group to counter the impacts of elevated natural hazards and reinsurance costs as well as claims inflation and supply chain challenges in the Motor portfolio. The successful delivery of the FY23 Plan provides strong foundations for the business going forward.

TOTAL SHAREHOLDER RETURN[viii]



UNDERLYING INSURANCE TRADING RATIO
(excluding COVID-19 impacts)

DIGITAL SALES & SERVICE TRANSACTIONS
Insurance (Australia)



Organisational changes

Suncorp today announced changes to its operating model to embed a customer-centric focus and enhance the efficiency of the business, aligned to its ambition of being the leading Trans-Tasman insurer. Suncorp will be organised around three core insurance functions: Consumer, Commercial & Personal Injury and New Zealand, each with end-to-end accountabilities to enable greater focus on customer and financial outcomes. There is no change to Suncorp Bank.

A new Consumer Insurance function will bring together responsibility for underwriting, pricing, product, distribution and claims for our home and motor portfolios. This business will be led by Lisa Harrison, currently CEO Insurance Product Portfolio. Ms Harrison's new title will be CEO, Consumer Insurance.

A new Commercial & Personal Injury function will be established with the same end-to-end focus, recognising the importance of commercial and statutory class portfolios to our strategy. This function will be elevated to the executive level and led by current EGM Commercial Insurance Michael Miller, who will be promoted to the role of CEO, Commercial & Personal Injury Insurance.

The operational portfolios within Insurance Claims & Operations including First Line Risk, Real Estate and Procurement will shift to a renamed Technology & Operations and will be led by Adam Bennett, whose new title will be Group Executive Technology & Operations.

After almost 29 years with Suncorp and having successfully led a number of different teams across the business, Insurance COO Paul Smeaton has indicated his desire to retire from a fulltime executive career towards the end of 2023. Paul will support the transition to the new operating model until he departs.

Mr Johnston thanked Mr Smeaton for his immense contribution to Suncorp over three decades. Mr Johnston also congratulated Mr Miller on joining the Executive Leadership Team and said that his promotion was a testament to the strength of the talent within the organisation.

Group outlook

Operational outlook: The operating environment remains challenging. While pressures in the supply chain are easing, geopolitical and economic uncertainty, and persistent inflationary pressures continue to drive investment market volatility. Central banks have tightened monetary policy in response to inflation and interest rates are expected to trend higher until inflation is brought under control. Economic growth is expected to moderate.

Following three consecutive years of La Niña weather patterns, the Bureau of Meteorology has updated the likelihood of an El Niño to 70% for the upcoming spring and summer seasons. Global reinsurance markets remain structurally disrupted and in a hardening cycle reflecting adverse recent natural hazard experience and inflationary pressures. These factors impact the cost of reinsurance, the degree of risk retention and, ultimately, the price of insurance products.

Strategic targets: Key strategic targets remain consistent with the previous aim of delivering a growing business with a sustainable return on equity above the through-the-cycle cost of equity.

Insurance:

- Growth: GWP growth of around 10% is expected to be primarily driven by increases in AWP as the business responds to increased input costs, including from reinsurance, natural hazards and supply chain inflation.
- Underlying ITR: The Group's underlying ITR is supported by strong premium momentum, offset by higher reinsurance and natural hazard costs, and claims inflation. Investment yields are expected to moderate as expectations for economic growth and inflationary pressures ease. As previously signalled prior year reserve releases are also expected to continue to moderate. Given these dynamics, an underlying ITR around the midpoint of the 10% to 12% range is targeted for FY24. Given the timing of premium increases being earned and higher reinsurance and natural hazard costs along with persistent claims inflation in Motor, the underlying ITR in 1H24 is expected to be at the bottom end of the range.

  Over the medium-term the Group expects ongoing margin improvement as higher renewal premium rates are earned through.
- Operating expenses: Expense ratios are expected to remain in-line with current levels noting expenses are expected to increase with ongoing investment in growing the business.

AASB 17: Following the application of AASB 17 from 1 July 2023, the metrics adopted by the Group will change to reflect the new accounting standard. Suncorp will update the market in due course on the metrics considered and adopted. The value and drivers of the business will remain materially unchanged.

Bank:

- Growth: Overall, system growth is expected to slow as economic growth moderates and against a backdrop of significantly tighter monetary conditions. The Bank is targeting Home loan growth at around system.
- NIM: Competition in both lending and deposits is expected to keep NIMs under pressure. The Bank expects NIM to be around the bottom of its 1.85% and 1.95% target range.
- Cost-to-income ratio: Considering the pressures to revenue from slowing credit growth and declining NIM, and cost pressures due to inflation, the Bank's cost-to-income ratio is expected to rise to around the mid-50s.

Bank transition costs: In light of the ACCC's decision to not grant merger authorisation, Suncorp has confirmed its commitment to supporting ANZ in its referral of the decision to the Tribunal. Progress on separating the Bank continues. Whilst there is no change to the expected net proceeds from the transaction, there have been some offsetting changes in the component parts. In particular, the Group now expects the separation and other costs to increase from $500 million to between $575 million to $600 million given the delay in completion as well as further clarity on the programme requirements. The Group will work through the details of these costs and update the market once details are refined.

Capital: The Group will maintain its disciplined approach to active capital management, including holding appropriate capital buffers. The Group maintains its commitment to a 60% to 80% dividend payout ratio, acknowledging the lower payout in FY23 reflected some significant shifts in capital, and as we work through the tribunal process relating to the sale of the Bank.

Bank Sale

Suncorp announced the sale of the Bank to ANZ on 18 July 2022. On 4 August 2023, following a lengthy process, the ACCC decided not to grant merger authorisation for the acquisition of Suncorp Bank by ANZ. Suncorp has confirmed that it will support ANZ through the Australian Competition Tribunal process in its decision to review of the ACCC determination. Subject to all the regulatory and government approvals being received, completion is now expected by the middle of the 2024 calendar year. As previously announced, the Group remains committed to returning to shareholders any capital that is excess to the needs of the business following completion.

Authorised for lodgement with the ASX by the Suncorp Group Board

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i All changes refer to the prior corresponding period unless otherwise stated
ii Excluding emergency services levies and portfolio exits
iii The split between Australia and New Zealand is based on event location and excludes internal reinsurance arrangements
iv Excludes emergency services levies, transitional excess profits and losses (TEPL) provision, restructuring expenses and Wealth expenses
v Excludes emergency services levies
vi Compound Annual Growth Rate (CAGR)
vii FY20 Home Lending excludes 'Other Lending'
viii Total shareholder returns represents the return of common stock over the financial year with dividends fully reinvested

Strategy and FY23 plan

Suncorp has successfully delivered 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 targeted and delivered a sustainable return on equity above the through-the-cycle cost of equity, with the General Insurance business delivering an underlying ITR of between 10% to 12%, and the Bank cost-to-income ratio falling to around 50%. The Group maintained its commitment to a 60% to 80% dividend payout ratio and to returning to shareholders any capital that is excess to the needs of the business.

The plan was delivered against a backdrop of considerable headwinds including the negative impacts of a global pandemic, three La Niña weather patterns, disrupted supply chains, and significant inflationary pressures that have resulted in central banks raising interest rates sharply.

Insurance (Australia)

Revitalise growth	– Over the three-year plan period, GWP grew 27.2% (8.4% CAGR) when normalised for portfolio exits, with broad-based growth across Motor, Home and Commercial. Rate increases were the largest driver of GWP growth reflecting the pricing changes made to respond to higher inflation, natural hazards and reinsurance costs. Unit growth was also achieved across most portfolios. – AAMI brand sustained #1 position[1] for consideration nationally across the plan period. AAMI Net Promoter Score (NPS) rank relative to peers remained stable between FY21 and FY23.
Optimise pricing and risk selection	– Implemented the Customer and Pricing Ecosystem (CaPE) for Consumer mass-brands, allowing more accurate pricing for risk. CaPE was delivered for Home in November 2021 and for Motor in February 2023. At the end of FY23, over a third of mass-brand Motor policies have been priced through the platform. – Delivered the first phases of the new Intermediated Small and Medium Enterprises (iSME) Platform. iSME will enhance pricing and risk selection and improve the broker experience. The capability was delivered for new business on the Vero Edge Platform in the first half of FY23. – Invested in underwriting tools across property and liability in Commercial to improve risk selection and efficiency.
Digital first customer experiences	– Increased digital transactions for mass brands across Home, Motor and CTP products to 68% of all sales and 44% of all service transactions, up from 49% and 29% respectively at the start of the plan period. The number of unique digital users grew to 5 million in FY23. – Improved digital renewal process with approximately two thirds of mass-brands Home and Motor renewals completed digitally in FY23. Digital capability for Shannons and Terri Scheer was also launched. – Expanded conversational Artificial Intelligence (AI) chatbot capabilities to more than quadruple the annual interactions with customers over the plan period, delivering nearly 1.9 million chatbot conversations in FY23.
Best-in-Class Claims	– Home and Motor digital claim lodgements increased from approximately 20% of all lodgements to approximately 50% (and higher for natural hazard events) over the plan period following enhancements to the digital lodgement process. – Launched innovative platforms and tools to improve supply chain outcomes, enhancing cost efficiency, scope, and transparency while minimising inflation. Reconfigured supply chain including refreshed builder, repairer and supplier panels. – Delivered Disaster Response Plan, flexible workforce and Event Control Centre to enhance disaster response capability and supply chain readiness and coordination. – In Personal Injury schemes, introduced early intervention and direct lodgement initiatives such as customer concierge teams and industry leading digital lodgement functionality.

1. Brand consideration of the national Personal Insurance market sourced from IPSOS, based on a 12-month average.

Suncorp New Zealand

Grow brands and strategic partnerships	– Strengthened brand propositions and supported new growth through investment in broker relationships and product innovation. – Over the three-year plan period, GWP grew 42.3% (12.5% CAGR) and General Insurance market share increased from 23.4% (30 June 2020) to 25.2% (31 March 2023).[1] – Increased Life Insurance share of industry new business (12-month rolling) from 9.0% (30 June 2020) to 11.3% (31 Mar 2023).[2]
Best-in-Class Claims	– Delivered a single claims platform, introducing opportunities for customer engagement and seamless connectivity with partners across the claims value-chain. – Improved claims experiences through process automation, speeding up claim assessment time, customer responsiveness and improved data accuracy.
Digitise and automate	– Nationwide rollout of digital connectivity with a key strategic broker for Commercial products. This resulted in an increase in premiums written. A successful pilot of Consumer product connectivity with a second key broker group was completed, with nationwide rollout underway. – Launched online Motor insurance sales through the ANZ corporate partnership with ANZ bank, future product releases under development. – Ongoing simplification of the consumer product portfolio, rationalising product numbers. – Delivered a cloud-based Life Underwriting Rules solution with a simplified question and rule set to increase automatic acceptance rates providing a faster turnaround for customers.

1. General Insurance market share data is sourced from the quarterly Insurance Council New Zealand (ICNZ) General Insurance statistical data.
2. Life Insurance new business data is sourced from the quarterly Financial Services Council of New Zealand (FSC) Life Insurance statistical data.

Suncorp Bank

Win in Home	– Home lending growth of $8.3 billion over the three-year plan period (5.6% CAGR). – Invested in key system enhancements, process simplification and improved operational productivity, resulting in a material reduction in the average median turnaround time from approximately 14 days in FY21 to around 4 days throughout FY23. – Achieved a significant improvement in the Home Lending Broker NPS, lifting the 6-month rolling average from -33 in July 2020 to +49 in June 2023. Suncorp Bank ranked #1 in Australian Finance Group (AFG) turnaround times for 32 weeks of the year for FY23.
Seamless everyday banking	– Customer deposit growth of $6.6 billion over the three-year plan period driven by growth of $3.5 billion in the transaction portfolio and $3.3 billion in the savings portfolio. – Launched several product offerings during the plan period including the Carbon Insights Account, products and services to support vulnerable customers, and recycled plastic debit cards with tactile indicators.
Grow businesses	– Steady momentum in Business lending with growth of $1.1 billion over the three-year plan period (3.1% CAGR). – Business Banking NPS improved significantly with the 6-month rolling average lifting from -2.6 at the beginning of FY21 to +19 in June 2023. – Realigned and simplified the operating model into four discrete businesses, with differing service propositions covering Agribusiness & Regional, Property Finance, Commercial and Small Business.
Digital first	– Completed the migration of customers to the Suncorp App and continued the delivery of improved self-service capabilities. – Strengthened digital engagement and origination capabilities, including joint account online origination, pre-filled income and expense data and the launch of a refreshed broker portal. Digital origination continues to drive deposit funding, with over 82% of personal at-call accounts originated via digital channels in FY23.
Customer service excellence	– Delivered several improvements to our customer service proposition including upskilling our customer-facing and direct lender workforce, expanding access to fee-free ATMs with an arrangement through ATMx, launched an Adaptive Contact Us page to direct customer enquiries, and implemented call-back functionality in Voice of Customer surveys.

Contribution to profit by function

	Full Year Ended Jun-23 $M	Jun-22 $M	Jun-23 v Jun-22 %
Insurance (Australia)			
Gross written premium	10,328	9,384	10.1
Net earned premium	8,654	7,911	9.4
Net incurred claims	(6,373)	(5,328)	(19.6)
Operating expenses	(1,650)	(1,719)	4.0
Investment income - insurance funds	337	(400)	n/a
Insurance trading result	968	464	108.6
Other income	105	(227)	n/a
Profit before tax	1,073	237	352.7
Income tax	(318)	(63)	(404.8)
Insurance (Australia) profit after tax	**755**	174	333.9
Suncorp New Zealand			
Gross written premium	2,231	1,998	11.7
Net earned premium	1,688	1,648	2.4
Net incurred claims	(1,128)	(949)	(18.9)
Operating expenses	(510)	(473)	(7.8)
Investment income - insurance funds	28	(8)	n/a
Insurance trading result	78	218	(64.2)
Other income	5	(20)	n/a
Profit before tax	83	198	(58.1)
Income tax	(24)	(57)	57.9
General Insurance profit after tax	**59**	141	(58.2)
Life Insurance profit after tax	**46**	14	228.6
Suncorp New Zealand profit after tax	**105**	155	(32.3)
Suncorp Bank			
Net interest income	1,408	1,245	13.1
Total other operating income	17	3	466.7
Operating expenses	(737)	(736)	(0.1)
Profit before impairment releases/(losses) on loans and advances	688	512	34.4
Impairment releases/(losses) on loans and advances	(17)	14	n/a
Profit before tax	671	526	27.6
Income tax	(201)	(158)	(27.2)
Suncorp Bank profit after tax	**470**	368	27.7
Profit after tax from ongoing functions	**1,330**	697	90.8
Profit after tax from discontinued business [1]	**-**	-	n/a
Profit after tax from functions	**1,330**	697	90.8
Other profit (loss) after tax [2]	(76)	(24)	(216.7)
Cash earnings	**1,254**	673	86.3
Net profit (loss) on sale of divested/divesting operations [3]	(91)	38	n/a
Acquisition amortisation (after tax) [4]	(15)	(30)	50.0
Net profit after tax	**1,148**	681	68.6

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 23) for details

3. FY23 net profit (loss) on divested/divesting operations includes costs associated with the sale of the Bank announced on 18 July 2022. FY22 net profit (loss) on sale of divested operations includes a gain on sale of the RACTI business (FY22: $43 million), offset by losses associated with the sale of the Wealth business.

4. Acquisition amortisation includes asset impairments for Data Centre Hardware (Jun-22: loss $9 million)

	Jun-23 $M	Half Year Ended Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Insurance (Australia)						
Gross written premium	5,410	4,918	4,842	4,542	10.0	11.7
Net earned premium	4,423	4,231	3,929	3,982	4.5	12.6
Net incurred claims	(3,177)	(3,196)	(2,405)	(2,923)	0.6	(32.1)
Operating expenses	(848)	(802)	(833)	(886)	(5.7)	(1.8)
Investment income - insurance funds	198	139	(377)	(23)	42.4	n/a
Insurance trading result	596	372	314	150	60.2	89.8
Other income	85	20	(237)	10	325.0	n/a
Profit before tax	681	392	77	160	73.7	large
Income tax	(202)	(116)	(17)	(46)	(74.1)	large
Insurance (Australia) profit after tax	**479**	276	60	114	73.6	large
Suncorp New Zealand						
Gross written premium	1,160	1,071	994	1,004	8.3	16.7
Net earned premium	820	868	830	818	(5.5)	(1.2)
Net incurred claims	(599)	(529)	(477)	(472)	(13.2)	(25.6)
Operating expenses	(260)	(250)	(235)	(238)	(4.0)	(10.6)
Investment income - insurance funds	21	7	(4)	(4)	200.0	n/a
Insurance trading result	(18)	96	114	104	n/a	n/a
Other income	6	(1)	(19)	(1)	n/a	n/a
Profit before tax	(12)	95	95	103	n/a	n/a
Income tax	3	(27)	(29)	(28)	n/a	n/a
General Insurance profit after tax	**(9)**	68	66	75	n/a	n/a
Life Insurance profit after tax	**31**	15	8	6	106.7	287.5
Suncorp New Zealand profit after tax	**22**	83	74	81	(73.5)	(70.3)
Suncorp Bank						
Net interest income	683	725	624	621	(5.8)	9.5
Other operating income	9	8	(11)	14	12.5	n/a
Operating expenses	(371)	(366)	(370)	(366)	(1.4)	(0.3)
Profit before impairment releases/(losses) on financial assets	321	367	243	269	(12.5)	32.1
Impairment releases/(losses) on financial assets	(15)	(2)	(2)	16	large	large
Profit before tax	306	365	241	285	(16.2)	27.0
Income tax	(92)	(109)	(73)	(85)	15.6	(26.0)
Suncorp Bank profit after tax	**214**	256	168	200	(16.4)	27.4
Profit after tax from ongoing functions	**715**	615	302	395	16.3	136.8
Profit after tax from discontinued business [1]	**-**	-	1	(1)	n/a	n/a
Profit after tax from functions	**715**	615	303	394	16.3	136.0
Other profit (loss) after tax [2]	(49)	(27)	9	(33)	(81.5)	n/a
Cash earnings	**666**	588	312	361	13.3	113.5
Net profit (loss) on sale of divested/divesting operations[3]	(71)	(20)	(1)	39	(255.0)	large
Acquisition amortisation (after tax) [4]	(7)	(8)	(18)	(12)	12.5	61.1
Net profit after tax	**588**	560	293	388	5.0	100.7

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 23) for details

3. Jun-23 and Dec-22 net profit (loss) on divested/divesting operations includes costs associated with the sale of the Bank announced on 18 July 2022. Dec-21 net profit (loss) on sale of divested operations includes a gain on sale of the RACTI business (Dec-21: $43 million), offset by losses associated with the sale of the Wealth business.

4. Acquisition amortisation includes asset impairments for Data Centre Hardware (Jun-22: loss $9 million)

Group ratios and statistics

		Full Year Ended		Jun-23 v
		Jun-23	Jun-22	Jun-22 %
Performance ratios				
Earnings per share [2]				
Basic	(cents)	90.92	53.80	69.0
Diluted	(cents)	88.54	51.32	72.5
Cash earnings per share [1, 2]				
Basic	(cents)	99.32	53.17	86.8
Diluted	(cents)	96.34	50.74	89.9
Return on average shareholders' equity [1]	(%)	8.8	5.3	
Cash return on average shareholders' equity [1]	(%)	9.6	5.2	
Cash return on average shareholders' equity pre-goodwill [1]	(%)	15.1	8.3	
Cash return on average shareholders' equity pre goodwill and intangibles [1]	(%)	15.7	8.7	
Insurance trading ratio	(%)	10.1	7.1	
Underlying insurance trading ratio (excl COVID-19)	(%)	10.9	9.0	
Bank net interest margin (interest-earning assets)	(%)	1.96	1.93	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	60.0	40.0	50.0
Special dividends per ordinary share	(cents)	-	-	n/a
Payout ratio (ordinary dividend) [1]				
Cash earnings	(%)	60.4	74.9	
Payout ratio (including special dividend) [1]				
Cash earnings	(%)	60.4	74.9	
Weighted average number of shares				
Basic	(m)	1,262.6	1,265.7	(0.2)
Diluted	(m)	1,357.6	1,399.2	(3.0)
Number of shares at end of period [3]	(m)	1,264.5	1,260.6	0.3
Net tangible asset backing per share	($)	6.36	5.95	6.9
Share price at end of period	($)	13.49	10.98	22.9
Productivity				
Australian General Insurance expense ratio	(%)	19.1	21.7	
Suncorp New Zealand General Insurance expense ratio	(%)	30.2	28.7	
Bank cost to income ratio	(%)	51.8	59.0	
Financial position				
Total assets	($M)	114,983	106,378	8.1
Net tangible assets	($M)	8,041	7,501	7.2
Net assets	($M)	13,347	12,783	4.4
Average Shareholders' Equity	($M)	13,017	12,836	1.4
Capital [4]				
General Insurance total capital PCA coverage	(times)	1.63	1.74	
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.16	1.19	
Bank total capital ratio	(%)	14.31	12.99	
Bank Common Equity Tier 1 ratio [5]	(%)	10.06	9.08	
Common Equity Tier 1 Capital held at Group	($M)	274	248	10.5

1. Refer to Glossary for definitions
2. Refer to Appendix 'Group EPS Calculations' (page 69) for detailed earnings per share (EPS) calculations
3. Excluding Treasury shares
4. Ratios are presented post dividend
5. Jun-23 presented under Basel III effective 1 January 2023. Jun-22 period has not been restated.

		Half Year Ended				Jun-23 v	Jun-23 v
		Jun-23	Dec-22	Jun-22	Dec-21	Dec-22%	Jun-22 %
Performance ratios							
Earnings per share [2]							
Basic	(cents)	46.54	44.38	23.24	30.53	4.9	100.3
Diluted	(cents)	45.35	42.81	22.41	28.91	5.9	102.4
Cash earnings per share [1,2]							
Basic	(cents)	52.71	46.60	24.75	28.41	13.1	113.0
Diluted	(cents)	51.06	44.87	23.76	26.98	13.8	114.9
Return on average shareholders' equity [1]	(%)	9.0	8.6	4.6	5.9		
Cash return on average shareholders' equity [1]	(%)	10.2	9.1	4.9	5.5		
Cash return on average shareholders' equity pre-goodwill [1]	(%)	15.9	14.3	7.9	8.7		
Cash return on average shareholders' equity pre goodwill and intangibles [1]	(%)	16.5	14.9	8.2	9.1		
Insurance trading ratio	(%)	11.0	9.2	9.0	5.3		
Underlying insurance trading ratio (excl COVID-19)	(%)	11.7	10.0	9.9	8.0		
Bank net interest margin (interest-earning assets)	(%)	1.89	2.03	1.90	1.97		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	27.0	33.0	17.0	23.0	(18.2)	58.8
Special dividends per ordinary share	(cents)	-	-	-	-	n/a	n/a
Payout ratio (ordinary dividend) [1]							
Cash earnings	(%)	51.3	70.9	68.7	80.3		
Payout ratio (including special dividend) [1]							
Cash earnings	(%)	51.3	70.9	68.7	80.3		
Weighted average number of shares							
Basic	(m)	1,263.5	1,261.8	1,260.5	1,270.8	0.1	0.2
Diluted	(m)	1,365.0	1,361.7	1,401.3	1,397.3	0.2	(2.6)
Number of shares at end of period [3]	(m)	1,264.5	1,262.6	1,260.6	1,260.4	0.2	0.3
Net tangible asset backing per share	($)	6.36	6.24	5.95	6.11	1.9	6.9
Share price at end of period	($)	13.49	12.04	10.98	11.07	12.0	22.9
Productivity							
Australian General Insurance expense ratio	(%)	19.2	19.0	21.2	22.2		
Suncorp New Zealand General Insurance expense ratio	(%)	31.7	28.8	28.2	29.1		
Bank cost to income ratio	(%)	53.7	49.9	60.4	57.6		
Financial position							
Total assets	($M)	114,983	110,184	106,378	99,452	4.4	8.1
Net tangible assets	($M)	8,041	7,882	7,501	7,702	2.0	7.2
Net assets	($M)	13,347	13,176	12,783	12,969	1.3	4.4
Average Shareholders' Equity	($M)	13,171	12,862	12,722	12,951	2.4	3.5
Capital [4]							
General Insurance total capital PCA coverage	(times)	1.63	1.63	1.74	1.64		
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.16	1.21	1.19	1.21		
Bank total capital ratio	(%)	14.31	14.37	12.99	14.57		
Bank Common Equity Tier 1 ratio [5]	(%)	10.06	10.09	9.08	9.34		
Common Equity Tier 1 Capital held at Group	($M)	274	290	248	492	(5.5)	10.5

1. Refer to Glossary for definitions

2. Refer to Appendix 'Group EPS Calculations' (page 69) for detailed earnings per share calculations

3. Excluding Treasury shares

4. Ratios are presented post dividend

Group reported and underlying Insurance Trading Ratio

Reconciliation of reported ITR to underlying ITR

	Full Year Ended		Half Year Ended			
	Jun-23	Jun-22	Jun-23	Dec-22	Jun-22	Dec-21
	$M	$M	$M	$M	$M	$M
Reported ITR	**1,046**	682	**578**	468	428	254
Reported reserve releases (above) below long-run expectations [1]	(91)	(32)	27	(118)	8	(40)
Natural hazards above (below) allowances	97	101	(2)	99	(104)	205
Investment income mismatch	45	98	22	23	94	4
Other:						
Risk margin	13	16	(19)	32	(26)	42
Abnormal (Simplification/restructuring) expenses [1]	13	6	7	6	1	5
Additional Reinsurance Premium	-	82	-		79	3
Underlying ITR	**1,123**	**953**	**613**	**510**	**480**	**473**
Underlying ITR ratio including COVID-19 impact	**10.9%**	9.9%	11.7%	10.0%	9.9%	9.9%
COVID-19 impact	**-**	(0.9%)		-	-	(1.9%)
Underlying ITR ratio excluding COVID-19 impact	**10.9%**	9.0%	11.7%	10.0%	9.9%	8.0%

1. Reserve releases and abnormal expenses exclude impacts of TEPL and includes the release of the business interruption provision.

Underlying ITR movements

	Jun-22 v Jun-23 %
FY22 underlying ITR excluding COVID-19	**9.0**
Gross earned premium	9.3
Investment income	4.3
Claims	(8.4)
Natural Hazards / Reinsurance	(4.7)
Expenses	1.4
FY23 underlying ITR ex COVID-19	**10.9**

Excluding COVID-19 impacts in the pcp, underlying ITR increased from 9.0% to 10.9%:

- The Consumer portfolio had a small reduction in underlying ITR due to the increased natural hazard allowance, reinsurance costs and working claims in the Motor portfolio. This was partially offset by the pricing response which will continue to earn through over future periods. Higher investment income provided some additional offset, together with lower operating and claims handling expenses due to ongoing cost management and Best-in-Class Claims initiative benefits. Within the Consumer portfolio, the underlying ITR in the Home portfolio improved, but reduced in the Motor portfolio.
- The Commercial portfolio had an improved underlying ITR driven by higher investment income and higher present value discounting, partly offset by higher reinsurance costs, large fire claims and Fleet claims frequency normalised to pre-COVID-19 levels.
- Long-tail statutory classes increased their contribution to underlying ITR, reflecting higher investment income and higher present value discounting on claims from rising yields. These benefits were largely due to longer average claims duration under these classes.
- Suncorp New Zealand's performance largely reflected higher working claims in the Motor portfolio and adverse large claims experience.

Natural hazards and reinsurance

Date	Event	Net costs $M
Jul 22	Sydney East Coast Low	87
Aug 22	Southern Australia Winds and Storms	19
Aug 22	NZ North Island and Top of South Island Storm	19
Oct 22	VIC Rain and Floods	209
Oct 22	NSW VIC Rain and Floods	24
Oct 22	East Coast Rain and Hail	53
Nov 22	November Rain and Flood	68
Dec 22	Sunshine Coast Hail	48
Jan 23	NZ North Island Floods	46
Feb 23	NSW Rain and Hail	57
Feb 23	NZ TC Gabrielle	23
Apr 23	April Rain and Hail	22
May 23	Newcastle Hail	93
May 23	All NZ Heavy Rain and Flooding	13
Jun 23	June Rain and Hail	18
Total events over $10 million		**798**
Other natural hazards		459
Total natural hazards		**1,257**
Less: allowance for natural hazards		(1,160)
Natural hazards costs above / (below) allowance		**97**

Total natural hazard costs were $1,257 million, $176 million above the pcp, and $97 million above the Group's allowance of $1,160 million. Based on event locations and excluding internal reinsurance arrangements, Insurance (Australia) was $2 million favourable to allowance and New Zealand was $99 million unfavourable to allowance.

Accumulated losses from natural hazard events during the year eroded $648 million of the Aggregate Excess of Loss (AXL) treaty deductible ($850 million), therefore no recoveries were made under that arrangement in FY23.

The Group's comprehensive reinsurance program in FY23 provided additional protection for New Zealand losses. As a result, losses from the two major New Zealand events experienced in the second half were capped at NZ$50 million for the North Island Floods and NZ$25 million for Cyclone Gabrielle, net of reinsurance cover.

For an outline of the FY24 reinsurance program, refer to page 77.

Group investments

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.

Net impact of yields and investment markets

	Full Year Ended		Half Year Ended			
	Jun-23 $M	Jun-22 $M	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M
Insurance (Australia)						
Investment income (insurance funds)	337	(400)	198	139	(377)	(23)
Impact of risk-free discount rates on outstanding claims	(106)	373	(75)	(31)	322	51
	231	(27)	**123**	108	(55)	28
Present value adjustment on newly recognised claims	253	84	134	119	62	22
Investment income (shareholders' funds)	177	(190)	122	55	(217)	27
	430	(106)	256	174	(155)	49
Total Insurance (Australia)	**661**	(133)	**379**	282	(210)	77
Suncorp New Zealand (AUD)						
General insurance						
Investment income (insurance funds)	28	(8)	21	7	(4)	(4)
Investment income (shareholders' funds)	17	(20)	13	4	(18)	(2)
	45	(28)	**34**	11	(22)	(6)
Life						
Market adjustments (pre-tax)	18	(29)	24	(6)	(19)	(10)
	18	(29)	24	(6)	(19)	(10)
Total Suncorp New Zealand	**63**	(57)	**58**	5	(41)	(16)
Net impact of yields and investment markets	**724**	(190)	**437**	287	(251)	61

Suncorp's investment strategy incorporates medium to long-term views of asset class returns, capital, profit volatility, liquidity and liability matching considerations. The investment result benefitted from higher government bond yields, credit spreads and inflation-linked income following the RBA's aggressive monetary tightening cycle over the period. This lifted the overall underlying yield of Suncorp's assets.

The higher yield provides some buffer to risks in investment returns due to uncertainty over inflation, monetary policy, and economic growth. Suncorp invests in various assets with inflation hedging characteristics including inflation-linked bonds (ILBs) that have returns linked to Consumer Price Index (CPI) inflation. The returns from ILBs outperformed nominal bonds over the last year as realised inflation exceeded expectations and contributed to the higher underlying yield. This excess performance from ILBs is expected to reduce as realised inflation converges to long-run inflation expectations.

Insurance (Australia)

The residual net gain of $231 million primarily reflects the favourable impacts from higher base yields in risk-free and credit spreads, and carry above risk-free on ILBs as CPI prints continued to exceed inflation expectations. There were additional contributions from mark-to-market gains on narrowing credit spreads and manager active performance. This was partially offset by risk-free mark-to-market losses on assets backing the undiscounted liabilities (unearned premium) as government bond yields rose.

The present value adjustment on newly recognised claims reflects the initial discounting applied to new claims liabilities to recognise them at present value, which has increased as yields have risen.

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 35.

Suncorp New Zealand

Suncorp New Zealand General Insurance investment income of NZ$49 million improved due to increases in interest income from higher-yielding securities and lower mark-to-market impacts from rising yields compared to the pcp.

For further detail on investment income for Suncorp New Zealand General Insurance, please refer to page 44.

The Suncorp New Zealand Life market adjustments were impacted by the continued increase in long-term interest rates and the impact of higher CPI on the valuation of customer policies with an inbuilt sum insured indexation.

For further detail on the Suncorp New Zealand Life investment portfolio, please refer to page 46.

Group operating expenses

Operating expenses by function

	Full Year Ended			Half Year Ended					
	Jun-23 $M	Jun-22 $M	Jun-23 v Jun-22 %	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Insurance (Australia)									
Insurance (Australia) operating expenses	1,432	1,526	(6.2)	723	709	760	766	2.0	(4.9)
Suncorp New Zealand									
General Insurance operating expenses	510	473	7.8	260	250	235	238	4.0	10.6
Life operating expenses	48	46	4.3	24	24	24	22	-	-
	558	519	7.5	284	274	259	260	3.6	9.7
Suncorp Bank									
Suncorp Bank operating expenses	**737**	736	0.1	371	366	370	366	1.4	0.3
Group operating expenses	**2,727**	2,781	(1.9)	1,378	1,349	1,389	1,392	2.1	(0.8)
Other expenses									
Restructuring expenses[1]	47	57	(17.5)	47	-	57	-	n/a	(17.5)
Wealth operating expenses	-	34	n/a	-	-	11	23	n/a	(100.0)
ESL	141	144	(2.1)	73	68	68	76	7.4	7.4
TEPL[2]	77	49	57.1	52	25	5	44	108.0	large
Total Group operating expenses (including other expenses)	**2,992**	3,065	(2.4)	1,550	1,442	1,530	1,535	7.5	1.3

1. Includes real estate asset write-offs driven by the impact of flexible working arrangements and redundancy costs resulting from ongoing operational improvement.
2. TEPL provision recognises excess profit payable to the regulator with an equivalent release from prior year claim reserves.

Operating expenses movements

	Movement Jun-22 to Jun-23 $M
Jun-22 Group operating expenses[1]	2,781
Project costs (included in operating expenses)	(25)
BAU inflation	58
Strategic and operational benefits	(75)
Other expenses	(12)
Jun-23 Group operating expenses[1]	2,727

1. Excludes restructuring expenses, Wealth operating expenses, ESL and TEPL

Group total operating expenses decreased $54 million to $2.7 billion. Key movements include:

— A decline in project costs largely driven by a reduction in the cost of regulatory and maintenance projects and spending on strategic initiatives in-line with expectations as the current cycle nears completion.

— An increase in BAU inflation primarily driven by economy-wide inflationary pressures on wages and technology costs.

— Strategic and operational efficiencies driven by the delivery of strategic initiatives including Digital Customer Experience in Insurance and optimising distribution networks within the Bank, as well as the benefits from business simplification measures that have been implemented in recent years.

— Reduced other expenses is primarily driven by lower bad debt expense and a reduction in one-off costs from the prior year, partially offset by an uplift in growth related costs driven by commissions associated with an increase in Gross Written Premium.

Other Profit / (Loss) After Tax

	Full Year Ended		Half Year Ended			
	Jun-23 $m	Jun-22 $m	Jun-23 $m	Dec-22 $m	Jun-22 $m	Dec-21 $m
Other profit / (loss) after tax	(76)	(24)	(49)	(27)	9	(33)
Recurring						
Net external funding expense[1]	(54)	(40)	(29)	(25)	(22)	(18)
Non-controlling interest	(11)	(18)	(2)	(9)	(5)	(13)
Investment income / (loss) on capital funds held at Group	16	(9)	10	6	(8)	(1)
Total recurring	(49)	(67)	(21)	(28)	(35)	(32)
Non-recurring						
Net Tax Adjustment	2	90	2	-	92	(2)
Restructuring	(34)	(40)	(34)	-	(40)	-
Other	5	(7)	4	1	(8)	1
Total non-recurring	(27)	43	(28)	1	44	(1)

1. Net external funding expense contains interest expense, capital raising transaction costs and mark-to-market valuation adjustments on the capital notes held by SGL.

Total other loss after tax of $76 million increased $52 million, largely driven by a one-off tax adjustment in the pcp relating to the sale of the Australian Life Business.

Higher income on capital funds held at Group was more than offset by higher net external funding expenses.

Restructuring costs were primarily driven by the impact of flexible working arrangements on the real estate footprint.

Group capital and dividends

Capital management strategy

The Group's capital management strategy is to optimise shareholder value by actively managing the level, mix and use of capital resources. The Group will continue to be disciplined about actively managing capital and will balance the needs of the business, the economic outlook, regulatory guidance, and returns.

The FY23 dividend payout ratio of 60% reflects the Group's prudent and disciplined approach to managing capital in the context of the current environment, the FY24 reinsurance renewal and as it works through the Tribunal process relating to the sale of the Bank.

The Group will maintain its disciplined approach to active capital management, including holding appropriate capital buffers. The Group maintains its commitment to a 60% to 80% dividend payout ratio.

Capital

	As at 30 June 2023					
	General Insurance	**Bank[2]**	**NZ Life & other businesses[3]**	**Corporate**	**Total[4]**	**30 June 2022**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**
CET1 (pre div)	3,918	3,377	86	27	**7,408**	6,865
Midpoint of Target CET1 Range	3,656	3,330	73	(3)	**7,056**	6,583
Excess to Midpoint of Target CET1 Range (pre div)	262	47	13	30	**352**	282
Common Equity Tier 1 ratio (pre div)[1]	1.31x	10.39%				
Group dividend					**(318)**	(200)
Key metrics (ex div)	1.16x CET1 Ratio	10.06% CET1 Ratio		274 CET1	**34 Excess CET1 571**	82 Excess CET1 445
CET1 Target	1.075 - 1.375x	10.0 - 10.5%			**Surplus within range**	Surplus within range
Total capital	5,317	4,758	86	27	**10,188**	9,706
Total target capital	5,074	4,468	73	(22)	**9,593**	8,857
Excess to target (pre div)	243	290	13	49	**595**	849
Group dividend					**(318)**	(200)
Group excess to target (ex div)					**277**	649
Total capital ratio[1]	1.78x	14.64%				

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. Basel III effective 1 January 2023.
3. The midpoint for "NZ Life and other businesses" represents the midpoint to the New Zealand Life insurance Target Operating Range.
4. The Total Group represents the Level 3 PCR as specified under SGL's NOHC Conditions.

	Movement Dec-22 to Jun-23 $M
Dec-22 CET1 held at Group	290
NPAT	588
Dividend accrual (60% FY cash payout ratio) net of DRP	(318)
GI capital usage	(313)
Bank capital usage	(87)
Movement in Net DTA	31
Other	(57)
Capital Impact absorbed by the Business	140
Jun-23 CET1 held at Group	274

Key factors impacting the capital position during 2H23 include:

- General Insurance capital usage of $313 million, driven by:
  - Changes to the FY24 reinsurance program resulting in an approximately $340 million increase in the levels of capital required to be held by the General Insurance business:
    - An increase in the Insurance Concentration Risk Charge by $100 million, in line with the increase in risk retention under the reinsurance program, with a CET1 capital impact of $115 million.
    - A 0.075x increase in the midpoint of the CET1 range, equivalent to approximately $225 million. At the same time the target range has also been widened in line with the increased retention under the reinsurance program. The new General Insurance CET1 target range is 1.075x to 1.375x prescribed capital amount (PCA).
  - In addition, the higher reinsurance premiums and natural hazards allowance reduced Excess Technical Provisions by approximately $100 million. This impact is expected to reverse as pricing is adjusted and earned. Pricing adjustments following last year's program changes have resulted in a broadly offsetting benefit over FY23.
  - Recognition of diversification benefits between Australia and New Zealand through a reduction in capital targets (0.075x PCA) following APRA changes to SGL's Non-Operating Holding Company Conditions, partially offsetting the increase from the reinsurance changes.
  - Other capital usage included the impact of the continued implementation of the Group's Strategic Asset Allocation (SAA), and reinsurance counterparty risk charge of approximately $85 million. The capital impact of changes to the SAA are non-recurring and limited to their implementation. The reinsurance counterparty risk charge should unwind as recoveries are paid. Business growth and higher outstanding claims also formed part of normal capital usage but were partially offset by improvements in Excess Technical Provisions from increases in pricing in the Motor portfolio.
- Bank capital usage driven by growth in lending and Risk Weighted Assets (RWAs), along with associated capitalised broker commissions.
- A reduction in net Deferred Tax Assets (DTA) of $31 million, largely driven by continued unwind of accrued DTA as underlying investments reach maturity.
- Determining the FY23 dividend based on a payout ratio of 60% of cash earnings, at the bottom of the Group's 60% to 80% target range.

As at 30 June 2023, there was $274 million of CET1 capital held at Group (after dividends).

Dividends

The Group's strong balance sheet has allowed the Board to declare a fully franked final FY23 dividend of 27 cents per share (cps), taking full year dividends to 60cps, a 50% increase on FY22. This equates to a payout ratio of 60% of cash earnings for the year, at the bottom of the target payout ratio range.

The final dividend will be paid on 25 September 2023. The ex-dividend date is 14 August 2023.

The Group's franking credit balance is set out in the table below. To ensure the Group can continue to fully frank dividends, it retains a franking account surplus to cover potential future volatility in the franking account due to changes in the split of the Group's earnings between Australia and New Zealand and differences between Australian accounting profit and Australian taxable income.

	Jun-23 $M	Dec-22 $M	Jun-22 $M
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	269	216	282

Insurance (Australia)

Insurance (Australia) delivers Home and Contents, Motor, CTP, Workers' Compensation and Commercial insurance through its suite of brands including AAMI, Suncorp Insurance, GIO, Vero, Apia, CIL, Terri Scheer, Shannons and Bingle. The Insurance (Australia) business is one of Australia's largest general insurers by GWP.

Result overview

— Insurance (Australia) **profit after tax of $755 million was up 333.9%**, reflecting continued momentum in revenue growth, a reduction in operating expenses and a significant turnaround in investment income. An increase in working claims and natural hazard costs was partially offset by the release of the majority of the business interruption provision. The result also benefitted from the intra-group reinsurance arrangement with Suncorp New Zealand, which was neutral to the Group.

— Insurance (Australia) reported GWP excluding ESL of $10,164 million, up 9.8%. GWP growth excluding portfolio exits was 10.6%. Growth accelerated in the second half, which was broad-based across portfolios.

— Consumer GWP grew 12.9% excluding portfolio exits, driven by strong AWP increases reflecting the pricing response to increasing reinsurance and natural hazard costs in Home and working claims inflation in Motor. GWP growth increased to 13.8% in the second half. Unit growth was achieved in both the Motor and Home portfolios across the year.

— Commercial GWP grew 9.9% excluding portfolio exits, predominantly from rate and exposure growth. Rate increases averaged 11% across the year and were higher in the second half.

— CTP GWP increased 0.7% driven by growth in Queensland. Maintained leading national market share position.

— Workers' Compensation GWP increased 5.1%, or 8.3% excluding portfolio exits, driven by rate and wage growth.

— Net incurred claims of $6,373 million was up 19.6%. Net incurred claims excluding discount movements increased by 9.9%, reflecting the impact of portfolio growth, reversion to pre-COVID-19 driving patterns, inflation, and natural hazard experience. The loss ratio excluding discount rate impacts increased by 0.2%. After adjusting for COVID-19 impacts, including the release of business interruption provision, the loss ratio increased by 1.0%.

— Online claim lodgements in the Consumer portfolios remained strong, with continued focus on improving the digital experience for customers across all portfolios. Best-in-Class Claims initiatives continued to be embedded across the supply chain including ongoing efforts to leverage scale to support repairers and enable competitive rates.

— Insurance (Australia) prior year reserve releases[1] were 1.3% of Group NEP. This was lower than the pcp, largely due to lower reserve releases related to natural hazards.

— Net investment income of $661 million, or $408 million excluding present value adjustment on new claims, reflects the higher interest rate environment. Investment income was primarily supported by higher running yield income including an improved ILB carry. This was offset by unfavourable mark-to-market movements from higher risk-free rates.

— Operating expenses excluding ESL and TEPL decreased 6.2% to $1,431 million, and the operating expense ratio reduced 2.8% to 16.8%. This was driven by a reduction in project spend, benefits of strategic initiatives and ongoing cost management, which together more than offset inflation.

— Managed schemes, joint ventures and other contributed a loss of $32 million, as claims management revenue declined due to the run-off of certain portfolios while costs remained elevated.

1. Excludes the impact of TEPL and business interruption provision release.

Profit contribution and key ratios

	Full Year Ended		Jun-23		Half Year Ended			Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**10,328**	9,384	**10.1**	**5,410**	4,918	4,842	4,542	**10.0**	**11.7**
Gross unearned premium movement	(571)	(391)	(46.0)	(457)	(114)	(323)	(68)	(300.9)	(41.5)
Gross earned premium	9,757	8,993	8.5	4,953	4,804	4,519	4,474	3.1	9.6
Outwards reinsurance expense	(1,103)	(1,082)	(1.9)	(530)	(573)	(590)	(492)	7.5	10.2
Net earned premium	**8,654**	7,911	**9.4**	**4,423**	4,231	3,929	3,982	**4.5**	**12.6**
Net incurred claims									
Claims expense	(7,343)	(7,588)	3.2	(3,671)	(3,672)	(4,332)	(3,256)	0.0	15.3
Reinsurance and other recoveries revenue	970	2,260	(57.1)	494	476	1,927	333	3.8	(74.4)
Net incurred claims	**(6,373)**	(5,328)	**(19.6)**	**(3,177)**	(3,196)	(2,405)	(2,923)	**0.6**	**(32.1)**
Total operating expenses									
Acquisition expenses	(1,088)	(1,087)	(0.1)	(576)	(512)	(545)	(542)	(12.5)	(5.7)
Other underwriting expenses [1]	(562)	(632)	11.1	(272)	(290)	(288)	(344)	6.2	5.6
Total operating expenses	**(1,650)**	(1,719)	**4.0**	**(848)**	(802)	(833)	(886)	**(5.7)**	**(1.8)**
Underwriting result	631	864	(27.0)	398	233	691	173	70.8	(42.4)
Investment income - insurance funds	337	(400)	n/a	198	139	(377)	(23)	42.4	n/a
Insurance trading result	**968**	464	**108.6**	**596**	372	314	150	**60.2**	**89.8**
Managed schemes, joint ventures and other	(32)	(17)	(88.2)	(14)	(18)	(9)	(8)	22.2	(55.6)
Insurance (Australia) operational earnings	**936**	447	**109.4**	**582**	354	305	142	**64.4**	**90.8**
Investment income - shareholder funds	177	(190)	n/a	122	55	(217)	27	121.8	n/a
Insurance (Australia) profit before tax and capital funding	**1,113**	257	**333.1**	**704**	409	88	169	**72.1**	**large**
Capital funding (Tier 2)	(40)	(20)	(100.0)	(23)	(17)	(11)	(9)	(35.3)	(109.1)
Insurance (Australia) profit before tax	**1,073**	237	**352.7**	**681**	392	77	160	**73.7**	**large**
Income tax	(318)	(63)	(404.8)	(202)	(116)	(17)	(46)	(74.1)	large
Insurance (Australia) profit after tax	**755**	174	**333.9**	**479**	276	60	114	**73.6**	**large**
Key ratios	**%**	%		**%**	%	%	%		
Acquisition expenses ratio	12.6	13.7		13.0	12.1	13.9	13.6		
Other underwriting expenses ratio	6.5	8.0		6.1	6.9	7.3	8.6		
Total operating expenses ratio	**19.1**	21.7		**19.2**	19.0	21.2	22.2		
Loss ratio	73.6	67.3		71.8	75.5	61.2	73.4		
Combined operating ratio	92.7	89.1		91.0	94.5	82.4	95.6		
Insurance trading ratio	11.2	5.9		13.5	8.8	8.0	3.8		

1. Other underwriting expense includes a movement in the provision for TEPL of $77 million (Jun-23: $52 million, Dec-22: $25 million, Jun-22: $5 million, Dec-21: $44 million). The reserve release associated with this provision movement is in net incurred claims.

Insurance trading result (excluding ESL, discount rate movement and unwind)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	10,164	9,254	9.8	5,324	4,840	4,780	4,474	10.0	11.4
Net earned premium	8,512	7,767	9.6	4,349	4,163	3,861	3,906	4.5	12.6
Net incurred claims [1]	(6,267)	(5,701)	(9.9)	(3,102)	(3,165)	(2,727)	(2,974)	2.0	(13.8)
Acquisition expenses	(1,088)	(1,087)	(0.1)	(576)	(512)	(545)	(542)	(12.5)	(5.7)
Other underwriting expenses [1]	(420)	(488)	13.9	(198)	(222)	(220)	(268)	10.8	10.0
Total operating expenses	**(1,508)**	(1,575)	**4.3**	**(774)**	(734)	(765)	(810)	**(5.4)**	**(1.2)**
Investment income - insurance funds	231	(27)	n/a	123	108	(55)	28	13.9	n/a
Insurance trading result	**968**	464	**108.6**	**596**	372	314	150	**60.2**	**89.8**
Key ratios	%	%		%	%	%	%		
Acquisition expenses ratio	12.8	14.0		13.2	12.3	14.1	13.9		
Other underwriting expenses ratio [2]	4.9	6.3		4.6	5.3	5.7	6.9		
Total operating expenses ratio [2]	**17.7**	20.3		**17.8**	17.6	19.8	20.8		
Loss ratio [2]	73.6	73.4		71.3	76.0	70.6	76.1		
Combined operating ratio	**91.3**	93.7		**89.1**	93.6	90.4	96.9		
Insurance trading ratio	11.4	6.0		13.7	8.9	8.1	3.8		

1. Other underwriting expense includes a movement in the provision for TEPL of $77 million (Jun-23: $52 million, Dec-22: $25 million, Jun-22: $5 million, Dec-21: $44 million). The reserve release associated with this provision is in net incurred claims.

2. Excluding the impacts of TEPL, the full year ended Jun-23 other underwriting expenses ratio is 4.0%, loss ratio is 74.5% and total operating expense ratio is 16.8%.

Gross written premium

GWP by product & geography

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Motor	3,869	3,408	13.5	2,050	1,819	1,776	1,632	12.7	15.4
Home	2,736	2,482	10.2	1,392	1,344	1,259	1,223	3.6	10.6
Commercial	1,812	1,656	9.4	884	928	787	869	(4.7)	12.3
Compulsory third party	1,085	1,077	0.7	564	521	549	528	8.3	2.7
Workers' Compensation and Other	662	631	4.9	434	228	409	222	90.4	6.1
Total GWP	**10,164**	9,254	9.8	**5,324**	4,840	4,780	4,474	10.0	11.4
Emergency Service Levies									
Motor	21	17	23.5	11	10	8	9	10.0	37.5
Home	101	79	27.8	52	49	39	40	6.1	33.3
Commercial	42	34	23.5	23	19	15	19	21.1	53.3
Total ESL	**164**	130	26.2	**86**	78	62	68	10.3	38.7
Total GWP including ESL	**10,328**	9,384	10.1	**5,410**	4,918	4,842	4,542	10.0	11.7

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
GWP by geography									
Queensland	2,579	2,312	11.5	1,324	1,255	1,155	1,157	5.5	14.6
New South Wales	3,109	2,842	9.4	1,568	1,541	1,441	1,401	1.8	8.8
Victoria	2,384	2,152	10.8	1,250	1,134	1,113	1,039	10.2	12.3
Western Australia	959	892	7.5	552	407	509	383	35.6	8.4
South Australia	468	434	7.8	242	226	222	212	7.1	9.0
Tasmania	260	234	11.1	149	111	130	104	34.2	14.6
Other	405	388	4.4	239	166	210	178	44.0	13.8
Total GWP	**10,164**	9,254	9.8	**5,324**	4,840	4,780	4,474	10.0	11.4
Emergency Service Levies									
New South Wales	161	128	25.8	85	76	61	67	11.8	39.3
Tasmania	3	2	50.0	1	2	1	1	(50.0)	-
Total ESL	**164**	130	26.2	**86**	78	62	68	10.3	38.7
Total GWP including ESL	**10,328**	9,384	10.1	**5,410**	4,918	4,842	4,542	10.0	11.7

Several portfolios were exited in the prior year including Vero and Corporate Partners within Home and Motor, Vero Construction and the Workers' Compensation Seafarers' portfolio. This resulted in a $65 million reduction in GWP in FY23.

Motor

Motor GWP growth normalised for portfolio exits was 13.8%, driven by AWP growth of 11.4%, as pricing responded to industry-wide claims costs. Unit growth of 2.4% was achieved across the year. GWP growth was broad-based across mass and niche brands with the highest growth coming from the AAMI, Shannons and Suncorp brands.

GWP growth was stronger in the second half at 15.6%, as additional price increases were implemented in response to higher claims costs. Unit growth was 2.1% in the second half.

Home

Home GWP growth normalised for portfolio exits was 11.7%, reflecting a 11.3% increase in AWP and 0.4% increase in units. Normalised GWP growth slowed marginally in the second half to 11.4%. This was driven by a 0.6% fall in units, as renewal rates fell 2 percentage points, and economy-wide pressures in the housing market impacted the Terri Scheer Insurance brand. This was partly offset by an increase in AWP growth compared to the first half, as anticipated increases in reinsurance and natural hazard costs were priced for.

Commercial

Commercial GWP normalised for portfolio exits increased 9.9%, with growth in short-tail partly offset by a fall in Packages GWP. Rate increases averaged 11% across the year. Retention rates averaged 86%, in-line with the pcp. There was a broad-based improvement in growth across portfolios in the second half, with GWP up 13.5% on the pcp compared to 6.8% in the first half.

The short-tail tailored underwriting portfolios, which account for approximately two-thirds of Commercial GWP, grew 16.3%. Growth was driven by the larger Property and Fleet portfolios, and National Transport Insurance (NTI) joint venture. Across short-tail lines, average rate increases were 11%. Strong average retention rates of 92% remained stable, while higher new business was achieved, particularly in Property.

The long-tail tailored underwriting portfolios achieved 2.6% GWP growth, driven by high single-digit average rate increases. Retention rates were modestly lower.

Packages GWP fell 1.1%, though growth improved in the second half and was up 2.3% on the pcp. The focus for the portfolio has been on improving margins. Rate increases averaged 12% and, along with competition, this impacted retention rates which averaged 73%, down from 74%. Further improvements in margin and growth will be underpinned by the delivery of the new iSME platform in FY24 including connectivity with major broker platforms.

Workers' Compensation and other

Workers' Compensation GWP normalised for portfolio exits increased 8.3%, with stronger growth in the second half of 10.4%. Growth was driven by average growth in customer wage bills of 8%, rate increases of 6% and an improvement in retention rates at 87%.

Compulsory Third Party

CTP GWP increased 0.7%. The Queensland portfolio grew 6.0% due to AWP increases of 3.5% and unit growth from improved retention. This was offset by a reduction in the South Australia portfolio where retention fell 12% to 70% driven by increasing price competition.

Growth across the CTP portfolios was higher in the second half driven by the relative price position in the New South Wales and Australian Capital Territory schemes compared with the rest of market.

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Queensland	442	417	6.0	228	214	215	202	6.6	6.1
New South Wales	488	483	1.1	253	235	245	238	7.7	3.4
Australian Capital Territory	55	54	2.0	31	24	24	30	29.5	29.5
South Australia	99	123	(19.3)	51	48	65	58	6.7	(21.2)
	1,085	1,077	0.7	**564**	521	549	528	8.3	2.7

Net incurred claims

Net incurred claims were $6,373 million, up 19.6%. Excluding discount movements, net incurred claims increased by 9.9% reflecting the impact of portfolio growth, more normal levels of claims frequency and persistent inflation particularly in Motor, partly offset by the release of the majority of the business interruption provision. The loss ratio increased by 0.2% or by 1.0% after adjusting for COVID-19 impacts including the release of the business interruption provision.

Motor

Motor claims costs increased on the pcp, adversely impacting the loss ratio due to average claim sizes increasing by approximately 14%, higher frequency from a return to more typical driving patterns, and strengthened reserving on existing claims reflecting the changed market inflation position. Claims inflation in the second half was similar to the first half.

There were several industry-wide trends which impacted the average claim size increase including:

- Ongoing high second-hand car prices which impact total loss claims. Second-hand prices may have peaked in late calendar year 2022, however, it will take some time for the decrease in these prices to be reflected in lower total loss costs, as the majority of the portfolio is comprised of agreed value policies.
- Higher repair costs in the second half. Existing pressures within the supply chain were compounded by a return to pre-COVID-19 driving patterns, together with a slightly greater proportion of more expensive, non-drive repairs. Longer repair timeframes also put upward pressure on ancillary costs such as hire cars.
- An uptick in the second half in volume and cost of demands received from other insurers, who are also grappling with cost pressures.

In addition to pricing actions (including regular model updates and the implementation of CaPE for Motor), management's responses to these challenges have included:

- Additional driveable repair capacity (including an agreement with the CARe network which went live in August) along with other fixed price driveable repair capacity.
- Significantly broadening Suncorp's panel of fixed price non-driveable repairers to manage higher volumes and cost pressures.

Continued investment in technology tools to improve the customer experience and manage costs through digital lodgement and claims tracking, as well as the implementation of productivity tools. In addition, further resources were added to manage the additional volume of claim recovery activities.

Home

The Home working claims loss ratio decreased due to improving frequency, strong cost management and favourable mix outcomes. Average claim size across the portfolio increased by 4%. Escape of liquid claims continue to be well managed with strong vendor cost and performance management and lower frequency. Fire claim severity increased particularly in the second half, with a larger mix of more expensive claims even though the total number of new claims reduced.

More broadly, there is increased capacity across the repair network following easing supply chain disruption from the East Coast floods and reduced new housing and construction approvals. Strong vendor cost and performance management and favourable annual benchmarking rate negotiations have contributed to stable cost outcomes against industry.

Strategic system enhancements are delivering improvements across inflation tracking, vendor performance and volume allocation optimisation. This is supported by the ongoing focus on the digital claims experience for customers and development of end-to-end solutions, such as zero touch and straight through processing, contributing to improved digital lodgement rates.

Commercial

Commercial claims loss ratios are slightly unfavourable. This was driven by the Fleet portfolio, reflecting similar trends to the Consumer Motor portfolio. Prior year reserves were strengthened further for bodily injury claims across Packages and Liability, with releases in NTI for recoverable natural hazard costs for the East Coast Floods in February 2022. The majority of the business interruption provision was released in the first half.

CTP and Workers' Compensation

CTP claims costs increased, primarily driven by an increase in exposure and an increase in loss ratios across the New South Wales and Queensland schemes to reflect the higher inflationary environment. Prior year reserve releases have reduced as previously flagged, particularly as claims from the old New South Wales Motor Accidents Compensation Act (MACA) scheme run off.

Workers' Compensation claims costs increased, largely due to growth in the portfolio. Loss ratios reduced marginally due to continued premium rate growth. Prior year reserves were strengthened in Western Australia to account for earlier cost development across the 2020 and 2021 accident years and in the Australian Capital Territory to reflect an increase in frequency of lump sum claims and higher average claim sizes largely relating to one accident year.

Natural hazards

Total natural hazard costs were $1,106 million for the full year, $125 million above the pcp, and $14 million above the allowance for Insurance (Australia).

	Net costs $M
Total events over $10 million	**698**
Event cost relating to NZ North Island Floods Jan23	**23**
Other natural hazards	385
Total natural hazards	**1,106**
Less: allowance for natural hazards	(1,092)
Natural hazards costs above / (below) allowance	**14**

The above table includes natural hazard costs of $23 million relating to New Zealand events due to internal reinsurance arrangements. The allowance for these events was $7 million. As this event was $16 million above its allowance, adjusting for it results in Australia being $2 million favourable to allowance.

Impact of internal reinsurance arrangements

		Full Year Ended
	Insurance (Australia) $M	**New Zealand $M**
Internal reinsurance premium	16	(16)
Internal reinsurance reinstatement premium	89	(89)
Natural hazard allowance	7	
Natural hazard experience	23	
Natural hazard experience above allowance	**(16)**	

Outstanding claims provision

Outstanding claims provision breakdown

The valuation of outstanding claims has resulted in central estimate releases of $335 million. Excluding TEPL of $77 million and business interruption provision release of $124 million, the valuation of outstanding claims results in a central estimate release of $134 million. The prior year reserve releases excluding TEPL and business interruption were 1.3% of Group NEP.

The short-tail release of $190 million was primarily driven by the release of the business interruption provision, Motor and NTI. The business interruption provision relates to COVID-19 business interruption claims, with the release a result of the successful resolution of two Insurance Council of Australia industry test cases.

The remaining business interruption provision of $17 million reflects remaining uncertainty around the potential for future legal challenges including ongoing class actions.

The long-tail claims reserve releases of $145 million ($68 million excluding TEPL provision increase) were primarily attributable to favourable claims experience in the CTP portfolios. This was partially offset by increases in Bodily Injury liability claims in Commercial portfolios and for Workers Compensation. As the New South Wales CTP scheme performed favourably for accident years 2018 and 2019, the TEPL provision has been increased to recognise the excess profit that is expected to be 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	2,502	2,283	219	(190)
Long-tail	5,893	5,057	836	(145)
Total	**8,395**	**7,340**	**1,055**	**(335)**

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.

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-23	Jun-23
	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	10,043	10,410	10,852	10,159	3.5	7.5
Reinsurance and other recoveries	(1,648)	(2,056)	(2,887)	(1,581)	19.8	(42.9)
Net outstanding claims liabilities	**8,395**	8,354	7,965	8,578	(0.5)	5.4
Expected future claims payments and claims handling expenses	8,069	7,964	7,526	7,713	(1.3)	7.2
Discount to present value	(729)	(679)	(596)	(255)	(7.4)	22.3
Risk margin	1,055	1,069	1,035	1,120	1.3	1.9
Net outstanding claims liabilities	**8,395**	8,354	7,965	8,578	(0.5)	5.4
Short-tail	2,502	2,443	2,116	2,448	(2.4)	18.2
Long-tail	5,893	5,911	5,849	6,130	0.3	0.8
Total	**8,395**	8,354	7,965	8,578	(0.5)	5.4

Risk margins

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

Total risk margins increased by $20 million to $1,055 million, which largely aligns with the increase in the net outstanding claims liabilities and change in claims mix. The assets notionally backing risk margins had a net gain of $12 million. Therefore, the net impact was $8 million, which is excluded from the underlying ITR calculation.

Operating expenses

Excluding ESL and TEPL impact, operating expenses decreased 6.2% driven by a reduction in project spend, benefits of strategic initiatives and ongoing strong cost management. TEPL includes a profit normalisation mechanism which caps industry and insurer profits in the New South Wales CTP scheme. An additional levy provision of $77 million has been recognised, 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 service provider (CSP) to manage its existing workers' compensation portfolio. The new iCare contract came into effect from 1 January 2023. Suncorp has retained its position as a service provider on tail claims and for corporate employers, and now participates in managing claims in respect of SMEs. Revenue continues to be driven by the iCare contract whilst costs in the business remain elevated due to the run-off off portfolios as previously disclosed. There remains an opportunity to right-size expenses in the portfolio going forward.

Investment income

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

	Jun-23	Jun-22	Jun-23 v Jun-22
3 year bond yield (%)	4.05	3.12	+93bp
5 year breakeven inflation rate (%)	2.72	2.72	0bp
10 year breakeven inflation rate (%)	2.45	2.27	+18bp
Bloomberg Ausbond 0-5 year index (bp)	112	125	-13bp
Australian equities (total return)	**89,032**	77,569	+14.8%
International equities (hedged total return)	**2,472**	2,121	+16.5%

Asset allocation

	Half Year Ended							
	Jun-23		Dec-22		Jun-22		Dec-21	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	494	5	220	2	326	3	450	5
Inflation-linked bonds	2,131	20	2,053	20	1,948	20	1,746	17
Corporate bonds	7,997	73	7,577	74	7,133	73	7,134	69
Semi-Government bonds	96	1	98	1	116	1	224	2
Commonwealth Government bonds	171	2	250	3	326	3	757	7
Total insurance funds	**10,889**	**100**	10,198	100	9,849	100	10,311	100
Shareholders' funds								
Cash and short-term deposits	273	7	452	13	516	14	351	10
Australian interest-bearing securities	1,481	38	1,249	36	1,628	43	1,545	45
Global interest-bearing securities (hedged)	814	21	843	24	861	23	843	24
Equities	575	14	360	10	355	9	568	16
Infrastructure and property	524	13	358	10	200	5	168	5
Convertible bonds	279	7	262	7	242	6	-	-
Total shareholders' funds	**3,946**	**100**	3,524	100	3,802	100	3,475	100
Total	**14,835**		13,722		13,651		13,786	

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 the strategic asset allocation and current conservative portfolio positioning. 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. Portfolio allocation in the insurance funds did not change materially. In the shareholders' funds, the allocation to Australian and global equities returned to long-term targets in the second half following the removal of a hedge placed in the second half of FY22 to protect against downside risk. Additional investment was made to property and infrastructure during the year in line with the implementation of the strategic asset allocation. The allocation to impact investing which includes Green Bonds, Renewable Energy Infrastructure and Social Impact investments exceeded the targeted five percent of shareholders' funds over the year.

Credit quality

Rating	Jun-23 %	Dec-22 %	Jun-22 %	Dec-21 %
AAA	41.9	41.1	46.1	42.5
AA	23.2	18.6	14.5	14.0
A	16.0	19.0	19.2	22.4
BBB	18.9	21.3	20.2	21.1
	100.0	100.0	100.0	100.0

Over the year, the increased exposure to AA rated securities from lower rated securities is due to investment manager positioning and rating movements. The investment funds continue to be aligned with risk appetite and current fixed income exposures are positioned to meet investment objectives whilst remaining well within risk limits.

Duration

	Jun-23 Years	Dec-22 Years	Jun-22 Years	Dec-21 Years
Insurance funds				
Interest rate duration	2.2	2.4	2.5	2.5
Credit spread duration	1.4	1.4	1.4	1.4
Shareholders' funds				
Interest rate duration	1.6	1.7	1.7	1.5
Credit spread duration	2.4	2.3	2.4	2.4

Investment performance

Total investment income on insurance funds and shareholders' funds was $514 million, representing an annualised return of 3.6%. This consists of $194 million in 1H23 and $320 million in 2H23, reflecting higher risk-free yields and stronger equity markets during the second half of the year.

Insurance funds

Investment income on insurance funds was $337 million, representing an annual return of 3.3%. This reflects favourable impacts from higher running risk-free and credit spreads as well as inflation carry above risk-free on ILBs, partly offset by mark-to-market losses from the continuous increases in risk-free rates throughout the year.

Underlying yield

The underlying yield income was $532 million, representing an annual return of 5.1%, and reflecting higher risk-free yields, credit spreads and inflation carry income earned on assets. The underlying yield income reflects the investment gain of $337 million adjusted for the following market valuation impacts:

— Losses of $207 million due to an increase in risk-free rates.

— Gain of $26 million due to a narrowing of credit spreads.

— Losses of $14 million due to a decrease 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 $62 million represents the impact from the asset and liability mismatch. This is added to the ITR.

— Credit spreads: the $26 million favourable impact due to narrowing of credit spreads is deducted from the ITR.

— Inflation-linked bonds: the $14 million unfavourable impact from breakeven inflation is added to the ITR.

The combined impact of these adjustments to ITR is positive $50 million.

Shareholders' funds

Investment income on shareholders' funds was $177 million, representing an annual return of 4.6%, primarily driven by higher running yield income and equity market performance.

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Interest-bearing securities and other	337	(400)	n/a	198	139	(377)	(23)	42.4	n/a
Total	**337**	(400)	n/a	198	139	(377)	(23)	42.4	n/a
Investment income on shareholder funds									
Interest-bearing securities	66	(141)	n/a	45	21	(118)	(23)	114.3	n/a
Equities	59	(53)	n/a	41	18	(87)	34	127.8	n/a
Infrastructure and property	27	30	(10.0)	19	8	14	16	137.5	35.7
Convertible Bonds	25	(26)	n/a	17	8	(26)	-	112.5	n/a
Total	**177**	(190)	n/a	122	55	(217)	27	121.8	n/a
Total investment income	**514**	(590)	n/a	320	194	(594)	4	64.9	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 Insurance distribution arrangement with the New Zealand Automobile Association offer solutions manufactured and sold directly to customers.

Result overview (NZD)

- Suncorp New Zealand **profit after tax of $115 million decreased 30.3%.**
- General Insurance profit after tax of $65 million decreased 56.7%. The General Insurance business was impacted by significant weather events, resulting in adverse natural hazards claims experience and additional reinsurance reinstatement premiums incurred to Group. The result was also impacted by higher working claims experience with the pcp being positively impacted by COVID-19 motor frequency benefits and increased operating expenses to support growth and investment. Reported ITR of 4.6% was down from 13.3%.
- GWP of $2,437 million increased 14.3%. Intermediated and direct channels recorded strong growth through targeted pricing increases to offset inflationary pressures on claims and increased reinsurance costs. Unit growth has moderated compared to the high levels achieved in the prior year.
- Outward reinsurance expense of $422 million driven by business growth, the increased cost of reinsurance, and reinsurance reinstatement premiums following the North Island floods and Cyclone Gabrielle. The reinstatement premiums include $95 million (before tax) from an intra-group reinsurance arrangement with the Insurance (Australia) business.
- Total investment income of $49 million, improved due to increases in interest income from higher yielding securities, lower mark-to-market impacts from rising yields and improved equities returns.
- Net incurred claims of $1,232 million increased 21.6%. Higher working claims costs were driven by growth, inflationary pressures and the pcp being positively impacted by COVID-19 related motor claims frequency reductions. Working claims were also impacted by a number of large loss property claims from home fires and elevated claims in the Motor portfolios.
- Natural hazard claims of $164 million increased 53.3%, $88 million above the allowance. The impact of several significant weather events including the North Island floods and Cyclone Gabrielle have contributed to the adverse natural hazard claims experience.
- Prior year reserves strengthened by $13 million to reflect a combination of Canterbury earthquake claims strengthening and development on property claims.
- Operating expenses of $557 million increased 10.5%. The increase in operating expenses was driven by growth related costs and an increase in strategic and regulatory investment spend. The operating expense ratio of 30.2%, increased 1.5%, primarily due to the reinsurance reinstatement costs impacting on the ratio.
- Life Insurance profit after tax of $50 million increased 233.3%, supported by growth in planned profit margins and market adjustments. Annual in-force premium grew by 6.7%, driven by CPI and age-related premium growth. New business grew 27.8% due to increased adviser support lifting market share, together with solid growth in the direct channel.

Profit contribution and key ratios (NZD)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	vs Dec-22	v Jun-22
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
General Insurance									
Gross written premium	**2,437**	2,133	**14.3**	**1,257**	1,180	1,081	1,052	**6.5**	**16.3**
Gross unearned premium movement	(171)	(128)	(33.6)	(104)	(67)	(54)	(74)	(55.2)	(92.6)
Gross earned premium	2,266	2,005	13.0	1,153	1,113	1,027	978	3.6	12.3
Outwards reinsurance expense	(422)	(247)	(70.9)	(264)	(158)	(127)	(120)	(67.1)	(107.9)
Net earned premium	**1,844**	1,758	**4.9**	**889**	955	900	858	**(6.9)**	**(1.2)**
Net incurred claims									
Claims expense	(2,491)	(1,186)	(110.0)	(1,843)	(648)	(607)	(579)	(184.4)	(203.6)
Reinsurance and other recoveries revenue	1,259	173	large	1,194	65	89	84	large	large
Net incurred claims	**(1,232)**	(1,013)	**(21.6)**	**(649)**	(583)	(518)	(495)	**(11.3)**	**(25.3)**
Total operating expenses									
Acquisition expenses	(366)	(341)	(7.3)	(185)	(181)	(167)	(174)	(2.2)	(10.8)
Other underwriting expenses	(191)	(163)	(17.2)	(97)	(94)	(87)	(76)	(3.2)	(11.5)
Total operating expenses	**(557)**	(504)	**(10.5)**	**(282)**	(275)	(254)	(250)	**(2.5)**	**(11.0)**
Underwriting result	**55**	241	**(77.2)**	**(42)**	97	128	113	**n/a**	**n/a**
Investment income - insurance funds	30	(8)	n/a	22	8	(3)	(5)	175.0	n/a
Insurance trading result	**85**	233	**(63.5)**	**(20)**	105	125	108	**n/a**	**n/a**
Joint venture and other expense	(13)	(1)	large	(7)	(6)	(2)	1	(16.7)	(250.0)
General Insurance operational earnings	**72**	232	**(69.0)**	**(27)**	99	123	109	**n/a**	**n/a**
Investment income - shareholders' funds	19	(22)	n/a	15	4	(20)	(2)	275.0	n/a
General Insurance profit before tax	**91**	210	**(56.7)**	**(12)**	103	103	107	**n/a**	**n/a**
Income tax	(26)	(60)	56.7	2	(28)	(31)	(29)	n/a	n/a
General Insurance profit after tax	**65**	150	**(56.7)**	**(10)**	75	72	78	**n/a**	**n/a**
Life Insurance									
Underlying profit after tax	36	38	(5.3)	15	21	25	13	(28.6)	(40.0)
Market adjustments	14	(23)	n/a	19	(5)	(16)	(7)	n/a	n/a
Life Insurance profit after tax	**50**	15	**233.3**	**34**	16	9	6	**112.5**	**277.8**
Suncorp New Zealand profit after tax	**115**	165	**(30.3)**	**24**	91	81	84	**(73.6)**	**(70.4)**

Key ratios	%	%	%	%	%	%
Acquisition expenses ratio	19.8	19.4	20.8	19.0	18.6	20.2
Other underwriting expenses ratio	10.4	9.3	10.9	9.8	9.6	8.9
Total operating expenses ratio	**30.2**	**28.7**	**31.7**	**28.8**	**28.2**	**29.1**
Loss ratio	66.8	57.6	73.0	61.0	57.6	57.7
Combined operating ratio	97.0	86.3	104.7	89.8	85.8	86.8
Insurance trading ratio	**4.6**	**13.3**	**(2.2)**	**11.0**	**13.9**	**12.6**

Profit contribution and key ratios (AUD)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	vs Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
General Insurance									
Gross written premium	2,231	1,998	11.7	1,160	1,071	994	1,004	8.3	16.7
Gross unearned premium movement	(155)	(119)	(30.3)	(95)	(60)	(47)	(72)	(58.3)	(102.1)
Gross earned premium	**2,076**	1,879	**10.5**	**1,065**	1,011	947	932	**5.3**	**12.5**
Outwards reinsurance expense	(388)	(231)	(68.0)	(245)	(143)	(117)	(114)	(71.3)	(109.4)
Net earned premium	**1,688**	1,648	**2.4**	**820**	868	830	818	**(5.5)**	**(1.2)**
Net incurred claims									
Claims expense	(2,289)	(1,111)	(106.0)	(1,700)	(589)	(559)	(552)	(188.6)	(204.1)
Reinsurance and other recoveries revenue	1,161	162	large	1,101	60	82	80	large	large
Net incurred claims	**(1,128)**	(949)	**(18.9)**	**(599)**	(529)	(477)	(472)	**(13.2)**	**(25.6)**
Total operating expenses									
Acquisition expenses	(335)	(320)	(4.7)	(170)	(165)	(155)	(165)	(3.0)	(9.7)
Other underwriting expenses	(175)	(153)	(14.4)	(90)	(85)	(80)	(73)	(5.9)	(12.5)
Total operating expenses	**(510)**	(473)	**(7.8)**	**(260)**	(250)	(235)	(238)	**(4.0)**	**(10.6)**
Underwriting result	50	226	(77.9)	(39)	89	118	108	n/a	n/a
Investment income - insurance funds	28	(8)	n/a	21	7	(4)	(4)	200.0	n/a
Insurance trading result	**78**	218	**(64.2)**	**(18)**	96	114	104	**n/a**	**n/a**
Joint venture and other expense	(12)	-	n/a	(7)	(5)	(1)	1	(40.0)	large
General Insurance operational earnings	**66**	218	**(69.7)**	**(25)**	91	113	105	**n/a**	**n/a**
Investment income - shareholders' funds	17	(20)	n/a	13	4	(18)	(2)	225.0	n/a
General Insurance profit before tax	**83**	198	**(58.1)**	**(12)**	95	95	103	**n/a**	**n/a**
Income tax	(24)	(57)	57.9	3	(27)	(29)	(28)	n/a	n/a
General Insurance profit after tax	**59**	141	**(58.2)**	**(9)**	68	66	75	**n/a**	**n/a**
Life Insurance									
Underlying profit after tax	33	36	(8.3)	14	19	23	13	(26.3)	(39.1)
Market adjustments	13	(22)	n/a	17	(4)	(15)	(7)	n/a	n/a
Life Insurance profit after tax	**46**	14	**228.6**	**31**	15	8	6	**106.7**	**287.5**
Suncorp New Zealand profit after tax	**105**	155	**(32.3)**	**22**	83	74	81	**(73.5)**	**(70.3)**

Key ratios	%	%	%	%	%	%
Acquisition expenses ratio	19.8	19.4	20.7	19.0	18.7	20.2
Other underwriting expenses ratio	10.4	9.3	11.0	9.8	9.6	8.9
Total operating expenses ratio	**30.2**	**28.7**	**31.7**	**28.8**	**28.3**	**29.1**
Loss ratio	66.8	57.6	73.0	60.9	57.5	57.7
Combined operating ratio	97.0	86.3	104.8	89.7	85.8	86.8
Insurance trading ratio	**4.6**	**13.2**	**(2.2)**	**11.1**	**13.7**	**12.7**

General Insurance

Gross written premium (NZD)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Motor	610	527	15.7	321	289	268	259	11.1	19.8
Home	840	708	18.6	445	395	368	340	12.7	20.9
Commercial	949	865	9.7	469	480	427	438	(2.3)	9.8
Other	38	33	15.2	22	16	18	15	37.5	22.2
Total	**2,437**	2,133	**14.3**	**1,257**	1,180	1,081	1,052	**6.5**	**16.3**

GWP grew 14.3% with Vero intermediated and AA Insurance direct distribution channels recording growth of 12.5% and 18.2%, respectively. This reflects targeted pricing increases to offset higher input costs, continued momentum towards achieving the strategic priorities, and steady retention rates due to the strength of brands in New Zealand.

Consumer insurance

Motor and Home GWP increased by 15.7% and 18.6% respectively. Strong growth was achieved in both the Vero intermediated channels and AA Insurance, mainly driven by premium increases to offset inflationary pressures. Unit growth has moderated compared to the high levels achieved in the prior year.

Commercial insurance

Commercial GWP grew 9.7%, driven by rate increases as a pricing response to the current inflationary environment, continued strong retention, and increased participation in a co-insurance arrangement. A large underwriting contract was terminated in the first half of the financial year, which contributed approximately $60 million of GWP in FY22.

Other

Other business, which mainly consists of marine pleasure craft, contributed GWP of $38 million, reporting an increase of $5 million.

Net incurred claims (NZD)

Net incurred claims costs of $1,232 million increased 21.6%.

Home claims costs increased due to unit growth, higher average claims cost, and several large loss property fires. Higher average claims costs have continued to be impacted by inflationary pressures on materials and labour particularly with respect to higher value claims.

Motor claims costs increased as the pcp was positively impacted by reduced Motor claims frequency stemming from the COVID-19 lockdown restrictions, as well as a combination of unit growth and increased average claims cost. Higher average claims costs have been impacted by several factors including inflationary pressures on materials and labour, capacity constraints in the repair industry leading to longer repair times, and an increase in total loss write offs.

Commercial claims costs increased, impacted by elevated Commercial Motor claims costs due to similar factors as the Consumer portfolio.

Prior year reserves strengthened $13 million to reflect a combination of Canterbury earthquake claims strengthening and development on property claims.

Natural hazards (NZD)

Date	Event	Net costs $M
Aug-22	North Island and Top of South Island Storm	21
Jan-23	North Island Floods	25
Feb-23	Cyclone Gabrielle	25
May-23	New Zealand Heavy Rain and Flooding	14
Total events over $10 million		**85**
Other natural hazards		79
Total natural hazards		**164**
Less: allowance for natural hazards		(76)
Natural hazards costs above / (below) allowance		**88**

Total natural hazards costs of $164 million were $88 million above the allowance, with four events above $10 million. Attritional weather claims of $79 million were incurred during the year. Additionally, a further $25 million of events that occurred in New Zealand were retained in Australia as a result of internal reinsurance arrangements.

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	428	380	48	17
Long-tail	118	99	19	(4)
Total	**546**	479	67	13

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 $13 million.

The $17 million increase in the short-tail net central estimate reflects a combination of Canterbury earthquake claims strengthening and development on property claims.

Outstanding claims provisions over time (NZD)

	Half Year Ended				Jun-23	Jun-23
	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	1,584	767	775	705	106.5	104.4
Reinsurance and other recoveries	(1,038)	(282)	(302)	(269)	(268.1)	(243.7)
Net outstanding claims liabilities	**546**	**485**	**473**	**436**	**12.6**	**15.4**
Expected future claims payments and claims handling expenses	498	443	428	388	12.4	16.4
Discount to present value	(19)	(19)	(16)	(9)	-	(18.8)
Risk margin	67	61	61	57	9.8	9.8
Net outstanding claims liabilities	**546**	**485**	**473**	**436**	**12.6**	**15.4**
Short-tail	428	372	361	319	15.1	18.6
Long-tail	118	113	112	117	4.4	5.4
Total	**546**	**485**	**473**	**436**	**12.6**	**15.4**

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 increase in gross outstanding claims and reinsurance recoveries was caused by two significant weather events, the North Island floods and Cyclone Gabrielle.

Risk margins

Risk margins represent approximately 12.3% of net outstanding claims reserves. This gives an approximate level of confidence of 90%.

Operating expenses (NZD)

Total operating expenses of $557 million increased 10.5%. The increase was driven by commissions, additional resourcing to support top-line growth, and increased investment in strategic and regulatory initiatives. The operating expense ratio of 30.2%, increased 1.5%, primarily due to the reinsurance reinstatement costs.

Investment income

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 (NZD)

	Half Year Ended							
	Jun-23		Dec-22		Jun-22		Dec-21	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	312	37	249	32	297	35	243	32
Corporate bonds	460	56	458	58	496	59	455	60
Local government bonds	49	6	77	10	54	6	57	7
Government bonds	18	2	-	-	1	-	6	1
Total insurance funds	**839**	100	784	100	848	100	761	100
Shareholders' funds								
Cash and short-term deposits	43	9	45	10	57	13	38	8
Interest-bearing securities	222	50	223	52	204	49	236	52
Equities and unit trusts	179	40	164	38	158	38	178	40
Total shareholders' funds	**444**	100	432	100	419	100	452	100
Total	**1,283**		1,216		1,267		1,213	

Asset allocations within funds remain broadly consistent with the pcp and in accordance with risk appetite. Government inflation linked bonds were added to insurance funds due to the attractiveness of the CPI linked yields.

Credit quality

	Jun-23	Dec-22	Jun-22	Dec-21
	%	%	%	%
AAA	17.0	18.0	15.4	19.3
AA	58.3	54.2	58.7	50.1
A	22.3	24.0	22.6	26.8
BBB	2.4	3.8	3.3	3.8
	100.0	100.0	100.0	100.0

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

Duration

	Jun-23	Dec-22	Jun-22	Dec-21
	Years	Years	Years	Years
Insurance funds				
Interest rate duration	0.9	1.2	1.1	1.3
Shareholders' funds				
Interest rate duration	2.0	2.2	2.2	2.4

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

Investment performance (NZD)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	8	2	300.0	5	3	1	1	66.7	400.0
Interest-bearing securities and other	22	(10)	n/a	17	5	(4)	(6)	240.0	n/a
	30	(8)	n/a	**22**	8	(3)	(5)	**175.0**	n/a
Investment income on shareholders' funds									
Cash and short-term deposits	2	1	100.0	1	1	1	-	-	-
Interest-bearing securities	8	(9)	n/a	7	1	(5)	(4)	large	n/a
Equities and unit trusts	9	(14)	n/a	7	2	(16)	2	250.0	n/a
	19	(22)	n/a	**15**	4	(20)	(2)	**275.0**	n/a
Total investment income	**49**	(30)	n/a	**37**	12	(23)	(7)	**208.3**	n/a

Total investment income of $49 million, represents an annualised return of 3.9%.

Investment income on insurance funds of $30 million, represents an annualised return of 3.7%, up from a loss of $8 million or 1.0% annualised loss.

Investment income on shareholders' funds of $19 million, represents an annualised return of 4.2%, up from a loss of $22 million or 5.0% annualised loss.

Improved performance can be attributed to increases in interest income from higher running yields, lower mark-to-market impacts from rising yields, and improved equities returns.

Life Insurance

The New Zealand Life Insurance business delivered a profit after tax of $50 million, up $35 million.

Underlying profit after tax of $36 million decreased by $2 million. Planned profit margin increased to $36 million, in line with underlying growth and long-term profitability of the in-force portfolio. The net experience loss of $1 million reflected favourable lapse experience offset by unfavourable claims experience. AASB 17 project implementation costs increased.

Market adjustments were significantly higher, due to increases in interest income from higher running yields and lower mark-to-market impacts from running yields compared to the pcp, and the impact of higher CPI on the valuation of customer policies with an inbuilt sum insured indexation.

Profit contribution (NZD)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Planned profit margin	36	34	5.9	18	18	17	17	-	5.9
Experience	(1)	1	n/a	(4)	3	4	(3)	n/a	n/a
Other	1	3	(66.7)	1	-	4	(1)	n/a	(75.0)
Underlying profit after tax	**36**	**38**	**(5.3)**	**15**	**21**	**25**	**13**	**(28.6)**	**(40.0)**
Market adjustments	14	(23)	n/a	19	(5)	(16)	(7)	n/a	n/a
Net profit after tax	**50**	**15**	**233.3**	**34**	**16**	**9**	**6**	**112.5**	**277.8**

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

	Half Year Ended				Jun-23	Jun-23
	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	$M	$M	%	%
Advised	248	241	234	231	2.9	6.0
Direct	47	45	44	44	4.4	6.8
Group and other	24	22	21	20	9.1	14.3
Total	**319**	**308**	**299**	**295**	**3.6**	**6.7**
Total new business	**11**	**12**	**8**	**10**	**(8.3)**	**37.5**

In-force premium of $319 million up 6.7%, was supported by new business, CPI and age-related premium growth. New business of $23 million was up $5 million, driven by strong adviser engagement and support, with solid growth in the direct channel. Retention rates and new business growth continue to be better than system.

Life investment portfolio

The Suncorp New Zealand Life investment portfolio includes funds supporting insurance liabilities, investment products and shareholder funds. For insurance fund portfolios the primary objectives are to meet policyholder guarantees and immunise liability matching risk, while shareholder funds support the capital position and ensure sufficient liquidity to enable the business to meet its commitments. Market adjustments are comprised of balance sheet revaluations of policy liabilities and shareholder investment assets.

Suncorp Bank

Suncorp Bank provides lending, deposit and transaction account services to personal, SME, commercial and agribusiness customers. On 18 July 2022, Suncorp announced it had signed a share sale and purchase agreement with Australia and New Zealand Banking Group Limited to sell its Banking business, following a comprehensive strategic review. The sale is subject to regulatory and government approvals with a target completion by the middle of the 2024 calendar year.

Result overview

- Suncorp Bank **profit after tax of $470 million was up 27.7%.** The result was driven by strong volume growth, improved margins and flat expenses, offset partly by an increase in bad and doubtful debts.
- The Bank's Net Interest Margin (NIM) increased 3 bps to 1.96%, attributed to strategic deposit pricing, partly offset by unfavourable lending pricing driven by intense competition for home loans and increased funding costs. Whilst up year on year, NIM reduced from 2.03% in 1H23 to 1.89% in 2H23.
- Other operating income increased by $14 million to $17 million, primarily due to gains on derivatives and other financial instruments, partly offset by a decrease in net banking fee income.
- Operating expenses were broadly flat, up $1 million to $737 million, driven by increased operational demands, compliance-related spending, and inflationary pressures, offset by lower investment spend and the benefits of automation and digitisation. The Bank's cost-to-income ratio decreased from 59.0% to 51.8% for the year, albeit with an increase in 2H23 to 53.7%.
- The Bank continued to deliver on its strategic initiative to Win in Home, growing the Home lending portfolio 9.1% and increasing market share modestly by 9.4 bps[1]. Turnaround times were best in market for 32 weeks in FY23[2]. Business lending grew 5.9%, predominantly driven by Commercial lending growth across several industries.
- The Bank continues to pursue Seamless Everyday Banking. The at-call portfolio is supported by a competitive digital offering, with 82% of new transaction and savings accounts opened digitally (up from 74% in FY22).
- A net impairment charge of $16 million reflects a $10 million increase in the collective provision, a $4 million charge in actual net write-offs driven by a charge associated with a discontinued product, and a $2 million increase in specific provisions. The credit environment deteriorated only slightly over the year as the effects of rapid interest rate increases and heightened inflation begin to impact consumers and businesses.
- Past due (90+ days) loans of $333 million increased by $6 million, representing 50 bps of gross loans and advances compared to 53 bps in FY22. Retail lending past due loans increased $16 million, representing 0.51% of the portfolio compared to 0.53% in FY22.
- The Bank's capital position remains strong, with a Common Equity Tier 1 (CET1) ratio of 10.39%, within the target operating range of 10.00% to 10.50%. The Bank has also maintained strong funding and liquidity metrics, with a Net Stable Funding Ratio (NSFR) of 123% and Liquidity Coverage Ratio (LCR) of 136%.
- Following the Australian Prudential Regulatory Authority (APRA) announcement in 1H22 that the Committed Liquidity Facility (CLF) limits will not be available beyond December 2022, the Bank incrementally reduced its CLF limit to zero by 1 January 2023. The Bank has continued to access wholesale funding markets with successful issuances, ahead of the reduction of the Term Funding Facility (TFF).

1. Source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS) as at June 2023.
2. Source: AFG reported turnaround time

Profit contribution and key ratios

	Full Year Ended Jun-23 $M	Jun-22 $M	Jun-23 v Jun-22 %	Half Year Ended Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Net interest income	1,408	1,245	13.1	683	725	624	621	(5.8)	9.5
Net other operating income									
Net banking fee income and commission	(7)	2	n/a	(6)	(1)	-	2	large	n/a
Gain on derivatives and other financial instruments	19	(4)	n/a	12	7	(13)	9	71.4	n/a
Other revenue	5	5	-	3	2	2	3	50.0	50.0
Total other operating income	**17**	3	466.7	**9**	8	(11)	14	12.5	n/a
Total income	**1,425**	1,248	14.2	**692**	733	613	635	(5.6)	12.9
Operating expenses	(737)	(736)	(0.1)	(371)	(366)	(370)	(366)	(1.4)	(0.3)
Profit before impairment losses on financial assets	**688**	512	34.4	**321**	367	243	269	(12.5)	32.1
Impairment release/(loss) on loans and advances	(16)	14	n/a	(15)	(1)	(2)	16	large	large
Impairment release/(loss) on investment securities	(1)	-	n/a	-	(1)	-	-	n/a	n/a
Suncorp Bank profit before tax	**671**	526	27.6	**306**	365	241	285	(16.2)	27.0
Income tax	(201)	(158)	(27.2)	(92)	(109)	(73)	(85)	15.6	(26.0)
Suncorp Bank profit after tax	**470**	368	27.7	**214**	256	168	200	(16.4)	27.4

Key ratios	%	%		%	%	%	%
Lending growth	8.45	7.83		3.73	4.56	5.90	1.82
Customer funding growth	6.88	15.91		0.86	5.96	7.51	7.81
Net interest margin (interest-earning assets)	1.96	1.93		1.89	2.03	1.90	1.97
Cost to income ratio	51.8	59.0		53.7	49.9	60.4	57.6
Impairment release/(losses) to gross loans and advances[1]	(0.02)	0.02		(0.04)	-	(0.01)	0.05
Common Equity Tier 1 ratio[2]	10.39	9.08		10.39	10.09	9.08	9.91
NSFR	123	138		123	135	138	132
LCR[3]	136	142		138	134	138	146

1. Annualised

2. Jun-23 and Dec-22 (pro forma) period presented under Basel III effective 1 January 2023. All other periods have not been restated.

3. 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 $1,408 million increased 13.1% primarily from improved deposit margins, partly offset by the impacts of intense competition for home loans.

	%
FY22 net interest margin	**1.93**
Lending pricing	(0.31)
Lending mix	0.04
Liquid assets	(0.05)
Customer deposit pricing and wholesale funding	0.35
FY23 net interest margin	**1.96**

NIM increased 3 bps over the year to 1.96%. The key drivers of the movement include:

— Lending pricing accounted for a 31 bps reduction in NIM, primarily due to significant competition in the market for home and business loans.

— Lending mix changes accounted for a 4 bps increase in NIM, driven by the roll-off of lower yielding fixed rate home loans and fewer fixed rate loan originations.

— An increase in liquid assets resulted in a 5 bps NIM reduction, primarily due to the impact of replacing the CLF with high quality liquid assets (HQLA) (with minimal impact on NII).

— Improved customer deposit margins contributed 35 bps to NIM, driven by higher margins on transaction account balances, strategic pricing of at-call and retail term deposits, partly offset by an adverse shift in mix as customers moved balances form lower yielding to higher yielding deposit products.

	%
1H23 net interest margin	**2.03**
Lending pricing	(0.09)
Lending mix	0.04
Liquid assets	(0.03)
Customer deposit pricing and wholesale funding	(0.06)
2H23 net interest margin	**1.89**

NIM decreased 14 bps over the half to 1.89%. The key drivers of the movement include:

— Lending pricing accounted for a 9 bps reduction in NIM, primarily due to significant competition in the market for home and business loans.

— Lending mix changes accounted for a 4 bps increase in NIM, driven by the roll-off of lower yielding fixed rate home loans and fewer fixed rate loan originations.

— An increase in liquid assets resulted in a 3 bps NIM reduction, primarily due to the impact of replacing the CLF with HQLA (with minimal impact on NII).

— Deteriorating customer deposit margins contributed to a 6 bps reduction to NIM, due to a continued shift in mix as customers moved to higher yielding deposit products, competition for savings and term deposits heightened by TFF maturities, and increased retail and wholesale funding costs.

Other operating income

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income and commission	(7)	2	n/a	(6)	(1)	-	2	large	n/a
Gain/(loss) on derivatives and other financial instruments	19	(4)	n/a	12	7	(13)	9	71.4	n/a
Other revenue	5	5	-	3	2	2	3	50.0	50.0
Total other operating income	**17**	3	466.7	**9**	8	(11)	14	12.5	n/a

Total other operating income of $17 million increased $14 million, due to:

— An increase in gains on derivatives and other financial instruments due to the anticipated unwind of unrealised losses on interest rate swaps, partly offset by reduced gains from the sale of liquid assets.

— This was partly offset by a decrease in net banking fee income due to increased Home lending trail commissions associated with the growth in the Home lending portfolio, coupled with lower revenue from the merchant business.

Operating expenses

Total operating expenses of $737 million increased $1 million, primarily driven by increased operational demands, compliance-related spending, and inflationary pressures, mostly offset by lower investment spend and the benefits of digitisation and automation. The cost-to-income ratio decreased from 59.0% to 51.8% for the year, albeit with an increase in 2H23 to 53.7%. The increased cost-to-income ratio for 2H23 was primarily due to lower NIM and a reduction in revenue of 5.6%, as a result of margin pressures. Operating expenses were relatively well contained with a 1.4% increase in 2H23 compared to 1H23.

Loan impairment expense

Impairment releases/(losses) on loans and advances

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-22	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	(10)	15	n/a	(10)	-	-	15	n/a	n/a
Specific provision for impairment	(2)	1	n/a	(2)	-	(1)	2	n/a	(100.0)
Actual net write-offs	(4)	(2)	(100.0)	(3)	(1)	(1)	(1)	(200.0)	(200.0)
Impairment releases/(losses)	**(16)**	14	**n/a**	**(15)**	(1)	(2)	16	**large**	**large**
Impairment releases/(losses) to gross loans and advances (annualised)	(0.02%)	0.02%	-	(0.04%)	0.00%	(0.01%)	0.05%		

Net impairment losses totalled $16 million for the year, representing 2 bps of gross loans and advances.

The central economic forecast for interest rates and unemployment is broadly unchanged from the first half. The outlook for Home lending improved in view of the stronger than expected housing market, while the outlook for the commercial office and retail segment is weaker due to the impact of higher interest rates, reductions in office usage after COVID-19, and reduced spending affecting retail tenants and property owners. This has led to a strengthening of the collective provision for this segment of the portfolio.

Increased write-offs were mainly attributable to a $1.9 million charge associated with a discontinued product as part of portfolio simplification.

A $2 million increase in the specific provision was attributable to certain customer groups in the childcare and accommodation industries.

Bank balance sheet

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Housing loans - term	47,526	47,251	44,838	42,334	0.6	6.0
Housing line of credit	550	623	778	872	(11.7)	(29.3)
Securitised housing loans and covered bonds	6,725	4,971	4,598	4,086	35.3	46.3
Total housing loans	**54,801**	52,845	50,214	47,292	3.7	9.1
Personal loans	36	51	67	93	(29.4)	(46.3)
Retail loans	**54,837**	52,896	50,281	47,385	3.7	9.1
SME	2,633	2,646	2,641	2,716	(0.5)	(0.3)
Commercial	5,361	5,165	4,884	4,406	3.8	9.8
Agribusiness	4,490	4,195	4,267	4,106	7.0	5.2
Total business loans	**12,484**	12,006	11,792	11,228	4.0	5.9
Total lending	**67,321**	64,902	62,073	58,613	3.7	8.5
Provision for impairment	(219)	(211)	(217)	(219)	(3.8)	(0.9)
Total loans and advances	**67,102**	64,691	61,856	58,394	3.7	8.5
Geographical breakdown - Total lending						
Queensland	30,440	29,740	29,195	28,053	2.4	4.3
New South Wales	19,381	18,365	17,388	16,266	5.5	11.5
Victoria	9,842	9,369	8,516	7,749	5.0	15.6
Western Australia	4,326	4,242	4,048	3,769	2.0	6.9
South Australia and other	3,332	3,186	2,926	2,776	4.6	13.9
Outside of Queensland loans	**36,881**	35,162	32,878	30,560	4.9	12.2
Total lending	**67,321**	64,902	62,073	58,613	3.7	8.5

Home lending

The Bank delivered a 60-point increase in its 6-month rolling average Home Lending Broker NPS and a 38-point uplift in its Home Loan Customer NPS. In addition, the Bank was awarded Mortgage Business' Non-Major Bank of the Year. This notable achievement reflects the significant improvements made to the Bank's Home lending proposition and brand reputation over recent periods.

The Bank delivered continued improvements to broker and customer experiences through simplified processes, improved productivity, and a clear focus on lower-risk new business. This focus drove a material reduction in median application turnaround times to 4 working days, down from 11 working days in FY22, the fastest among peers for 32 weeks of the year (AFG reported turnaround time).

The Bank achieved Home lending growth of $4.6 billion or 9.1%, driven by higher new business volumes, faster turnaround times and improved customer experiences. Home lending growth was lower over the second half of the financial year as the Bank consciously balanced growth and margin outcomes in the context of a highly competitive market. Suncorp Bank took active steps to improve profitability such as increasing new business pricing, removing cashback offers, and increasing back-book retention hurdles. Notwithstanding the slower second half, the Bank delivered strong Home lending market share growth of 9.4 basis points over the year, outpacing system to achieve 1.8 system growth.

Home lending portfolio metrics

	Jun-23 %	Jun-22 %
Owner-occupier proportion of total portfolio	72	73
Investor proportion of total portfolio	28	27
Principal and interest proportion of total portfolio	88	88
Interest only proportion of total portfolio	12	12
Variable rate	80	69
Fixed rate	20	31
Broker originated	74	70
Direct originated	26	30
Proportion of total portfolio with LVR < 80%	89	86
Portfolio dynamic LVR[1]	57	54
Proportion of total portfolio covered by Lenders Mortgage Insurance	19	24

1. Prior year dynamic LVR restated

Home lending origination metrics

	Jun-23 %	Jun-22 %
Owner-occupier proportion of new business	69	71
Investor proportion of new business	31	29
Principal and interest proportion of new business	85	85
Interest only proportion of new business	15	15
Variable rate	97	64
Fixed rate	3	36
Broker originated	80	76
Direct originated	20	24
Proportion of new business with LVR < 80%	93	87
Proportion of new business covered by Lenders Mortgage Insurance	7	13

Suncorp Bank maintained a high quality and conservatively positioned Home lending portfolio during FY23. The Bank increased the proportion of low loan-to-value ratio (LVR) lending to 93% of new business, and reduced loans with a debt to income (DTI) ratio greater than 6 times to an average of less than 10% of all new lending throughout the year, and less than 2% for 4Q23.

Approximately 47% of the elevated fixed rate loan volumes have now matured (these elevated maturities cover the period January 2022 to December 2025). Approximately 26% of customer loans that matured in FY23 were refinanced with other institutions in view of the margin management strategy deployed on maturity. The Bank continues to proactively contact customers prior to and post maturity to provide support to manage the increase in monthly repayments. Fixed rate loans currently represent approximately 20% of the total Home lending portfolio, down from 31% a year ago. New fixed rate originations represented only 3% of new loans in FY23 compared to 36% in FY22.

Home lending portfolio geographic profile

	Jun-23 %	Jun-22 %
Queensland	42	44
New South Wales	30	29
Victoria	15	14
Western Australia	8	8
Other	6	5

The Bank maintains a strong geographic presence in Queensland, although continued growth through the broker channel has enabled steady geographic diversification of the Home lending portfolio across other states, particularly New South Wales and Victoria.

Business lending

Commercial

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Property Investment	3,056	3,047	2,882	0.3	6.0
Construction & Development	643	517	586	24.4	9.7
Hospitality & Accommodation	590	620	537	(4.8)	9.9
Services (Inc. professional services)	375	362	293	3.6	28.0
Retail	322	258	293	24.8	9.9
Manufacturing & Mining	161	103	49	56.3	228.6
Other	214	258	244	(17.1)	(12.3)
Total Commercial	**5,361**	**5,165**	**4,884**	**3.8**	**9.8**

The Commercial portfolio increased 9.8% to $5.4 billion with strong growth in Manufacturing & Mining, as well as commercial real estate across portfolios, contributing to the result. Growth slowed in the second half of the financial year as macro-economic factors such as inflation and increased interest rates weighed on the market. Strong fundamentals in development finance have, to date, insulated the portfolio from builder collapses and development losses that have impacted sector confidence over the past year. The Bank's risk appetite and focused target market have been stable through the year.

The geographic distribution of the portfolio remained stable and within a range of strict internal limits to ensure sound quality and diversification of the portfolio.

SME[1]

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Property Investment	606	635	581	(4.6)	4.3
Hospitality & Accommodation	290	264	290	9.8	-
Retail	263	238	238	10.5	10.5
Construction & Development	289	265	291	9.1	(0.7)
Manufacturing & Mining	158	159	158	(0.6)	-
Services (Inc. professional services)	843	873	872	(3.4)	(3.3)
Other [2]	184	212	211	(13.2)	(12.8)
Total SME	**2,633**	**2,646**	**2,641**	**(0.5)**	**(0.3)**

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

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

The SME portfolio contracted 0.3% to $2.6 billion. Moderation in the portfolio was in-line with expectations due to:

— A change in the operating model that increased required resourcing, but a tight recruitment market delayed full capacity until the second half of the year.

— Favourable market prices driving asset sale pay-outs.

— Changing fundamentals from increasing interest rates driving the Bank's prioritisation of returns over asset growth.

The Bank continued 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.

Agribusiness

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Beef	2,110	2,014	1,963	4.8	7.5
Grain & Mixed Farming	1,078	1,007	1,067	7.1	1.0
Sheep & Mixed Livestock	359	377	342	(4.8)	5.0
Cotton	314	252	341	24.6	(7.9)
Sugar	90	84	85	7.1	5.9
Fruit	135	126	128	7.1	5.5
Other	404	335	341	20.6	18.5
Total Agribusiness	**4,490**	**4,195**	**4,267**	7.0	5.2

The Agribusiness portfolio grew 5.2% to $4.5 billion, with growth across most segments in the second half. New business was driven primarily by existing customers' property purchases.

While the La Niña weather pattern experienced over the past three years has ended, the expected onset of the El Niño weather pattern potentially signals drier conditions. However, river systems and dams remain at healthy levels, positioning the sector reasonably well for future conditions. Favourable weather and market conditions have provided the opportunity for farmers to build up reserves over past seasons. As a result, the Agribusiness portfolio continued to grow as customers increased funding to invest in higher stock levels and purchase additional properties.

Funding and deposits

The Bank continued 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 Main Financial Institution (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.
- Managing HQLA of over 100% of net cash outflows, under various stress scenarios.

Funding composition

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Customer funding						
Customer deposits						
At-call transactions	19,914	20,385	20,805	19,449	(2.3)	(4.3)
At-call savings	17,146	16,137	15,832	16,949	6.3	8.3
Term deposits	14,374	14,473	11,488	8,364	(0.7)	25.1
Total customer funding	**51,434**	50,995	48,125	44,762	**0.9**	**6.9**
Wholesale funding						
Domestic funding						
Short-term wholesale	5,863	6,216	5,319	4,431	(5.7)	10.2
Long-term wholesale	9,390	9,289	8,543	7,995	1.1	9.9
Covered bonds	2,844	2,843	2,093	2,092	0.0	35.9
Subordinated notes	600	600	600	600	-	-
Total domestic funding	**18,697**	18,948	16,555	15,118	**(1.3)**	**12.9**
Overseas funding[1]						
Short-term wholesale	2,519	1,855	1,842	1,744	35.8	36.8
Long-term wholesale	734	711	711	1,400	3.2	3.2
Total overseas funding	**3,253**	2,566	2,553	3,144	**26.8**	**27.4**
Total wholesale funding	**21,950**	21,514	19,108	18,262	**2.0**	**14.9**
Total funding (excluding securitisation)	**73,384**	72,509	67,233	63,024	**1.2**	**9.1**
Securitisation						
APS 120 qualifying[2]	2,663	1,956	2,402	1,875	36.1	10.9
Total securitisation	**2,663**	1,956	2,402	1,875	**36.1**	**10.9**
Total funding (including securitisation)	**76,047**	74,465	69,635	64,899	**2.1**	**9.2**
Total funding is represented on the balance sheet by:						
Deposits	51,434	50,995	48,125	44,762	0.9	6.9
Borrowings	24,013	22,870	20,910	19,537	5.0	14.8
Subordinated notes	600	600	600	600	-	-
Total funding	**76,047**	74,465	69,635	64,899	**2.1**	**9.2**
Deposit to loan ratio	**76.7%**	78.6%	77.5%	76.4%		

1. Foreign currency borrowings are hedged back into Australian dollars.
2. Qualifies for capital relief under APS120.

Customer funding

Customer deposits of $51.4 billion increased 6.9%, marginally below system, accounting for 67.6% of total Bank funding.

Deposit growth reflected increased demand for higher yield deposit products in a rising interest rate environment and was weighted towards term deposits (up 25.1%) and, to a lesser extent, at-call savings deposits (up 8.3%). At-call transaction account balances decreased 4.3%, driven by migration of balances to higher yielding deposit products, increased cost of living pressures, and growth in mortgage offset account balances.

The Bank acquired over 29,000 new to bank MFI customers in FY23, up 33%, with MFI continuing to grow strongly. The Digital channel accounted for 82% of deposit account openings (vs. 74% in FY22) and new digital transaction accounts grew 30% ahead of the prior year.

The Bank continues to invest in reducing fraud and scam losses and providing customers with better and more accessible support. This investment continues as the industry coordinates an approach to detect and disrupt scams, working with government, telecommunication providers, digital platforms and the Australian Banking Association.

Wholesale funding

Wholesale funding of $21.9 billion increased 14.9% over the year, comprising:

- An increase in domestic short-term wholesale funding of 10.2% to $5.8 billion, driven by an increase in negotiable certificates of deposit to assist in funding growing lending portfolios and the CLF removal, which was completed in December 2022.
- An increase in domestic long-term wholesale funding of 9.9% to $9.4 billion, required to replace maturing transactions including TFF repayments. The current balance includes $3.0 billion from the TFF, a decrease of $1.1 billion over the year.
- An increase in funding from covered bonds of 35.8% to $2.8 billion, driven by a new issuance during the first half of the financial year.
- Material movements in the 0 – 3 month and 3+ years buckets in the second half can be attributed to the timing of maturities, however, note that the weighted average term to maturity of short and long-term wholesale liabilities remains in line with prior periods.

Wholesale funding instruments maturity profile [1]

	Short-term $M	Long-term $M	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Maturity								
0 to 3 months	5,540	1,567	7,107	5,651	6,496	3,847	25.8	9.4
3 to 6 months	2,842	1,465	4,307	3,873	2,066	3,960	11.2	108.5
6 to 12 months	-	2,720	2,720	2,964	1,529	1,314	(8.2)	77.9
1 to 3 years	-	8,647	8,647	8,236	8,175	8,326	5.0	5.8
3+ years	-	1,828	1,828	2,746	3,244	2,690	(33.4)	(43.6)
Total wholesale funding instruments	**8,382**	**16,227**	**24,609**	**23,470**	**21,510**	**20,137**	**4.9**	**14.4**

1. Wholesale funding includes securitisations

Net Stable Funding Ratio and Liquidity Coverage Ratio

The NSFR remained above the typical operating range over the year, ending the period at 123%. This was due to regulatory considerations in response to market turmoil associated with bank failures in offshore markets, and to facilitate an orderly refinancing of the TFF.

The LCR averaged 136% over the year, well above APRA's 100% requirement. The Bank reduced its CLF to zero in-line with APRA's guidance by 1 January 2023. The Bank's liquidity metrics remain elevated following the CLF reductions to meet balance sheet requirements and unforeseen cash outflows under a range of market conditions and stress scenarios.

Capital

	%
June 22 CET1 Ratio	**9.08**
NPAT	1.42
Dividends	(0.49)
APRA Regulatory Reforms (Basel III)	1.20
Risk weighted asset movement	(0.56)
Regulatory deductions and adjustments	(0.26)
June 23 CET1 Ratio	**10.39**

The Bank CET1 Ratio increased 131 bps to 10.39%, remaining above the midpoint of the target operating range of 10.00% to 10.50%. The new APRA capital framework which came into effect from 1 January 2023 translated to a 120 bps increase in the CET1 Ratio while the target operating range increased by 100 bps to align with increased regulatory buffers. Other key drivers of the CET1 ratio include:

- Bank profit after tax of $470 million drove an increase of 142 bps, partially offset by
- An increase in Risk Weighted Assets (RWA) accounted for a 56 bps reduction excluding the impact of Basel III
- First half interim dividends accounted for a 49 bps reduction
- Regulatory deductions of 26 bps mostly related to loan origination costs.

The increase in RWA from loan growth was partially offset by 11 bps of relief from a $1 billion Residential Mortgage-Backed Security (RMBS) issuance in April 2023.

Credit quality

Impaired assets and 90+ days past due loans

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Gross balances of individually impaired loans						
Retail lending	29	38	40	46	(23.7)	(27.5)
Agribusiness lending	24	8	7	12	200.0	242.9
Commercial lending	34	36	77	88	(5.6)	(55.8)
SME lending	14	17	14	20	(17.6)	-
Gross impaired assets	**101**	99	138	166	2.0	(26.8)
Impairment provision	(31)	(33)	(46)	(51)	6.1	32.6
Net impaired assets	**70**	66	92	115	6.1	(23.9)
Impairment provisions expressed as a percentage of gross impaired assets	**31%**	33%	33%	31%		
Size of gross individually impaired assets						
Less than one million	25	31	33	37	(19.4)	(24.2)
Greater than one million but less than ten million	64	55	61	79	16.4	4.9
Greater than ten million	12	13	44	50	(7.7)	(72.7)
Gross impaired assets	**101**	99	138	166	2.0	(26.8)
90+ days Past due loans not shown as impaired assets	**333**	281	327	365	18.5	1.8
Gross non-performing loans	**434**	380	465	531	14.2	(6.7)
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	99	138	166	180	(28.3)	(40.4)
Recognition of new impaired assets	30	32	14	27	(6.3)	114.3
Other movement in impaired assets[1]	1	(3)	(1)	(2)	n/a	n/a
Impaired assets which have been reclassed as performing assets or repaid	(29)	(68)	(41)	(39)	57.4	29.3
Balance at the end of the full year	101	99	138	166	2.0	(26.8)

1. Net of increases in previously recognised impaired assets and impaired assets written off.

Gross impaired assets of $101 million decreased $37 million, mainly driven by the Commercial lending portfolio.

Retail impaired loans of $29 million decreased $11 million, supported by a combination of Customer Assistance contact focussing on late-stage arrears collections, well secured loans, and successful asset sales.

Commercial impaired assets of $34 million reduced $43 million, with debt reductions and successful asset sales across three large exposures contributing to the decrease. This was despite higher interest rates and construction input costs.

Agribusiness impairments of $24 million increased $17 million, largely driven by two customers, with one impacted by higher operating and input costs, and the other impacted by repeated crop failures.

SME impairments of $14 million were flat on the prior year. SME impairments are not concentrated in any industry and include no large single exposures.

Provision for impairment

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 Dec-22 %	Jun-23 v Jun-22 %
Collective provision						
Balance at the beginning of the period	180	180	180	195	-	-
(Release)/charge against impairment losses	10	-	-	(15)	n/a	n/a
Balance at the end of the period	**190**	**180**	**180**	**180**	**5.6**	**5.6**
Specific provision						
Balance at the beginning of the period	31	37	39	44	(16.2)	(20.5)
(Release)/charge against impairment losses	2	-	1	(2)	n/a	100.0
Impairment provision written off[1]	(4)	(6)	(3)	(3)	33.3	(33.3)
Balance at the end of the period	**29**	**31**	**37**	**39**	**(6.5)**	**(21.6)**
Total provision for impairment - Banking activities	**219**	**211**	**217**	**219**	**3.8**	**0.9**

Provision for impairment expressed as a percentage of gross loans and advances are as follows:	%	%	%	%
Collective provision	0.29	0.28	0.29	0.31
Specific provision	0.04	0.05	0.06	0.07
Total provision	0.33	0.33	0.35	0.38

1. Includes immaterial unwind of discount of less than $1 million.

The total balance sheet provision for impairment increased 0.9% to $219 million, representing 33 bps of gross loans and advances compared to 35 bps in FY22. The key drivers include:

- A $10 million increase to the collective provision to $190 million; and
- A 21.6% reduction in the specific provision to $29 million, driven by small movements across several exposures.

Gross non-performing loans coverage by portfolio

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 Dec-22 %	Jun-23 Jun-22 %
Retail lending						
Past due loans	280	232	264	317	20.7	6.1
Impaired assets	29	38	40	46	(23.7)	(27.5)
Specific provision	6	7	8	8	(14.3)	(25.0)
Collective provision	8	10	7	9	(20.0)	14.3
Total provision coverage[1]	**4.5%**	6.3%	4.9%	4.7%	(28.6)	(8.2)
Agribusiness lending						
Past due loans	26	29	33	17	(10.3)	(21.2)
Impaired assets	24	8	7	12	200.0	242.9
Specific provision	4	3	1	1	33.3	300.0
Collective provision	3	3	5	6	-	(40.0)
Total provision coverage[1]	**14.0%**	16.2%	15.0%	24.1%	(13.6)	(6.7)
Commercial lending						
Past due loans	12	7	18	13	71.4	(33.3)
Impaired assets	34	36	77	88	(5.6)	(55.8)
Specific provision	14	16	21	21	(12.5)	(33.3)
Collective provision	3	1	13	14	200.0	(76.9)
Total provision coverage[1]	**37.0%**	39.5%	35.8%	34.7%	(6.3)	3.4
SME lending						
Past due loans	15	13	12	18	15.4	25.0
Impaired assets	14	17	14	20	(17.6)	-
Specific provision	5	5	7	9	-	(28.6)
Collective provision	6	3	3	7	100.0	100.0
Total provision coverage[1]	**37.9%**	26.7%	38.5%	42.1%	41.9	(1.6)

1. Calculated as: (Specific provision + Collective provision Stage 3) / (Past due loans + Impaired assets).

Retail lending 90+ days past due loans of $280 million increased $16 million, representing 0.51% of the portfolio compared to 0.53% in the pcp. This was underpinned by higher interest rates and inflation contributing to an increased rate of hardship applications throughout the year, with levels now comparable to pre-COVID-19.

Expected Credit Loss

The Expected Credit Loss (ECL) has increased by $10 million to $190 million. This incorporates the modelled collective provision and various management overlays, including an overlay to reflect general uncertainty in modelling of this nature.

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.

The central economic forecast anticipates an increase in the unemployment rate of approximately 1.3% over the next two years. The central outlook for residential property prices has improved since 1H23, albeit significant downside risks remain given continued interest rate rises to combat inflation. For commercial property the FY24 outlook has deteriorated since 1H23, with risks to the downside for the commercial office and retail segments, driven by above average vacancy rates, increasing incentives reducing net effective rents available to service debt, and higher funding costs seeing capitalisation rates under pressure. The ECL model calibration reflects the uncertain economic outlook.

The key assumptions used in the Bank's calculation of ECL are residential property prices, commercial property prices and unemployment rates. These are presented in the table below. The outlook for these variables is reviewed regularly. The variances are probability weighted. As an example of the downside allowance in the model, there is a 15% probability that house price falls will exceed 20% over FY24/25 while the weighted average fall is 8.1%.

	Model assumption		Weighted average change
	FY24	FY25	FY24/25
	%	%	%
Property prices - residential - weighted average annual change	(10.3)	2.2	(8.1)
Property prices - commercial office - weighted average annual change[1]	(10.4)	0.1	(10.3)
Property prices - rural - weighted average annual change[1]	(5.0)	(0.1)	(5.1)
Unemployment rate[2]	4.4	4.9	n/a

1. Given the significantly differing outlook for rural property and commercial property, the assumptions now differ in the ECL model. The Bank also has some retail and industrial collateral but the proportion of such collateral is much smaller than for commercial and rural.
2. Unemployment rate reflects the rate as at June 2024 and June 2025. 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.

Appendix A: Group Financial Statements

Consolidated statement of comprehensive income (statutory view)

	Full Year Ended		Jun-23 vs Jun-22	Half Year Ended				Jun-23 vs Dec-22	Jun-23 vs Jun-22
	Jun-23 $M	Jun-22 $M	%	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	%	%
Revenue									
Insurance premium income	12,095	11,132	8.7	6,147	5,948	5,593	5,539	3.3	9.9
Reinsurance and other recoveries income	2,169	2,452	(11.5)	1,614	555	2,022	430	190.8	(20.2)
Interest income	3,525	1,865	89.0	1,972	1,553	928	937	27.0	112.5
Net gains on financial assets and liabilities at fair value through profit or loss	147	-	n/a	147	-	-	-	n/a	n/a
Dividend and trust distribution income	46	252	(81.7)	28	18	203	49	55.6	(86.2)
Fees and other income	372	468	(20.5)	184	188	189	279	(2.1)	(2.6)
Total revenue	**18,354**	**16,169**	**13.5**	**10,092**	**8,262**	**8,935**	**7,234**	**22.1**	**12.9**
Expenses									
Claims expense	(9,740)	(8,786)	10.9	(5,426)	(4,314)	(4,909)	(3,877)	25.8	10.5
Outwards reinsurance premium expense	(1,535)	(1,357)	13.1	(798)	(737)	(729)	(628)	8.3	9.5
Underwriting expense	(2,332)	(2,371)	(1.6)	(1,186)	(1,146)	(1,153)	(1,218)	3.5	2.9
Interest expense	(1,769)	(385)	359.5	(1,107)	(662)	(197)	(188)	67.2	461.9
Net losses on financial assets and liabilities at fair value through profit or loss	-	(1,179)	(100.0)	1	(1)	(1,033)	(146)	large	large
Impairment (expense) release on loans and advances	(17)	14	n/a	(15)	(2)	(2)	16	large	large
Amortisation and depreciation expense	(206)	(207)	(0.5)	(108)	(98)	(108)	(99)	10.2	-
Fees, overheads and other expenses	(1,113)	(1,016)	9.5	(621)	(492)	(553)	(463)	26.2	12.3
Outside beneficial interests in managed funds	-	(45)	(100.0)	-	-	13	(58)	n/a	(100.0)
Total expenses	**(16,712)**	**(15,332)**	**9.0**	**(9,260)**	**(7,452)**	**(8,671)**	**(6,661)**	**24.3**	**6.8**
Profit before income tax	1,642	837	96.2	832	810	264	573	2.7	215.2
Income tax (expense) benefit	(483)	(138)	250.0	(242)	(241)	34	(172)	0.4	large
Profit for the financial year	**1,159**	**699**	**65.8**	**590**	**569**	**298**	**401**	**3.7**	**98.0**
Profit for the period attributable to:									
Owners of the Company	1,148	681	68.6	588	560	293	388	5.0	100.7
Non-controlling interests	11	18	(38.9)	2	9	5	13	(77.8)	(60.0)
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	(47)	(183)	(74.3)	(27)	(20)	(162)	(21)	35.0	(83.3)
Net change in debt investments at fair value through other comprehensive income	10	(81)	n/a	(2)	12	(60)	(21)	large	(96.7)
Exchange differences on translation of foreign operations	16	(31)	n/a	(16)	32	(41)	10	large	(61.0)
Related income tax benefit	11	79	(86.1)	9	2	67	12	350.0	(86.6)
	(10)	(216)	(95.4)	(36)	26	(196)	(20)	large	(81.6)
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains on defined benefit plans	4	11	(63.6)	4	-	11	-	n/a	(63.6)
Net change in equity investments at fair value through other comprehensive income	(6)	(10)	(40.0)	-	(6)	(8)	(2)	(100.0)	(100.0)
Related income tax benefit (expense)	1	(1)	n/a	(1)	2	(1)	-	large	-
	(1)	-	n/a	3	(4)	2	(2)	large	50.0
Total other comprehensive (loss) income	**(11)**	**(216)**	**(94.9)**	**(33)**	**22**	**(194)**	**(22)**	**large**	**(83.0)**
Total comprehensive income for the financial year	**1,148**	**483**	**137.7**	**557**	**591**	**104**	**379**	**(5.8)**	**435.6**
Total comprehensive income for the financial year attributable to:									
Owners of the Company	1,137	465	144.5	555	582	99	366	(4.6)	460.6
Non-controlling interests	11	18	(38.9)	2	9	5	13	(77.8)	(60.0)
Total comprehensive income for the financial year	**1,148**	**483**	**137.7**	**557**	**591**	**104**	**379**	**(5.8)**	**435.6**

Consolidated statement of financial position (statutory view)

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 vs Dec-22 %	Jun-23 vs Jun-22 %
Assets						
Cash and cash equivalents	3,908	2,436	1,418	1,025	60.4	175.6
Receivables due from other banks	1,788	4,837	2,490	4,004	(63.0)	(28.2)
Trading securities	2,218	1,950	2,722	2,144	13.7	(18.5)
Derivatives	606	638	741	342	(5.0)	(18.2)
Investment securities	23,049	20,556	20,957	20,258	12.1	10.0
Premiums outstanding	3,599	3,140	3,173	2,879	14.6	13.4
Loans and advances	67,102	64,691	61,856	58,394	3.7	8.5
Reinsurance and other recoveries	2,656	2,370	3,212	1,898	12.1	(17.3)
Deferred reinsurance assets	1,165	697	1,152	577	67.1	1.1
Deferred acquisition costs	874	829	796	774	5.4	9.8
Property, plant and equipment	604	670	712	558	(9.9)	(15.2)
Deferred tax assets	488	515	592	322	(5.2)	(17.6)
Goodwill and other intangible assets	5,306	5,294	5,282	5,267	0.2	0.5
Other assets	1,620	1,561	1,275	1,010	3.8	27.1
Total assets	**114,983**	**110,184**	**106,378**	**99,452**	**4.4**	**8.1**
Liabilities						
Payables due to other banks	121	75	165	115	61.3	(26.7)
Deposits	51,178	50,803	47,875	44,392	0.7	6.9
Derivatives	682	742	783	306	(8.1)	(12.9)
Amounts due to reinsurers	1,153	384	1,119	279	200.3	3.0
Payables and other liabilities	2,924	1,794	1,741	1,418	63.0	67.9
Current tax liabilities	-	-	-	44	n/a	n/a
Unearned premium liabilities	6,771	6,235	6,024	5,716	8.6	12.4
Provisions and employee benefit liabilities	459	397	537	457	15.6	(14.5)
Outstanding claims liabilities	11,651	11,267	11,692	10,985	3.4	(0.4)
Deferred tax liabilities	144	146	127	129	(1.4)	13.4
Managed funds units on issue	-	-	-	399	n/a	n/a
Borrowings	24,009	22,870	20,910	19,537	5.0	14.8
Loan capital	2,544	2,295	2,622	2,706	10.8	(3.0)
Total liabilities	**101,636**	**97,008**	**93,595**	**86,483**	**4.8**	**8.6**
Net assets	**13,347**	**13,176**	**12,783**	**12,969**	**1.3**	**4.4**
Equity						
Share capital	12,384	12,349	12,325	12,314	0.3	0.5
Reserves	(42)	1	(28)	187	large	50.0
Retained profits	972	793	456	431	22.6	113.2
Total equity attributable to owners of the Company	**13,314**	**13,143**	**12,753**	**12,932**	**1.3**	**4.4**
Non-controlling interests	33	33	30	37	-	10.0
Total equity	**13,347**	**13,176**	**12,783**	**12,969**	**1.3**	**4.4**

Consolidated statement of financial position by function

	General Insurance Jun-23 $M	Banking Jun-23 $M	Life Jun-23 $M	Corporate Jun-23 $M	Eliminations Jun-23 $M	Consolidated Jun-23 $M
Assets						
Cash and cash equivalents	1,169	2,927	14	54	(256)	3,908
Receivables due from other banks	-	1,788	-	-	-	1,788
Trading securities	-	2,218	-	-	-	2,218
Derivatives	103	501	-	2	-	606
Investment securities	15,778	6,431	488	13,768	(13,416)	23,049
Premiums outstanding	3,597	-	2	-	-	3,599
Loans and advances	-	67,102	-	-	-	67,102
Reinsurance and other recoveries	2,583	-	73	-	-	2,656
Deferred reinsurance assets	1,165	-	-	-	-	1,165
Deferred acquisition costs	874	-	-	-	-	874
Property, plant and equipment	64	-	2	538	-	604
Deferred tax assets	174	136	11	167	-	488
Goodwill and other intangible assets	4,740	262	65	239	-	5,306
Other assets	1,051	219	155	119	76	1,620
Due from related parties	238	165	20	1,725	(2,148)	-
Total assets	**31,536**	**81,749**	**830**	**16,612**	**(15,744)**	**114,983**
Liabilities						
Payables due to other banks	-	121	-	-	-	121
Deposits	-	51,434	-	-	(256)	51,178
Derivatives	157	520	-	5	-	682
Amounts due to reinsurers	1,152	-	1	-	-	1,153
Payables and other liabilities	1,792	431	10	681	10	2,924
Unearned premium liabilities	6,770	-	1	-	-	6,771
Provisions and employee benefits liabilities	107	1	9	342	-	459
Outstanding claims liabilities	11,480	-	171	-	-	11,651
Deferred tax liabilities	22	-	122	-	-	144
Borrowings	-	24,009	-	-	-	24,009
Loan capital	790	600	-	2,544	(1,390)	2,544
Due to related parties	242	90	7	350	(689)	-
Total liabilities	**22,512**	**77,206**	**321**	**3,922**	**(2,325)**	**101,636**
Net assets	**9,024**	**4,543**	**509**	**12,690**	**(13,419)**	**13,347**
Equity						
Share capital						12,384
Reserves						(42)
Retained profits						972
Total equity attributable to owners of the Company						**13,314**
Non-controlling interests						33
Total equity						**13,347**

Appendix B: Statement of assets and liabilities

General Insurance

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Assets						
Cash and cash equivalents	1,169	608	848	1,027	92.3	37.9
Derivatives	103	161	162	46	(36.0)	(36.4)
Investment securities	15,778	14,197	13,964	14,081	11.1	13.0
Premiums outstanding	3,597	3,139	3,172	2,878	14.6	13.4
Reinsurance and other recoveries	2,583	2,299	3,136	1,822	12.4	(17.6)
Deferred reinsurance assets	1,165	697	1,152	577	67.1	1.1
Deferred acquisition costs	874	829	796	774	5.4	9.8
Due from related parties	238	265	197	156	(10.2)	20.8
Property, plant and equipment	64	63	67	73	1.6	(4.5)
Deferred tax assets	174	220	279	101	(20.9)	(37.6)
Goodwill and intangible assets	4,740	4,750	4,748	4,767	(0.2)	(0.2)
Other assets	1,051	958	828	605	9.7	26.9
Total assets	**31,536**	**28,186**	**29,349**	**26,907**	**11.9**	**7.5**
Liabilities						
Payables and other liabilities	1,792	782	765	711	129.2	134.2
Provisions and employee benefits liabilities	107	93	124	110	15.1	(13.7)
Derivatives	157	154	213	68	1.9	(26.3)
Due to related parties	242	150	216	208	61.3	12.0
Deferred tax liabilities	22	22	17	12	-	29.4
Unearned premium liabilities	6,770	6,234	6,023	5,715	8.6	12.4
Outstanding claims liabilities	11,480	11,106	11,529	10,812	3.4	(0.4)
Loan capital	790	540	870	580	46.3	(9.2)
Current tax liabilities	-	-	-	-	n/a	n/a
Amount due to reinsurers	1,152	382	1,117	277	201.6	3.1
Total liabilities	**22,512**	**19,463**	**20,874**	**18,493**	**15.7**	**7.8**
Net assets	**9,024**	**8,723**	**8,475**	**8,414**	**3.5**	**6.5**
Reconciliation of net assets to Common Equity Tier 1 capital						
Net assets - GI businesses	9,024	8,723	8,475	8,414		
Insurance liabilities in excess of liability valuation	442	448	441	520		
Reserves excluded from regulatory capital	(22)	(22)	(20)	(18)		
Additional Tier 1 capital	(609)	(609)	(609)	(579)		
Goodwill allocated to GI businesses	(4,394)	(4,398)	(4,393)	(4,399)		
Other intangibles (including software assets)	(520)	(571)	(634)	(467)		
Other Tier 1 deductions	(3)	(12)	(7)	(4)		
Common Equity Tier 1 capital	**3,918**	**3,559**	**3,253**	**3,467**		

Bank

	Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Assets						
Cash and cash equivalents	2,927	1,902	609	90	53.9	380.6
Receivables due from other banks	1,788	4,837	2,490	4,004	(63.0)	(28.2)
Trading securities	2,218	1,950	2,722	2,144	13.7	(18.5)
Derivatives	501	475	579	296	5.5	(13.5)
Investment securities	6,431	5,361	5,949	4,678	20.0	8.1
Loans and advances	67,102	64,691	61,856	58,394	3.7	8.5
Due from related parties	165	272	221	235	(39.3)	(25.3)
Deferred tax assets	136	126	127	57	7.9	7.1
Other assets	219	184	146	138	19.0	50.0
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	81,749	80,060	74,961	70,298	2.1	9.1
Liabilities						
Deposits	51,434	50,995	48,125	44,762	0.9	6.9
Derivatives	520	574	559	237	(9.4)	(7.0)
Payables due to other banks	121	75	165	115	61.3	(26.7)
Payables and other liabilities	432	373	201	123	15.8	114.9
Due to related parties	90	72	135	78	25.0	(33.3)
Borrowings	24,009	22,870	20,910	19,537	5.0	14.8
Subordinated notes	600	600	600	600	-	-
Total liabilities	77,206	75,559	70,695	65,452	2.2	9.2
Net assets	4,543	4,501	4,266	4,846	0.9	6.5
Reconciliation of net equity to Common Equity Tier 1 capital						
Net equity - Banking	4,543	4,501	4,266	4,846		
Additional Tier 1 capital	(560)	(560)	(560)	(935)		
Goodwill allocated to Banking Business	(240)	(240)	(240)	(240)		
Regulatory capital equity adjustments	(2)	(1)	(2)	(4)		
Regulatory capital adjustments	(289)	(256)	(231)	(287)		
Other reserves excluded from Common Equity Tier 1 ratio	(76)	(76)	(76)	(90)		
Common Equity Tier 1 capital	3,376	3,368	3,157	3,290		

Average banking balance sheet

	Full Year Ended Jun-23			Half Year Ended Jun-23		
	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]	13,304	361	2.71	13,503	219	3.27
Gross loans and advances	58,603	2,713	4.63	59,345	1,513	5.14
Total interest-earning assets	**71,907**	**3,074**	**4.27**	**72,848**	**1,732**	**4.79**
Non-interest earning assets						
Loan balances subject to mortgage offsets	5,617			5,856		
Other assets (inc. loan provisions)	602			765		
Total non-interest earning assets	**6,219**			**6,621**		
Total assets	**78,126**			**79,469**		
Liabilities						
Interest-bearing liabilities						
Customer deposits	44,780	702	1.57	45,193	458	2.04
Wholesale liabilities	22,119	934	4.38	22,652	574	5.11
Subordinated loans	600	30	5.00	600	17	5.71
Total interest-bearing liabilities	**67,499**	**1,666**	**2.50**	**68,445**	**1,049**	**3.09**
Non-interest bearing liabilities						
Other customer deposits	5,617			5,856		
Other liabilities	498			574		
Total non-interest bearing liabilities	**6,115**			**6,430**		
Total Liabilities	**73,614**			**74,875**		
Average Net Assets	**4,512**			**4,594**		
Non-Shareholder Accounting Equity	387			109		
Convertible Preference Shares	(560)			(560)		
Average Ordinary Shareholders' equity	**4,339**			**4,143**		
Goodwill allocated to banking business	(240)			(240)		
Average Ordinary Shareholders' equity (ex goodwill)	**4,099**			**3,903**		
Analysis of interest margin and spread						
Interest-earning assets	71,907	782	4.27	72,848	1,732	4.79
Interest-bearing liabilities	66,714	159	2.50	68,445	1,049	3.09
Net interest spread			1.77			1.70
Net interest margin (interest-earning assets)	71,907	623	1.96	72,848	683	1.89
Net interest margin (lending assets)	58,603	623	2.40	59,345	683	2.32

1. Calculated based on daily balances over the period.

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

Appendix C: Income Tax

	Full Year ended		Jun-23
	Jun-23	Jun-22	v Jun-22
	$M	$M	%
Reconciliation of prima facie income tax expense to actual tax expense:			
Profit before tax	1,642	837	96.2
Prima facie domestic corporate tax rate of 30% (2022: 30%)	493	251	96.4
Effect of tax rates in foreign jurisdictions	(3)	(4)	(25.0)
Effect of income taxed at non-corporate tax rate	-	(1)	(100.0)
Tax effect of amounts not deductible (assessable) in calculating taxable income:			
Non-deductible expenses	16	13	23.1
Non-deductible expenses – Life companies	(4)	(2)	100.0
Amortisation of intangible assets	4	5	(20.0)
Dividend adjustments	6	13	(53.8)
Tax exempt revenues	(2)	(3)	(33.3)
Current year rebates and credits	(11)	(19)	(42.1)
Utilisation of previously unrecognised capital losses	(12)	(66)	(81.8)
Prior year over provision	(4)	(49)	(91.8)
Total income tax expense on pre-tax profit	483	138	250.0
Effective tax rate	29.4%	16.5%	12.9

The effective tax rate of 29.4% (2022: 16.5%) is consistent with the Australian corporate tax rate of 30% (2022: 30%).

Appendix D: Group Earnings Per Share

Earnings per share

	Full Year Ended		Half Year Ended			
	Jun-23	Jun-22	Jun-23	Dec-22	Jun-22	Dec-21
Numerator	$M	$M	$M	$M	$M	$M
Earnings:						
Profit attributable to ordinary equity holders of the company (basic)	1,148	681	588	560	293	388
Interest expense on convertible capital and subordinated notes[1]	54	37	31	23	21	16
Profit attributable to ordinary equity holders of the company (diluted)	1,202	718	619	583	314	404

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)	1,262,641,453	1,265,706,373	1,263,515,586	1,261,779,833	1,260,526,085	1,270,800,291
Effect of conversion of convertible capital and subordinated notes[1]	95,005,950	133,465,755	101,449,095	99,952,536	140,767,431	126,527,917
Weighted average number of ordinary shares (diluted)	1,357,647,403	1,399,172,128	1,364,964,681	1,361,732,369	1,401,293,516	1,397,328,208

Earnings per share	cents	cents	cents	cents	cents	cents
Basic	90.92	53.80	46.54	44.38	23.24	30.53
Diluted[1]	88.54	51.32	45.35	42.81	22.41	28.91

1. Capital notes and the $250 million SGL subordinated notes issued on 1 March 2023 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-23	Jun-22	Jun-23	Dec-22	Jun-22	Dec-21
Numerator	$M	$M	$M	$M	$M	$M
Earnings:						
Cash profit attributable to ordinary equity holders of the company (basic)	1,254	673	666	588	312	361
Interest expense on convertible capital and subordinated notes[1]	54	37	31	23	21	16
Cash profit attributable to ordinary equity holders of the company (diluted)	1,308	710	697	611	333	377

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)	1,262,641,453	1,265,706,373	1,263,515,586	1,261,779,833	1,260,526,085	1,270,800,291
Effect of conversion of convertible capital and subordinated notes[1]	95,005,950	133,465,755	101,449,095	99,952,536	140,767,431	126,527,917
Weighted average number of ordinary shares (diluted)	1,357,647,403	1,399,172,128	1,364,964,681	1,361,732,369	1,401,293,516	1,397,328,208

Cash earnings per share	cents	cents	cents	cents	cents	cents
Basic	99.32	53.17	52.71	46.60	24.75	28.41
Diluted[1]	96.34	50.74	51.06	44.87	23.76	26.98

1. Capital notes and the $250 million SGL subordinated notes issued on 1 March 2023 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 E: ASX Listed Securities

	Jun-23	Dec-22	Jun-22
Ordinary shares (SUN) each fully paid			
Number at the end of the period	1,266,542,392	1,264,075,597	1,262,604,976
Dividend declared for the period (cents per share)	27	33	17
SGL Capital Notes (SUNPF) each fully paid			
Number at the end of the period	-	-	-
Distribution declared for the period ($ per share)[1]	-	-	0.7516
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)[1]	2.7125	2.2891	1.6545
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)[1]	2.4820	2.0660	1.4226
SGL Capital Notes 4 (SUNPI) each fully paid			
Number at the end of the period	4,050,000	4,050,000	4,050,000
Distribution declared for the period ($ per share)[1]	2.4464	2.0316	1.3869

1. Classified as interest expense.

Appendix F: Group capital

Group capital

	As at 30 June 2023					
	General Insurance $M	Banking $M	Life $M	SGL, Corp Services & Consol $M	Total $M	As at 30 June 2022 Total $M
Common Equity Tier 1 capital						
Ordinary share capital	-	-	-	12,369	12,369	12,321
Subsidiary share capital (eliminated upon consolidation)	7,704	3,976	424	(12,129)	(25)	(26)
Reserves	(10)	(1,145)	321	740	(94)	(78)
Retained profits and non-controlling interests	699	1,075	(236)	(533)	1,005	486
Insurance liabilities in excess of liability valuation	442	-	-	-	442	441
Goodwill and other intangible assets	(4,732)	(574)	(67)	(253)	(5,626)	(5,515)
Net deferred tax liabilities/(assets)[1]	(182)	(79)	111	(167)	(317)	(447)
Policy liability adjustment [2]	-	-	(467)	-	(467)	(409)
Other Tier 1 deductions	(3)	124	-	-	121	92
Common Equity Tier 1 capital	**3,918**	**3,377**	**86**	**27**	**7,408**	**6,865**
Additional Tier 1 capital						
Eligible hybrid capital	609	560	-	-	1,169	1,169
Transitional Subordinated Notes	-	-	-	-	-	-
Additional Tier 1 capital	609	560	-	-	1,169	1,169
Tier 1 capital	**4,527**	**3,937**	**86**	**27**	**8,577**	**8,034**
Tier 2 capital						
General reserve for credit losses	-	221	-	-	221	202
Eligible Subordinated notes	790	600	-	-	1,390	1,470
Transitional Subordinated notes [3]	-	-	-	-	-	-
Tier 2 capital	**790**	**821**	**-**	**-**	**1,611**	**1,672**
Total capital	**5,317**	**4,758**	**86**	**27**	**10,188**	**9,706**
Represented by:						
Capital in Australian regulated entities	4,757	4,757	-	-	9,514	8,647
Capital in New Zealand regulated entities	514	-	69	-	583	603
Capital in unregulated entities [4]	46	1	17	27	91	456
Common Equity Tier 1 capital (ex div)	**3,467**	**3,267**	**82**	**274**	**7,090**	**6,665**
Total capital (ex div)	**4,866**	**4,648**	**82**	**274**	**9,870**	**9,506**

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-23 $M	GI Group[1] Jun-22 $M
Common Equity Tier 1 capital		
Ordinary share capital	7,704	7,575
Reserves	(10)	(16)
Retained profits and non-controlling interests	699	287
Insurance liabilities in excess of liability valuation	442	441
Goodwill and other intangible assets	(4,732)	(4,740)
Net deferred tax assets	(182)	(287)
Other Tier 1 deductions	(3)	(7)
Common Equity Tier 1 capital	**3,918**	3,253
Additional Tier 1 capital	609	609
Tier 1 capital	**4,527**	3,862
Tier 2 Capital		
Eligible subordinated notes	790	870
Tier 2 capital	**790**	870
Total capital	**5,317**	4,732
Prescribed Capital Amount		
Outstanding claims risk charge	1,032	987
Premium liabilities risk charge	776	689
Total insurance risk charge	1,808	1,676
Insurance concentration risk charge	350	250
Asset risk charge	1,094	984
Asset concentration risk charge	-	-
Operational risk charge	377	344
Aggregation benefit	(645)	(579)
Total Prescribed Capital Amount (PCA)	**2,984**	2,675
Common Equity Tier 1 ratio	**1.31**	1.22
Total capital ratio	**1.78**	1.77
Common Equity Tier 1 ratio (ex div)	**1.16**	1.19
Total capital ratio (ex div)	**1.63**	1.74

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

Bank capital

	Regulatory Banking Group[1]	Other Entities	Statutory Banking Group	Statutory Banking Group
	Jun-23	Jun-23	Jun-23	Jun-22
	$M	$M	$M	$M
Common Equity Tier 1 capital				
Ordinary share capital	2,754	1,222	3,976	3,976
Reserves	(158)	(987)	(1,145)	(1,119)
Retained profits	1,069	6	1,075	772
Goodwill and other intangible assets	(334)	(240)	(574)	(486)
Net deferred tax assets	(79)	-	(79)	(84)
Other Tier 1 deductions	124	-	124	99
Common Equity Tier 1 capital	**3,376**	**1**	**3,377**	3,158
Additional Tier 1 capital				
Eligible hybrid capital	560	-	560	560
Additional Tier 1 capital	**560**	**-**	**560**	560
Tier 1 capital	**3,936**	**1**	**3,937**	3,718
Tier 2 capital				
General reserve for credit losses	221	-	221	202
Eligible Subordinated notes	600	-	600	600
Transitional Subordinated notes	-	-	-	-
Tier 2 capital	**821**	**-**	**821**	802
Total capital	**4,757**	**1**	**4,758**	4,520
Risk-Weighted Assets				
Credit risk	29,838	-	29,838	30,914
Market risk	141	-	141	155
Operational risk	2,512	-	2,512	3,728
Total Risk-Weighted Assets	**32,491**	-	**32,491**	34,797
Common Equity Tier 1 ratio	**10.39%**		**10.39%**	9.08%
Total capital ratio	**14.64%**		**14.64%**	12.99%
Common Equity Tier 1 ratio (ex div)	**10.05%**		**10.06%**	9.08%
Total capital ratio (ex div)	**14.30%**		**14.31%**	12.99%

1. Basel III effective 1 January 2023.

Capital instruments

30 June 2023	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
SGL Subordinated Debt [1,2]	215 bps	Dec 2023	Sep 2018	-	600	-	600	600
SGL Subordinated Debt 2[1,2]	225 bps	Dec 2025	Sep 2020	250	-	-	250	249
SGL Subordinated Debt 3[1,2]	230 bps	Jun 2027	Apr 2022	290	-	-	290	288
SGL Subordinated Debt 4[1,2]	265 bps	Dec 2028	Mar 2023	250	-	-	250	248
Total subordinated debt				**790**	**600**	**-**	**1,390**	**1,385**
SGL Capital Notes 2 (SUNPG)[1,2]	365 bps	Jun 2024	Nov 2017	165	210	-	375	374
SGL Capital Notes 3 (SUNPH)[1,2]	300 bps	Jun 2026	Dec 2019	389	-	-	389	385
SGL Capital Notes 4 (SUNPI) [1,2]	290 bps	Jun 2028	Sep 2021	55	350	-	405	400
Total Additional Tier 1 capital				**609**	**560**	**-**	**1,169**	**1,159**
Total				**1,399**	**1,160**	**-**	**2,559**	**2,544**
30 June 2022								
AAIL Subordinated Debt [1,3]	320 bps	Oct 2022	Oct 2016	330	-	-	330	330
SGL Subordinated Debt [1,2]	215 bps	Dec 2023	Sep 2018	-	600	-	600	599
SGL Subordinated Debt 2[1,2]	225 bps	Dec 2025	Sep 2020	250	-	-	250	249
SGL Subordinated Debt 3[1,2]	230 bps	Jun 2027	Apr 2022	290	-	-	290	288
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**

1. Transaction costs related to external issuance are deducted from the "Accounting Balance" outlined above when recorded in the issuing entities balance sheet and amortised to the optional first call or optional exchange date.

2. These instruments were issued to external investors by SGL and deployed to regulated entities within the Group via similar back-to-back arrangements. The value of internally deployed instruments are eliminated on consolidation for accounting and regulatory purposes.

3. The AAIL Subordinated Debt was issued directly out of AAI Limited to external investors, with no further internal deployment.

Appendix G: General Insurance ITR split

Insurance (Australia): Consumer insurance[1]

	Full Year Ended Jun-23 $M	Jun-22 $M	Jun-23 v Jun-22 %	Half Year Ended Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec-22 %	Jun-23 v Jun-22 %
Gross written premium	**6,737**	5,996	**12.4**	**3,510**	3,227	3,086	2,910	**8.8**	**13.7**
Net earned premium	**5,421**	4,981	**8.8**	**2,754**	2,667	2,460	2,521	**3.3**	**12.0**
Net incurred claims	**(4,360)**	(3,675)	18.6	(2,130)	(2,230)	(1,726)	(1,949)	(4.5)	23.4
Acquisition expenses	(587)	(619)	(5.2)	(307)	(280)	(308)	(311)	9.6	(0.3)
Other underwriting expenses	(317)	(391)	(18.9)	(147)	(170)	(187)	(204)	(13.5)	(21.4)
Total operating expenses	**(904)**	(1,010)	**(10.5)**	**(454)**	(450)	(495)	(515)	**0.9**	**(8.3)**
Underwriting result	157	296	(47.0)	170	(13)	239	57	n/a	(28.9)
Investment income - insurance funds	134	(19)	n/a	74	60	(28)	9	23.3	n/a
Insurance trading result	**291**	277	**5.1**	**244**	47	211	66	**419.1**	**15.6**

	%	%		%	%	%	%
Ratios							
Acquisition expenses ratio	10.8	12.5		11.1	10.5	12.5	12.3
Other underwriting expenses ratio	5.8	7.8		5.3	6.4	7.6	8.1
Total operating expenses ratio	**16.6**	20.3		**16.4**	16.9	20.1	20.4
Loss ratio	80.4	73.8		77.3	83.6	70.2	77.3
Combined operating ratio	97.0	94.1		93.7	100.5	90.3	97.7
Insurance trading ratio	5.4	5.6		8.9	1.8	8.6	2.6

1. Consumer insurance includes Home, Motor and Boat insurance.

Insurance (Australia): Commercial insurance, CTP, Workers' Compensation and internal reinsurance

	Full Year Ended Jun-23 $M	Jun-22 $M	Jun-23 v Jun-22 %	Half Year Ended Jun-23 $M	Dec-22 $M	Jun-22 $M	Dec-21 $M	Jun-23 v Dec- %	Jun-23 v Jun-22 %
Gross written premium	**3,591**	3,388	**6.0**	**1,900**	1,691	1,756	1,632	**12.4**	**8.2**
Net earned premium	**3,233**	2,930	**10.3**	**1,669**	1,564	1,469	1,461	**6.7**	**13.6**
Net incurred claims [1]	**(2,013)**	(1,653)	**21.8**	**(1,047)**	(966)	(679)	(974)	**8.4**	**54.2**
Acquisition expenses	(501)	(468)	7.1	(269)	(232)	(237)	(231)	15.9	13.5
Other underwriting expenses [1]	(245)	(241)	1.7	(125)	(120)	(101)	(140)	4.2	23.8
Total operating expenses	**(746)**	(709)	**5.2**	**(394)**	(352)	(338)	(371)	**11.9**	**16.6**
Underwriting result	474	568	(16.5)	228	246	452	116	(7.3)	(49.6)
Investment income - insurance funds	203	(381)	n/a	124	79	(349)	(32)	57.0	n/a
Insurance trading result	**677**	187	**262.0**	**352**	325	103	84	**8.3**	**241.7**

	%	%		%	%	%	%
Ratios							
Acquisition expenses ratio	15.5	16.0		16.1	14.8	16.1	15.8
Other underwriting expenses ratio [2]	7.6	8.2		7.5	7.7	6.9	9.6
Total operating expenses ratio	**23.1**	24.2		**23.6**	22.5	23.0	25.4
Loss ratio	62.2	56.4		62.7	61.8	46.2	66.7
Combined operating ratio	85.3	80.6		86.3	84.3	69.2	92.1
Insurance trading ratio	20.9	6.4		21.1	20.8	7.0	5.7

1. Other underwriting expense includes a movement in the provision for TEPL of $77 million (Jun-23: $52 million, Dec-22: $25 million, Jun-22: $5 million, Dec-21: $44 million). The reserve release associated with this provision movement is in net incurred claims.

2. Excluding the impacts of TEPL, Jun-23 Other underwriting expenses ratio is 5.2% and loss ratio is 64.6%.

General Insurance short-tail (includes New Zealand)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	10,139	9,019	12.4	5,236	4,903	4,566	4,453	6.8	14.7
Net earned premium	**7,999**	7,448	**7.4**	**4,023**	3,976	3,700	3,748	**1.2**	**8.7**
Net incurred claims	(6,066)	(5,075)	19.5	(3,152)	(2,914)	(2,386)	(2,689)	8.2	32.1
Acquisition expenses	(1,129)	(1,114)	1.3	(595)	(534)	(552)	(562)	11.4	7.8
Other underwriting expenses	(581)	(651)	(10.8)	(289)	(292)	(322)	(329)	(1.0)	(10.2)
Total operating expenses	**(1,710)**	(1,765)	**(3.1)**	**(884)**	(826)	(874)	(891)	**7.0**	**1.1**
Underwriting result	**223**	608	**(63.3)**	**(13)**	236	440	168	**n/a**	**n/a**
Investment income - insurance funds	188	(32)	n/a	107	81	(41)	9	32.1	n/a
Insurance trading result	**411**	576	**(28.6)**	**94**	317	399	177	**(70.3)**	**(76.4)**
Ratios	%	%		%	%	%	%		
Acquisition expenses ratio	14.1	15.0		14.8	13.4	14.9	15.0		
Other underwriting expenses ratio	7.3	8.7		7.2	7.4	8.7	8.8		
Total operating expenses ratio	**21.4**	23.7		**22.0**	20.8	23.6	23.8		
Loss ratio	75.8	68.1		78.3	73.3	64.5	71.7		
Combined operating ratio	97.2	91.8		100.3	94.1	88.1	95.5		
Insurance trading ratio	**5.1**	7.7		**2.3**	8.0	10.8	4.7		

General Insurance long-tail (includes New Zealand)

	Full Year Ended		Jun-23	Half Year Ended				Jun-23	Jun-23
	Jun-23	Jun-22	v Jun-22	Jun-23	Dec-22	Jun-22	Dec-21	v Dec-	v Jun-22
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	2,420	2,363	2.4	1,334	1,086	1,270	1,093	22.8	5.0
Net earned premium	**2,343**	2,111	**11.0**	**1,220**	1,123	1,059	1,052	**8.6**	**15.2**
Net incurred claims [1]	(1,435)	(1,202)	19.4	(624)	(811)	(496)	(706)	(23.1)	25.8
Acquisition expenses	(306)	(293)	4.4	(163)	(143)	(148)	(145)	14.0	10.1
Other underwriting expenses [1]	(155)	(134)	15.7	(72)	(83)	(46)	(88)	(13.3)	56.5
Total operating expenses	**(461)**	(427)	**8.0**	**(235)**	(226)	(194)	(233)	**4.0**	**21.1**
Underwriting result	**447**	482	**(7.3)**	**361**	86	369	113	**319.8**	**(2.2)**
Investment income - insurance funds	177	(376)	n/a	112	65	(340)	(36)	72.3	n/a
Insurance trading result	**624**	106	**488.7**	**473**	151	29	77	**213.2**	**large**
Ratios	%	%		%	%	%	%		
Acquisition expenses ratio	13.1	13.9		13.4	12.7	14.0	13.8		
Other underwriting expenses ratio [2]	6.6	6.3		5.9	7.4	4.3	8.4		
Total operating expenses ratio	**19.7**	20.2		**19.3**	20.1	18.3	22.2		
Loss ratio [2]	61.2	56.9		51.1	72.2	46.8	67.1		
Combined operating ratio	80.9	77.1		70.4	92.3	65.1	89.3		
Insurance trading ratio	**26.6**	5.0		**38.8**	13.4	2.7	7.3		

1. Other Underwriting Expense includes a movement in the provision for TEPL of $77 million (Jun-23: $52 million, Dec-22: $25 million, Jun-22: $5 million, Dec-21: $44 million). 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 3.3% and Loss ratio is 64.5%.

Appendix H: FY24 Group Reinsurance Program

Reinsurance security has been maintained for FY24, with over 85% of business protected by reinsurers rated 'A+' or better.

Property catastrophe program

The Group's maximum event retention increased to $350 million (FY23: $250 million) with an upper limit of $6.4 billion (FY23: $6.8 billion) which covers the Home, Motor and Commercial property portfolios across Australia and New Zealand and includes one full prepaid reinstatement. The FY24 upper limit remains in excess of Australia and New Zealand regulatory requirements. The reduction from FY23 is due to the implementation of the Australian Cyclone Reinsurance Pool and the increased earthquake coverage provided by the Toka Tū Ake Earthquake Commission (EQC) in New Zealand.

In addition to the Main Catastrophe program, the Group has purchased Group Dropdown protection that reduces the second, third and fourth event retention to $250 million.

Below the Group retentions, Suncorp has purchased an Australian Dropdown program that further reduces the third and fourth event retention for Australian events to $150 million (FY23: $100 million).

In New Zealand, buydown cover (including a prepaid reinstatement) has been 52% placed to provide cover between NZ$100 million and the Group's maximum event retention of $350 million. Placing the remaining 48% of the buydown cover was not economically viable. In FY23 the buydowns provided cover down to NZ$50 million for a first event and NZ$25 million for a second event. The part-placement and increase in retention reflect the increases in reinsurance costs following the North Island Floods and Tropical Cyclone Gabrielle that occurred during FY23.

Following comprehensive internal modelling on its cost and benefits, the aggregate excess of loss (AXL) cover has not been renewed.

The Group also has a 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.

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.
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.
Cash return on average shareholders' equity pre-goodwill and intangibles	Cash earnings divided by average equity attributable to owners of the Company less goodwill and intangibles. Intangibles excludes any capitalised costs (software or broker commissions). 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.
Transitional excess profit and loss (TEPL)	Includes a profit normalisation mechanism which caps industry and insurer profits in the New South Wales CTP scheme.
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.

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	**9 August 2023**
Final ordinary dividend ex-dividend date	14 August 2023
Final ordinary dividend record date	15 August 2023
Final ordinary dividend payment date	25 September 2023
Annual General Meeting	**26 September 2023**
Half year results and interim dividend announcement	**21 February 2024**
Interim ordinary dividend ex-dividend date	26 February 2024
Interim ordinary dividend record date	27 February 2024
Interim ordinary dividend payment date	17 April 2024

Suncorp Group Limited Capital Notes 2 (SUNPG)

Ex-distribution date	1 September 2023
Distribution payment date	18 September 2023
Ex-distribution date	1 December 2023
Distribution payment date	18 December 2023
Ex-distribution date	1 March 2024
Distribution payment date	18 March 2024
Ex-distribution date	30 May 2024
Distribution payment date	17 June 2024

Suncorp Group Limited Capital Notes 3 (SUNPH)

Ex-distribution date	1 September 2023
Distribution payment date	18 September 2023
Ex-distribution date	1 December 2023
Distribution payment date	18 December 2023
Ex-distribution date	1 March 2024
Distribution payment date	18 March 2024
Ex-distribution date	30 May 2024
Distribution payment date	17 June 2024

Suncorp Group Limited Capital Notes 4 (SUNPI)

Ex-distribution date	1 September 2023
Distribution payment date	18 September 2023
Ex-distribution date	1 December 2023
Distribution payment date	18 December 2023
Ex-distribution date	1 March 2024
Distribution payment date	18 March 2024
Ex-distribution date	30 May 2024
Distribution payment date	17 June 2024

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