INVESTOR PACK

FINANCIAL RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2021

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Suncorp Group Limited
ABN 66 145 290 124

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), Banking & Wealth and 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 New Zealand section reports the profit contribution table in both A$ and NZ$ and all other New Zealand tables and commentary in NZ$.

All figures relate to the full year ended 30 June 2021 and comparatives are for 30 June 2020, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology. Movements within the financial tables have been labelled 'n/a' where there has been a percentage movement greater than 500% or less than (500%), or if a line item changes from negative to positive (or vice versa) between periods.

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

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CONTRIBUTION TO PROFIT BY FUNCTION

	Full Year Ended Jun-21 $M	Jun-20 $M	Jun-21 vs Jun-20 %
Insurance (Australia)			
Gross written premium	8,790	8,329	5.5
Net earned premium	7,540	7,265	3.8
Net incurred claims	(5,496)	(5,443)	1.0
Operating expenses	(1,643)	(1,572)	4.5
Investment income - insurance funds	243	247	(1.6)
Insurance trading result	644	497	29.6
Other income	135	49	175.5
Profit before tax	779	546	42.7
Income tax	(232)	(162)	43.2
Insurance (Australia) profit after tax	**547**	**384**	**42.4**
Banking			
Net interest income	1,242	1,191	4.3
Other operating income	39	40	(2.5)
Operating expenses	(731)	(705)	3.7
Profit before impairment losses on loans and advances	550	526	4.6
Impairment losses on loans and advances	49	(172)	n/a
Profit before tax	599	354	69.2
Income tax	(180)	(106)	69.8
Banking profit after tax	**419**	**248**	**69.0**
New Zealand			
Gross written premium	1,741	1,623	7.3
Net earned premium	1,463	1,397	4.7
Net incurred claims	(805)	(696)	15.7
Operating expenses	(437)	(443)	(1.4)
Investment income - insurance funds	3	18	(83.3)
Insurance trading result	224	276	(18.8)
Other income	2	10	(80.0)
Profit before tax	226	286	(21.0)
Income tax	(61)	(79)	(22.8)
General Insurance profit after tax	**165**	**207**	**(20.3)**
Life Insurance profit after tax	**35**	**38**	**(7.9)**
New Zealand profit after tax	**200**	**245**	**(18.4)**
Profit after tax from ongoing functions	**1,166**	**877**	**33.0**
Profit after tax from discontinued business [1]	**-**	**(5)**	**100.0**
Profit after tax from functions	**1,166**	**872**	**33.7**
Life stranded costs net of TSA revenue	-	(19)	(100.0)
Remediation [2]	(16)	(65)	(75.4)
Restructuring costs [3]	(55)	-	n/a
Other profit (loss) before tax [4]	(50)	(63)	(20.6)
Income tax	19	24	(20.8)
Other profit (loss) after tax	**(102)**	**(123)**	**(17.1)**
Cash earnings	**1,064**	**749**	**42.1**
Net profit (loss) on sale of ceased operations (after tax) [5]	-	285	(100.0)
Acquisition amortisation (after tax) [6]	(31)	(121)	(74.4)
Net profit after tax	**1,033**	**913**	**13.1**

(1) 'Profit after tax from discontinued business' includes the performance of the Wealth business following the sale agreement announced on 28 April 2021. The Jun-20 period also includes the contribution from the Capital SMART and ACM Parts businesses sold on 31 October 2019.

(2) 'Remediation' includes the pay and leave entitlement review provision (Jun-21: nil; Jun-20: loss $60 million), MTAI legal defence costs (Jun-21: loss $10 million, Jun-20: nil) and Guardian (Jun-21: loss $6 million, Jun-20: nil).

(3) 'Restructuring costs' includes Redundancy (Jun-21: loss $36 million) and Real Estate and Store Optimisation Costs (Jun-21: loss $19 million).

(4) 'Other' includes investment income on capital held at the Group level (Jun-21: $9 million; Jun-20: $15 million), consolidation adjustments and transaction costs (Jun-21: loss $10 million; Jun-20: loss $14 million (NZ$15 million) relating to the restructuring of the AA Life joint venture arrangement in New Zealand), non-controlling interests (Jun-21: reduction $15 million; Jun-20: reduction $19 million), net external funding expense (Jun-21: $34 million; Jun-20: $45 million).

(5) 'Net profit (loss) on sale of ceased operations' includes a gain on sale of the Capital SMART and ACM Parts businesses (Jun-21: n/a; Jun-20: $285 million).

(6) 'Acquisition amortisation' also includes Core Banking Platform write off (Jun-21: loss $6 million; Jun-20: loss $89 million).

CONTRIBUTION TO PROFIT BY FUNCTION

	Half Year Ended				Jun-21	Jun-21
	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	$M	$M	%	%
Insurance (Australia)						
Gross written premium	4,446	4,344	4,153	4,176	2.3	7.1
Net earned premium	3,813	3,727	3,584	3,681	2.3	6.4
Net incurred claims	(2,625)	(2,871)	(2,582)	(2,861)	(8.6)	1.7
Operating expenses	(852)	(791)	(801)	(771)	7.7	6.4
Investment income - insurance funds	26	217	148	99	(88.0)	(82.4)
Insurance trading result	362	282	349	148	28.4	3.7
Other income	51	84	22	27	(39.3)	131.8
Profit before tax	413	366	371	175	12.8	11.3
Income tax	(124)	(108)	(110)	(52)	14.8	12.7
Insurance (Australia) profit after tax	**289**	**258**	**261**	**123**	**12.0**	**10.7**
Banking						
Net interest income	624	618	597	594	1.0	4.5
Other operating income	16	23	28	12	(30.4)	(42.9)
Operating expenses	(369)	(362)	(344)	(361)	1.9	7.3
Profit before impairment losses on loans and advances	271	279	281	245	(2.9)	(3.6)
Impairment losses on loans and advances	57	(8)	(171)	(1)	n/a	n/a
Profit before tax	328	271	110	244	21.0	198.2
Income tax	(99)	(81)	(33)	(73)	22.2	200.0
Banking profit after tax	**229**	**190**	**77**	**171**	**20.5**	**197.4**
New Zealand						
Gross written premium	880	861	796	827	2.2	10.6
Net earned premium	741	722	694	703	2.6	6.8
Net incurred claims	(412)	(393)	(321)	(375)	4.8	28.3
Operating expenses	(223)	(214)	(226)	(217)	4.2	(1.3)
Investment income - insurance funds	-	3	13	5	(100.0)	(100.0)
Insurance trading result	106	118	160	116	(10.2)	(33.8)
Other income	(7)	9	4	6	n/a	n/a
Profit before tax	99	127	164	122	(22.0)	(39.6)
Income tax	(27)	(34)	(46)	(33)	(20.6)	(41.3)
General Insurance profit after tax	**72**	**93**	**118**	**89**	**(22.6)**	**(39.0)**
Life Insurance profit after tax	**8**	**27**	**25**	**13**	**(70.4)**	**(68.0)**
New Zealand profit after tax	**80**	**120**	**143**	**102**	**(33.3)**	**(44.1)**
Profit after tax from ongoing functions	**598**	**568**	**481**	**396**	**5.3**	**24.3**
Profit after tax from discontinued business [(1)]	**-**	**-**	**(6)**	**1**	**n/a**	**100.0**
Profit after tax from functions	**598**	**568**	**475**	**397**	**5.3**	**25.9**
Life stranded costs net of TSA revenue	-	-	(8)	(11)	n/a	(100.0)
Remediation [(2)]	(10)	(6)	(65)	-	66.7	(84.6)
Restructuring costs [(3)]	(19)	(36)	-	-	(47.2)	n/a
Other profit (loss) before tax [(4)]	(27)	(23)	(42)	(21)	17.4	(35.7)
Income tax	13	6	24	-	116.7	(45.8)
Other profit (loss) after tax	**(43)**	**(59)**	**(91)**	**(32)**	**(27.1)**	**(52.7)**
Cash earnings	**555**	**509**	**384**	**365**	**9.0**	**44.5**
Net profit (loss) on sale of ceased operations (after tax) [(5)]	-	-	(8)	293	n/a	(100.0)
Acquisition amortisation (after tax) [(6)]	(12)	(19)	(105)	(16)	(36.8)	(88.6)
Net profit after tax	**543**	**490**	**271**	**642**	**10.8**	**100.4**

(1) ‘Profit after tax from discontinued business’ includes the performance of the Wealth business following the sale agreement announced on 28 April 2021. The Dec-19 period also includes the contribution from the Capital SMART and ACM Parts businesses sold on 31 October 2019.

(2) ‘Remediation’ includes the pay and leave entitlement review provision (Jun-20: loss $60 million), MTAI legal defence costs (Jun-21: loss $10 million) and Guardian (Dec-20: loss $6 million).

(3) ‘Restructuring costs’ includes Redundancy (Jun-21: loss $13 million; Dec-20: loss $23 million) and Real Estate and Store Optimisation Costs (Jun-21: $6 million; Dec-20: loss $13 million).

(4) ‘Other’ includes investment income on capital held at the Group level (Jun-21: $3 million; Dec-20: $6 million; Jun-20: $6 million; Dec-19: $9 million), consolidation adjustments and transaction costs (Jun-21: loss $8 million; Dec-20: loss $2 million; Jun-20: loss $14 million (NZ$15 million) relating to the restructuring of the AA Life joint venture arrangement in New Zealand; Dec-19: nil), non-controlling interests (Jun-21: reduction $5 million; Dec-20: reduction $10 million; Jun-20: reduction $11 million; Dec-19: reduction $8 million), net external funding expense (Jun-21: $17 million; Dec-20: $17 million; Jun-20: $23 million; Dec-19: $22 million).

(5) ‘Net profit (loss) on sale of ceased operations’ includes a gain on sale of the Capital SMART and ACM Parts businesses (Jun-21: n/a; Dec-20: n/a; Jun-20: loss $8 million; Dec-19: $293 million).

(6) ‘Acquisition amortisation’ also includes Core Banking Platform write off (Jun-21: n/a; Dec-20: loss $6 million; Jun-20: loss $89 million).

GROUP RATIOS AND STATISTICS

		Full Year Ended Jun-21	Jun-20	Jun-21 vs Jun-20 %
Performance ratios				
Earnings per share [1] [2]				
Basic	(cents)	80.86	71.93	12.4
Diluted	(cents)	76.95	67.99	13.2
Cash earnings per share [1] [2]				
Basic	(cents)	83.29	59.01	41.1
Diluted	(cents)	79.20	56.28	40.7
Return on average shareholders' equity [1]	(%)	7.9	7.2	
Cash return on average shareholders' equity [1]	(%)	8.1	5.9	
Cash return on average shareholders' equity pre-goodwill [1]	(%)	12.7	9.4	
Return on average total assets	(%)	1.07	0.95	
Insurance trading ratio	(%)	9.6	8.9	
Underlying insurance trading ratio	(%)	7.9	11.1	
Bank net interest margin (interest-earning assets)	(%)	2.07	1.94	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	66.0	36.0	83.3
Special dividends per ordinary share	(cents)	8.0	-	n/a
Payout ratio (excluding special dividend) [1]				
Net profit after tax	(%)	81.7	49.8	
Cash earnings	(%)	79.3	60.7	
Payout ratio (including special dividend) [1]				
Net profit after tax	(%)	91.6	49.8	
Cash earnings	(%)	88.9	60.7	
Weighted average number of shares				
Basic	(m)	1,277.4	1,269.3	0.6
Diluted	(m)	1,380.0	1,400.3	(1.4)
Number of shares at end of period [3]	(m)	1,279.8	1,275.8	0.3
Net tangible asset backing per share	($)	6.40	5.89	8.7
Share price at end of period	($)	11.11	9.23	20.4
Productivity				
Australian General Insurance expense ratio	(%)	21.8	21.6	
Banking cost to income ratio	(%)	57.1	57.3	
New Zealand General Insurance expense ratio	(%)	29.9	31.7	
Financial position				
Total assets	($M)	96,857	95,747	1.2
Net tangible assets	($M)	8,193	7,509	9.1
Net assets	($M)	13,448	12,784	5.2
Average Shareholders' Equity	($M)	13,092	12,660	3.4
Capital				
General Insurance total capital PCA coverage	(times)	1.70	1.68	
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.28	1.25	
Bank total capital ratio	(%)	14.29	13.71	
Bank Common Equity Tier 1 ratio	(%)	10.07	9.34	
Common Equity Tier 1 Capital held at Group	($M)	787	605	30.1

(1) Refer to Glossary for definitions.
(2) Refer to Appendix “Group EPS Calculations” (page 65) for detailed earnings per share calculations.
(3) Excluding treasury shares.

GROUP RATIOS AND STATISTICS

		Half Year Ended				Jun-21	Jun-21
		Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
						%	%
Performance ratios							
Earnings per share [1] [2]							
Basic	(cents)	42.47	38.39	21.53	50.16	10.6	97.3
Diluted	(cents)	40.33	36.30	21.08	48.27	11.1	91.3
Cash earnings per share [1] [2]							
Basic	(cents)	43.41	39.88	30.51	28.52	8.8	42.3
Diluted	(cents)	41.20	37.67	29.41	28.04	9.4	40.1
Return on average shareholders' equity [1]	(%)	8.3	7.5	4.4	10.0		
Cash return on average shareholders' equity [1]	(%)	8.5	7.8	6.2	5.7		
Cash return on average shareholders' equity pre-goodwill [1]	(%)	13.2	12.2	9.9	9.0		
Return on average total assets	(%)	1.14	1.02	0.57	1.33		
Insurance trading ratio	(%)	10.3	9.0	11.9	6.0		
Underlying insurance trading ratio	(%)	7.4	8.4	12.9	9.3		
Bank net interest margin (interest-earning assets)	(%)	2.09	2.04	1.96	1.92		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	40.0	26.0	10.0	26.0	53.8	300.0
Special dividends per ordinary share	(cents)	8.0	-	-	-	n/a	n/a
Payout ratio (excluding special dividend) [1]							
Net profit after tax	(%)	94.3	67.8	47.1	50.9		
Cash earnings	(%)	92.2	65.2	33.2	89.5		
Payout ratio (including special dividend) [1]							
Net profit after tax	(%)	113.1	67.8	47.1	50.9		
Cash earnings	(%)	110.7	65.2	33.2	89.5		
Weighted average number of shares							
Basic	(m)	1,278.6	1,276.3	1,258.5	1,280.0	0.2	1.6
Diluted	(m)	1,381.2	1,391.0	1,356.6	1,369.4	(0.7)	1.8
Number of shares at end of period [3]	(m)	1,279.8	1,277.2	1,275.8	1,257.1	0.2	0.3
Net tangible asset backing per share	($)	6.40	6.22	5.89	5.81	2.9	8.7
Share price at end of period	($)	11.11	9.74	9.23	12.96	14.1	20.4
Productivity							
Australian General Insurance expense ratio	(%)	22.3	21.3	22.3	20.9		
Banking cost to income ratio	(%)	57.8	56.5	55.0	59.6		
New Zealand General Insurance expense ratio	(%)	30.1	29.7	32.5	30.9		
Financial position							
Total assets	($M)	96,857	94,884	95,747	95,184	2.1	1.2
Net tangible assets	($M)	8,193	7,944	7,509	7,308	3.1	9.1
Net assets	($M)	13,448	13,198	12,784	12,717	1.9	5.2
Average Shareholders' Equity	($M)	13,180	13,005	12,525	12,796	1.3	5.2
Capital							
General Insurance total capital PCA coverage	(times)	1.70	1.74	1.68	1.72		
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.28	1.32	1.25	1.28		
Bank total capital ratio	(%)	14.29	14.43	13.71	13.82		
Bank Common Equity Tier 1 ratio	(%)	10.07	10.06	9.34	9.69		
Common Equity Tier 1 Capital held at Group	($M)	787	536	605	328	46.8	30.1

(1) Refer to Glossary for definitions.
(2) Refer to Appendix “Group EPS Calculations” (page 65) for detailed earnings per share calculations.
(3) Excluding treasury shares.

Group FY21 Result Overview

Suncorp's FY21 result demonstrates strong momentum and shows the Group is making good progress against its key strategic priorities. The Group remains on-track to achieve its aspiration to be a growing business delivering sustainable returns above its cost of capital by FY23.

Group NPAT was $1,033 million, up 13.1% and cash earnings were $1,064 million, up 42.1%, driven by strong increases in PAT from Insurance Australia and Bank, partly offset by modestly lower profit in New Zealand.

The Group saw growth momentum improve in each of the core businesses, with Insurance Australia delivering Gross Written Premium (GWP) growth of 5.5%, New Zealand delivering GWP growth of 9.2% and Suncorp Bank delivering lending growth of 0.8% over the second half.

A final dividend of 40 cents per share (fully franked) brings total FY21 ordinary dividends to 66 cents per share (fully franked), representing a payout ratio of 79.3% of cash earnings, at the top end of the target payout ratio range of 60%-80%.

Further, an on-market share buyback of up to $250 million and a fully franked special dividend of 8 cents per share reflects the Group's strong capital position and the Board's confidence in the earnings outlook.

Group operating expenses were $2.80 billion, up from $2.75 billion, driven by the temporary increase in spending on strategic initiatives, as well as increased technology and marketing expenses.

Portfolio simplification continued in FY21 with the exit of several underperforming portfolios, the sale of the Wealth business and Suncorp's 50% stake in RACT.

The impact of COVID-19 was broadly neutral with lower motor claims frequency offset by additional provisioning for potential business interruption claims in the first half.

Insurance Australia

Insurance Australia PAT was $547 million, up 42.4% driven by business growth and strong performance from the investment portfolio, partly offset by the temporary increase in spending on strategic initiatives and higher natural hazard costs.

The business has maintained its focus on revitalising growth, with refinements made to its customer value propositions in addition to increased investment in marketing. This has contributed to GWP growth of 5.5%. Consumer GWP increased by 5.6% or 7.0% adjusting for portfolio exits and COVID-19 impacts, driven by strong average written premium growth and unit growth in motor.

The business also continued to optimise pricing and risk selection. Re-pricing of the home portfolio continued, to take into account higher natural hazard and reinsurance costs. The Group has made good progress with its new pricing engine, CaPE, which is expected to be used to price home insurance policies for the mass brands by the end of 2021 and will be rolled out to other portfolios in FY22 and FY23. During FY21, the Group also exited a number of underperforming portfolios, consistent with its focus to simplify the business.

The Best in Class Claims program achieved several key milestones, with the implementation of new tools to reduce fraud, enhance productivity and improve control of the claims supply chain. These initiatives contributed to stronger control of claims costs. Net incurred claims increased 1.0%. Excluding discount movements, net incurred claims increased 5.0%, primarily reflecting higher natural hazard costs, additional provisioning for business interruption claims, partially offset by higher prior year reserve releases.

Further progress has been made with driving digital first customer experiences. In FY21, digital sales and service transactions for the mass insurance brands across home, motor and CTP increased 13%, with 54% of all sales and 30% of all service transactions being completed digitally.

Operating expenses excluding FSL rose 3.7% driven by higher project costs associated with the temporary increase in spending on strategic initiatives and higher technology costs.

Investment income increased 25.8%, with strong investment performance driven by favourable movements in breakeven inflation and equities.

Banking and Wealth (B&W)

B&W PAT was $419 million, up 73.1% driven by the improvement in the NIM and a net impairment release, partly offset by reduced average loan balances and increased operating expenses.

NIM increased 13 bps in FY21 to 2.07%, attributable to strong growth in retail deposits and lower benchmark interest rates.

The Bank is successfully delivering on its key strategic initiative to win in home lending which grew 0.8% in the second half, following the reduction in lending seen in the first half. This growth reflected a $1.1 billion turnaround in home lending growth between the first and second half. Lending was driven by higher monthly settlements and sustained improvements in mortgage processing turnaround times, which are now on par with, or better than, Suncorp's major peers. Business lending fell 0.1% driven by a decline in the commercial lending portfolio, in part offset by growth in the agribusiness portfolio.

Digital enablement has progressed well in FY21 with average monthly Sun App logins per customer increasing by 34% and the proportion of products originated digitally rising to 15% for home loans and 64% for deposit accounts.

At the same time, Suncorp has experienced a 19% decline in Call Centre calls and a 20% fall in branch transactions in FY21.

A net impairment release of $49 million reflected a $60 million reduction in the collective provision due to the improvement in economic conditions since the outbreak of COVID-19. The Bank, however, is maintaining a prudent level of provisioning in light of the continued uncertainty associated with COVID-19.

Bank operating expenses increased 3.7%, primarily reflecting investment in technology and the temporary increase in spend on strategic initiatives. The CTI ratio fell modestly to 57.1% driven by higher revenue more than offsetting the increase in operating expenses.

The Bank's capital position remains strong with a CET1 ratio of 9.42% (post dividends), at the top of the target operating range of 9.00%-9.50%. Liquidity and funding metrics also remain well above target ranges.

The Bank continued to simplify its operations throughout the year with the agreement to sell the Wealth business to LGIAsuper, announced in 2H21, and the decision to exit personal lending announced in February 2021.

Suncorp New Zealand (SNZ)

SNZ PAT was NZ$215 million, down 17.0%.

General Insurance PAT was NZ$177 million, down 19.2% with higher natural hazard costs and working claims offsetting stronger top-line growth.

SNZ continued its focus on growing its brands and strategic partnerships. GWP increased 9.2% driven by strong performance in the direct AA Insurance channel together with growth in the intermediated commercial portfolios.

Investment income on insurance funds of NZ$3 million was down from NZ$19 million driven by unfavourable mark-to-market adjustments from rising bond yields. Investment income on shareholder's funds of NZ$10 million was down from NZ$20 million also driven by unfavourable mark-to-market adjustments.

SNZ's focus on delivering Best in Class Claims continued, with the consolidation of a single claims platform, a new disaster response program and ongoing automation.

Net incurred claims costs were up 17.7%. This reflected higher natural hazard costs following a benign year in FY20, as well as an increase in working claims driven by strong unit growth and a normalisation of Motor claims experience following the favourable frequency due to COVID-19 in FY20.

Operating expenses were NZ$470 million, up 0.6% reflecting growth across the business.

Life insurance PAT was NZ$38 million, down 5% driven by adverse market adjustments due to interest rate movements offsetting improved underlying claims experience. Life new business growth was up 11%.

General Insurance

General Insurance UITR excluding COVID-19 impacts increased 0.3% to 7.4% in the second half, driven by improvement in working loss ratios, partly offset by the temporary increase in spending on strategic initiatives.

FY21 UITR was 7.9%, down from 11.1% in FY20 reflecting a higher natural hazard allowance and increased reinsurance costs, higher expenses and an increase in claims handling costs, partially offset by an improvement in underlying working loss ratios.

Natural hazard costs across Australia and New Zealand of $1,010 million were $60 million above the FY21 allowance and reflected a high number of natural hazard events during the period, consistent with the La Niña weather pattern.

Prior year reserve releases excluding business interruption reserves were $264 million, equivalent to 2.9% of Group net earned premium (NEP), supported by continued releases from the long-tail portfolios. The release was above the long run expectation of 1.5% of Group NEP.

CET1 ratio was 1.20 times the prescribed capital amount (PCA) (post dividend), at the top end of its target operating range of 1.075 to 1.275 times PCA.

FY23 Plan

Suncorp has a three-year plan to drive growth and efficiencies in the core businesses, while continuing to build on the Group's existing digital and data capability.

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

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

Strategic Initiatives

Insurance Australia

Revitalise growth: Ensure clear value propositions for each brand with minimal overlap, as well as making targeted investments in marketing and new product innovation.

Optimise pricing and risk selection: Investing in a modern, analytics-driven pricing engine to optimise margins as well as disciplined portfolio management to improve loss ratios.

Digital first customer experiences: Improved digital sales and service capabilities to improve customer experience and drive an improved expense ratio.

Best in class claims: End-to-end improvement of claims efficiency and performance, including optimising the supply chain, digitise lodgement and tracking, being the market leader in natural hazards and strengthening operational performance.

These initiatives will deliver improved loss ratios and expense ratios and are expected to drive the Group's General Insurance underlying ITR to within the FY23 target range of 10 – 12%.

Banking and Wealth

Win in home lending: Reduce time to 'yes'; improving customer and broker experience; clear and consistent credit policies; and automating and simplifying processes.

Accelerate digital and everyday banking: Focus on digital engagement, simplified sales experience, investment in innovation, fee free transaction banking.

Optimise blended distribution: Broker network core to success; shift to digital origination and self-service; optimised branch network focussing on high value interactions; blended contact centre and branch workforce.

Targeted growth in business banking: Review strategy and increase SME focus; modernise technology and process simplification.

Simplify the business: Simplifying products and processes, including through digitisation and automation.

These initiatives will drive revenue growth through above system lending, as well as cost efficiencies from investment in digitisation, automation and self-service capability. This will drive an improvement in the Bank cost to income ratio to around 50% by FY23.

New Zealand

Grow brands and strategic partnerships: Developing improved connectivity to broker and corporate partner platforms; compelling market propositions and integrated access to products and services.

Best in class claims: Investment in a single claims platform; introducing new channels for customer engagement; and seamless connectivity.

Increasing digital and data capability of core systems: Investment in core systems to support growth and claims, as well as standardising and automating manual work for improved efficiency.

These initiatives aim to drive profitable growth and sustain the current strong returns in NZ.

Group Outlook

Operating environment: While the operating environment has improved since the outbreak of COVID-19 in 2020, the outlook remains uncertain, with lockdowns and restrictions currently in place across a number of states.

An effective vaccination program with maximum coverage is essential to reducing the frequency and severity of lockdowns and allowing the Australian and New Zealand economies to fully open up.

Suncorp's FY23 plan: The FY23 plan aims to deliver a growing business with a sustainable return on equity above the through-the-cycle cost of equity. To achieve this the Group is investing in 12 strategic initiatives, with the benefits of this program beginning to be realised in 2H22. Consequently, this implies the General Insurance business delivers an underlying ITR in FY23 of between 10 - 12%, and the Bank cost to income ratio will fall to around 50%.

Growth: The Group remains focused on driving improved momentum in the core business, in order to deliver on its FY23 aspirations.

In FY21, approximately $115 million in GWP related to portfolios which have been exited, and this GWP will not repeat In FY22.

Natural hazards and reinsurance: The Group has increased its natural hazard allowance for FY22 to $980 million, reflecting net exposure growth in the underlying portfolio. The Group's reinsurance program for FY22 is unchanged from the FY21 program.

Prior year reserve releases: The Group continues to allow for prior year reserve releases to be at least 1.5% of Group NEP, assuming inflation remains benign.

Operating expenses: Including project spending and restructuring charges, the Group's operating expense base is expected to be ~$2.8 billion in FY22. The FY23 expense base is expected to return to ~$2.7 billion, with a reduction in project spending and efficiency gains effectively offset the costs of investing in growth and the impact of inflation.

Capital: The Group will maintain its prudent capital management strategy, including holding an appropriate CET1 buffer at Group.

Dividend policy: The Group maintains its commitment to a 60 - 80% dividend payout ratio.

The business remains committed to returning to shareholders any capital that is excess to the needs of the business. Capital requirements will be continually reassessed taking into account the needs of the business, the economic outlook and any regulatory guidance.

CAPITAL AND DIVIDENDS

Capital

Capital position at 30 June 2021

In line with its conservative approach to capital management, the Group has maintained a strong capital position over the year, with Group excess CET1 (post dividends) of $773 million at 30 June 2021 (Jun-20: $823 million), including $637 million held at Group post dividends (Jun-20: $532 million). Regulated entities continue to maintain strong capital buffers even after the payment of dividends, with both the GI Group and Bank's CET1 ratios in the top half of their target operating ranges.

The strength of the capital position has enabled the Group to return to paying dividends at the top of target payout ratio range and return additional capital to shareholders via a planned on-market share buyback of up to $250 million and an 8cps special dividend, whilst maintaining an appropriate capital buffer in a heightened risk environment. The proforma CET1 held at Group after the proposed on-market share buyback would be $387m.

Key factors impacting the capital position during the year include:

- The General Insurance capital targets have increased by 0.025x PCA, or approximately $68m, due to a change in modelling assumptions relating to the speed at which downside scenarios are recognised in the liability valuations. This does not reflect any actual deterioration in current claims experience.
- The General Insurance PCA increased following a review of the strategic asset allocation in the investment portfolio, which increased the Asset Risk Charge.
- The Bank saw modest growth in Risk Weighted Assets over FY21 partially offset by a reduction in capitalised broker commissions.
- Determining the FY21 full year dividend based on a payout ratio of 79.3% of cash earnings at the top of the Group's 60% to 80% target range, returning to pre-COVID-19 payout ratios.

	General Insurance	Bank	NZ Life and other Businesses (2)	SGL, Corp Services & Consol	Total	Total 30 June 2020
	As at 30 June 2021					
	$M	$M	$M	$M	$M	$M
CET1 (pre div)	3,478	3,352	127	787	7,744	7,011
Midpoint of Target CET1 Range	3,182	3,079	97	(3)	6,355	6,070
Excess to Midpoint of Target CET1 Range (pre div)	296	273	30	790	1,389	941
Common Equity Tier 1 ratio (pre div) (1)	1.28x	10.07%				
Group dividend (3)					(616)	(118)
Key metrics (ex div)	1.20x	9.42%		637	773	823
	CET1 Ratio	CET1 Ratio		CET1	Excess CET1	Excess CET1
CET1 Target	1.075 - 1.275x	9.0 - 9.5%				
Total capital	4,612	4,755	127	787	10,281	9,569
Total target capital	4,265	4,244	97	(22)	8,584	8,215
Excess to target (pre div)	347	511	30	809	1,697	1,354
Group dividend (3)					(616)	(118)
Group excess to target (ex div)					1,081	1,236
Total capital ratio (1)	1.70x	14.29%				

(1) Capital ratios are expressed as coverage of the PCA for General Insurance and as a percentage of Risk Weighted Assets for the Bank.

(2) The midpoint for "NZ Life and other businesses" represents the New Zealand life insurance RBNZ Minimum Solvency Capital (MSC) and for the Wealth entities APRA's Operational Risk Financial Requirement (ORFR). The Total Group represents the Level 3 PCR as specified under SGL's NOHC Conditions.

(3) Includes ordinary and special dividend.

Dividends

The Group's strong momentum and robust balance sheet has allowed the Board to declare a fully franked final ordinary dividend of 40cps. This equates to a payout ratio of 79.3% of cash earnings, at the top end of the Group's target payout ratio range of 60 - 80%. In addition, a fully franked special dividend of 8cps will be paid.

Both the final and special dividends will be paid on 22 September 2021. The ex-dividend date is 13 August 2021.

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. The current franking credit balance is elevated as a result of additional provisioning in the Bank for expected credit losses, and in Insurance Australia for potential business interruption claims.

	Half Year Ended		
	Jun-21	Dec-20	Jun-20
	$M	$M	$M
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed final ordinary and special dividends	207	233	220

GROUP OPERATING EXPENSES

Group total operating expenses (excluding FSL) were $2.8 billion, slightly above the pcp.

Key movements reflect:

- $31 million increase in projects, driven by the temporary increase in spending on the Group's strategic initiatives, which accelerated in the second half of the year
- $19 million increase in technology costs primarily relating to a new telephony platform and increased cloud hosting costs from digitising the business
- Higher advertising and deferred acquisition costs were partly offset by lower commissions
- 'Other' costs were broadly neutral, as the impacts of inflation and other cost increases were offset by benefits delivered from the operating model changes announced at the beginning of the financial year
- An additional $55 million expense was reported in the Other Profit (Loss) After Tax line, reflecting $36m in redundancy costs following the implementation of the new operating model last year and a further $19 million of real estate and bank branch optimisation costs.

Operating expenses movements

	Movement Jun-20 to Jun-21 $M
FY20 operating expenses (excluding FSL)	**2,747**
Pay & Leave Entitlement review	(60)
Technology Costs	19
Commissions, marketing and advertising costs	8
Project costs (included in operating expenses)	31
Reorganisation costs	55
Other	(1)
FY21 operating expenses (excluding FSL)	**2,799**

Project slate

The majority of the Group's project spending is expensed, forming part of the Group's total operating expense base.

Costs relating to projects increased to $243 million, up from $212 million. This includes spending on both strategic initiatives, regulatory projects and systems maintenance.

Over FY21, the increase in total project spending was largely driven by the temporary increase in spending on strategic initiatives, which increased to $84 million, up from $48 million, partly offset by a decline in spending on regulatory and systems projects to $159 million, from $164 million.

The key investments in strategic initiatives were Reinvigorating Growth and Digital First Experiences in the Insurance (Australia) business, while in the Bank, the key investment was in the initiative to Win In Home Lending. The spending on strategic initiatives accelerated in the second half of FY21.

The key regulatory and systems maintenance projects relate to the General Insurance regulatory program of work, including implementation of the GI Code of Practice. FY21 is expected to be the peak year for investment in regulatory projects.

Operating expenses by function

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Insurance (Australia) operating expenses									
Acquisition expenses	1,038	1,010	2.8	551	487	520	490	13.1	6.0
Other underwriting expenses	447	422	5.9	220	227	211	211	(3.1)	4.3
Insurance (Australia) operating expenses	**1,485**	**1,432**	**3.7**	**771**	**714**	**731**	**701**	**8.0**	**5.5**
New Zealand operating expenses									
Acquisition expenses	308	318	(3.1)	155	153	161	157	1.3	(3.7)
Other underwriting expenses	129	125	3.2	68	61	65	60	11.5	4.6
Life operating expenses	43	41	3.9	21	22	19	22	(6.4)	8.4
New Zealand operating expenses	**480**	**484**	**(0.9)**	**244**	**236**	**245**	**239**	**3.2**	**(0.6)**
Banking & Wealth operating expenses									
Banking operating expenses	731	705	3.7	369	362	344	361	1.9	7.3
Wealth operating expenses	49	66	(26.2)	24	25	30	36	(5.2)	(21.0)
Banking & Wealth operating expenses	**780**	**771**	**1.1**	**393**	**387**	**374**	**397**	**1.5**	**5.0**
Group Other expenses [1]	**55**	**60**	**(8.3)**	**19**	**36**	**60**	**-**	**(47.2)**	**(68.3)**
Group total operating expenses	**2,799**	**2,747**	**1.9**	**1,426**	**1,373**	**1,410**	**1,337**	**3.9**	**1.2**
FSL	158	140	12.9	81	77	70	70	5.2	15.7
Group total operating expenses (including FSL)	**2,957**	**2,887**	**2.4**	**1,507**	**1,450**	**1,480**	**1,407**	**4.0**	**1.8**

(1) FY21 Re-Org costs and FY20 Pay & Leave Entitlement Review

GROUP GENERAL INSURANCE

Group reported and underlying ITR

Reconciliation of reported ITR to underlying ITR

	Full Year Ended		Half Year Ended			
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	$M	$M	$M	$M	$M	$M
Reported ITR	**868**	**773**	**468**	**400**	**509**	**264**
Reported reserve releases (above) below long-run expectations	(74)	26	(48)	(26)	19	7
Natural hazards above (below) allowances	60	-	(26)	86	(109)	109
Investment income mismatch	(196)	94	(41)	(155)	92	2
Other:						
Risk margin	27	23	(25)	52	4	19
Abnormal (Simplification/restructuring) expenses	24	12	8	16	4	8
Additional Reinsurance Premium [1]	-	35	-	-	35	-
Underlying ITR	**709**	**963**	**336**	**373**	**554**	**409**
Underlying ITR ratio	**7.9%**	**11.1%**	**7.4%**	**8.4%**	**12.9%**	**9.3%**

(1) An additional premium of $35 million was triggered by recoveries on the NHAP treaty in FY20

Underlying ITR movements

	Jun-21 vs Jun-20
	%
FY20 underlying ITR	**11.1**
COVID-19 impact	**(0.9)**
FY20 underlying ITR ex COVID	**10.2**
Natural hazard allowance and property reinsurance	(1.5)
Investment income (including present value adjustment)	(1.4)
Operating expense and claims handling expenses	(1.4)
Margin - net earned premium (less Reinsurance costs above), working claims and commissions	1.3
FY21 underlying ITR ex COVID	**7.2**
COVID-19 impact	**0.7**
FY21 underlying ITR	**7.9**

The Group underlying ITR has decreased from 11.1% in FY20 to 7.9% in FY21. Excluding COVID-19 impacts underlying ITR has decreased from 10.2% to 7.2%, reflecting the following factors:

— The impact of a $130 million increase in the Group's FY21 natural hazard allowance from FY20 contributed to a 1.1% decrease in the underlying ITR with higher property reinsurance costs contributing a further 0.4% reduction.

— The ongoing adverse impacts from a low yield environment leading to lower underlying investment income, and a lower present value adjustment on new claims.

— Expenses and claims handling expenses increased by 1.4%. Operating expenses increased due to the temporary increase in spending on strategic initiatives, higher technology and marketing expenses. The increase in claims handling expenses reflect additional claims personnel costs supporting the delivery of key projects including Best in Class Claims, the GI code compliance and CTP scheme reform. Reduced commissions following the exit of the Vero intermediated consumer and construction portfolios are reflected in the margin line.

— Margin expansion of 1.3% mostly reflects re-pricing of the Australian consumer insurance portfolio and improvement in underlying working loss ratios.

COVID-19 has resulted in a 0.2% reduction in UITR in FY21 compared to FY20, driven by current year provisioning for potential business interruption claims. Risk margins and prior year reserve strengthening is excluded from the UITR calculation. Claims benefits from motor and home claims frequency were broadly flat in FY21 compared to FY20.

	Jun-21 vs Dec-20 %
1H21 underlying ITR	**8.4**
COVID-19 impact	(1.3)
1H21 underlying ITR ex COVID	**7.1**
Operating expenses	(1.1)
Margin - net earned premium (less Reinsurance costs above), working claims, CHE and commissions	1.4
2H21 underlying ITR	**7.4**

The Group underlying ITR has decreased from 8.4% in 1H21 to 7.4% in 2H21, reflecting the following factors:

- The estimated COVID-19 impact had a contraction of 1.3% half on half. A net COVID-19 benefit of ~$57 million was experienced in 1H21 primarily as a result of reduced motor claims frequency, partially offset by an increase in business interruption provisions. COVID-19 benefits were limited in 2H21 as there were no major lockdowns experienced during the period.
- Operating expenses increased by 1.1%. This was in part due to the temporary increase in spending on strategic initiatives, as well as higher technology and marketing costs. Claims handling expenses were flat over the second half, compared to the first half. Lower claims handling expenses in relation to natural hazard claims were offset by higher spending on claims-related projects including key regulatory programs and Best in Class Claims initiatives.
- Margin expansion of 1.4% reflects the earned impact of pricing increases in the Australian Home portfolio, as well as current year reserve releases from the CTP portfolio, and favourable large loss experience in the commercial. This was partially offset by declining underlying margins in the New Zealand business due to normalisation in working claims costs.

Net impact of yields and investment markets

	Full Year Ended		Half Year Ended			
	Jun-21 $M	Jun-20 $M	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M
Insurance (Australia)						
Investment income (insurance funds)	243	247	26	217	148	99
Impact of risk-free discount rates on outstanding claims	25	(187)	46	(21)	(152)	(35)
	268	60	72	196	(4)	64
Present value adjustment on newly recognised claims	31	52	19	12	21	31
Investment income (shareholders' funds)	147	63	59	88	26	37
	446	**175**	**150**	**296**	**43**	**132**
New Zealand (AUD)						
Investment income (insurance funds)	3	18	-	3	13	5
Investment income (shareholders' funds)	9	18	(1)	10	12	6
	12	**36**	**(1)**	**13**	**25**	**11**
Net impact of yields and investment markets	**458**	**211**	**149**	**309**	**68**	**143**

Insurance (Australia)

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 are equal and opposite for 1 basis point movement in interest rates. The residual net impact of $268 million shown in the table mainly reflects the impacts from favourable breakeven inflation and narrowing credit spreads. Other contributions include a risk-free component of income on assets backing the undiscounted liabilities (unearned premium), manager active performance and a mismatch component due to the approach of matching assets to the APRA assessment of liabilities instead of the accounting liabilities.

The present value adjustment on newly recognised claims reflects the initial discounting applied to new claims to recognise them at present value. This impact has decreased in line with reductions in risk-free rates.

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

For further detail on investment income for Insurance (Australia), please refer to page 30.

Natural hazards and Reinsurance

Natural hazard costs for FY21 were $1,010 million, up from $820 million in FY20, and $60 million above the Group's allowance of $950 million. Major natural hazard events for Australia and New Zealand are shown in the table below.

Date	Event	Net costs $M
Jul 20	NSW QLD Low	18
Jul 20	NZ North Island Flooding	10
Aug 20	NSW ACT VIC Storms	10
Aug 20	East Melbourne Wind and Rain	12
Oct 20	Eastern States Storms	48
Oct 20	QLD NSW Hail	189
Oct 20	NZ Lake Ohau Bushfire	5
Nov 20	SE Australia Wind and Storms	20
Nov 20	NZ Napier Floods	17
Dec 20	Sydney Wind and Lightning	11
Dec 20	SE QLD Storms	19
Dec 20	QLD/NSW Rain and Wind	17
Dec 20	NZ South Island Hailstorm	6
Jan 21	NSW/VIC Rain and Storms	14
Jan 21	Southern QLD Rain	5
Feb 21	Perth Hills Bushfires	12
Feb 21	QLD/NSW Rain	10
Mar 21	NSW Rain & Floods	217
Apr 21	Tropical Cyclone Seroja	22
May 21	Eastern Coast Storms	15
May 21	NZ South Island Storm	13
Jun 21	South East Cold Front	50
Jun 21	NZ Auckland Tornado	8
Total events over $5 million		**748**
Other natural hazards		262
Total natural hazards		**1,010**
Less: allowance for natural hazards		(950)
Natural hazards costs above / (below) allowance		**60**

The Group's natural hazard allowance will increase in FY22 to $980 million, reflecting net growth in the underlying portfolio. The allowance is divided equally between the first and second halves of the financial year.

For additional information on natural hazard events, please refer to page 27 for events in Australia and page 56 for events in New Zealand.

General Insurance outwards reinsurance expense for the year was $1.2 billion, increasing 0.9% from the previous period.

The Group has successfully placed its FY22 reinsurance program. The structure of the main catastrophe program remains unchanged from FY21, with an upper limit of $6.5 billion covering the Home, Motor and Commercial property portfolios across Australia and New Zealand. The Group's maximum event retention remains at $250 million.

In addition to the main catastrophe program, the structure of the Group's drop-down aggregate protection and Aggregate Excess of Loss (AXL) treaties are also unchanged from FY21. For Australia, the dropdowns limit the second event retention to $200 million and third and fourth event retentions to $50 million. For New Zealand, the first event retention is reduced to NZ$50 million, with retention for the second and third events reduced to NZ$25 million. The AXL treaty provides $400 million of cover in excess of a retention of $650 million for events greater than $5 million.

Similar to FY21, an internal reinsurance agreement with Insurance (Australia) reduces Suncorp New Zealand's retention for a first New Zealand event to NZ$25 million. However, this arrangement exists for capital purposes only and does not impact the Group's net exposure of NZ$50 million.

Further detail on the FY22 reinsurance program has been outlined in the appendix on page 76.

FUNCTIONAL RESULTS

INSURANCE (AUSTRALIA)

Profit contribution and General Insurance ratios

Profit contribution

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**8,790**	**8,329**	**5.5**	**4,446**	**4,344**	**4,153**	**4,176**	**2.3**	**7.1**
Gross unearned premium movement	(280)	(75)	273.3	(156)	(124)	(59)	(16)	25.8	164.4
Gross earned premium	8,510	8,254	3.1	4,290	4,220	4,094	4,160	1.7	4.8
Outwards reinsurance expense	(970)	(989)	(1.9)	(477)	(493)	(510)	(479)	(3.2)	(6.5)
Net earned premium	**7,540**	**7,265**	**3.8**	**3,813**	**3,727**	**3,584**	**3,681**	**2.3**	**6.4**
Net incurred claims									
Claims expense	(6,333)	(6,929)	(8.6)	(2,916)	(3,417)	(3,769)	(3,160)	(14.7)	(22.6)
Reinsurance and other recoveries revenue	837	1,486	(43.7)	291	546	1,187	299	(46.7)	(75.5)
Net incurred claims	**(5,496)**	**(5,443)**	**1.0**	**(2,625)**	**(2,871)**	**(2,582)**	**(2,861)**	**(8.6)**	**1.7**
Total operating expenses									
Acquisition expenses	(1,038)	(1,010)	2.8	(551)	(487)	(520)	(490)	13.1	6.0
Other underwriting expenses	(605)	(562)	7.7	(301)	(304)	(281)	(281)	(1.0)	7.1
Total operating expenses	**(1,643)**	**(1,572)**	**4.5**	**(852)**	**(791)**	**(801)**	**(771)**	**7.7**	**6.4**
Underwriting result	401	250	60.4	336	65	201	49	416.9	67.2
Investment income - insurance funds	243	247	(1.6)	26	217	148	99	(88.0)	(82.4)
Insurance trading result	**644**	**497**	**29.6**	**362**	**282**	**349**	**148**	**28.4**	**3.7**
Managed schemes, joint ventures and other	3	10	(70.0)	(2)	5	7	3	n/a	n/a
Insurance (Australia) operational earnings	**647**	**507**	**27.6**	**360**	**287**	**356**	**151**	**25.4**	**1.1**
Investment income - shareholder funds	147	63	133.3	59	88	26	37	(33.0)	126.9
Insurance (Australia) profit before tax and capital funding	**794**	**570**	**39.3**	**419**	**375**	**382**	**188**	**11.7**	**9.7**
Capital funding	(15)	(24)	(37.5)	(6)	(9)	(11)	(13)	(33.3)	(45.5)
Insurance (Australia) profit before tax	**779**	**546**	**42.7**	**413**	**366**	**371**	**175**	**12.8**	**11.3**
Income tax	(232)	(162)	43.2	(124)	(108)	(110)	(52)	14.8	12.7
Insurance (Australia) profit after tax	**547**	**384**	**42.4**	**289**	**258**	**261**	**123**	**12.0**	**10.7**

General Insurance ratios

	Full Year Ended			Half Year Ended		
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Acquisition expenses ratio	13.8	13.9	14.5	13.1	14.5	13.3
Other underwriting expenses ratio	8.0	7.7	7.8	8.2	7.8	7.6
Total operating expenses ratio	**21.8**	**21.6**	**22.3**	**21.3**	**22.3**	**20.9**
Loss ratio	73.0	75.0	68.9	77.0	72.1	77.8
Combined operating ratio	94.8	96.6	91.2	98.3	94.4	98.7
Insurance trading ratio	**8.5**	**6.8**	**9.5**	**7.6**	**9.7**	**4.0**

Insurance trading results (excluding FSL, discount rate movement & unwind)

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,627	8,184	5.4	4,372	4,255	4,081	4,103	2.7	7.1
Net earned premium	7,381	7,125	3.6	3,731	3,650	3,514	3,611	2.2	6.2
Net incurred claims	(5,520)	(5,256)	5.0	(2,670)	(2,850)	(2,430)	(2,826)	(6.3)	9.9
Acquisition expenses	(1,038)	(1,010)	2.8	(551)	(487)	(520)	(490)	13.1	6.0
Other underwriting expenses	(447)	(422)	5.9	(220)	(227)	(211)	(211)	(3.1)	4.3
Total operating expenses	(1,485)	(1,432)	3.7	(771)	(714)	(731)	(701)	8.0	5.5
Investment income - insurance funds	268	60	346.7	72	196	(4)	64	(63.3)	n/a
Insurance trading result	**644**	**497**	**29.6**	**362**	**282**	**349**	**148**	**28.4**	**3.7**

General Insurance ratios (excluding FSL, discount rate movement & unwind)

	Full Year Ended			Half Year Ended		
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Acquisition expenses ratio	14.1	14.2	14.8	13.3	14.8	13.6
Other underwriting expenses ratio	6.0	5.9	5.8	6.2	6.0	5.8
Total operating expenses ratio	**20.1**	**20.1**	**20.6**	**19.5**	**20.8**	**19.4**
Loss ratio	74.8	73.8	71.6	78.1	69.2	78.3
Combined operating ratio	94.9	93.9	92.2	97.6	90.0	97.7

Insurance (Australia) result overview

- In FY21, Insurance (Australia) demonstrated strong momentum executing its four strategic initiatives, revitalising growth, optimising pricing and risk selection, delivering digital first experiences and driving Best in Class Claims.
- The business delivered PAT of $547 million, up 42.4% driven by top-line growth, strong investment performance and prior year releases, partly offset by a temporary increase in project spend, higher technology and marketing expenses. The insurance trading result was $644 million, up 29.6%, representing a reported ITR of 8.5%.
- The P&L impact from COVID-19 was broadly neutral as reduced motor claims frequency were offset by the additional provisions to cover uncertainty around COVID-19 business interruption claims.
- GWP increased 5.5% to $8,790 million, demonstrating the Group's refined customer propositions for its brands and increased marketing.
- Consumer GWP increased by 5.6% driven by strong average written premium (AWP) increases of 5.2% combined with unit growth of 0.4%. Excluding the impact of portfolio exits and COVID-19 impacts, Consumer Insurance GWP increased 7.0%. AWP increases in the Home portfolio primarily reflected the businesses response to higher natural hazard and reinsurance costs, while consumer unit growth was driven by the increased and more targeted approach to marketing.
- Commercial GWP increased by 4.9%, reflecting strong retention and ongoing premium rate momentum in the short tail book, partially offset by lower retention in SME packages.
- CTP GWP decreased by 2.8% due to a one-off adjustment in the prior period for the timing of recognition of GWP to align with the accounting treatment applied to the other insurance portfolios. On a like-for-like basis, GWP declined 0.9% driven by market pricing dynamics partly offset by positive unit growth with leading market share retained nationally.
- Workers' compensation and other GWP increased by 24.8% reflecting strong retention, higher wage growth and increased SME new business volumes in the Workers' compensation portfolio.
- Net incurred claims increased by 1.0% compared to the pcp. Excluding discount movements, net incurred claims increased by 5.0%. The increase reflected higher natural hazard costs, additional provisioning for business interruption claims, partially offset by higher prior year reserve releases.
- Prior year reserve releases excluding business interruption reserves were $259 million representing 2.9% of Group NEP, supported by continued releases from the long-tail portfolios. Total releases including strengthening of business interruption reserves were $204 million representing 2.3% of Group NEP. The Group's long run expectation for reserve releases remains 1.5% of Group NEP.
- Total investment income across Insurance Funds and Shareholder Funds increased by 25.8% to $390 million, driven by favourable mark-to-market movements from an increase in breakeven inflation and equities. This was partially offset by risk-free mark-to-market losses.
- Excluding FSL, operating expenses increased 3.7% driven by the temporary increase in project spend associated with Group's strategy, as well as higher technology and marketing expenses.

General Insurance

Gross written premium

GWP portfolio breakdown

	Full Year Ended		Jun-21		Half Year Ended			Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Motor	3,164	2,961	6.9	1,630	1,534	1,504	1,457	6.3	8.4
Home	2,363	2,272	4.0	1,167	1,196	1,134	1,138	(2.4)	2.9
Commercial	1,559	1,486	4.9	727	832	680	806	(12.6)	6.9
Compulsory third party	1,012	1,041	(2.8)	515	497	518	523	3.6	(0.6)
Workers' compensation and other	529	424	24.8	333	196	245	179	69.9	35.9
Total GWP	**8,627**	**8,184**	**5.4**	**4,372**	**4,255**	**4,081**	**4,103**	**2.7**	**7.1**
Fire Service Levies									
Motor	15	15	-	6	9	7	8	(33.3)	(14.3)
Home	105	90	16.7	47	58	46	44	(19.0)	2.2
Commercial	43	40	7.5	21	22	19	21	(4.5)	10.5
Total FSL	**163**	**145**	**12.4**	**74**	**89**	**72**	**73**	**(16.9)**	**2.8**
Total GWP including FSL	**8,790**	**8,329**	**5.5**	**4,446**	**4,344**	**4,153**	**4,176**	**2.3**	**7.1**

GWP geographic breakdown

	Full Year Ended		Jun-21		Half Year Ended			Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography									
Queensland	2,218	2,127	4.3	1,094	1,124	1,050	1,077	(2.7)	4.2
New South Wales	2,669	2,540	5.1	1,310	1,359	1,226	1,314	(3.6)	6.9
Victoria	2,017	1,956	3.1	1,030	987	993	963	4.4	3.7
Western Australia	792	704	12.5	438	354	373	331	23.7	17.4
South Australia	350	349	0.3	177	173	180	169	2.3	(1.7)
Tasmania	215	189	13.8	116	99	101	88	17.2	14.9
Other	366	319	14.7	207	159	158	161	30.2	31.0
Total GWP	**8,627**	**8,184**	**5.4**	**4,372**	**4,255**	**4,081**	**4,103**	**2.7**	**7.1**
Fire Service Levies									
New South Wales	161	143	12.6	73	88	71	72	(17.0)	2.8
Tasmania	2	2	-	1	1	1	1	-	-
Total FSL	**163**	**145**	**12.4**	**74**	**89**	**72**	**73**	**(16.9)**	**2.8**
Total GWP including FSL	**8,790**	**8,329**	**5.5**	**4,446**	**4,344**	**4,153**	**4,176**	**2.3**	**7.1**

Motor

Motor GWP increased by 6.9% to $3,164 million reflecting AWP increases of 4.5% and unit growth of 2.2%. Growth was stronger in second half driven by new business volumes. Excluding COVID-19 impacts and the exit of the Vero broker portfolio GWP growth was 7.0%.

Home

Home GWP increased by 4.0% to $2,363 million, with units declining 2.9% primarily as a result of exiting of the Vero broker portfolio. AWP increased 7.1% reflecting the pricing response to higher natural hazard and reinsurance costs. Excluding the impacts of COVID-19 and Vero broker exit, Home GWP growth was 7.0% reflecting a 7.8% increase in AWP and 0.7% reduction in units.

Commercial

Commercial GWP increased by 4.9% to $1,559 million. Excluding the impact of the Construction portfolio exit, GWP growth was 5.3%. Growth was driven by the short-tail specialty and fleet portfolios reflecting stable retention and rate increases. There was also strong growth from NTI reflecting an improvement in retention and new business volumes. This was partly offset by SME Packages reflecting lower retention and new business volumes in the intermediated channel, where there were mid single-digit rate increases.

Workers' Compensation and other

Workers' Compensation and Other GWP increased by 24.8%. Workers' Compensation GWP growth of 27.6% was driven by strong retention, wage growth and higher new business volumes particularly with SME customers. Growth was broad-based across all states, noting two-thirds of Suncorp's portfolio is in Western Australia.

The Group has ceased to underwrite travel insurance with the portfolio now in run-off ($6 million GWP in FY20).

Compulsory Third Party (CTP)

CTP GWP decreased 2.8% to $1,012 million due to a one-off adjustment[1] in the prior period for the timing of recognition of GWP to align with the accounting treatment applied to the other insurance portfolios. On a like-for-like basis, GWP decreased 0.9% driven by changes to pricing structures across all schemes partly offset by positive unit growth. Suncorp continues to maintain its leading national market share of 31% by leveraging its strong brands, digital capability and improved risk-based pricing capability.

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Compulsory third party GWP by geography									
Queensland	428	437	(2.1)	214	214	216	221	-	(0.9)
New South Wales	466	477	(2.3)	241	225	235	242	7.1	2.6
Australian Capital Territory	57	47	21.3	29	28	22	25	3.6	31.8
South Australia	61	80	(23.8)	31	30	45	35	3.3	(31.1)
Total compulsory third party GWP	**1,012**	**1,041**	**(2.8)**	**515**	**497**	**518**	**523**	**3.6**	**(0.6)**

[1] From 2H20, GWP includes risks paid in FY20 but incepted in FY21. Previously these risks were recognised in the year of inception.

Net incurred claims

Net incurred claims were $5,496 million, 1.0% above the pcp. Excluding discount movements, net incurred claims increased by 5.0%. This increase was due to higher natural hazard costs, additional provisioning for business interruption claims, risk margins and claims handling expenses. Risk margins increased as a result of higher natural hazard costs and an increase in working claims numbers. Claims handing expenses also increased due to the higher natural hazard costs, as well as increased investment in strategic and regulatory projects, and ongoing compliance. These factors were partially offset by higher prior year reserve releases.

Motor

Motor claims increased with unit growth and cost inflation reflecting inflation in parts and third party insurer demands, combined with a higher proportion of total loss claims. Claims frequency in the second half largely returned to pre-COVID-19 levels, following the lower claims frequency experienced during the first half of the year. The Suncorp preferred repairer network continues to deliver benefits through mitigating industry-wide inflationary pressures and assisting to optimise the supply chain.

Home

Home working claims were lower primarily due to favourable frequency in theft-related claims, during and after the initial COVID-19 lockdown restrictions. Increased levels of working from home are believed to have contributed to lower theft frequency. Average claim sizes increased as a result of the change in mix of claims, as fire and water claims represented a higher proportion of total claims. The costs of water damage claims continued to be well managed. Frequency of landlord loss of rent claims remains in line with expected levels.

Commercial

Commercial claims loss ratios continue to improve as a result of reduced claims frequency across most classes of business and benign large loss experience. This was in part offset by additional provisioning for potential business interruption claims.

CTP and Workers' Compensation

CTP claims costs improved, with prior year reserve releases above long run expectations, with favourable development of the early accident years following scheme reform in NSW and improved frequency outcomes in the QLD scheme.

Workers' Compensation claims costs increased driven by growth in the portfolio, although loss ratios improved across the major states. Reserve releases were lower in Workers' Compensation portfolios in FY21 following strong releases in FY20 and the improvement in current year loss ratios. There were no noticeable COVID-19 impacts as lockdowns impacted states not underwritten in the portfolio.

Natural hazards

Total natural hazard costs were $932 million, up from $783 million in FY20. This was $34 million above the $898 million allowance for Insurance Australia. Major natural hazard events for Australia are shown in the table below.

Date	Event	Net costs $M
Jul 20	NSW QLD Low	18
Aug 20	NSW ACT VIC Storms	10
Aug 20	East Melbourne Wind and Rain	12
Oct 20	Eastern States Storms	48
Oct 20	QLD NSW Hail	189
Nov 20	SE Australia Wind and Storms	20
Dec 20	Sydney Wind and Lightning	11
Dec 20	SE QLD Storms	19
Dec 20	QLD/NSW Rain and Wind	17
Jan 21	NSW/VIC Rain and Storms	14
Jan 21	Southern QLD Rain	5
Feb 21	Perth Hills Bushfires	12
Feb 21	QLD/NSW Rain	10
Mar 21	NSW Rain & Floods	217
Apr 21	Tropical Cyclone Seroja	22
May 21	Eastern Coast Storms	15
Jun 21	South East Cold Front	50
Total events over $5 million		**689**
Other natural hazards		243
Total natural hazards		**932**
Less: allowance for natural hazards		(898)
Natural hazards costs above / (below) allowance		**34**

Outstanding claims provision breakdown

The valuation of outstanding claims has resulted in central estimate releases of $204 million, above the Group's long-run expectation for reserve releases of 1.5% of Group NEP.

Long-tail claims reserve releases of $157 million were primarily attributable to favourable claims experience. The impact of benign claims inflation in the Queensland, NSW and South Australian CTP schemes and favourable experience in Workers' Compensation contributed to the majority of releases. This was partially offset by modest deterioration in the Commercial long tail classes.

The short-tail release was driven by favourable large claims experience in corporate property and favourable experience in consumer and commercial motor. This was partially offset by an increase to COVID-19 business interruption reserves of $55 million over the year.

As at Jun-21		Net central estimate (discounted)	Risk margin (90th percentile discounted)	Change in net central estimate (1)
	$M	$M	$M	$M
Short-tail	2,164	1,956	208	(47)
Long-tail	6,157	5,279	878	(157)
Total	**8,321**	**7,235**	**1,086**	**(204)**

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

Business Interruption

The business interruption provision of $211 million has decreased marginally by $3 million over the second half of the year. The provision has been calculated in line with the Group's approach to reserve at a 90th percentile for claims included, based on assumptions below.

The provision for additional claims has been calculated on a probability-weighted basis and significant judgement has been exercised to derive a reasonable estimate of the probability-weighted view of potential future cash flows relating to business interruption. Key areas of judgement relate to ongoing legal risk, the ultimate number of claims and the estimation of potential economic loss.

The provision is based on key assumptions including that income from Government subsidies such as JobKeeper is offset against any economic loss subject to indemnity, and that the Biosecurity Act exclusion wordings can be relied on.

In determining the provision, a frequency and severity model was used, based on several key assumptions regarding the impacted sectors and geographies, and expectations regarding turnover including duration of lockdowns, recovery periods, and government subsidies.

- **Frequency assumptions:** This estimated the number of businesses closed due to a confirmed COVID-19 case within a 20km radius. A 100% frequency factor was assumed for all capital cities, while a range of 0-100% was assumed for regional towns in the national lockdown (Wave 1). A 100% frequency factor was assumed for Metropolitan Melbourne and ~60% for regional areas in the Victorian lockdown (Wave 2). The propensity for a customer to lodge a claim is assumed to be ~80%.
- **Severity assumptions:** Wave 1 assumed a lockdown period of 2 – 3 months with recovery patterns varying by industry and geographical location for a total indemnity period of 12 months. Wave 2 assumed a lockdown period of 3 – 4 months and a slower recovery period, also for a total indemnity period of 12 months. Accommodation and Food Services, Arts and Recreation and Other Services (e.g. Beauticians and Hairdressers) were assumed to be significantly impacted in Wave 1. All sectors were assumed to be significantly impacted in Wave 2. Turnover patterns, cost of goods sold and profit assumptions are based on internal and external data sources. Allowance was made for the impact of government subsidies, primarily Job Keeper payments.

Following the onset of the COVID-19 pandemic the construction of various business interruption wordings have been judicially tested and others are still awaiting judicial consideration. The first industry test case determined that that insurers could not generally rely on business interruption policy exclusions that reference the 'Quarantine Act and subsequent amendments' noting that the Court has yet to determine a discrete aspect relevant to such polices in Victoria. The overall policy response and assessment of claims arising from Quarantine Act policies cannot yet occur as this is dependent on the construction of other clauses that will be canvassed in the second industry test case.

The second test case is currently before the Federal Court and will test the construction of industry Infectious Disease and Prevention of Access indemnity clauses and adjustment wordings, including the application of government subsidies, such as Job Keeper payments. The second test case will also consider a limited aspect of a Biosecurity Act exclusion. The Group is confident in the strength of its Biosecurity Act wordings following the ruling by the Federal Court of Australia in the matter of Rockment Pty Ltd T/A Vanilla Lounge v AAI Limited T/A Vero which confirmed a broad interpretation of the exclusion clause for losses connected with COVID-19.

Other industry participants have discrete litigation on foot considering various aspects of their business interruption wordings response to COVID-19. Class actions have also been commenced against other insurers. Accordingly there may be further judicial determinations which may be of broader industry application and impact future exposure for the Group.

Subsequent to the end of the reporting period, ongoing COVID-19 lockdowns were implemented across a number of states. The level of exposure to policies with Quarantine Act exemptions has reduced as the policies renew with updated wordings and, at 30 June 2021, these policies comprise less than 5% of the business interruption in-force policies.

Business interruption provision for Quarantine Act and certain Prevention of Access exposures

As at Jun-21	Business Interruption provision
Insured risk ($bn)	~$2.7bn
Number of policies	~6.9k
Net central estimate (1)	$163m
Risk margin net of diversification benefit (2)	$48m
Total pre-tax provision	$211m
Movement in FY20	$70m
Movement in FY21	$141m

(1) Central estimate uses the probable maximum loss (PML) and applies probabilities to potential legal outcomes. PML = frequency factor x severity factor x sum insured where sum insured reflects expected turnover per month less COGS.
(2) Risk margin allows for diversification benefits with the remainder of portfolio.

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-21	Jun-21
	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	10,042	10,194	9,856	9,597	(1.5)	1.9
Reinsurance and other recoveries	(1,721)	(1,930)	(2,137)	(1,700)	(10.8)	(19.5)
Net outstanding claims liabilities	**8,321**	**8,264**	**7,719**	**7,897**	**0.7**	**7.8**
Expected future claims payments and claims handling expenses	7,421	7,274	6,792	7,110	2.0	9.3
Discount to present value	(186)	(134)	(144)	(257)	38.8	29.2
Risk margin	1,086	1,124	1,071	1,044	(3.4)	1.4
Net outstanding claims liabilities	**8,321**	**8,264**	**7,719**	**7,897**	**0.7**	**7.8**
Short-tail	2,164	2,060	1,512	1,820	5.0	43.1
Long-tail	6,157	6,204	6,207	6,077	(0.8)	(0.8)
Total	**8,321**	**8,264**	**7,719**	**7,897**	**0.7**	**7.8**

Risk margins

Risk margins represent approximately 15% of outstanding claims reserves, giving an approximate level of confidence of 90%.

Total risk margins increased by $15 million since June 2020 to $1,086 million. The assets notionally backing risk margins had a net loss of $8 million. The net P&L impact was therefore $23 million, which is excluded from the underlying ITR calculation.

Key estimated impacts from COVID-19

The net profit and loss impact in FY21 from COVID-19 was broadly neutral. The table below provides details of the FY21 estimated impacts to central estimate and risk margins across the portfolio.

	Current year $M	Prior year $M	Risk Margin $M	Total $M
Motor frequency	126	-	-	126
Lower theft claims	14	-	-	14
Business interruption claims provisions	(92)	(55)	5	(142)
Total	**48**	**(55)**	**5**	**(2)**

Operating expenses

Operating expenses were $1,643 million, up 4.5% on the pcp. Excluding FSL, operating expenses increased by 3.7% on the pcp, reflecting the temporary increase in project spend and higher technology expenses.

Managed schemes, joint ventures and other

Suncorp continues to be part of a scheme arrangement with the NSW Government receiving revenue as a claims management provider to manage its existing portfolio as well as the portfolio of the exiting scheme agents.

Investment income

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

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

	Jun-21	Jun-20	Jun-21 vs Jun-20
3 year bond yield (%)	0.41	0.25	+16bp
10 year bond yield (%)	1.53	0.87	+66bp
10 year breakeven inflation rate (%)	2.06	1.07	+99bp
AA 3 year credit spreads (bp)	46	87	-41bp
Australian fixed interest (Bloomberg composite index)	10,513	10,602	-0.8%
Australian equities (total return)	82,932	64,893	+27.8%
International equities (hedged total return)	2,424	1,786	+35.7%

Asset allocation

Suncorp continues to invest in line with the Group’s risk appetite and the Board approved investment strategy. The Group’s strategic asset allocation was reviewed and resulted in minor changes to the portfolio. In the Insurance Funds, the proportion of the portfolio allocated to high quality credit increased by 3%, offset by a reduction in cash. In the Shareholder’s funds, equities’ exposure was increased back to medium term weights. The Group continues to assess the optimal level of inflation hedging through the inflation-linked bond portfolio, as well as Shareholders Funds allocations. The Group will continue to maintain a high-quality investment portfolio, noting that any changes resulting from ongoing review may result in a modestly higher asset risk charge. Five percent of shareholders’ funds is targeted to impact investing which includes Green Bonds, Renewable Energy Infrastructure, Social Impact Bonds and Disability Housing.

	Half Year Ended							
	Jun-21		Dec-20		Jun-20		Dec-19	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	282	3	417	4	131	1	168	2
Inflation-linked bonds	2,245	21	2,314	23	2,279	24	2,119	22
Corporate bonds	6,700	64	6,137	61	6,166	65	6,447	67
Semi-Government bonds	219	2	169	2	257	3	515	5
Commonwealth Government bonds	1,081	10	951	10	707	7	311	4
Total Insurance funds	**10,527**	**100**	**9,988**	**100**	**9,540**	**100**	**9,560**	**100**
Shareholders' funds								
Cash and short-term deposits	263	8	283	8	261	9	120	5
Australian interest-bearing securities	1,503	45	1,559	48	1,244	43	1,006	38
Global interest-bearing securities (hedged)	815	24	840	26	797	28	741	28
Equities	525	16	325	10	276	9	294	11
Infrastructure and property	244	7	259	8	307	11	335	12
Alternative investments	-	-	-	-	-	-	158	6
Total shareholders' funds	**3,350**	**100**	**3,266**	**100**	**2,885**	**100**	**2,654**	**100**
Total	**13,877**		**13,254**		**12,425**		**12,214**	

Credit quality

The allocation to AAA rated securities increased as a result of an increased exposure to government bonds. The allocation to BBB rated securities reduced over the financial year, as previously downgraded securities matured.

	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%
AAA	42.6	41.4	40.4	39.0
AA	14.9	18.9	15.8	19.8
A	20.2	18.6	20.6	20.9
BBB	22.3	21.1	23.2	20.3
	100.0	**100.0**	**100.0**	**100.0**

Duration

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

	Jun-21 Years	Dec-20 Years	Jun-20 Years	Dec-19 Years
Insurance funds				
Interest rate duration	2.4	2.6	2.9	2.8
Credit spread duration	1.4	1.4	1.4	1.3
Shareholders' funds				
Interest rate duration	1.6	1.7	1.8	1.9
Credit spread duration	2.5	2.4	2.6	2.4

Investment performance

Total investment income on insurance funds and shareholders' funds was $390 million, representing an annual return of 3.0%.

Insurance funds

Investment income on insurance funds was $243 million, representing an annual return of 2.4%. This reflects higher gains from an increase in breakeven inflation and narrowing of credit spreads compared with FY20, offset by risk-free losses due to an increase in bond yields.

Underlying yield

The underlying yield income was $67 million, representing an annual return of 0.7%, reflecting lower risk-free yields, credit spreads and inflation carry above risk-free. The investment income of $243 million has been adjusted for the following market valuation impacts:

— Losses of $25 million due to an increase in risk-free rates.

— Gains of $54 million due to a narrowing of credit spreads.

— Gains of $147 million due to an increase in breakeven inflation.

Adjustment to ITR for investment market volatility

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

The adjustment has four parts, as follows:

— Risk free rates: An increase in yields caused the value of outstanding claims to decrease by $38 million. This was partly offset by a decrease in the value of the assets backing these claims by $25 million. The net favourable impact of $13 million is deducted from the ITR.

— Credit spreads: the $54 million favourable impact due to the narrowing of credit spreads is deducted from the ITR.

— Inflation-linked bonds: the $147 million favourable impact from breakeven inflation is deducted from the ITR.

— Market rate adjustment on premium liabilities: the unwind of prior risk-free changes on assets backing unearned premium resulted in $11 million being added back to the ITR.

The combined impact of these adjustments to ITR is negative $203 million.

Shareholders' funds

Investment income on shareholders' funds was $147 million, representing an annual return of 4.7%, largely driven by strong equity market returns.

	Full Year Ended		Jun-21		Half Year Ended			Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	1	5	(80.0)	-	1	2	3	(100.0)	(100.0)
Interest-bearing securities and other	242	242	-	26	216	146	96	(88.0)	(82.2)
Total	**243**	**247**	**(1.6)**	**26**	**217**	**148**	**99**	**(88.0)**	**(82.4)**
Investment income on shareholder funds									
Cash and short-term deposits	-	3	(100.0)	-	-	3	-	n/a	(100.0)
Interest-bearing securities	25	78	(67.9)	(11)	36	58	20	n/a	n/a
Equities	113	6	n/a	56	57	(3)	9	(1.8)	n/a
Infrastructure and property	9	(3)	n/a	14	(5)	(15)	12	n/a	n/a
Alternative investments	-	(21)	100.0	-	-	(17)	(4)	n/a	100.0
Total	**147**	**63**	**133.3**	**59**	**88**	**26**	**37**	**(33.0)**	**126.9**
Total investment income	**390**	**310**	**25.8**	**85**	**305**	**174**	**136**	**(72.1)**	**(51.1)**

BANKING & WEALTH

Profit contribution

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Banking									
Net interest income	**1,242**	**1,191**	**4.3**	**624**	**618**	**597**	**594**	**1.0**	**4.5**
Net other operating income									
Net banking fee income and commission	14	28	(50.0)	2	12	11	17	(83.3)	(81.8)
Gain on derivatives and other financial instruments	21	13	61.5	12	9	13	-	33.3	(7.7)
Other revenue	4	(1)	n/a	2	2	4	(5)	-	(50.0)
Total other operating income	**39**	**40**	**(2.5)**	**16**	**23**	**28**	**12**	**(30.4)**	**(42.9)**
Total income	**1,281**	**1,231**	**4.1**	**640**	**641**	**625**	**606**	**(0.2)**	**2.4**
Operating expenses	(731)	(705)	3.7	(369)	(362)	(344)	(361)	1.9	7.3
Profit before impairment losses on financial assets	**550**	**526**	**4.6**	**271**	**279**	**281**	**245**	**(2.9)**	**(3.6)**
Impairment release/(loss) on loans and advances	49	(171)	n/a	57	(8)	(170)	(1)	n/a	n/a
Impairment loss on investment securities	-	(1)	100.0	-	-	(1)	-	n/a	100.0
Banking profit before tax	**599**	**354**	**69.2**	**328**	**271**	**110**	**244**	**21.0**	**198.2**
Income tax	(180)	(106)	69.8	(99)	(81)	(33)	(73)	22.2	200.0
Banking profit after tax	**419**	**248**	**69.0**	**229**	**190**	**77**	**171**	**20.5**	**197.4**
Wealth profit (loss) after tax	**-**	**(6)**	**100.0**	**-**	**-**	**(6)**	**-**	**n/a**	**100.0**
Banking & Wealth profit after tax	**419**	**242**	**73.1**	**229**	**190**	**71**	**171**	**20.5**	**222.5**

Banking ratios and statistics

	Full Year Ended		Half Year Ended			
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Lending growth	(0.79)	(2.15)	0.41	(1.20)	(0.80)	(1.36)
Customer funding growth	3.94	2.68	0.19	3.74	0.75	1.92
Net interest margin (interest-earning assets)	2.07	1.94	2.09	2.04	1.96	1.92
Cost to income ratio	57.1	57.3	57.8	56.5	55.0	59.6
Impairment release/(losses) to gross loans and advances (annualised)	0.09	(0.29)	0.20	(0.03)	(0.59)	(0.00)
Common Equity Tier 1 ratio	10.07	9.34	10.07	10.06	9.34	9.69
Deposit to loan ratio	72.1	68.9	72.1	72.3	68.9	67.8
NSFR	131	123	131	132	123	116

Banking & Wealth result overview

- In FY21, Banking & Wealth continued to execute on its five strategic priorities and demonstrated strong progress. These priorities are to win in home lending, accelerate digital and everyday banking, targeted growth in business banking, optimise blended distribution and simplify the business.
- Banking delivered PAT of $419 million, up 69.0% on FY20. The result was driven by strong improvement in the NIM, and a net impairment release, partly offset by reduced loan balances and increased operating expenses. Profit before impairment losses on financial assets was $550 million, up 4.6% on the prior year.
- The Bank's NIM increased 13 bps to 2.07%, above the top end of the Bank's target operating range of 1.85% to 1.95%, attributed to strong growth in retail deposits and lower benchmark interest rates.
- Net other operating income of $39 million was largely in line with prior year. An increase in gains on derivatives and other financial instruments was offset by reduced fee income.
- Total lending increased 0.4% over the second half, attributable to growth in home lending, partly offset by a decline in business lending. FY21 total lending declined 0.8%.
- The Bank is successfully delivering on its strategic initiative to win in home lending. The home lending portfolio grew 0.8% over the second half, as a result of higher monthly settlements and sustained improvements in mortgage processing turnaround times. Mortgage settlements growth offset continued elevated run-off as a result of customer repayments, property sales and refinancing.
- The business lending portfolio contracted 0.1% over the full year driven by a decline in the commercial lending portfolio, offset by growth in the agribusiness portfolio. The agribusiness portfolio grew 3.6%, due to increased cropping activity, restocking and asset purchases while commercial lending declined 2.2%, driven by high runoff from external refinances and paydowns due to early project completions.
- The COVID-19 temporary loan repayment deferral scheme ended 31 March 2021. As at 30 June 2021, the portion of home lending and SME lending total scheme deferrals (approximately 14,400 and 1,600 accounts respectively) which were performing or which had since exited the portfolio was 90.9% and 96.4% respectively.
- A net impairment release of $49 million, or 9 bps of loans and advances, reflected a $60 million reduction in the collective provision due to the improvement in economic conditions since the outbreak of COVID-19.
- The Bank continued to focus on accelerating everyday banking. At-call transaction deposits grew by 16.7% to $17.2 billion whilst at-call savings deposits grew 16.4% to $16.2 billion. Growth in transaction and savings accounts enabled further optimisation of the Bank's funding mix, including managed reductions of $3.2 billion, or 28.2%, of term deposits.
- Operating expenses increased 3.7% over the year, primarily due to the temporary increase in spending on strategic initiatives, partially offset by branch optimisation savings and reduced amortisation expenses. The Bank's CTI ratio reduced 20 bps to 57.1% as higher revenue offset an increase in operating expenses.
- Digital engagement remains a priority with migration to the Sun App progressing, average monthly logins per customer increasing 34% and the proportion of products originated digitally increasing from 8% in FY20 to 15% in FY21 for home loans, and from 63% to 64% for deposit accounts. Increasing digital engagement corresponds with a decline in Contact Centre calls of 19% and branch transactions of 20% in the last year and by 57% compared to 4 years ago.

- The Bank's capital position remains strong, with a CET1 ratio of 10.07%, above the target operating range of 9.00% to 9.50%. The Bank has also maintained strong funding and liquidity metrics, with an NSFR of 131% and LCR of 136%.
- Simplification of the business continued with the exit of personal loans and several smaller products, and the announcement of the sale of Suncorp's superannuation business to LGIAsuper. The Wealth business reported an underlying profit of nil, which was a $6 million improvement from the prior year. This was driven by lower expenses following closure of Suncorp Financial Advice in March 2020 and other efficiencies.

Banking

Net interest income

Net interest income increased 4.3% to $1.2 billion, with the improvements in NIM more than offsetting the impact of lower lending balances. NIM increased 13 bps to 2.07%, benefitting from continued improvement in the funding mix, including solid growth in transaction deposits, and improvements in lending spreads, as well as benefitting from recent market rate movements. These improvements were partly offset by the impact of lower interest rates on capital earnings, deposit spreads and existing lending customer repricing.

Net interest margin movements

The 13 bps increase in net interest margin to 2.07% for FY21 was a result of improvements in margins on assets due to lower funding costs, a continued shift away from more expensive term deposits to cheaper savings and transaction accounts, and active pricing management of the deposit portfolio. Partly offsetting these improvements were lower yields on the liquid assets and capital portfolios, as well as downward pressure on lending margins from repricing of existing home lending customers.

	%
FY20 net interest margin	**1.94**
Return on liquid assets	(0.02)
Return on invested capital	(0.01)
Interest rate risk management	(0.02)
Home lending pricing	0.11
Customer deposit pricing and wholesale funding cost	0.03
Optimisation of funding mix	0.04
FY21 net interest margin	**2.07**

Other operating income

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income and commission	14	28	(50.0)	2	12	11	17	(83.3)	(81.8)
Gain/(loss) on derivatives and other financial instruments	21	13	61.5	12	9	13	-	33.3	(7.7)
Other revenue	4	(1)	n/a	2	2	4	(5)	-	(50.0)
Total other operating income	**39**	**40**	**(2.5)**	**16**	**23**	**28**	**12**	**(30.4)**	**(42.9)**

Total other operating income was $39 million, in line with prior year due to:

– Higher gains on derivatives and other financial instruments, predominantly caused by realised gains on treasury fixed income liquid asset sales; offset by,

– A reduction in a range of banking fees to enhance the overall customer experience and attract new customers to the Bank's everyday banking proposition. The fee reductions included the life of the loan fee waiver on all eligible new lending applications, removal of account keeping and foreign transaction fees on debit cards and removal of a range of low volume transaction and transfer fees.

Operating expenses

Operating expenses increased 3.7% to $731 million, due to the temporary increase in spending on strategic initiatives. This was partially offset by branch optimisation savings and reduced amortisation expenses. The investment in strategic initiatives was primarily in winning in home lending, optimising blended distribution, digitisation and automation. Branch optimisation resulted in the Bank having 29 fewer branches at the end of FY21. Some costs associated with branch closures were separately reported in the Group Other Profit/(Loss) after tax line.

The Bank's cost to income ratio fell 20 bps to 57.1%, as higher revenue more than offset increased operating expenses.

Impairment releases/losses

Impairment releases/(losses) on loans and advances

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	60	(144)	n/a	60	-	(152)	8	n/a	n/a
Specific provision for impairment	(10)	(25)	(60.0)	(3)	(7)	(17)	(8)	(57.1)	(82.4)
Actual net write-offs	(1)	(2)	(50.0)	-	(1)	(1)	(1)	(100.0)	(100.0)
Impairment releases/(losses)	**49**	**(171)**	**n/a**	**57**	**(8)**	**(170)**	**(1)**	**n/a**	**n/a**
Impairment releases/(losses) to gross loans and advances (annualised)	**0.09%**	**(0.29%)**	**0.00%**	**0.20%**	**(0.03%)**	**(0.58%)**	**0.00%**		

Following the improvement in economic conditions since the outbreak of COVID-19, the Bank has reviewed its modelled collective provision. As a result of the review, the Bank has released $60 million of its existing collective provision. Taking into account the $60 million, the Bank reported net impairment releases of $49 million, representing 9 bps of gross loans and advances (annualised). This compares to a $171 million net impairment loss in the prior period.

Further information on the Bank's Expected Credit Loss (ECL) methodology, and the impact of the improved economic outlook, is available on page 48.

Bank Balance Sheet

	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Housing loans	41,688	40,448	40,403	41,861	3.1	3.2
Securitised housing loans and covered bonds	4,374	5,270	6,071	5,296	(17.0)	(28.0)
Total housing loans	**46,062**	**45,718**	**46,474**	**47,157**	**0.8**	**(0.9)**
Consumer loans	122	151	155	152	(19.2)	(21.3)
Retail loans	**46,184**	**45,869**	**46,629**	**47,309**	**0.7**	**(1.0)**
Commercial and SME [(1)]	7,151	7,422	7,314	7,262	(3.7)	(2.2)
Agribusiness	4,228	4,039	4,081	3,919	4.7	3.6
Total Business loans	**11,379**	**11,461**	**11,395**	**11,181**	**(0.7)**	**(0.1)**
Total lending	**57,563**	**57,330**	**58,024**	**58,490**	**0.4**	**(0.8)**
Gross loans and advances	**57,563**	**57,330**	**58,024**	**58,490**	**0.4**	**(0.8)**
Provision for impairment	(239)	(304)	(301)	(136)	(21.4)	(20.6)
Total loans and advances	**57,324**	**57,026**	**57,723**	**58,354**	**0.5**	**(0.7)**
Geographical breakdown - Total lending						
Queensland	28,020	28,224	28,731	28,897	(0.7)	(2.5)
New South Wales	15,771	15,582	15,755	15,995	1.2	0.1
Victoria	7,393	7,171	7,073	7,070	3.1	4.5
Western Australia	3,686	3,677	3,779	3,817	0.2	(2.5)
South Australia and other	2,693	2,676	2,686	2,711	0.6	0.3
Outside of Queensland loans	29,543	29,106	29,293	29,593	1.5	0.9
Total lending	**57,563**	**57,330**	**58,024**	**58,490**	**0.4**	**(0.8)**

(1) Commercial and SME balances for all periods have been restated to include ‘Other Lending’, bringing the disclosure in line with the quarterly APS330 regulatory disclosure.

Home Lending

The home lending portfolio experienced 0.8% growth over the second half, although contracted 0.9% over the full year. The portfolio continues to demonstrate positive momentum, with improvements in loan processing turnaround time comparing favourably to peers despite a significant increase in lodgements. Home lending lodgements increased 24% over the second half and 51% on FY20, while settlements increased 23% over the second half and 27% on FY20. This momentum has been partially offset by elevated customer repayments, external refinances and property sales; resulting in a 10% increase in portfolio outflows on FY20 and up 1.4% over the first half.

The Bank has continued to invest in its home lending processes and has an ongoing targeted program of work to simplify and speed up its origination process and improve broker and customer experiences. Investment has also supported a material increase in the proportion of all new home loans originated digitally at 15%, up from 8% in FY20.

Home lending portfolio and origination metrics

	Jun-21 %	Jun-20 %
Owner-occupier proportion of total portfolio	72	72
Investor proportion of total portfolio	28	28
Principal and interest proportion of total portfolio	86	83
Interest only proportion of total portfolio	14	17
Proportion of total portfolio with LVR < 80%	82	81
Portfolio dynamic LVR	61	63
Proportion of total portfolio covered by LMI (1)	28	29

	Jun-21 %	Jun-20 %
Owner-occupier proportion of new business	75	70
Investor proportion of new business	25	30
Principal and interest proportion of new business	84	82
Interest only proportion of new business	16	18
Proportion of new business with LVR < 80%	81	77
Proportion of new business covered by LMI (1)	19	23

(1) Lenders mortgage insurance

The Bank continues to maintain a high quality and conservatively positioned retail lending portfolio. The reduction in the interest only proportion of the portfolio is driven by interest only term maturities, external refinances and property sales. The portfolio dynamic LVR has improved to 61% from 63% in FY20, due to a combination of increased house prices and higher level of customer repayments.

Home lending portfolio geographic profile

	Jun-21 %	Jun-20 %
Queensland	46	47
New South Wales	28	28
Victoria	13	12
Western Australia	8	8
Other	5	5

The Bank maintains a strong geographic presence in Queensland. The broker network allows geographic diversification across other states; particularly in New South Wales and Victoria.

Business Banking

Commercial and SME

The commercial and SME portfolio contracted 2.2% to $7.2 billion. The decline was primarily caused by high runoff levels from external refinancing and paydowns due to early project completions, partially offset by targeted growth in property investment lending to existing customers.

The development finance portfolio contracted over the year following successful project completions and as customers became more cautious as a result of COVID-19.

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

Commercial and SME portfolio breakdown

	QLD %	NSW %	VIC %	Other %	Total %	Total $M
Commercial and SME breakdown						
Property Investment	23%	9%	10%	3%	45%	3,218
Hospitality & Accommodation	7%	3%	1%	1%	12%	858
Construction & Development	6%	2%	1%	0%	9%	644
Services (Inc. professional services)	9%	6%	3%	1%	19%	1,359
Retail	3%	1%	2%	0%	6%	429
Manufacturing & Mining	2%	1%	0%	0%	3%	214
Other [1]	4%	1%	1%	0%	6%	429
Total %	**54%**	**23%**	**18%**	**5%**	**100%**	**7,151**
Total $M	**3,862**	**1,644**	**1,287**	**358**	**7,151**	

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

Agribusiness

The agribusiness portfolio grew 3.6% to $4.2 billion, attributable to higher lending to customers due to increased cropping activity, restocking and asset purchases offset by an increase in repayments due to record crop payments. Neither COVID-19 nor the international trading environment have had a significant impact on the agribusiness portfolio. Australian commodity prices have remained elevated, benefiting a number of agribusiness customers and the beef portfolio has recovered, as customers re-stock following improved weather conditions. Rural land values have also increased, reflecting the long-term confidence in the sector.

Agribusiness portfolio breakdown

	QLD %	NSW %	VIC %	Other %	Total %	Total $M
Agribusiness breakdown						
Beef	38%	6%	0%	0%	44%	1,860
Grain & Mixed Farming	13%	11%	1%	1%	26%	1,099
Sheep & Mixed Livestock	2%	5%	1%	0%	8%	338
Cotton	5%	3%	0%	0%	8%	338
Sugar	2%	0%	0%	0%	2%	85
Fruit	3%	0%	0%	0%	3%	127
Other	5%	1%	1%	2%	9%	381
Total %	**68%**	**26%**	**3%**	**3%**	**100%**	**4,228**
Total $M	**2,875**	**1,099**	**127**	**127**	**4,228**	

The beef component of the agribusiness portfolio continues to recover, following improved weather conditions. This has driven the majority of the growth within the agribusiness portfolio.

Funding and deposits

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

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

- Continuing to grow stable deposits in line with funding requirements.
- Maintaining a sustainable and diversified funding base across a range of long-term wholesale markets such as covered bonds, domestic and offshore senior unsecured, and residential mortgage-backed securities (RMBS).
- Minimising the impact of market volatility by maintaining a smooth profile of long-term wholesale funding maturities, with an appropriate weighted average tenor. This includes managing the Term Funding Facility (TFF) maturities in FY23-FY24.
- Managing High Quality Liquid Assets (HQLA) prudently above net cash outflows, under various stress scenarios.

Funding composition

	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Customer funding						
Customer deposits						
At-call transactions [1]	17,248	16,545	14,782	14,000	4.2	16.7
At-call savings	16,180	15,888	13,902	11,154	1.8	16.4
Term deposits	8,092	9,010	11,263	14,496	(10.2)	(28.2)
Total customer funding	**41,520**	**41,443**	**39,947**	**39,650**	**0.2**	**3.9**
Wholesale funding						
Domestic funding						
Short-term wholesale	4,011	4,127	5,079	5,154	(2.8)	(21.0)
Long-term wholesale	7,346	5,776	5,532	4,532	27.2	32.8
Covered bonds	2,091	2,590	2,589	1,839	(19.3)	(19.2)
Subordinated notes	672	672	672	672	-	-
Total domestic funding	**14,120**	**13,165**	**13,872**	**12,197**	**7.3**	**1.8**
Overseas funding [2]						
Short-term wholesale	1,763	1,724	1,498	2,398	2.3	17.7
Long-term wholesale	1,370	1,354	2,486	3,513	1.2	(44.9)
Total overseas funding	**3,133**	**3,078**	**3,984**	**5,911**	**1.8**	**(21.4)**
Total wholesale funding	**17,253**	**16,243**	**17,856**	**18,108**	**6.2**	**(3.4)**
Total funding (excluding securitisation)	**58,773**	**57,686**	**57,803**	**57,758**	**1.9**	**1.7**
Securitisation						
APS 120 qualifying [3]	2,165	2,590	2,945	3,396	(16.4)	(26.5)
Total securitisation	**2,165**	**2,590**	**2,945**	**3,396**	**(16.4)**	**(26.5)**
Total funding (including securitisation)	**60,938**	**60,276**	**60,748**	**61,154**	**1.1**	**0.3**
Total funding is represented on the balance sheet by:						
Deposits	41,520	41,443	39,947	39,650	0.2	3.9
Short-term borrowings	5,774	5,851	6,577	7,552	(1.3)	(12.2)
Securitisation	2,165	2,590	2,945	3,396	(16.4)	(26.5)
Long-term borrowings [4]	10,807	9,720	10,607	9,884	11.2	1.9
Subordinated notes	672	672	672	672	-	-
Total funding	**60,938**	**60,276**	**60,748**	**61,154**	**1.1**	**0.3**
Deposit to loan ratio	**72.1%**	**72.3%**	**68.9%**	**67.8%**		

(1) The everyday options sub account was re-classified as ‘at-call transactions’ from ‘at-call savings’ customer funding in the second half of the 2021 financial year. Prior periods have been restated.
(2) Foreign currency borrowings are hedged back into Australian dollars.
(3) Qualifies for capital relief under APS120.
(4) Long-term borrowings include $4.1 billion as at Jun-21 (Dec-20: $2.4 billion, Jun-20: $1.1 billion) of the Term Funding Facility announced by the Reserve Bank of Australia (RBA) on 19 March 2020 in response to COVID-19.

Customer funding

Customer deposits increased 3.9% to $41.5 billion assisted by strong growth in both at-call transactions and savings deposits, offset by a reduction in the more expensive term deposit funding. At-call transaction accounts grew 16.7% to $17.2 billion, driven by continued momentum from improved product propositions and digital capabilities delivered over the last four years. This was complemented by at-call savings growth of 16.4% to $16.2 billion. The proportion of deposit accounts originated online remains high at 64%, up from 63% in FY20. The bank has experienced significant growth in the number of newly acquired main financial institution customers, up 93% versus FY20.

The Bank has continued to optimise the customer deposit portfolio mix and reduce reliance on more expensive term deposit funding, which decreased 28.2% to $8.1 billion. The deliberate contraction in this funding source is a direct response to the continued growth in at-call transaction and savings deposits, availability of the RBA's TFF and reduced funding requirements in-line with subdued lending growth.

Wholesale funding

Wholesale funding reduced 3.4%, with wholesale funding maturities replaced by utilisation of the TFF and a 3.9% increase in customer funding. The growth in overseas short-term wholesale funding in the first half allowed the Bank to capitalise on favourable conditions in international funding markets. The Bank fully utilised the TFF limit, completing drawdowns of $4.1 billion as at 30 June 2021.

Wholesale funding instruments maturity profile

	Short-term $M	Long-term $M	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Maturity								
0 to 3 months	3,583	884	4,467	4,657	5,514	5,182	(4.1)	(19.0)
3 to 6 months	2,091	239	2,330	3,006	3,487	4,071	(22.5)	(33.2)
6 to 12 months	100	1,617	1,717	383	1,817	2,455	348.3	(5.5)
1 to 3 years	-	8,045	8,045	7,035	4,630	5,115	14.4	73.8
3+ years	-	2,859	2,859	3,752	5,353	4,681	(23.8)	(46.6)
Total wholesale funding instruments	**5,774**	**13,644**	**19,418**	**18,833**	**20,801**	**21,504**	**3.1**	**(6.6)**

(1) Wholesale funding includes securitisations

Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR)

The NSFR remained above the typical operating range over the year, ending at 131%. This was due to continued growth in at-call deposits, subdued lending growth and the TFF.

The average LCR over the year was 159% and ended the period at 136%, well above APRA's 100% requirement. The LCR was elevated throughout the year following the introduction of new liquidity support measures, including the TFF and a temporary increase to the Bank's Committed Liquidity Facility (CLF) limit. The Bank's liquidity metrics are expected to normalise following a further reduction in the CLF limit to $3.9 billion in April 2021 (Dec 2020: $4.6 billion) and utilisation of the TFF.

The Bank holds a portfolio of liquid assets available to meet balance sheet requirements and unforeseen cash outflows under a range of market conditions and stress scenarios. These assets comprise cash and highly rated securities eligible for repurchase agreements with the RBA.

Credit quality

Impaired assets and non-performing loans

	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Retail lending	47	61	60	58	(23.0)	(21.7)
Agribusiness lending	25	35	38	31	(28.6)	(34.2)
Commercial/SME lending	108	89	72	64	21.3	50.0
Gross impaired assets	**180**	**185**	**170**	**153**	**(2.7)**	**5.9**
Impairment provision	(59)	(61)	(60)	(42)	(3.3)	(1.7)
Net impaired assets	**121**	**124**	**110**	**111**	**(2.4)**	**10.0**
Impairment provisions expressed as a percentage of gross impaired assets	**33%**	**33%**	**35%**	**27%**		
Size of gross individually impaired assets						
Less than one million	36	46	47	47	(21.7)	(23.4)
Greater than one million but less than ten million	101	115	99	82	(12.2)	2.0
Greater than ten million	43	24	24	24	79.2	79.2
Gross impaired assets	**180**	**185**	**170**	**153**	**(2.7)**	**5.9**
Past due loans not shown as impaired assets	**550**	**514**	**594**	**528**	**7.0**	**(7.4)**
Gross non-performing loans	**730**	**699**	**764**	**681**	**4.4**	**(4.5)**
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	185	170	153	146	8.8	20.9
Recognition of new impaired assets	54	39	50	41	38.5	8.0
Other movement in impaired assets (1)	(3)	(1)	(2)	(3)	200.0	50.0
Impaired assets which have been reclassed as performing assets or repaid	(56)	(23)	(31)	(31)	143.5	80.6
Balance at the end of the full year	**180**	**185**	**170**	**153**	**(2.7)**	**5.9**

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

Gross impaired assets increased by $10 million to $180 million, mainly driven by an increase in commercial impairments as a result of COVID-19.

Retail impaired loans of $47 million declined 21.7%, assisted by sound collections management practices, well secured loans, and the strength of the property and labour market being better than expected.

Agribusiness impairments decreased by $13 million to $25 million, supported by favourable seasonal growing conditions in many regions and relatively high commodity prices. The strength of agribusiness property prices also assisted with asset sales to reduce debt levels.

Commercial impairments increased by $36 million to $108 million, largely attributable to a small number of newly impaired exposures in the accommodation and hospitality sectors experiencing stress from COVID-19.

Past due loans not impaired decreased by $44 million to $550 million over the year, although increased by $36 million over the half. The second half increase was attributable to seasonality where customer spending habits change over the holiday period, as well as those customers receiving COVID-19 relief who did not subsequently return to normal repayments.

Provision for impairment

	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Collective provision						
Balance at the beginning of the period	255	255	103	111	-	147.6
(Release)/charge against impairment losses	(60)	-	152	(8)	n/a	n/a
Balance at the end of the period	**195**	**255**	**255**	**103**	**(23.5)**	**(23.5)**
Specific provision						
Balance at the beginning of the period	49	46	33	31	6.5	48.5
Charge against impairment losses	3	7	17	8	(57.1)	(82.4)
Impairment provision written off [1]	(8)	(4)	(4)	(6)	100.0	100.0
Balance at the end of the period	**44**	**49**	**46**	**33**	**(10.2)**	**(4.3)**
Total provision for impairment - Banking activities	**239**	**304**	**301**	**136**	**(21.4)**	**(20.6)**
Equity reserve for credit loss (ERCL)						
Balance at the beginning of the period	76	81	86	104	(6.2)	(11.6)
Transfer (to)/from retained earnings	9	(5)	(5)	(18)	n/a	n/a
Balance at the end of the period	**85**	**76**	**81**	**86**	**11.8**	**4.9**
Pre-tax equivalent coverage	121	109	116	123	11.4	4.7
Total provision for impairment and equity reserve for credit loss - Banking activities	**360**	**413**	**417**	**259**	**(12.7)**	**(13.6)**
Provision for impairment expressed as a percentage of gross loans and advances are as follows:	%	%	%	%		
Collective provision	0.34	0.44	0.44	0.18		
Specific provision	0.08	0.09	0.08	0.06		
Total provision	0.42	0.53	0.52	0.24		
ERCL coverage	0.21	0.19	0.20	0.21		
Total provision and ERCL coverage	0.63	0.72	0.72	0.45		

(1) Includes other items such as unwind of discount.

The total provision and ERCL coverage was 63 bps of gross loans and advances, reducing from the 72 bps COVID-19 peak, after the reduction in the collective provision. The collective provision reduced by $60 million, following the improvement in economic conditions since the outbreak of COVID-19. Further information on the Bank's ECL methodology is available on page 48.

The specific provision was relatively flat versus pcp, decreasing by $2 million to $44 million. This was largely due to minor favourable movements across a number of customers in the retail and agribusiness portfolios, partially offset by a minor increase in the commercial portfolio.

Gross non-performing loans coverage by portfolio

	Half Year Ended				Jun-21	Jun-21
	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	$M	$M	%	%
Retail Lending						
Past due loans	474	436	493	467	8.7	(3.9)
Impaired assets	47	61	60	58	(23.0)	(21.7)
Specific provision	8	9	9	9	(11.1)	(11.1)
Collective provision	14	18	21	12	(22.2)	(33.3)
Total provision coverage [(1)]	**4.2%**	**5.4%**	**5.4%**	**4.0%**	**(1.2)**	**(1.2)**
Agribusiness Lending						
Past due loans	32	36	49	37	(11.1)	(34.7)
Impaired assets	25	35	38	31	(28.6)	(34.2)
Specific provision	5	8	8	5	(37.5)	(37.5)
Collective provision	11	12	18	9	(8.3)	(38.9)
Total provision coverage [(1)]	**28.1%**	**28.2%**	**29.9%**	**20.6%**	**(0.1)**	**(1.8)**
Commercial and SME Lending						
Past due loans	44	42	52	24	4.8	(15.4)
Impaired assets	108	89	72	64	21.3	50.0
Specific provision	31	32	29	19	(3.1)	6.9
Collective provision	27	14	18	8	92.9	50.0
Total provision coverage [(1)]	**38.2%**	**35.1%**	**37.9%**	**30.7%**	**3.1**	**0.3**

(1) Calculated as: (Specific provision + Collective provision Stage 3) / (Past due loans + Impaired assets).
The basis for the coverage ratio has been revised during the period to provide a ratio which better reflects the provisions held for Gross non-performing loans. The collective provision presented in the table above is the provision held for non-performing loans i.e. loans in Stage 3 only. Comparatives for Dec-20, Jun-20 and Dec-19 have been restated accordingly.

Retail lending past due loans of $474 million were 3.9% lower than the prior period, however increased by $38 million in the second half of the year. The second half increase is primarily attributable to usual seasonality where customer spending habits change prior to and during the holiday period. In addition, past due loans were impacted by an increase in COVID-19 mortgage relief customers becoming 90 days past due. This includes those customers that have transitioned to hardship arrangements. More detail on the 30 June 2021 status of customer accounts previously under a COVID-19 deferral is included on page 49.

Agribusiness past due loans decreased by $17 million. Segments of the agribusiness portfolio are expected to continue to improve following favourable seasonal regional weather conditions and high commodity prices.

Commercial impaired assets increased $36 million primarily due to the impairment of a single commercial group in the second half, operating in the hospitality industry and significantly impacted by COVID-19.

Expected Credit Loss (ECL)

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

The Bank calculates the ECL by considering a distribution of economic outcomes around a central underlying scenario. The central scenario is based on the Group's view of the most likely economic scenario, coupled with scenarios reflecting more adverse outcomes.

The central scenario incorporates a weighting of key macroeconomic information from three distinct views being Base, Downside and Severe Downside.

— Base view reflects the assumptions used by the Bank for business planning and forecasting;
— Downside view reflects a moderate shift to the downside in the short term in comparison to the Base view;
— Severe Downside view reflects a significant and prolonged deterioration in the economic outlook.

The key assumptions utilised in the Bank's calculation of ECL are residential property prices, commercial property prices and unemployment rates. The outlook for these variables is reviewed regularly and the latest outlook is reflected in the ECL at June 2021.

There has been an improvement in macroeconomic conditions with GDP above its pre pandemic level in the March quarter this year, a year earlier than prior forecast. The central scenario reflects an improved economic outlook compared to previous expectations but also significant ongoing uncertainty and is presented in the table below.

	Actual	Central (weighted view)		
	FY20	FY21 (1)	FY22	FY23
	%	%	%	%
Property prices - residential - annual change	5.2	12.9	(0.3)	(1.0)
Property prices - commercial - annual change	(3.0)	(5.1)	(0.4)	0.6
Unemployment rate (2)	7.2	6.8	6.4	5.5

(1) FY21 reflects a forecast as the actual figures were not available at the time of model calibration.

(2) The impact of unemployment on the modelled ECL is captured primarily via changes in the rate. For retail lending portfolios, defaults generally follow an increase in the unemployment rate with a lag, whereas for business lending portfolios changes in unemployment tend to flow through more quickly and the future outlook is more relevant.

As at 30 June 2021, the improvement in the economic outlook led to a $60 million reduction of the ECL over the year to $195 million and incorporates the following:

— The modelled collective provision;
— A separate economic overlay reflecting the ongoing uncertainty, in particular the potential for prolonged and/or more widespread lockdowns; and
— A management overlay to reflect general uncertainty in modelling of this nature and a relatively small portfolio specific overlay for the agribusiness portfolio.

Status of COVID-19 Temporary Deferral Loans [3]

The Bank provides a range of support options to customers impacted by COVID-19. The most significant support option has been the provision of temporary loan repayment deferral arrangements. This scheme came to an end on 31 March 2021.

As at 30 June 2021, 91.4% of customer accounts which had received a temporary loan deferral were performing or had exited the portfolio, 5.6% were continuing to receive support through hardship arrangements and 3.0% were 90 days past due or impaired. The majority of the customers continuing to receive hardship were home lending customers.

The table below provides the 30 June 2021 status of the loans previously under COVID-19 temporary loan deferral arrangements across the home and SME lending portfolios, relative to the total portfolio. The COVID-19 temporary loan deferrals are now being managed as part of the Bank's normal processes, including hardship and collection activity.

	30-Jun-21							
	COVID-19 Temporary Deferrals		Total Lending Portfolio		COVID-19 Temporary Deferrals		Total Lending Portfolio	
	Number of loans	%	Number of loans	%	$bn	%	$bn	%
Home Lending								
Performing or exited portfolio	13,122	90.9%	170,116	98.5%	3.2	88.5%	**41.9**	98.2%
90-days past due and/or impaired	432	3.0%	1,162	0.7%	0.1	3.9%	**0.3**	0.8%
Hardship(1)	881	6.1%	1,448	0.8%	0.3	7.6%	**0.4**	1.0%
Total Home Lending	**14,435**	**100.0%**	**172,726**	**100.0%**	**3.6**	**100.0%**	**42.6**	**100.0%**
SME Lending								
Performing or exited portfolio	1,590	96.4%	21,313	97.1%	0.8	93.9%	**10.4**	97.6%
90-days past due and/or impaired	41	2.5%	557	2.5%	0.1	5.6%	**0.2**	2.1%
Hardship(1)	18	1.1%	86	0.4%	0.0	0.5%	**0.0**	0.2%
Total SME Lending	**1,649**	**100.0%**	**21,956**	**100.0%**	**0.9**	**100.0%**	**10.6**	**100.0%**
Total Lending (2)								
Performing or exited portfolio	15,343	91.4%	227,417	97.2%	4.2	89.5%	**56.5**	98.1%
90-days past due and/or impaired	509	3.0%	4,761	2.0%	0.2	4.4%	**0.6**	1.1%
Hardship(1)	935	5.6%	1,760	0.8%	0.3	6.0%	**0.5**	0.8%
Total Lending	**16,787**	**100.0%**	**233,938**	**100.0%**	**4.7**	**100.0%**	**57.6**	**100.0%**

(1) Some hardship customers will be 90 days past due, these customers are only reported in the hardship line.

(2) The 16,787 cohort of COVID-19 temporary deferral loan accounts representing $4.7bn in total lending includes ~$158 million in home and larger business loans not captured by APRA's housing and SME lending definitions and a small amount of consumer loans.

[3] Temporary loan repayment deferral arrangements data is based on APRA Economic and Financial Statistics definitions, based on predominate loan purpose, and aligned to the data published by APRA. The COVID-19 temporary deferral data in the above table is for all loans that were on a COVID-19 loan deferral over the course of the scheme. The arrears and hardship breakdown is based on the APRA ARF923.0 COVID-19 Capital and Credit June 2021 submission and includes securitised assets

Home lending

As at 30 June 2021, of the number of loan accounts that were previously on a COVID-19 temporary deferral arrangement:

— Approximately 90.9% are performing or have exited the portfolio;

— 3.0% are 90-days or more past due and/or impaired; and

— 6.1% are in hardship.

Home loan accounts which were previously on COVID-19 temporary deferral arrangements represent a significant portion of the total number of accounts in hardship. If customers required support beyond the conclusion of the COVID-19 temporary deferral scheme at 31 March 2021, they could enter hardship.

Hardship arrangements may include postponed payments, reduced repayments or interest only for periods up to 6 months. Customers with postponed and reduced payment arrangements go through periodic assessments to determine whether they return to performing.

SME lending

As at 30 June 2021, of the number of loan accounts that were previously on a COVID-19 temporary deferral arrangement:

— Approximately 96.4% are performing or have exited the portfolio;

— 2.5% are 90-days or more past due and/or impaired; and

— 1.1% are in hardship.

This is in-line with wider portfolio experience, where 97.1% are performing.

Further requests for assistance from both home lending and SME customers are expected as a result of further COVID-19 lockdowns. The current ECL contemplates these impacts through scenarios reflecting more adverse outcomes and a separate economic overlay reflecting the ongoing uncertainty.

Wealth

Profit contribution

As a result of the previously announced strategic review, Suncorp and LGIAsuper (LGIA) entered into an agreement in April 2021 for the sale of Suncorp's Wealth business, Suncorp Portfolio Services Limited (SPSL), for a consideration of $45 million subject to regulatory approval. The transaction is expected to be completed in March 2022.

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Underlying profit after tax	-	(6)	100.0	-	-	(6)	-	n/a	100.0
Profit attributed to shareholders	**-**	**(6)**	**100.0**	**-**	**-**	**(6)**	**-**	**n/a**	**100.0**

Wealth underlying PAT improved significantly on pcp. A decline in expenses as a result of the closure of the Suncorp Financial Advice Business in March 2020 was offset by lower asset-linked revenue driven by administration fee reductions for MySuper members effective 1 April 2021. The Wealth business continues its extensive program of work focused on improving member outcomes and its flagship funds continued to deliver very strong investment performance for members over a range of time periods.

NEW ZEALAND

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

Profit contribution (NZ$)

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
General Insurance									
Gross written premium	**1,870**	**1,713**	**9.2**	**947**	**923**	**837**	**876**	**2.6**	**13.1**
Gross unearned premium movement	(64)	(40)	60.0	(31)	(33)	(7)	(33)	(6.1)	342.9
Gross earned premium	1,806	1,673	7.9	916	890	830	843	2.9	10.4
Outwards reinsurance expense	(234)	(200)	17.0	(119)	(115)	(101)	(99)	3.5	17.8
Net earned premium	**1,572**	**1,473**	**6.7**	**797**	**775**	**729**	**744**	**2.8**	**9.3**
Net incurred claims									
Claims expense	(949)	(811)	17.0	(488)	(461)	(355)	(456)	5.9	37.5
Reinsurance and other recoveries revenue	85	77	10.4	45	40	18	59	12.5	150.0
Net incurred claims	**(864)**	**(734)**	**17.7**	**(443)**	**(421)**	**(337)**	**(397)**	**5.2**	**31.5**
Total operating expenses									
Acquisition expenses	(332)	(335)	(0.9)	(167)	(165)	(169)	(166)	1.2	(1.2)
Other underwriting expenses	(138)	(132)	4.5	(73)	(65)	(68)	(64)	12.3	7.4
Total operating expenses	**(470)**	**(467)**	**0.6**	**(240)**	**(230)**	**(237)**	**(230)**	**4.3**	**1.3**
Underwriting result	**238**	**272**	**(12.5)**	**114**	**124**	**155**	**117**	**(8.1)**	**(26.5)**
Investment income - insurance funds	3	19	(84.2)	-	3	13	6	(100.0)	(100.0)
Insurance trading result	**241**	**291**	**(17.2)**	**114**	**127**	**168**	**123**	**(10.2)**	**(32.1)**
Joint venture and other expense	(7)	(9)	(22.2)	(6)	(1)	(9)	-	500.0	(33.3)
General Insurance operational earnings	**234**	**282**	**(17.0)**	**108**	**126**	**159**	**123**	**(14.3)**	**(32.1)**
Investment income - shareholder funds	10	20	(50.0)	(1)	11	13	7	n/a	n/a
General Insurance profit before tax	**244**	**302**	**(19.2)**	**107**	**137**	**172**	**130**	**(21.9)**	**(37.8)**
Income tax	(67)	(83)	(19.3)	(30)	(37)	(47)	(36)	(18.9)	(36.2)
General Insurance profit after tax	**177**	**219**	**(19.2)**	**77**	**100**	**125**	**94**	**(23.0)**	**(38.4)**
Life Insurance									
Underlying profit after tax	42	38	10.5	20	22	26	12	(9.1)	(23.1)
Market adjustments	(4)	2	n/a	(11)	7	-	2	n/a	n/a
Life Insurance profit after tax	**38**	**40**	**(5.0)**	**9**	**29**	**26**	**14**	**(69.0)**	**(65.4)**
New Zealand profit after tax	**215**	**259**	**(17.0)**	**86**	**129**	**151**	**108**	**(33.3)**	**(43.0)**

General Insurance ratios (NZ$)

	Full Year Ended		Half Year Ended			
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Acquisition expenses ratio	21.1	22.7	20.9	21.3	23.2	22.3
Other underwriting expenses ratio	8.8	9.0	9.2	8.4	9.3	8.6
Total operating expenses ratio	**29.9**	**31.7**	**30.1**	**29.7**	**32.5**	**30.9**
Loss ratio	55.0	49.8	55.6	54.3	46.2	53.4
Combined operating ratio	84.9	81.5	85.7	84.0	78.7	84.3
Insurance trading ratio	**15.3**	**19.8**	**14.2**	**16.4**	**23.0**	**16.5**

Profit contribution (A$)

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
General Insurance									
Gross written premium	**1,741**	**1,623**	**7.3**	**880**	**861**	**796**	**827**	**2.2**	**10.6**
Gross unearned premium movement	(60)	(37)	62.2	(29)	(31)	(6)	(31)	(6.5)	383.3
Gross earned premium	1,681	1,586	6.0	851	830	790	796	2.5	7.7
Outwards reinsurance expense	(218)	(189)	15.3	(110)	(108)	(96)	(93)	1.9	14.6
Net earned premium	**1,463**	**1,397**	**4.7**	**741**	**722**	**694**	**703**	**2.6**	**6.8**
Net incurred claims									
Claims expense	(884)	(769)	15.0	(454)	(430)	(339)	(430)	5.6	33.9
Reinsurance and other recoveries revenue	79	73	8.2	42	37	18	55	13.5	133.3
Net incurred claims	**(805)**	**(696)**	**15.7**	**(412)**	**(393)**	**(321)**	**(375)**	**4.8**	**28.3**
Total operating expenses									
Acquisition expenses	(308)	(318)	(3.1)	(155)	(153)	(161)	(157)	1.3	(3.7)
Other underwriting expenses	(129)	(125)	3.2	(68)	(61)	(65)	(60)	11.5	4.6
Total operating expenses	**(437)**	**(443)**	**(1.4)**	**(223)**	**(214)**	**(226)**	**(217)**	**4.2**	**(1.3)**
Underwriting result	**221**	**258**	**(14.3)**	**106**	**115**	**147**	**111**	**(7.8)**	**(27.9)**
Investment income - insurance funds	3	18	(83.3)	-	3	13	5	(100.0)	(100.0)
Insurance trading result	**224**	**276**	**(18.8)**	**106**	**118**	**160**	**116**	**(10.2)**	**(33.8)**
Joint venture and other expense	(7)	(8)	(12.5)	(6)	(1)	(8)	-	500.0	(25.0)
General Insurance operational earnings	**217**	**268**	**(19.0)**	**100**	**117**	**152**	**116**	**(14.5)**	**(34.2)**
Investment income - shareholder funds	9	18	(50.0)	(1)	10	12	6	n/a	n/a
General Insurance profit before tax	**226**	**286**	**(21.0)**	**99**	**127**	**164**	**122**	**(22.0)**	**(39.6)**
Income tax	(61)	(79)	(22.8)	(27)	(34)	(46)	(33)	(20.6)	(41.3)
General Insurance profit after tax	**165**	**207**	**(20.3)**	**72**	**93**	**118**	**89**	**(22.6)**	**(39.0)**
Life Insurance									
Underlying profit after tax	39	36	8.3	19	20	25	11	(5.0)	(24.0)
Market adjustments	(4)	2	n/a	(11)	7	-	2	n/a	n/a
Life Insurance profit after tax	**35**	**38**	**(7.9)**	**8**	**27**	**25**	**13**	**(70.4)**	**(68.0)**
New Zealand profit after tax	**200**	**245**	**(18.4)**	**80**	**120**	**143**	**102**	**(33.3)**	**(44.1)**

Note: Transactions denominated in foreign currencies, including New Zealand dollars, are translated into Australian dollars using the spot exchange rates at the date of the transaction. Foreign currency monetary assets and liabilities at reporting date are translated into Australian dollars using the spot exchange rates current on that date.

General Insurance ratios (A$)

	Full Year Ended		Half Year Ended			
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Acquisition expenses ratio	21.1	22.8	20.9	21.2	23.2	22.3
Other underwriting expenses ratio	8.8	8.9	9.2	8.4	9.4	8.5
Total operating expenses ratio	**29.9**	**31.7**	**30.1**	**29.6**	**32.6**	**30.8**
Loss ratio	55.0	49.8	55.6	54.4	46.3	53.3
Combined operating ratio	84.9	81.5	85.7	84.0	78.9	84.1
Insurance trading ratio	**15.3**	**19.8**	**14.3**	**16.3**	**23.1**	**16.5**

New Zealand result overview

- Suncorp New Zealand is making strong progress against its key strategic priorities to grow its brands and strategic partnerships, deliver Best in Class Claims, and invest in the digital and data capability of core systems.
- The New Zealand General Insurance business delivered PAT of $177 million, down 19.2%. Reported ITR remained strong at 15.3%. Strong top-line growth was more than offset by higher natural hazard and working claims, as well as lower investment returns.
- GWP grew by 9.2% to $1,870 million, driven by strong performance in the direct AA Insurance Channel, together with growth in the intermediated commercial portfolios. Excluding the impacts of customer remediation and COVID-19 support packages in the current and prior year, GWP grew by 7.0%.
- Net incurred claims were $864 million, up 17.7%. Natural hazard claims were $84 million, $27 million above the allowance and $45 million above the prior period. Working claims costs increased driven by unit growth, as well as motor claims normalising following COVID-19 mobility restrictions during the pcp.
- Operating expenses of $470 million were broadly in line with FY20. The operating expense ratio improved 1.8% driven by strong premium growth.
- Investment income on insurance funds of $3 million was down from $19 million driven by unfavourable mark-to-market adjustments from rising bond yields. Investment income on shareholder's funds of $10 million was down from $20 million, also driven by unfavourable mark-to-market adjustments.
- Customer remediation provisions were strengthened by $15 million. The provision relates to incorrect customer discounts in prior periods. The provision was recognised against gross written premium and interest expense.
- The New Zealand Life Insurance business delivered PAT of $38 million, down $2 million. The result was driven by strong underlying profit due to improved claims experience, offset by adverse market adjustments as a result of unfavourable interest rate movements. In-force premiums grew 4.0%.

General Insurance

Gross written premium

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium by product									
Motor	460	398	15.6	233	227	189	209	2.6	23.3
Home	616	571	7.9	317	299	290	281	6.0	9.3
Commercial	764	721	6.0	381	383	348	373	(0.5)	9.5
Other	30	23	30.4	16	14	10	13	14.3	60.0
Total	**1,870**	**1,713**	**9.2**	**947**	**923**	**837**	**876**	**2.6**	**13.1**

New Zealand GWP grew by 9.2% driven by strong growth across all product classes. Adjusting for the impact of COVID-19 support packages and customer remediation provisions, GWP growth was 7.0%.

Motor

Motor GWP of $460 million, was up 15.6%. Adjusting for COVID-19 support and remediation provisions, Motor GWP grew by 10.0%. Growth was primarily driven by strong unit growth in the AA Insurance direct channel, as a result of favourable new business sales and retention.

Home

Home GWP of $616 million was up 7.9%. Adjusting for COVID-19 support and remediation provisions, Home GWP grew by 5.8%. Growth was driven by the AA Insurance channel, primarily as a result of unit growth. In addition, growth in the Vero intermediated channel was driven by unit growth as a result of targeted pricing initiatives.

Commercial

Commercial GWP of $764 million, grew by 6.0%, driven by moderate rate increases, increased participation in a broker scheme and higher written business in the commercial motor portfolio. Growth in the liability portfolio was driven by strong retention and rate uplifts, while the favourable commercial property portfolio performance was mainly a result of unit growth.

Other

Other business contributed GWP of $30 million, up $7 million, with the book mainly consisting of marine pleasure craft.

Customer remediation provisions

Suncorp New Zealand has strengthened its customer remediation provisions by $15 million in the second half of the year. The provision relates to incorrect customer discounts in prior periods.

$11 million of the provision has been recognised against gross written premium. The remaining $4 million of interest costs is in the 'Joint venture and other expense' line. Suncorp continues to progress the remediation of impacted customers.

Net incurred claims

Net incurred claims costs were $864 million, up 17.7%. This was driven by increased natural hazard costs, unit growth, and lower claims frequency in the prior year due to COVID-19 mobility restrictions.

Home claims costs were higher, primarily due to unit growth achieved in the intermediated and direct channels.

Motor claims costs were higher as a result of strong unit growth, as well as increased claims frequency following COVID-19 mobility restrictions in the prior period.

Commercial claims were slightly down benefitting from long tail releases. Excluding long-tail releases, commercial claims were up, largely driven by natural volatility in large loss claims.

Natural hazards

Total natural hazards costs were $84 million for the year, $27 million above the allowance and $45 million above the prior year, which had favourable weather conditions.

The FY22 natural hazard allowance for New Zealand has been set at $62 million, reflecting growth in exposures.

Date	Event	Net costs NZ$M
Jul-20	Northland Floods	11
Oct-20	Lake Ohau Bushfire	6
Nov-20	Napier Floods	18
Dec-20	South Island Hailstorm	6
May-21	South Island Storm	14
Jun-21	Auckland Tornado	9
Total events over $5 million		**64**
Retained natural hazards attritional claims		20
Total natural hazards		**84**
Less: allowance for natural hazards		(57)
Natural hazards costs above / (below) allowance		**27**

Outstanding claims provision

	Actual	Net Central Estimate (Discounted)	Risk Margin (90th Percentile Discounted)	Change In Net Central Estimate [1]
	NZ$M	NZ$M	NZ$M	NZ$M
Short-tail	300	261	39	-
Long-tail	112	95	17	(6)
Total	**412**	**356**	**56**	**(6)**

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

The valuation of outstanding claims resulted in a net central estimate release of $6 million. Long-tail claim reserve releases were primarily attributable to the Vero Liability book.

There has been an overall $1 million release of reserves over FY21 relating to the Canterbury earthquakes. EQC recoveries were settled at the amount held at 30 June 2020, resulting in no impact. As at 30 June 2021, total claims paid for the Canterbury events have reached 98.9% of the ultimate net loss (UNL), with $39 million in claims paid over the year. The only significant exposure remaining relates to the February 2011 Canterbury event. As at 30 June 2021, total claims paid for this event were A$3.5 billion. Due to reinsurance arrangements for the February 2011 event, Suncorp retains 15 cents in the dollar for additional claims costs exceeding A$3.4 billion up to A$3.5 billion. Suncorp's retention increases to 33 cents in the dollar once claims costs exceed A$3.5 billion up to A$5.6 billion.

Outstanding claims provisions over time

	Half Year Ended				Jun-21	Jun-21
	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross outstanding claims liabilities	643	611	621	691	5.2	3.5
Reinsurance and other recoveries	(231)	(246)	(282)	(360)	(6.1)	(18.1)
Net outstanding claims liabilities	**412**	**365**	**339**	**331**	**12.9**	**21.5**
Expected future claims payments and claims handling expenses	360	314	291	288	14.6	23.7
Discount to present value	(4)	(2)	(3)	(5)	100.0	33.3
Risk margin	56	53	51	48	5.7	9.8
Net outstanding claims liabilities	**412**	**365**	**339**	**331**	**12.9**	**21.5**
Short-tail	300	259	237	236	15.8	26.6
Long-tail	112	106	102	95	5.7	9.8
Total	**412**	**365**	**339**	**331**	**12.9**	**21.5**

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

Risk margins

Risk margins represent approximately 13.6% of net outstanding claims reserves. This gives an approximate level of confidence of 90%, in line with Suncorp Group policy.

Operating expenses

Total operating expenses of $470 million were broadly in line with FY20, with the operating expense ratio improving on prior year. Commissions decreased 2.4% due to reduced corporate partner profit shares. Excluding commissions, other operating expenses increased 4.1% to support unit growth across the business particularly within the AA Insurance channel.

Investment income

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

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

Asset allocation

Asset allocations have shifted tactically with higher weightings in corporate bonds compared to prior year. Allocations remain in accordance with risk appetite.

	Half Year Ended							
	Jun-21		Dec-20		Jun-20		Dec-19	
	NZ$M	%	NZ$M	%	NZ$M	%	NZ$M	%
Insurance funds								
Cash and short-term deposits	206	28	189	29	250	36	194	33
Corporate bonds	454	62	417	63	347	50	314	54
Local government bonds	70	9	55	8	86	13	72	12
Government bonds	9	1	2	-	6	1	3	1
Total Insurance funds	**739**	**100**	**663**	**100**	**689**	**100**	**583**	**100**
Shareholders' funds								
Cash and short-term deposits	63	13	34	8	68	16	70	17
Interest-bearing securities	266	57	257	60	234	54	217	54
Equities	139	30	138	32	129	30	116	29
Total shareholders' funds	**468**	**100**	**429**	**100**	**431**	**100**	**403**	**100**
Total	**1,207**		**1,092**		**1,120**		**986**	

Credit quality

The average credit rating for New Zealand investment assets is weighted towards higher grade securities.

	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%
AAA	16.9	6.6	5.5	8.1
AA	51.7	57.3	65.1	63.5
A	28.0	33.7	26.4	25.2
BBB	3.4	2.4	3.0	3.2
	100.0	**100.0**	**100.0**	**100.0**

Duration

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

	Jun-21 Years	Dec-20 Years	Jun-20 Years	Dec-19 Years
Insurance funds				
Interest rate duration	1.3	1.3	1.3	1.4
Shareholders' funds				
Interest rate duration	3.3	3.9	3.2	3.1

Investment performance

Total investment income on insurance funds and shareholders' funds was $13 million, representing an annual return of 1.1%.

Insurance funds

Investment income on insurance funds was $3 million, $16 million lower than in FY20, representing an annual return of 0.4%. The lower returns were driven by the interest rate environment which saw rising bond yields drive unfavourable mark-to-market movements.

Shareholders' funds

Investment income on shareholders' funds was $10 million, down $10 million on FY20, representing an annual return of 2.2%. The current period experienced favourable returns in equity markets, however this was offset by the unfavourable impact of rising bond yields on interest bearing securities.

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	1	3	(66.7)	-	1	1	2	(100.0)	(100.0)
Interest-bearing securities and other	2	16	(87.5)	-	2	12	4	(100.0)	(100.0)
Total	**3**	**19**	**(84.2)**	**-**	**3**	**13**	**6**	**(100.0)**	**(100.0)**
Investment income on shareholders' funds									
Cash and short-term deposits	-	2	(100.0)	-	-	1	1	n/a	(100.0)
Interest-bearing securities	(1)	9	n/a	(2)	1	7	2	n/a	n/a
Equities	11	9	22.2	1	10	5	4	(90.0)	(80.0)
Total	**10**	**20**	**(50.0)**	**(1)**	**11**	**13**	**7**	**n/a**	**n/a**
Total investment income	**13**	**39**	**(66.7)**	**(1)**	**14**	**26**	**13**	**n/a**	**n/a**

Life Insurance

The New Zealand Life Insurance business delivered a PAT of $38 million, down $2 million. The result was driven by strong underlying profit due to improved claims experience, offset by adverse market adjustments due to interest rate movements.

Planned margins of $33 million were slightly lower than FY20, due to the impact of discount rate adjustments offsetting in-force growth. Claims experience improved on FY20 across all lines especially favourable mortality experience and Income Protection claims.

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Planned profit margin	33	35	(5.7)	17	16	18	17	6.3	(5.6)
Experience	5	(2)	n/a	-	5	5	(7)	(100.0)	(100.0)
Other	4	5	(20.0)	3	1	3	2	200.0	-
Underlying profit after tax	**42**	**38**	**10.5**	**20**	**22**	**26**	**12**	**(9.1)**	**(23.1)**
Market adjustments	**(4)**	**2**	**n/a**	**(11)**	**7**	**-**	**2**	**n/a**	**n/a**
Net profit after tax	**38**	**40**	**(5.0)**	**9**	**29**	**26**	**14**	**(69.0)**	**(65.4)**

Life risk in-force annual premium by channel

In-force premium of $288 million, grew 4.0%, with growth driven by strong retention rates which were favourable to system, and supported by CPI and age-related premium growth. New business of $22 million was $2 million higher than FY20, mainly due to increased business through Independent Financial Advisors.

	Half Year Ended				Jun-21	Jun-21
	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Advised	228	224	220	217	1.8	3.6
Direct	44	43	43	42	2.3	2.3
Group and other	16	16	14	14	-	14.3
Total	**288**	**283**	**277**	**273**	**1.8**	**4.0**
Total new business	**10**	**12**	**9**	**11**	**(16.7)**	**11.1**

APPENDICES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Consolidated statement of comprehensive income (statutory view)

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	10,438	10,080	3.6	5,265	5,173	5,003	5,077	1.8	5.2
Reinsurance and other recoveries income	947	1,592	(40.5)	349	598	1,232	360	(41.6)	(71.7)
Interest income on									
financial assets not at fair value through profit or loss	1,708	2,104	(18.8)	819	889	988	1,116	(7.9)	(17.1)
financial assets at fair value through profit or loss	327	370	(11.6)	159	168	174	196	(5.4)	(8.6)
Net gains on financial assets and liabilities at fair value through profit or loss	230	24	n/a	(28)	258	24	-	n/a	n/a
Dividend and trust distribution income	80	76	5.3	53	27	33	43	96.3	60.6
Fees and other income	457	524	(12.8)	218	239	262	262	(8.8)	(16.8)
Total revenue	**14,187**	**14,770**	**(3.9)**	**6,835**	**7,352**	**7,716**	**7,054**	**(7.0)**	**(11.4)**
Expenses									
Claims expense	(7,328)	(7,836)	(6.5)	(3,426)	(3,902)	(4,183)	(3,653)	(12.2)	(18.1)
Outwards reinsurance premium expense	(1,228)	(1,217)	0.9	(608)	(620)	(626)	(591)	(1.9)	(2.9)
Underwriting expense	(2,276)	(2,202)	3.4	(1,172)	(1,104)	(1,115)	(1,087)	6.2	5.1
Interest expense on									
financial liabilities not at fair value through profit or loss	(500)	(973)	(48.6)	(209)	(291)	(428)	(545)	(28.2)	(51.2)
financial liabilities at fair value through profit or loss	(30)	(27)	11.1	(16)	(14)	(4)	(23)	14.3	300.0
Net losses on financial assets and liabilities at fair value through profit or loss	-	-	n/a	-	-	40	(40)	n/a	(100.0)
Impairment release (loss) on loans and advances	49	(172)	n/a	57	(8)	(171)	(1)	n/a	n/a
Impairment loss on goodwill and other intangible assets	(9)	(110)	(91.8)	-	(9)	(110)	-	(100.0)	(100.0)
Amortisation and depreciation expense	(229)	(258)	(11.2)	(114)	(115)	(127)	(131)	(0.9)	(10.2)
Fees, overheads and other expenses	(940)	(981)	(4.2)	(470)	(470)	(526)	(455)	-	(10.6)
Outside beneficial interests in managed funds	(187)	(43)	334.9	(94)	(93)	(31)	(12)	1.1	203.2
Total expenses	**(12,678)**	**(13,819)**	**(8.3)**	**(6,052)**	**(6,626)**	**(7,281)**	**(6,538)**	**(8.7)**	**(16.9)**
Profit before income tax	**1,509**	**951**	**58.7**	**783**	**726**	**435**	**516**	**7.9**	**80.0**
Income tax expense	(461)	(305)	51.1	(235)	(226)	(145)	(160)	4.0	62.1
Profit after tax from continuing operations	1,048	646	62.2	548	500	290	356	9.6	89.0
Profit (loss) after tax from discontinued operations [(1)]	-	286	(100.0)	-	-	(8)	294	n/a	(100.0)
Profit for the financial year	**1,048**	**932**	**12.4**	**548**	**500**	**282**	**650**	**9.6**	**94.3**
Profit for the period attributable to:									
Owners of the Company	1,033	913	13.1	543	490	271	642	10.8	100.4
Non-controlling interests	15	19	(21.1)	5	10	11	8	(50.0)	(54.5)
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	6	43	(86.0)	2	4	22	21	(50.0)	(90.9)
Net change in debt investments at fair value through other comprehensive income	23	(9)	n/a	(10)	33	(6)	(3)	n/a	66.7
Net change in net investment hedge of foreign operations	-	1	(100.0)	-	-	1	-	n/a	(100.0)
Exchange differences on translation of foreign operations	(4)	(25)	(84.0)	(8)	4	(27)	2	n/a	(70.4)
Related income tax expense	(9)	(10)	(10.0)	2	(11)	(5)	(5)	n/a	n/a
	16	-	n/a	(14)	30	(15)	15	n/a	(6.7)
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains (losses) on defined benefit plans	32	(20)	n/a	-	-	(20)	-	n/a	(100.0)
Net change in equity investments at fair value through other comprehensive income	-	(17)	(100.0)	-	-	(17)	-	n/a	(100.0)
Related income tax (expense) benefit	(9)	10	n/a	-	-	10	-	n/a	(100.0)
	23	(27)	n/a	23	-	(27)	-	n/a	n/a
Total other comprehensive income (loss)	**39**	**(27)**	**n/a**	**9**	**30**	**(42)**	**15**	**(70.0)**	**n/a**
Total comprehensive income for the financial year	**1,087**	**905**	**20.1**	**557**	**530**	**240**	**665**	**5.1**	**132.1**
Total comprehensive income for the financial year attributable to:									
Owners of the Company	1,072	886	21.0	552	520	229	657	6.2	141.0
Non-controlling interests	15	19	(21.1)	5	10	11	8	(50.0)	(54.5)
Total comprehensive income for the financial year	**1,087**	**905**	**20.1**	**557**	**530**	**240**	**665**	**5.1**	**132.1**

(1) Profit (loss) after tax from discontinued business incorporates the performance of the Capital SMART and ACM Parts businesses sold in October 2019.

Consolidated statement of financial position (statutory view)

	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Assets						
Cash and cash equivalents	1,200	1,234	1,046	2,265	(2.8)	14.7
Receivables due from other banks	1,495	1,212	567	470	23.3	163.7
Trading securities	1,579	1,371	1,460	897	15.2	8.2
Derivatives	351	478	831	639	(26.6)	(57.8)
Investment securities	21,230	20,219	19,763	19,210	5.0	7.4
Premiums outstanding	2,923	2,783	2,857	2,722	5.0	2.3
Loans and advances	57,324	57,026	57,723	58,354	0.5	(0.7)
Reinsurance and other recoveries	1,997	2,222	2,471	2,109	(10.1)	(19.2)
Deferred reinsurance assets	918	593	926	579	54.8	(0.9)
Deferred acquisition costs	752	753	734	742	(0.1)	2.5
Property, plant and equipment	504	530	576	609	(4.9)	(12.5)
Deferred tax assets	288	252	282	204	14.3	2.1
Goodwill and other intangible assets	5,255	5,254	5,275	5,409	0.0	(0.4)
Other assets	1,041	957	1,236	975	8.8	(15.8)
Total assets	**96,857**	**94,884**	**95,747**	**95,184**	**2.1**	**1.2**
Liabilities						
Payables due to other banks	103	68	293	289	51.5	(64.8)
Deposits	41,200	46,921	39,583	39,230	(12.2)	4.1
Derivatives	332	556	574	451	(40.3)	(42.2)
Amounts due to reinsurers	802	331	784	268	142.3	2.3
Payables and other liabilities	1,600	1,328	1,828	1,547	20.5	(12.5)
Current tax liabilities	189	78	164	29	142.3	15.2
Unearned premium liabilities	5,568	5,364	5,219	5,175	3.8	6.7
Provisions and employee benefit liabilities	597	534	610	494	11.8	(2.1)
Outstanding claims liabilities	10,788	10,912	10,601	10,419	(1.1)	1.8
Deferred tax liabilities	121	117	115	131	3.4	5.2
Managed funds units on issue	987	793	714	1,062	24.5	38.2
Borrowings	18,746	12,310	20,129	20,832	52.3	(6.9)
Loan capital	2,376	2,374	2,349	2,540	0.1	1.1
Total liabilities	**83,409**	**81,686**	**82,963**	**82,467**	**2.1**	**0.5**
Net assets	**13,448**	**13,198**	**12,784**	**12,717**	**1.9**	**5.2**
Equity						
Share capital	12,558	12,524	12,509	12,398	0.3	0.4
Reserves	204	209	172	204	(2.4)	18.6
Retained profits	662	441	82	98	50.1	707.3
Total equity attributable to owners of the Company	**13,424**	**13,174**	**12,763**	**12,700**	**1.9**	**5.2**
Non-controlling interests	24	24	21	17	-	14.3
Total equity	**13,448**	**13,198**	**12,784**	**12,717**	**1.9**	**5.2**

Consolidated statement of financial position by function

	General Insurance	Banking	Life	Corporate	Eliminations	Consolidation
	Jun-21	Jun-21	Jun-21	Jun-21	Jun-21	Jun-21
	$M	$M	$M	$M	$M	$M
Assets						
Cash and cash equivalents	410	68	209	108	405	1,200
Receivables due from other banks	-	1,495	-	-	-	1,495
Trading securities	-	1,579	-	-	-	1,579
Derivatives	36	310	6	-	(1)	351
Investment securities	14,718	4,538	584	14,313	(12,923)	21,230
Premiums outstanding	2,922	-	1	-	-	2,923
Loans and advances	-	57,324	-	-	-	57,324
Reinsurance and other recoveries	1,923	-	74	-	-	1,997
Deferred reinsurance assets	918	-	-	-	-	918
Deferred acquisition costs	752	-	-	-	-	752
Property, plant and equipment	69	-	3	432	-	504
Deferred tax assets	40	49	19	174	6	288
Goodwill and other intangible assets	4,774	262	64	155	-	5,255
Other assets	569	258	66	123	25	1,041
Due from related parties	138	223	7	1,435	(1,803)	-
Total assets	**27,269**	**66,106**	**1,033**	**16,740**	**(14,291)**	**96,857**
Liabilities						
Payables due to other banks	-	103	-	-	-	103
Deposits	-	41,520	-	-	(320)	41,200
Derivatives	58	272	-	3	(1)	332
Amounts due to reinsurers	800	-	2	-	-	802
Payables and other liabilities	648	158	192	581	21	1,600
Current tax liabilities	3	-	7	179	-	189
Unearned premium liabilities	5,567	-	1	-	-	5,568
Provisions and employee benefits liabilities	131	-	7	459	-	597
Outstanding claims liabilities	10,627	-	161	-	-	10,788
Deferred tax liabilities	7	-	114	-	-	121
Managed funds units on issue	-	-	-	-	987	987
Borrowings	-	18,746	-	-	-	18,746
Loan capital	579	672	-	1,975	(850)	2,376
Due to related parties	455	84	23	364	(926)	-
Total liabilities	**18,875**	**61,555**	**507**	**3,561**	**(1,089)**	**83,409**
Net assets	**8,394**	**4,551**	**526**	**13,179**	**(13,202)**	**13,448**
Equity						
Share capital						12,558
Reserves						204
Retained profits						662
Total equity attributable to owners of the Company						**13,424**
Non-controlling interests						24
Total equity						**13,448**

INCOME TAX

	Full Year ended Jun-21 $M	Jun-20 $M	Jun-21 vs Jun-20 %
Reconciliation of prima facie income tax expense to actual tax expense:			
Profit before tax from continuing operations [(1)]	**1,509**	**951**	**58.7**
Profit before tax from discontinued operations [(1)]	**-**	**352**	**(100.0)**
Profit before tax	**1,509**	**1,303**	**15.8**
Prima facie domestic corporate tax rate of 30% (2020: 30%)	453	391	15.9
Effect of tax rates in foreign jurisdictions	(5)	(6)	(16.7)
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	11	13	(15.4)
Non-deductible expenses – Life companies	6	1	500.0
Amortisation of intangible assets	6	6	-
Dividend adjustments	14	16	(12.5)
Tax exempt revenues	(9)	(6)	50.0
Current year rebates and credits	(16)	(18)	(11.1)
Utilisation of previously unrecognised capital losses	-	(29)	(100.0)
Prior year under (over) provision	(1)	1	n/a
Other	2	1	100.0
Total income tax expense on pre-tax profit	**461**	**371**	**24.3**
Total income tax expense on pre-tax profit from continuing operations [(1)]	**461**	**305**	**51.1**
Total income tax expense on pre-tax profit from discontinued operations [(1)]	**-**	**66**	**(100.0)**
Effective tax rate	**30.6%**	**28.5%**	**2.1**
Effective tax rate from continuing operations [(1)]	**30.6%**	**32.1%**	**(1.5)**

(1) Continuing and discontinued operations represented in the Income Tax table are presented in line with the statutory accounts. In FY20, this relates to the sale of the Capital SMART and ACM Parts businesses in Oct-19.

The effective tax rate of 30.6% (Jun 2020: 28.5%) has increased relative to the pcp primarily due to the absence of differences between the tax and accounting gains and losses on sale from discontinued operations.

Several factors contributed to a tax rate of 30.6% from continuing operations (rather than 30.0%). The most significant single factor is interest expense relating to certain convertible instruments which is not deductible for income tax purposes.

GROUP EPS CALCULATIONS

Earnings per share

Numerator	Full Year Ended		Half Year Ended			
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	$M	$M	$M	$M	$M	$M
Earnings:						
Profit attributable to ordinary equity holders of the company (basic)	1,033	913	543	490	271	642
Interest expense on convertible preference shares	-	9	-	-	3	6
Interest expense on convertible capital notes (1)	29	30	14	15	12	13
Profit attributable to ordinary equity holders of the company (diluted)	**1,062**	**952**	**557**	**505**	**286**	**661**
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)	1,277,438,768	1,269,314,322	1,278,598,458	1,276,297,986	1,258,548,301	1,279,963,321
Effect of conversion of convertible preference shares	-	29,632,222	-	-	18,860,433	29,410,167
Effect of conversion of convertible capital notes (1)	102,610,688	101,308,005	102,610,688	114,727,853	79,141,932	59,999,236
Weighted average number of ordinary shares (diluted)	**1,380,049,456**	**1,400,254,549**	**1,381,209,146**	**1,391,025,839**	**1,356,550,666**	**1,369,372,724**
	cents	cents	cents	cents	cents	cents
Earnings per share						
Basic	80.86	71.93	42.47	38.39	21.53	50.16
Diluted (1)	76.95	67.99	40.33	36.30	21.08	48.27

(1) Capital notes and preference shares will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations as per AASB 133 Earnings per share.

Cash earnings per share

Numerator	Full Year Ended		Half Year Ended			
	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	$M	$M	$M	$M	$M	$M
Earnings:						
Cash profit attributable to ordinary equity holders of the company (basic)	1,064	749	555	509	384	365
Interest expense on convertible preference shares	-	9	-	-	3	6
Interest expense on convertible capital notes (1)	29	30	14	15	12	13
Cash profit attributable to ordinary equity holders of the company (diluted)	**1,093**	**788**	**569**	**524**	**399**	**384**
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)	1,277,438,768	1,269,314,322	1,278,598,458	1,276,297,986	1,258,548,301	1,279,963,321
Effect of conversion of convertible preference shares	-	29,632,222	-	-	18,860,433	29,410,167
Effect of conversion of convertible capital notes (1)	102,610,688	101,308,005	102,610,688	114,727,853	79,141,932	59,999,236
Weighted average number of ordinary shares (diluted)	**1,380,049,456**	**1,400,254,549**	**1,381,209,146**	**1,391,025,839**	**1,356,550,666**	**1,369,372,724**
	cents	cents	cents	cents	cents	cents
Cash earnings per share						
Basic	83.29	59.01	43.41	39.88	30.51	28.52
Diluted (1)	79.20	56.28	41.20	37.67	29.41	28.04

(1) Capital notes and preference shares will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations as per AASB 133 Earnings per share.

ASX LISTED SECURITIES

	Half Year Ended			
	Jun-21	Dec-20	Jun-20	Dec-19
Ordinary shares (SUN) each fully paid				
Number at the end of the period	1,282,966,675	1,280,601,422	1,279,650,338	1,260,950,777
Dividend declared for the period (cents per share)	48	26	10	26
Convertible preference shares (SUNPE) each fully paid				
Number at the end of the period	-	-	-	1,936,281
Dividend declared for the period ($ per share) (1)	-	-	0.70	1.52
Convertible Capital Notes (SUNPF) each fully paid				
Number at the end of the period	3,750,000	3,750,000	3,750,000	3,750,000
Distribution for the period ($ per note) (1)	1.46	1.44	1.57	1.77
Convertible Capital Notes (SUNPG) each fully paid				
Number at the end of the period	3,750,000	3,750,000	3,750,000	3,750,000
Distribution for the period ($ per note) (1)	1.30	1.29	1.41	1.61
Convertible Capital Notes (SUNPH) each fully paid				
Number at the end of the period	3,890,000	3,890,000	3,890,000	3,890,000
Distribution for the period ($ per note) (1)	1.07	1.06	1.18	0.68
Floating Rate Capital Notes (SBKHB)				
Number at the end of the period	715,383	715,383	715,383	715,383
Interest per note	0.38	0.41	0.62	0.84

(1) Classified as interest expense.

GENERAL INSURANCE ITR SPLIT

Insurance (Australia) — Consumer Insurance [(1)]

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	5,656	5,355	5.6	2,855	2,801	2,697	2,658	1.9	5.9
Net earned premium	4,804	4,609	4.2	2,427	2,377	2,274	2,335	2.1	6.7
Net incurred claims	(3,577)	(3,383)	5.7	(1,812)	(1,765)	(1,525)	(1,858)	2.7	18.8
Acquisition expenses	(610)	(585)	4.3	(333)	(277)	(296)	(289)	20.2	12.5
Other underwriting expenses	(412)	(359)	14.8	(201)	(211)	(173)	(186)	(4.7)	16.2
Total operating expenses	**(1,022)**	**(944)**	**8.3**	**(534)**	**(488)**	**(469)**	**(475)**	**9.4**	**13.9**
Underwriting result	**205**	**282**	**(27.3)**	**81**	**124**	**280**	**2**	**(34.7)**	**(71.1)**
Investment income - insurance funds	97	38	155.3	26	71	10	28	(63.4)	160.0
Insurance trading result	**302**	**320**	**(5.6)**	**107**	**195**	**290**	**30**	**(45.1)**	**(63.1)**

	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	12.7	12.7	13.7	11.6	13.0	12.3
Other underwriting expenses ratio	8.6	7.8	8.3	8.9	7.6	8.0
Total operating expenses ratio	**21.3**	**20.5**	**22.0**	**20.5**	**20.6**	**20.3**
Loss ratio	74.4	73.4	74.7	74.3	67.1	79.6
Combined operating ratio	95.7	93.9	96.7	94.8	87.7	99.9
Insurance trading ratio	**6.3**	**6.9**	**4.4**	**8.2**	**12.8**	**1.3**

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

Insurance (Australia) — Commercial Insurance, CTP, Workers Compensation and Internal Reinsurance

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	3,134	2,974	5.4	1,591	1,543	1,456	1,518	3.1	9.3
Net earned premium	2,736	2,656	3.0	1,386	1,350	1,310	1,346	2.7	5.8
Net incurred claims	(1,919)	(2,060)	(6.8)	(813)	(1,106)	(1,057)	(1,003)	(26.5)	(23.1)
Acquisition expenses	(428)	(425)	0.7	(218)	(210)	(224)	(201)	3.8	(2.7)
Other underwriting expenses	(193)	(203)	(4.9)	(100)	(93)	(108)	(95)	7.5	(7.4)
Total operating expenses	**(621)**	**(628)**	**(1.1)**	**(318)**	**(303)**	**(332)**	**(296)**	**5.0**	**(4.2)**
Underwriting result	**196**	**(32)**	**n/a**	**255**	**(59)**	**(79)**	**47**	**n/a**	**n/a**
Investment income - insurance funds	146	209	(30.1)	-	146	138	71	(100.0)	(100.0)
Insurance trading result	**342**	**177**	**93.2**	**255**	**87**	**59**	**118**	**193.1**	**332.2**

	Jun-21	Jun-20	Jun-21	Dec-20	Jun-20	Dec-19
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	15.6	16.0	15.7	15.6	17.1	14.9
Other underwriting expenses ratio	7.1	7.6	7.2	6.9	8.2	7.1
Total operating expenses ratio	**22.7**	**23.6**	**22.9**	**22.5**	**25.3**	**22.0**
Loss ratio	70.1	77.6	58.7	81.9	80.7	74.5
Combined operating ratio	92.8	101.2	81.6	104.4	106.0	96.5
Insurance trading ratio	**12.5**	**6.7**	**18.4**	**6.4**	**4.5**	**8.8**

General Insurance short-tail (includes New Zealand)

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	8,374	7,914	5.8	4,177	4,197	3,913	4,001	(0.5)	6.7
Net earned premium	7,051	6,769	4.2	3,570	3,481	3,344	3,425	2.6	6.8
Net incurred claims	(4,948)	(4,652)	6.4	(2,403)	(2,545)	(2,123)	(2,529)	(5.6)	13.2
Acquisition expenses	(1,080)	(1,064)	1.5	(574)	(506)	(543)	(521)	13.4	5.7
Other underwriting expenses	(638)	(580)	10.0	(322)	(316)	(289)	(291)	1.9	11.4
Total operating expenses	**(1,718)**	**(1,644)**	**4.5**	**(896)**	**(822)**	**(832)**	**(812)**	**9.0**	**7.7**
Underwriting result	**385**	**473**	**(18.6)**	**271**	**114**	**389**	**84**	**137.7**	**(30.3)**
Investment income - insurance funds	126	62	103.2	34	92	25	37	(63.0)	36.0
Insurance trading result	**511**	**535**	**(4.5)**	**305**	**206**	**414**	**121**	**48.1**	**(26.3)**

	%	%		%	%	%	%
Ratios							
Acquisition expenses ratio	15.3	15.7		16.1	14.5	16.2	15.2
Other underwriting expenses ratio	9.1	8.6		9.0	9.1	8.7	8.5
Total operating expenses ratio	**24.4**	**24.3**		**25.1**	**23.6**	**24.9**	**23.7**
Loss ratio	70.1	68.7		67.3	73.1	63.5	73.8
Combined operating ratio	94.5	93.0		92.4	96.7	88.4	97.5
Insurance trading ratio	**7.2**	**7.9**		**8.5**	**5.9**	**12.4**	**3.5**

General Insurance long-tail (includes New Zealand)

	Full Year Ended		Jun-21	Half Year Ended				Jun-21	Jun-21
	Jun-21	Jun-20	vs Jun-20	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	2,157	2,038	5.8	1,149	1,008	1,036	1,002	14.0	10.9
Net earned premium	1,952	1,893	3.1	984	968	934	959	1.7	5.4
Net incurred claims	(1,353)	(1,487)	(9.0)	(634)	(719)	(780)	(707)	(11.8)	(18.7)
Acquisition expenses	(266)	(264)	0.8	(132)	(134)	(138)	(126)	(1.5)	(4.3)
Other underwriting expenses	(96)	(107)	(10.3)	(47)	(49)	(57)	(50)	(4.1)	(17.5)
Total operating expenses	**(362)**	**(371)**	**(2.4)**	**(179)**	**(183)**	**(195)**	**(176)**	**(2.2)**	**(8.2)**
Underwriting result	**237**	**35**	**577.1**	**171**	**66**	**(41)**	**76**	**159.1**	**(517.1)**
Investment income - insurance funds	120	203	(40.9)	(8)	128	136	67	(106.3)	(105.9)
Insurance trading result	**357**	**238**	**50.0**	**163**	**194**	**95**	**143**	**(16.0)**	**71.6**

	%	%		%	%	%	%
Ratios							
Acquisition expenses ratio	13.6	13.9		13.4	13.8	14.8	13.2
Other underwriting expenses ratio	4.9	5.7		4.8	5.1	6.1	5.2
Total operating expenses ratio	**18.5**	**19.6**		**18.2**	**18.9**	**20.9**	**18.4**
Loss ratio	69.4	78.6		64.4	74.3	83.5	73.7
Combined operating ratio	87.9	98.2		82.6	93.2	104.4	92.1
Insurance trading ratio	**18.3**	**12.6**		**16.6**	**20.0**	**10.2**	**14.9**

GROUP CAPITAL

Group capital position

	As at 30 June 2021					
	General Insurance	Banking	Life	SGL, Corp Services & Consol	Total	As at 30 June 2020 Total
	$M	$M	$M	$M	$M	$M
Common Equity Tier 1 capital						
Ordinary share capital	-	-	-	12,571	12,571	12,538
Subsidiary share capital (eliminated upon consolidation)	7,375	3,976	447	(11,839)	(41)	(51)
Reserves	12	(934)	307	760	145	110
Retained profits and non-controlling interests	435	837	(229)	(357)	686	105
Insurance liabilities in excess of liability valuation	482	-	-	-	482	417
Goodwill and other intangible assets	(4,762)	(437)	(64)	(168)	(5,431)	(5,453)
Net deferred tax liabilities/(assets) [(1)]	(52)	(61)	95	(180)	(198)	(196)
Policy liability adjustment [(2)]	-	-	(429)	-	(429)	(421)
Other Tier 1 deductions	(12)	(29)	-	-	(41)	(38)
Common Equity Tier 1 capital	**3,478**	**3,352**	**127**	**787**	**7,744**	**7,011**
Additional Tier 1 capital						
Eligible hybrid capital	554	585	-	-	1,139	1,139
Additional Tier 1 capital	**554**	**585**	**-**	**-**	**1,139**	**1,139**
Tier 1 capital	**4,032**	**3,937**	**127**	**787**	**8,883**	**8,150**
Tier 2 capital						
General reserve for credit losses	-	199	-	-	199	226
Eligible Subordinated notes	580	600	-	-	1,180	1,155
Transitional Subordinated notes [(3)]	-	19	-	-	19	38
Tier 2 capital	**580**	**818**	**-**	**-**	**1,398**	**1,419**
Total capital	**4,612**	**4,755**	**127**	**787**	**10,281**	**9,569**
Represented by:						
Capital in Australian regulated entities	3,973	4,752	-	-	8,725	8,183
Capital in New Zealand regulated entities	526	-	102	-	628	662
Capital in unregulated entities [(4)]	113	3	25	787	928	724

(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-21 $M	GI Group [1] Jun-20 $M
Common Equity Tier 1 capital		
Ordinary share capital	7,375	7,375
Reserves	12	1
Retained profits and non-controlling interests	435	159
Insurance liabilities in excess of liability valuation	482	417
Goodwill and other intangible assets	(4,762)	(4,772)
Net deferred tax assets	(52)	(21)
Other Tier 1 deductions	(12)	(13)
Common Equity Tier 1 capital	**3,478**	**3,146**
Additional Tier 1 capital	**554**	**540**
Tier 1 capital	**4,032**	**3,686**
Tier 2 capital		
Eligible subordinated notes	580	555
Transitional subordinated notes	-	-
Tier 2 capital	**580**	**555**
Total capital	**4,612**	**4,241**
Prescribed Capital Amount		
Outstanding claims risk charge	1,026	969
Premium liabilities risk charge	645	599
Total insurance risk charge	1,671	1,568
Insurance concentration risk charge	250	250
Asset risk charge	1,048	937
Operational risk charge	343	315
Aggregation benefit	(604)	(550)
Total Prescribed Capital Amount (PCA)	**2,708**	**2,520**
Common Equity Tier 1 ratio	**1.28**	**1.25**
Total capital ratio	**1.70**	**1.68**

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

Bank capital

	Regulatory Banking Group Jun-21 $M	Other Entities Jun-21 $M	Statutory Banking Group Jun-21 $M	Statutory Banking Group Jun-20 $M
Common Equity Tier 1 capital				
Ordinary share capital	2,754	1,222	3,976	3,976
Reserves	53	(987)	(934)	(954)
Retained profits	829	8	837	626
Goodwill and other intangible assets	(197)	(240)	(437)	(445)
Net deferred tax assets	(61)	-	(61)	(87)
Other Tier 1 deductions	(29)	-	(29)	(25)
Common Equity Tier 1 capital	**3,349**	**3**	**3,352**	**3,091**
Additional Tier 1 capital				
Eligible hybrid capital	585	-	585	585
Additional Tier 1 capital	**585**	**-**	**585**	**585**
Tier 1 capital	**3,934**	**3**	**3,937**	**3,676**
Tier 2 capital				
General reserve for credit losses	199	-	199	226
Eligible Subordinated notes	600	-	600	600
Transitional Subordinated notes	19	-	19	38
Tier 2 capital	**818**	**-**	**818**	**864**
Total capital	**4,752**	**3**	**4,755**	**4,540**
Risk Weighted Assets				
Credit risk	29,549	-	29,549	29,442
Market risk	100	-	100	93
Operational risk	3,635	-	3,635	3,572
Total Risk-Weighted Assets	**33,284**	**-**	**33,284**	**33,107**
Common Equity Tier 1 ratio	**10.06%**		**10.07%**	**9.34%**
Total capital ratio	**14.28%**		**14.29%**	**13.71%**

Capital Instruments

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

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 June 2020 GI $M	Bank $M	SGL $M	Regulatory Capital $M	Accounting Balance $M
AAIL Subordinated Debt [(1)]	330 bps	Nov 2020	Nov 2015	225	-	-	225	225
AAIL Subordinated Debt [(1)]	320 bps	Oct 2022	Oct 2016	330	-	-	330	329
SGL Subordinated Debt [(1) (2)]	215 bps	Dec 2023	Sep 2018	-	600	-	600	597
SML FRCN [(3)]	75 bps	Perpetual	Dec 1998	-	38	-	38	72
Total subordinated debt				**555**	**638**	**-**	**1,193**	**1,223**
SGL Capital Notes [(1) (2)]	410 bps	Jun 2022	May 2017	-	375	-	375	372
SGL Capital Notes 2 [(1) (2)]	365 bps	Jun 2024	Nov 2017	165	210	-	375	371
SGL Capital Notes 3 [(1) (2)]	300 bps	Jun 2026	Dec 2019	375	-	14	389	383
Total Additional Tier 1 capital				**540**	**585**	**14**	**1,139**	**1,126**
Total				**1,095**	**1,223**	**14**	**2,332**	**2,349**

(1) Unamortised transaction costs related to external issuance are deducted from the "Accounting Balance" outlined above when recorded in the issuing entities balance sheet.

(2) These instruments were issued by SGL and deployed to regulated entities within the Group. The amounts held by SGL, which have been deployed, are eliminated on consolidation for accounting and regulatory purposes.

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

STATEMENT OF ASSETS AND LIABILITIES

General Insurance

	Half Year Ended				Jun-21	Jun-21
	Jun-21	Dec-20	Jun-20	Dec-19	vs Dec-20	vs Jun-20
	$M	$M	$M	$M	%	%
Assets						
Cash and cash equivalents	410	511	456	457	(19.8)	(10.1)
Derivatives	36	99	125	85	(63.6)	(71.2)
Investment securities	14,718	13,909	13,312	12,942	5.8	10.6
Premiums outstanding	2,922	2,782	2,855	2,720	5.0	2.3
Reinsurance and other recoveries	1,923	2,151	2,400	2,045	(10.6)	(19.9)
Deferred reinsurance assets	918	593	926	579	54.8	(0.9)
Deferred acquisition costs	752	753	732	740	(0.1)	2.7
Due from related parties	138	161	129	356	(14.3)	7.0
Property, plant and equipment	69	75	76	85	(8.0)	(9.2)
Deferred tax assets	40	2	4	5	1,900.0	900.0
Goodwill and intangible assets	4,774	4,781	4,794	4,814	(0.1)	(0.4)
Other assets	569	620	924	629	(8.2)	(38.4)
Total assets	**27,269**	**26,437**	**26,733**	**25,457**	**3.1**	**2.0**
Liabilities						
Payables and other liabilities	648	618	962	699	4.9	(32.6)
Provisions and employee benefits liabilities	131	125	159	59	4.8	(17.6)
Derivatives	58	24	37	35	141.7	56.8
Due to related parties	455	282	442	280	61.3	2.9
Deferred tax liabilities	7	-	3	13	n/a	133.3
Unearned premium liabilities	5,567	5,363	5,218	5,174	3.8	6.7
Outstanding claims liabilities	10,627	10,756	10,436	10,261	(1.2)	1.8
Loan capital	579	579	554	553	-	4.5
Current tax liabilities	3	5	49	16	(40.0)	(93.9)
Amount due to reinsurers	800	329	782	266	143.2	2.3
Total liabilities	**18,875**	**18,081**	**18,642**	**17,356**	**4.4**	**1.2**
Net assets	**8,394**	**8,356**	**8,091**	**8,101**	**0.5**	**3.7**

Reconciliation of net assets to Common Equity Tier 1 capital

Net assets - GI businesses	**8,394**	**8,356**	**8,091**	**8,101**
Insurance liabilities in excess of liability valuation	482	439	417	483
Reserves excluded from regulatory capital	(18)	(18)	(16)	(15)
Additional Tier 1 capital	(554)	(540)	(540)	(540)
Goodwill allocated to GI businesses	(4,398)	(4,399)	(4,398)	(4,401)
Other intangibles (including software assets)	(416)	(384)	(395)	(418)
Other Tier 1 deductions	(12)	(14)	(13)	(12)
Common Equity Tier 1 capital	**3,478**	**3,440**	**3,146**	**3,198**

Bank

	Jun-21 $M	Dec-20 $M	Jun-20 $M	Dec-19 $M	Jun-21 vs Dec-20 %	Jun-21 vs Jun-20 %
Assets						
Cash and cash equivalents	68	260	211	1,529	(73.8)	(67.8)
Receivables due from other banks	1,495	1,212	567	470	23.3	163.7
Trading securities	1,579	1,371	1,460	897	15.2	8.2
Derivatives	310	368	691	543	(15.8)	(55.1)
Investment securities	4,538	4,634	4,814	3,926	(2.1)	(5.7)
Loans and advances	57,324	57,026	57,723	58,354	0.5	(0.7)
Due from related parties	223	248	230	372	(10.1)	(3.0)
Deferred tax assets	49	64	78	34	(23.4)	(37.2)
Other assets	258	139	151	159	85.6	70.9
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	**66,106**	**65,584**	**66,187**	**66,546**	**0.8**	**(0.1)**
Liabilities						
Deposits	41,520	41,443	39,947	39,650	0.2	3.9
Derivatives	272	530	534	417	(48.7)	(49.1)
Payables due to other banks	103	68	293	289	51.5	(64.8)
Payables and other liabilities	158	132	217	256	19.7	(27.2)
Due to related parties	84	65	80	30	29.2	5.0
Provisions	-	-	-	3	n/a	n/a
Borrowings	18,746	18,161	20,129	20,832	3.2	(6.9)
Subordinated notes	672	672	672	672	-	-
Total liabilities	**61,555**	**61,071**	**61,872**	**62,149**	**0.8**	**(0.5)**
Net assets	**4,551**	**4,513**	**4,315**	**4,397**	**0.8**	**5.5**

Reconciliation of net equity to Common Equity Tier 1 capital				
Net equity - Banking	4,551	4,513	4,315	4,397
Additional Tier 1 capital	(585)	(585)	(585)	(585)
Goodwill allocated to Banking Business	(240)	(240)	(240)	(240)
Regulatory capital equity adjustments	(5)	(3)	(6)	(6)
Regulatory capital adjustments	(287)	(301)	(317)	(266)
Other reserves excluded from Common Equity Tier 1 ratio	(85)	(76)	(82)	(86)
Common Equity Tier 1 capital	**3,349**	**3,308**	**3,085**	**3,213**

Average banking balance sheet

	Full Year Ended Jun-21			Half Year Ended Jun-21		
	Average Balance [1]	Interest	Average Rate	Average Balance	Interest	Average Rate
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities [2]	6,973	69	0.98	7,175	33	0.87
Gross loans and advances	53,094	1,638	3.09	52,836	783	2.99
Total interest-earning assets	**60,067**	**1,707**	**2.84**	**60,011**	**816**	**2.74**
Non-interest earning assets						
Loan balances subject to mortgage offsets	4,218			4,314		
Other assets (inc. loan provisions)	1,004			790		
Total non-interest earning assets	**5,222**			**5,104**		
Total assets	**65,289**			**65,115**		
Liabilities						
Interest-bearing liabilities						
Customer deposits	36,634	212	0.58	36,815	79	0.43
Wholesale liabilities	18,755	239	1.27	18,336	106	1.17
Subordinated loans	672	14	2.08	672	7	2.10
Total interest-bearing liabilities	**56,061**	**465**	**0.83**	**55,823**	**192**	**0.69**
Non-interest bearing liabilities						
Other customer deposits	4,218			4,314		
Other liabilities	538			466		
Total non-interest bearing liabilities	**4,756**			**4,780**		
Total Liabilities	**60,817**			**60,603**		
Average Net Assets	**4,472**			**4,512**		
Non-Shareholder Accounting Equity	(48)			(193)		
Convertible Preference Shares	(585)			(585)		
Average Ordinary Shareholders' equity	**3,839**			**3,734**		
Goodwill allocated to banking business	(240)			(240)		
Average Ordinary Shareholders' equity (ex goodwill)	**3,599**			**3,494**		
Analysis of interest margin and spread						
Interest-earning assets	60,067	1,707	2.84	60,011	816	2.74
Interest-bearing liabilities	56,061	465	0.83	55,823	192	0.69
Net interest spread			**2.01**			**2.05**
Net interest margin (interest-earning assets)	**60,067**	**1,242**	**2.07**	**60,011**	**624**	**2.09**
Net interest margin (lending assets)	**53,094**	**1,242**	**2.34**	**52,836**	**624**	**2.38**

(1) Calculated based on daily balances over the period.

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

FY22 GROUP REINSURANCE PROGRAM

Reinsurance security has been maintained for the FY22 year program, with over 85% of business protected by reinsurers rated ‘A+’ or better.

Property catastrophe program

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

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

— Dropdown 1 (50m xs 200m xs 50m) provides $50 million of cover, for events greater than $200 million once the cumulative impact of qualifying events reach $50 million.

— Dropdown 2 (100m xs 150m xs 200m) provides $100 million of cover, for events greater than $150 million once the cumulative impact of qualifying events reach $200 million.

— Dropdown 3 (100m xs 50m xs 200m) provides $100 million of cover, for events greater than $50 million once the cumulative effect of qualifying events reach $200 million.

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

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

The AXL treaty is an aggregate protection cover providing $400 million of cover in excess of a retention of $650 million for loss events costs above $5 million. The inclusion of the event deductible means Suncorp will retain the first $5 million of each event, accepting the lower end of the natural hazard volatility components.

The Group’s also has a multi-year quota share arrangement ceding 30% of the property exposure 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
Banking & Wealth function	Suncorp's Banking & Wealth business is focused on lending, deposit gathering and transaction account services to personal, small and medium enterprise, commercial and agribusiness customers. The wealth portfolio develops, administers and distributes superannuation products
Basis points (bps)	A 'basis point' is 1/100th of a percentage point
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, recoverable amount adjustments on intangibles, the profit or loss on divestment and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), 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	Diluted shares is based on the 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
Fire service levies (FSL) – Insurance (Australia)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Fire service levies (FSL) – New Zealand	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by Fire and Emergency New Zealand. Fire service levies were established to cover corresponding fire brigade charges
Funds under management and administration	Funds where the Wealth business, in Australia and New Zealand, receives a fee for the administration and management of an asset portfolio
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 insurance businesses	Following the sale of the Australian Life Insurance and Participating Wealth Business on 28 February 2019, Suncorp's life insurance businesses include the New Zealand life insurance business and the remaining Wealth business reported within the Banking & Wealth function. 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
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
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
New Zealand function	Suncorp's New Zealand business 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), Banking & Wealth 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), Banking & Wealth and New Zealand functions
Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all, or a share of, certain claims incurred by the insurance company.
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months
Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty
Underlying Insurance Trading Ratio (UITR/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 2021**
Final ordinary dividend ex-dividend date	13 August 2021
Final ordinary dividend record date	16 August 2021
Final ordinary dividend payment date	22 September 2021
Annual General Meeting	23 September 2021
Half year results and interim dividend announcement	**8 February 2022**
Interim ordinary dividend ex-dividend date	14 February 2022
Interim ordinary dividend record date	15 February 2022
Interim ordinary dividend payment date	1 April 2022

Suncorp Group Limited Capital Notes (SUNPF)

Ex-distribution date	2 September 2021
Distribution payment date	17 September 2021
Ex-distribution date	2 December 2021
Distribution payment date	17 December 2021
Ex-distribution date	2 March 2022
Distribution payment date	17 March 2022
Ex-distribution date	1 June 2022
Distribution payment date	17 June 2022

Suncorp Group Limited Capital Notes (SUNPG)

Ex-distribution date	2 September 2021
Distribution payment date	17 September 2021
Ex-distribution date	2 December 2021
Distribution payment date	17 December 2021
Ex-distribution date	2 March 2022
Distribution payment date	17 March 2022
Ex-distribution date	1 June 2022
Distribution payment date	17 June 2022

Suncorp Group Limited Capital Notes 2 (SUNPH)

Ex-distribution date	2 September 2021
Distribution payment date	17 September 2021
Ex-distribution date	2 December 2021
Distribution payment date	17 December 2021
Ex-distribution date	2 March 2022
Distribution payment date	17 March 2022
Ex-distribution date	1 June 2022
Distribution payment date	17 June 2022