SUNCORP GROUP LIMITED AND SUBSIDIARIES
ABN 66 145 290 124

Consolidated interim financial report

For the half-year ended 31 December 2023

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Directors' report

The directors present their report together with the consolidated interim financial statements of Suncorp Group Limited (the Company) and its subsidiaries (the Suncorp Group, Suncorp or the Group) for the half-year ended 31 December 2023 and the auditor's review report thereon.

1. Directors

The directors of the Company at any time during or since the end of the half-year are:

Non-executive

Christine McLoughlin, AM (Chairman)	Director since 2015, Chairman since 2018
Sylvia Falzon	Director since 2018
Elmer Funke Kupper	Director since 2020
Ian Hammond	Director since 2018
Sally Herman, OAM	Director since 2015
Simon Machell	Director since 2017
Douglas McTaggart	Director from April 2012 – December 2023
Lindsay Tanner	Director since 2018
Duncan West	Director since 2021

Executive

Steve Johnston (Group Chief Executive Officer and Managing Director)	Executive Director since 2019

2. Dividends

A fully franked 2023 final dividend of $342 million (27 cents per share) was paid on 25 September 2023. A fully franked 2024 interim dividend of $432 million (34 cents per share) has been determined since balance date by the directors.

Further details of dividends on ordinary shares provided for or paid are set out in note 11 to the consolidated interim financial statements.

3. Review of operations

3.1 Overview of the Suncorp Group

Suncorp Group delivered a profit after tax attributable to owners of the Company of $582 million for the half-year ended 31 December 2023 (restated December 2022: $552 million).

Profit after tax increased by 5.4% from the prior comparative period primarily driven by a significant improvement in investment income. Insurance investment income, adjusted for insurance finance expense, increased to $406 million (restated December 2022: $172 million) as a result of strong equity market performance, higher running yields and favourable mark-to-market movements across the General Insurance business. The Group's fixed interest and inflation-linked bond portfolio also contributed to the increase in investment income.

On 1 July 2023, the Group adopted AASB 17 *Insurance contracts* (AASB 17). As required by the standard, the Group applied the new standard retrospectively, resulting in a restatement of the comparative period. Further details of the impacts of the new standard are set out in note 2.1 of the consolidated interim financial statements.

On 9 August 2023, the Group announced changes in the operating model to the market. Effective from September 2023, 'Insurance Australia' was split into two new reportable segments: 'Consumer Insurance' and 'Commercial & Personal Injury'.

3.2 Financial position and capital structure

Net assets of the Suncorp Group increased from $13,334 million at 30 June 2023 (restated) to $13,755 million at 31 December 2023. The increase in net assets of $421 million is primarily driven by the total comprehensive income for the half-year, partially offset by the payment of the 2022-23 financial year final dividend.

Suncorp Group's capital management strategy is to optimise shareholder value by managing the level, mix and use of capital resources. The primary objective is to ensure that there are sufficient capital resources to maintain and grow the business. The quality and quantum of capital required is driven by a range of factors and in particular, the Suncorp Group's external and internal requirements and risk appetite.

At 31 December 2023, the General Insurance Common Equity Tier 1 (CET1) (pre-dividend) capital position was 1.31 times the Prescribed Capital Amount (June 2023: 1.31 times) and the Bank's CET1 ratio (pre-dividend) was 10.45% (June 2023: 10.39%). The CET1 capital held at Group is $237 million after adjusting for the interim dividend (June 2023: $274 million after adjusting for the final 2022-23 financial year dividend).

Suncorp-Metway Limited's Basel III APS 330 Public Disclosures are made available at suncorpgroup.com.au/investors/reports.

3.3 Review of principal businesses

3.3.1 Consumer Insurance

Consumer Insurance profit after tax of $203 million (restated December 2022: $32 million) was up materially from prior comparative period, reflecting continued momentum in revenue growth offset by an increase in working claims and prior year claims strain.

Gross written premium (GWP) of $3,663 million (excluding Emergency Services Levies (ESL)) (restated December 2022: $3,169 million (excluding ESL)) increased by 15.6% from prior comparative period. GWP increase is a result of growth in both average written premiums (AWP) and units across Home and Motor portfolios. AWP increases reflected the pricing responses to higher reinsurance and natural hazard costs in Home; and working claims inflation in Motor. Unit growth was positive in both the Motor and Home portfolios during the current half year.

Prior year reserve strengthening was $116 million (restated December 2022: $39 million release), driven by higher repair costs and extended repair times associated with the tail of COVID-19 related supply chain issues, especially in relation to third party settlements, as well as an increased level of total loss claims in the Motor portfolio. In Home portfolio, strengthening was primarily driven by water damage claims and higher than expected large fire claims that occurred towards the end of financial year 2022-23. The Group has responded to these challenges including with appropriate pricing and bringing on new repair capacity.

Net incurred claims of $2,443 million (restated December 2022: $2,213 million) increased 10.4% from prior comparative period, reflecting the increase in units and unfavourable development of prior year claims, and persistent inflation, particularly in Motor.

Direct operating expenses (excluding ESL) increased 5.5% to $444 million (restated December 2022: $421 million (excluding ESL)) from prior comparative period, as the business invested in growth with an 11% increase in marketing spend. The operating expense ratio reduced from 16.2% in prior comparative period to 14.9%.

3.3.2 Commercial & Personal Injury

The Commercial & Personal Injury portfolio delivered profit after tax of $194 million (restated December 2022: $231 million), down $37 million or 16.0% from prior comparative period. This was principally driven by the release of the business interruption provision in prior comparative period of $124 million, together with a reduction in prior year reserve releases in the Compulsory Third Party (CTP) portfolios.

GWP of $1,905 million (restated December 2022: $1,672 million) increased 13.9%, with strong growth across the Commercial (Tailored Lines) portfolio up 18.0% (especially in Fleet and Commercial Property) and Workers' Compensation up 19.7%.

Prior year reserve strengthening (excluding transitional excess profits and losses (TEPL)) was $21 million (restated December 2022: $165 million release) down $186 million from prior comparative period, largely driven by an increase in reserving on lump sum costs in Workers Compensation in Western Australia, reflecting historical regulation changes, as well as an increase in claims in run-off long tail portfolios. This was partially offset by a release in CTP, primarily in New South Wales. The CTP release has moderated, largely driven by broad-based super imposed inflation in Queensland, including medical and legal costs.

Net incurred claims of $1,234 million (restated December 2022: $956 million) increased 29.1%. Claims expense increased in line with strong top-line growth and a reduction in prior year reserve releases.

The total operating expense ratio of 12.0% (restated December 2022: 11.9%) remained flat from the prior comparative period.

3.3.3 Suncorp New Zealand

Suncorp New Zealand achieved a profit after tax of $87 million for the half-year ended 31 December 2023 (restated December 2022: $83 million). This comprises a profit after tax of $74 million (restated December 2022: $68 million) from the New Zealand General Insurance business and a profit after tax of $13 million (restated December 2022: $15 million) from the New Zealand Life Insurance business.

GWP grew by 21.9% to $1,306 million (restated December 2022: $1,071 million) driven by intermediated and direct channels recording strong growth through pricing increases in response to higher input costs and solid unit growth.

Net incurred claims of $574 million (restated December 2022: $526 million) increased by 9.1% driven by inflationary pressures and unit growth.

Prior year reserves strengthened $24 million (restated December 2022: $11 million), reflecting development on a small number of large commercial claims and the impact on claims capacity of the two weather events in early 2023.

Investment income increased to $46 million (December 2022: gain of $11 million), primarily due to strong underlying yields, mark-to-market gains and strong global equities returns.

Direct operating expenses of $128 million (restated December 2022: $121 million) remained relatively flat from prior comparative period.

Life Insurance profit after tax of $13 million (restated December 2022: $15 million) decreased 13.3%, with an increase in planned profit margins offset by unfavourable experience.

3.3.4 Suncorp Bank

Suncorp Bank delivered a profit after tax of $192 million for the half-year ended 31 December 2023 (December 2022: $256 million). The result was driven by margin headwinds and increased expenses. Arrears remain at the lower end of longer-term trends.

Net interest income decreased by 8.1% to $666 million (December 2022: $725 million) with growth in Home and Business lending more than offset by a contraction in the Bank's Net Interest Margin (NIM). NIM decreased by 23 basis points (bps) over the half-year to 1.80% (half-year June 2023: 1.89%, half-year December 2022: 2.03%) attributed to increased funding costs and asset margin contraction from persistent competition in both Deposits and Lending markets.

Operating expenses increased by 5.5% to $386 million (December 2022: $366 million) primarily due to higher technology costs, inflationary pressures and depreciation, partly offset by continued cost disciplines and efficiency initiatives. The cost-to-income ratio was 58.4% (December 2022: 49.9%).

Gross loans and advances increased to $68,520 million (June 2023: $67,321 million). The home lending portfolio grew by 2.2% over the half-year, in line with system over the half-year, sustaining momentum and holding consistent market share. In the business lending portfolio, commercial portfolio grew by 0.8% while the SME portfolio grew by 0.1% over the half-year. Commercial portfolio growth reflected sizeable refinances and strong growth with existing customers, partly offset by slowing system growth and increased competition. SME portfolio growth is due to increase in broker originated transactions, delivering favourable outcomes for customers and simple product offerings that meet the needs of target segments.

Net impairment charge of $1 million (December 2022: $1 million) on loans and advances is mainly attributable to overdraft and small loan write-off charges.

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

4. Significant changes in Suncorp Group's state of affairs

Sale of Suncorp Bank

On 18 July 2022, following a comprehensive strategic review, the Group announced it had signed a share sale and purchase agreement (SPA) with Australia and New Zealand Banking Group Limited (ANZ) to sell Suncorp Bank.

On 4 August 2023, the Australian Competition and Consumer Commission (ACCC) announced it would deny authorisation of the planned sale. On 25 August 2023, ANZ announced it had filed an application for Australian Competition Tribunal (the Tribunal) review of the decision by the ACCC not to grant authorisation for ANZ's proposed acquisition of Suncorp Bank and the Group would support ANZ during the process.

On 20 February 2024, the Tribunal granted authorisation of the planned sale of Suncorp Bank to ANZ. The sale remains subject to the amendment of the *State Financial Institutions and Metway Merger Act 1996 (Qld)* and approval from the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998*. Subject to all approvals being received, the Group expects the sale to complete around the middle of the 2024 calendar year.

The estimated cash consideration for the sale of $4,900 million is subject to standard completion adjustments.

5. Events subsequent to reporting date

On 20 February 2024, the Tribunal granted authorisation of the planned sale of Suncorp Bank to ANZ.

In the directors' opinion, between the end of the half-year and the date of this report, no other transaction or event of a material and unusual nature has arisen to significantly affect the operations of the Group, the result of those Operations, or the state of affairs of the Company in future financials years.

6. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the half-year ended 31 December 2023.

7. Rounding of amounts

The Company is of a kind referred to in *Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191* and in accordance with that legislative instrument, amounts in the Directors' Report and consolidated interim financial statements have been rounded to the nearest one million dollars unless otherwise stated.

Signed in accordance with a resolution of the directors.

Christine McLoughlin, AM

Chairman
26 February 2024

Steve Johnston

Group Chief Executive Officer and Managing Director
26 February 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Suncorp Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Suncorp Group Limited for the half-year ended 31 December 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Scott Guse

Partner

Brisbane

26 February 2024

Consolidated interim statement of comprehensive income

For the half-year ended 31 December 2023

	Note	Dec 2023 $M	Restated Dec 2022 $M
Insurance revenue	4.1	6,702	5,940
Insurance service expense	4.2	(5,634)	(5,053)
Reinsurance premium expense	4.2	(756)	(678)
Reinsurance recoveries	4.2	94	188
Insurance service result		406	397
Insurance investment income	4.3	629	215
Insurance finance expense	4.3	(266)	(56)
Reinsurance finance income	4.3	43	13
Net insurance financial result		812	569
Interest income	5	2,040	1,349
Interest expense	5	(1,433)	(661)
Net interest income		607	688
Net gains on financial assets and liabilities at fair value through profit or loss from non-insurance activities		12	6
Fees and other income		125	138
Fees, overheads and other expenses		(572)	(500)
Impairment expense on financial assets	7.2	(1)	(2)
Amortisation and depreciation expense		(113)	(97)
Profit before income tax		870	802
Income tax expense		(274)	(241)
Profit for the period		596	561
Profit for the period attributable to:			
Owners of the Company		582	552
Non-controlling interests		14	9
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of cash flow hedges		164	(20)
Net change in debt investments at fair value through other comprehensive income		(1)	12
Exchange differences on translation of foreign operations		9	25
Related income tax (expense) benefit		(49)	2
Items that will not be reclassified subsequently to profit or loss			
Net change in equity investments at fair value through other comprehensive income		-	(6)
Related income tax benefit		-	2
Total other comprehensive income for the period		123	15
Total comprehensive income for the period		719	576
Total comprehensive income for the period attributable to:			
Owners of the Company		705	567
Non-controlling interests		14	9
Earnings per share		Cents	Cents
Basic earnings per share		45.94	43.75
Diluted earnings per share		45.09	42.23

The consolidated interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

The Group adopted AASB 17 *Insurance contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 2.1.

Consolidated interim statement of financial position

As at 31 December 2023

	Note	Dec 2023 $M	Restated Jun 2023 $M
Assets			
Cash and cash equivalents		2,899	3,908
Receivables due from other banks		848	1,788
Trading securities	9	3,351	2,218
Derivatives	9	519	606
Investment securities		23,996	23,049
Loans and advances	6	68,310	67,102
Insurance contract assets	4.2	183	180
Reinsurance contract assets	4.2	1,694	1,995
Property, plant and equipment		590	604
Deferred tax assets		273	377
Goodwill and other intangible assets		5,279	5,294
Other assets		866	916
Total assets		108,808	108,037
Liabilities			
Deposits	8	52,304	51,178
Derivatives	9	568	682
Payables and other liabilities		2,798	3,187
Insurance contract liabilities	4.2	12,734	12,583
Provisions and employee benefit liabilities		369	469
Deferred tax liabilities		118	51
Borrowings		23,619	24,009
Loan capital		2,543	2,544
Total liabilities		95,053	94,703
Net assets		13,755	13,334
Equity			
Share capital	10	12,447	12,384
Reserves		65	(46)
Retained profits		1,199	962
Total equity attributable to owners of the Company		13,711	13,300
Non-controlling interests		44	34
Total equity		13,755	13,334

The consolidated interim statement of financial position is to be read in conjunction with the accompanying notes.

The Group adopted AASB 17 *Insurance contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 2.1.

Consolidated interim statement of changes in equity

For the half-year ended 31 December 2023

		Equity attributable to owners of the Company					
	Note	Share capital $M	Reserves $M	Retained profits $M	Total $M	Non-controlling interests $M	Total equity $M
Balance as at 1 July 2022, as previously reported		12,325	(28)	456	12,753	30	12,783
Adjustment on initial application of AASB 17, net of tax		-	-	60	60	-	60
Restated balance as at 1 July 2022		12,325	(28)	516	12,813	30	12,843
Profit for the period		-	-	552	552	9	561
Total other comprehensive income for the period		-	16	(1)	15	-	15
Restated total comprehensive income for the period		-	16	551	567	9	576
Transactions with owners, recorded directly in equity							
Dividends paid	11	-	-	(215)	(215)	(6)	(221)
Shares issued	10	16	-	-	16	-	16
Share-based payments	10	1	-	-	1	-	1
Treasury share movements	10	7	-	-	7	-	7
Transfers		-	-	-	-	-	-
Other movements		-	-	6	6	-	6
Restated balance as at 31 December 2022		12,349	(12)	858	13,195	33	13,228
Restated balance as at 1 July 2023		12,384	(46)	962	13,300	34	13,334
Profit for the period		-	-	582	582	14	596
Total other comprehensive income for the period		-	124	(1)	123	-	123
Total comprehensive income for the period		-	124	581	705	14	719
Transactions with owners, recorded directly in equity							
Dividends paid	11	-	-	(342)	(342)	(4)	(346)
Shares issued	10	49	-	-	49	-	49
Share-based payments	10	(4)	-	-	(4)	-	(4)
Treasury share movements	10	7	-	-	7	-	7
Transfers		-	(13)	13	-	-	-
Other movements		11	-	(15)	(4)	-	(4)
Balance as at 31 December 2023		12,447	65	1,199	13,711	44	13,755

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

The Group adopted AASB 17 *Insurance contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 2.1.

Consolidated interim statement of cash flows

For the half-year ended 31 December 2023

	Note	Dec 2023 $M	Restated Dec 2022 $M
Cash flows from operating activities			
Premiums received	4.2	6,992	6,099
Insurance acquisition costs paid	4.2	(972)	(806)
Claims and insurance service expenses paid	4.2	(5,095)	(5,169)
Interest received		2,258	1,425
Interest paid		(1,376)	(477)
Reinsurance recoveries received	4.2	797	1,570
Reinsurance premiums paid	4.2	(1,121)	(983)
Fees and other operating income received		179	185
Dividends and trust distributions received		26	18
Fees and operating expenses paid		(949)	(915)
Income tax paid		(193)	(218)
Changes in operating assets arising from cash flow movements			
Trading securities		(1,129)	775
Loans and advances		(1,199)	(2,797)
Changes in operating liabilities arising from cash flow movements			
Deposits		1,126	2,928
Net cash from operating activities		(656)	1,635
Cash flows from investing activities			
Proceeds from the sale or maturity of investment securities		15,708	8,322
Payments for acquisition of investment securities		(16,516)	(7,781)
Proceeds from other investing activities		10	15
Payments for other investing activities		269	(36)
Net cash from investing activities		(529)	520
Cash flows from financing activities			
Proceeds from borrowings		11,611	10,315
Repayment of borrowings, including transaction costs		(12,079)	(8,440)
Proceeds from issue of loan capital, including transaction costs		596	-
Payment on call of loan capital, including transaction costs		(600)	(330)
Payments for other financing activities		(21)	(45)
Dividends paid		(255)	(199)
Net cash from financing activities		(748)	1,301
Net increase in cash and cash equivalents		(1,933)	3,456
Cash and cash equivalents at the beginning of the period		5,575	3,743
Effect of exchange rate fluctuations on cash held		(1)	(1)
Cash and cash equivalents at the end of the period		3,641	7,198
Cash and cash equivalents at the end of the period comprises:			
Cash and cash equivalents		2,899	2,436
Receivables due from other banks		848	4,837
Payables due to other banks		(106)	(75)
		3,641	7,198

The consolidated interim statement of cash flows is to be read in conjunction with the accompanying notes.

The Group adopted AASB 17 *Insurance contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 2.1.

Notes to the consolidated interim financial statements

For the half-year ended 31 December 2023

Overview

Suncorp Group Limited (SGL, the Company) is listed on the Australian Securities Exchange (ASX) and is a for-profit entity. The Company and its subsidiaries (referred to as the "Group" or "Suncorp") offer insurance and banking products and services through some of Australia's and New Zealand's most recognisable brands.

Sale of Suncorp Bank

On 18 July 2022, following a comprehensive strategic review, the Group announced it had signed a share sale and purchase agreement (SPA) with Australia and New Zealand Banking Group Limited (ANZ) to sell Suncorp Bank.

On 4 August 2023, the Australian Competition and Consumer Commission (ACCC) announced it would deny authorisation of the planned sale. On 25 August 2023, ANZ announced it had filed an application for Australian Competition Tribunal (the Tribunal) review of the decision by the ACCC not to grant authorisation for ANZ's proposed acquisition of Suncorp Bank and the Group would support ANZ during the process.

On 20 February 2024, the Tribunal granted authorisation of the planned sale of Suncorp Bank to ANZ. The sale remains subject to the amendment of the *State Financial Institutions and Metway Merger Act 1996 (Qld)* and approval from the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998*. Subject to all approvals being received, the Group expects the sale to complete around the middle of the 2024 calendar year.

The estimated cash consideration for the sale of $4,900 million is subject to standard completion adjustments.

In accordance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the sale of Suncorp Bank does not meet the criteria to be classified as held for sale in the consolidated interim statement of financial position as at 31 December 2023.

1. Reporting entity

The Company is a public company domiciled in Australia. Its registered office is at Level 23, 80 Ann Street, Brisbane, Qld, 4000. The consolidated interim financial statements for the half-year ended 31 December 2023 comprise the Company and its subsidiaries and were authorised for issue by the Board of Directors (the Board) on 26 February 2024.

2. Basis of preparation

The consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial statements do not include all of the information required for a full consolidated annual financial report, and should be read in conjunction with the consolidated financial report of the Suncorp Group for the financial year ended 30 June 2023 and any public announcements made by the Suncorp Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules. The consolidated financial report of the Suncorp Group for the financial year ended 30 June 2023 is available upon request from the Company's registered office or at suncorpgroup.com.au/investors/reports.

As the Company is of a kind referred to in *Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191*, all financial information presented has been rounded to the nearest one million dollars unless otherwise stated.

The accounting policies and methods of computation applied in the consolidated interim financial statements are consistent with those applied in the Group's consolidated annual financial report as at and for the financial year ended on 30 June 2023, except as set out in note 2.1.

Where necessary, comparatives have been re-presented to conform to changes in presentation in the current half-year.

2.1 New Australian accounting standards

AASB 17 *Insurance contracts*

AASB 17 *Insurance contracts* (AASB 17) is a new accounting standard for all types of insurance contracts and replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* (AASB 1023) and AASB *1038 Life Insurance Contracts*. AASB 17 is effective for the Group's consolidated financial statements for the reporting period beginning 1 July 2023.

Transition

AASB 17 is to be applied retrospectively to all insurance contracts on the transition date unless it is impractical to do so, in which case a modified retrospective or fair value approach may be applied.

The Group has applied the full retrospective approach for general insurance contracts and majority of Life insurance contracts. Due to the long-term nature of the life insurance business, not all the required information is available to do a full retrospective approach in all circumstances. Accordingly, the Group has used the fair value approach.

The adoption of AASB 17 has resulted in an increase in equity/net assets at 1 July 2022 of $60 million after tax. This amount was recognised as an adjustment to the opening balance of retained earnings as shown in the consolidated interim statement of changes in equity. The financial impacts on transition to AASB 17 are summarised in note 15.

Measurement of insurance contracts and reinsurance contracts

The Group's insurance and reinsurance contracts are not measured individually but are aggregated into portfolios, each comprising contracts that are of similar risks and managed together.

Insurance contracts and reinsurance contracts are measured and presented separately, comprising the following:

- the liability for remaining coverage (LRC) representing coverage for contracts that will be provided after the balance date for insured events that have not yet occurred; and
- the liability for incurred claims (LIC) representing claims and expenses for insured events that have already occurred. The LIC relates to claims reported and claims not reported (Incurred But Not Enough Reported, Incurred But Not Reported).

Reinsurance contract assets comprise the following:

- the asset for remaining coverage (ARC) representing the estimated amounts recoverable from reinsurers in relation to future insured claims that have not yet been incurred: and
- the assets for incurred claims (AIC) representing the estimated amounts recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

Liability for Remaining Coverage (LRC) / Asset for Remaining Coverage (ARC)

AASB 17 features the General Measurement Model (GMM) as its default measurement model but allows a simplified measurement model known as the Premium Allocation Approach (PAA) for contracts with a coverage period of one year or less, or when the LRC/ARC under the PAA does not differ materially from that of the GMM.

The Group is required to apply the Variable Fee Approach (VFA) for insurance contracts with direct participation (profit-sharing) features, which represents a small portion of the Group's life insurance contracts.

(a) Applying PAA

Currently, the Group applies the PAA for all general insurance contracts issued and reinsurance contracts held. The Group applies the PAA to the majority of life insurance contracts issued due to the annual repricing characteristic of these contracts (stepped premiums).

For groups of insurance contracts issued, the LRC is measured as the premiums received less insurance revenue recognised and less acquisition costs deferred.

For groups of reinsurance contracts held, ARC is measured as ceding premiums paid less reinsurance expenses recognised for the services received.

When applying the PAA, discounting of LRC and ARC is not required if the time between providing the insurance service and the premium due date is no more than one year. The Group has chosen not to discount the LRC and ARC for contracts measured under the PAA.

Acquisition costs relating to insurance contracts issued to policyholders measured under the PAA can either be immediately expensed or capitalised and amortised over the coverage period. For contracts measured under the PAA, the Group includes acquisition costs in the LRC and amortises them based on the passage of time.

(b) Applying GMM

The carrying amount of the LRC and ARC is measured as the expected cash flows related to future service plus a profit margin known as the contractual service margin (CSM). The expected cash flows are the current estimates of the amounts the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the time value of money and the uncertainty in those amounts. The CSM is recognised in insurance revenue over the coverage period as the Group provides the insurance coverage.

Under the GMM, changes that relates to current or past coverage are recognised in profit or loss. Changes that relate to future coverage are recognised by adjusting the CSM. If the CSM is zero, the changes are recognised in profit or loss.

LRC Loss Component/ Loss Recovery Component

AASB 17 requires the identification of groups of onerous contracts issued, with a loss component recognised on initial recognition of the group of contracts and added to the LRC. Under the PAA, the Group assumes that no contracts in the portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts not measured under the PAA, an assessment is made at initial recognition to determine if they are onerous.

Where onerous contracts are covered by reinsurance contracts entered into before or at the same time as the onerous contracts, a loss-recovery component representing the reinsurance recoveries attributable to the onerous contract losses is recognised, which reduces ARC and increases reinsurance income.

The Group has developed a framework for identifying indicators of possible onerous contracts on recognition and during the life of the contract, using internal information contained in prospective profitability reporting.

The carrying value of loss and corresponding loss-recovery components as at 31 December 2023 are disclosed in note 4.2.

Liability for Incurred Claims (LIC) / Asset for Incurred Claims (AIC)

The LIC comprises discounted estimates of future cash flows for claims incurred, adjusted to account for non-financial risks using risk adjustments. Similarly, the AIC comprise the discounted estimates of future cash flows adjusted to account for non-financial risks being transferred to the reinsurer.

Risk adjustment

A risk adjustment is added to the discounted estimates of future cash flows to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks as the Group fulfills insurance contracts.

The Group has adopted an approach to calculate the risk adjustment informed by a cost of capital model, which is sensitive to changes in claims mix, discount rate, reinsurance arrangements, and the Group's internal view of the level of capital required in order to meet regulatory requirements and the Group's performance targets. The risk adjustment is then calculated to be the amount that must be added to the central estimate of the insurance liabilities, such that the probability that the actual outcome will be less than the liability (including the risk adjustment). A 75% probability of adequacy is determined by the Group to calibrate the risk adjustment as at 31 December 2023, which is consistent with the probability of adequacy prescribed by Australian Prudential Regulation Authority (APRA) to meet regulatory capital requirement.

The changes in the risk adjustment due to the effect of the time value of money and changes in the time value of money are disaggregated and presented in Insurance Finance Income or Expense.

Discount rate

The estimates of future cash flows of insurance contracts are discounted to reflect the time value of money, the financial risks, and liquidity characteristics of the cash flows. To calculate the discount rate, a bottom-up approach is applied, whereby the risk-free yield curve is adjusted to reflect the liquidity characteristics of the insurance cash flows through the addition of an illiquidity premium (ILP) which will increase the discount rate. The derivation of ILP comprises a market ILP and an illiquidity ratio which adjusts the market ILP to reflect the liquidity characteristics of the Group's insurance and reinsurance contracts.

Insurance Revenue

For insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the insurance coverage period, which is considered to closely approximate the pattern of risks underwritten.

For contracts not measured under the PAA, insurance revenue corresponds to the release of the LRC, depending on the quantity of provided services, and an allocation of insurance acquisition cash flows. The amount of insurance revenue recognised in the reporting period reflects the consideration expected to be received for those services.

Insurance revenue includes any implicit or explicit amounts for transaction-based taxes and levies that Suncorp is required to pay on insurance contracts issued, and excludes transaction-based taxes and levies that are levied on the policyholder and collected by Suncorp on behalf of the relevant government authority.

Tax impacts

Current tax law in Australia is based on AASB 1023. Amendments to align the tax law to AASB 17 have been passed by the House of Representatives. However, as at the date of this report, these amendments have not yet been passed by the Senate. The current tax liability, income tax expense, and deferred tax balances are prepared based on the current tax law as enacted as at 31 December 2023.

The current income tax settings in New Zealand (NZ) for insurance have largely not changed for *NZ International Financial Reporting Standards 17* (NZ IFRS 17). However, there has been legislative change to align the income tax treatment of outstanding claims reserves to the treatment under NZ IFRS 17. Otherwise, differences between the income tax treatment and NZ IFRS 17 give rise to a temporary difference.

2.2 Use of estimates and judgements

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated interim financial statements.

Significant estimates, judgements and assumptions considered material to the financial statements are discussed in the following notes:

- Insurance and reinsurance contracts (refer to note 2.1).
- Provision for impairment on financial assets (refer to note 7.3).
- Valuation of financial instruments (refer to note 9).
- Contingent assets and liabilities (refer to note 14).

The application of AASB 17 introduced the following significant estimates, judgements and assumptions to the financial statements in estimating the insurance and reinsurance contract assets and liabilities, discussed in note 2.1:

- Determination of the risk adjustment to be applied to the central estimate for LIC/AIC
- Determination of the Illiquidity Premium addition to discount rate for discounting LIC/AIC
- Identification of groups of onerous contracts and measurement of the loss component
- Eligibility for application of PAA for insurance contracts and reinsurance contracts with a coverage period extending beyond one year.

Financial performance

3. Segment reporting

Operating segments are identified based on separate financial information which is regularly reviewed by the Group's Chief Operating Decision Maker (CODM), represented by the Group Chief Executive Officer and Managing Director (Group CEO and MD) and his Executive Leadership Team (ELT), in assessing performance and determining the allocation of resources.

3.1 Operating segments

The Suncorp Group comprises the following operating segments.

Reportable segments	Segment information
Consumer Insurance[1]	– Provision of insurance products to customers in Australia including home and contents, motor and boat.
Commercial & Personal Injury[1]	– Provision of insurance products to customers in Australia including commercial motor, commercial property, marine, industrial special risks, public liability and professional indemnity, workers' compensation and compulsory third party
Suncorp Bank	– Provision of banking services to customers in Australia. – Key products include commercial, agribusiness, small business, home loans, savings and transaction accounts, foreign exchange, treasury products and services.
Suncorp New Zealand	– Provision of general and life insurance products to customers in New Zealand. – Key products include home and contents, motor, commercial property, public liability and professional indemnity, life, trauma, total and permanent disablement and income protection.
Corporate	– Investment of the Group's capital, Suncorp Group business strategy activities (including business combinations and divestments) and Suncorp Group shared services.

1 On 9 August 2023, the Group announced changes in the operating model to the market. Effective from September 2023, 'Insurance Australia' was split into two new reportable segments: 'Consumer Insurance' and 'Commercial & Personal Injury'.

Only profit or loss information is reviewed by the CODM at an operating segment level.

The basis of measurement of segment results are the same as those applied by the Suncorp Group in its consolidated financial report for the financial year ended 30 June 2023.

	Consumer Insurance $M	Commercial & Personal Injury $M	Suncorp Bank $M	Suncorp New Zealand $M	Corporate $M	Total $M
Half-year ended 31 December 2023						
External revenue	3,914	2,194	2,111	1,341	85	9,645
Inter-segment revenue	-	56	-	-	(56)	-
Total segment revenue	3,914	2,250	2,111	1,341	29	9,645
Segment profit (loss) before income tax	289	277	274	123	(93)	870
Segment income tax (expense) benefit	(86)	(83)	(82)	(36)	13	(274)
Segment profit (loss) after income tax	203	194	192	87	(80)	596
Half-year ended 31 December 2022 (Restated)						
External revenue	3,291	1,898	1,432	1,202	26	7,849
Inter-segment revenue	-	8	-	-	(8)	-
Total segment revenue	3,291	1,906	1,432	1,202	18	7,849
Segment profit (loss) before income tax	46	328	365	115	(52)	802
Segment income tax expense	(14)	(97)	(109)	(32)	11	(241)
Segment profit (loss) after income tax	32	231	256	83	(41)	561

Insurance activities

4. Insurance and reinsurance contracts

4.1 Insurance revenue

	Dec 2023 $M	Restated Dec 2022 $M
Insurance contracts measured under the premium allocation approach	6,651	5,899
Insurance contracts not measured under the premium allocation approach	51	41
Total insurance revenue	6,702	5,940

4.2 Movement in insurance and reinsurance contract assets and liabilities

(a) Movement in net insurance contract liabilities

The table below shows the reconciliation of the net LRC and LIC for insurance contracts issued.

	Dec 2023					Jun 2023 (Restated)				
	LRC					LRC				
	Excluding loss compo-nent $M	Loss compo-nent $M	LIC[1] $M	Assets for insurance acquisition cash flows $M	Total[2] $M	Excluding loss compo-nent $M	Loss compo-nent $M	LIC[1] $M	Assets for insurance acquisition cash flows $M	Total[2] $M
Opening insurance contract assets	(13)	-	28	(195)	(180)	(13)	-	26	(187)	(174)
Opening insurance contract liabilities	2,412	155	10,043	(27)	12,583	2,131	115	10,151	(28)	12,369
Net insurance contract liabilities as at 1 July	2,399	155	10,071	(222)	12,403	2,118	115	10,177	(215)	12,195
Insurance revenue	(6,702)	-	-	-	(6,702)	(12,081)	-	-	-	(12,081)
Incurred claims and other insurance service expenses	-	(3)	4,835	-	4,832	-	(7)	10,074	-	10,067
Changes that relate to past services	-	-	(95)	-	(95)	-	-	(575)	-	(575)
Losses and reversals on onerous contracts	-	(51)	-	-	(51)	-	46	-	-	46
Amortisation of insurance acquisition cash flows	930	-	-	18	948	1,807	-	-	34	1,841
Insurance service expense	930	(54)	4,740	18	5,634	1,807	39	9,499	34	11,379
Investment components	(3)	-	3	-	-	(6)	-	6	-	-
Insurance service result[3]	(5,775)	(54)	4,743	18	(1,068)	(10,280)	39	9,505	34	(702)
Insurance finance expense	4	4	258	-	266	(5)	1	151	-	147
Foreign currency translation adjustments	13	1	17	(3)	28	8	-	16	(3)	21
Changes in comprehensive income	(5,758)	(49)	5,018	15	(774)	(10,277)	40	9,672	31	(534)
Cash flows:										
Premiums received	6,992	-	-	-	6,992	12,353	-	-	-	12,353
Insurance acquisition costs paid	(952)	-	-	(20)	(972)	(1,690)	-	-	(38)	(1,728)
Claims and other insurance service expenses paid	-	-	(5,095)	-	(5,095)	-	-	(9,780)	-	(9,780)
Total cash flows	6,040	-	(5,095)	(20)	925	10,663	-	(9,780)	(38)	845
Other movements in the net balance	(4)	-	1	-	(3)	(105)	-	2	-	(103)
Closing insurance contract assets	(13)	-	30	(200)	(183)	(13)	-	28	(195)	(180)
Closing insurance contract liabilities	2,690	106	9,965	(27)	12,734	2,412	155	10,043	(27)	12,583
Net insurance contract liabilities at balance date	2,677	106	9,995	(227)	12,551	2,399	155	10,071	(222)	12,403

1 Includes $9,941 million (June 2023: $10,026 million) relating to contracts measured under the PAA, comprising the present value of future cash flows of $9,261 million (June 2023: $9,340 million) and a risk adjustment of $680 million (June 2023: $686 million). The residual balance relates to Life insurance contracts not eligible under the PAA.

2 The carrying value of contracts not measured under the PAA of $390 million (June 2023: $375 million) comprises the present value of future cash flows of $137 million (June 2023: $128 million), a risk adjustment of $38 million (June 2023: $37 million), and a CSM of $215 million (June 2023: $210 million). The movement in CSM reflects amounts earned to insurance revenue of $51 million (June 2023: $41 million).

3 Insurance service result excludes non-directly attributable expenses of $1 million (June 2023: $22 million), which are classified as 'Fees, overheads and other expenses' in the consolidated statement of comprehensive income.

(b) Movement in net reinsurance contract assets

The table below shows the reconciliation of the net ARC and AIC for reinsurance contracts held.

	Dec 2023				Jun 2023 (Restated)			
	ARC				ARC			
	Excluding loss recovery component $M	Loss recovery component $M	AIC[1] $M	Total[2] $M	Excluding loss recovery component $M	Loss recovery component $M	AIC[1] $M	Total[2] $M
Net reinsurance contract assets as at 1 July	(84)	21	2,058	1,995	(65)	19	2,571	2,525
Reinsurance premium expense	(756)	-	-	(756)	(1,422)	-	-	(1,422)
Recoveries of incurred claims and other insurance service expenses	-	-	163	163	-	-	1, 393	1, 393
Changes that relate to past services	-	-	(73)	(73)	-	-	100	100
Recoveries and reversals of losses on onerous underlying contracts	-	4	-	4	-	-	-	-
Reinsurance recoveries	-	4	90	94	-	-	1,493	1,493
Net income (expense) from reinsurance contracts	(756)	4	90	(662)	(1,422)	-	1,493	71
Effect of changes in non-performance risk of reinsurers	-	-	1	1	-	-	-	-
Reinsurance finance income	(3)	2	43	42	(4)	2	27	25
Foreign currency translation adjustments	4	(2)	6	8	2	-	13	15
Changes in comprehensive income	(755)	4	140	(611)	(1,424)	2	1,533	111
Cash flows:								
Premiums paid	1,070	-	51	1,121	1,412	-	-	1,412
Recoveries received	-	-	(797)	(797)	-	-	(2,046)	(2,046)
Total cash flows	1,070	-	(746)	324	1,412	-	(2,046)	(634)
Other movements in the net balance	(13)	-	(1)	(14)	(7)	-	-	(7)
Net reinsurance contract assets at balance date	218	25	1,451	1,694	(84)	21	2,058	1,995

1 Includes $1,369 million (June 2023: $1,986 million) relating to contracts measured under the PAA, comprising the present value of future cash flows of $1,289 million (June 2023: $1,869 million) and a risk adjustment of $80 million (June 2023: $117 million). The residual balance relates to Life insurance contracts not eligible under the PAA.

2 The carrying value of contracts not measured under the PAA of $58 million (June 2023: $46 million) comprises the present value of future cash flows of $15 million (June 2023: $5 million), a risk adjustment of $17 million (June 2023: $17 million), and a CSM of $26 million (June 2023: $24 million). The movement in CSM reflects $4 million (June 2023: $nil) of changes related to future services.

4.3 Net insurance financial result

The following table analyses the Group's net insurance financial result in profit or loss and other comprehensive income.

	Dec 2023 $M	Restated Dec 2022 $M
Insurance service result	406	397
Insurance investment income		
Interest income	281	200
Dividend and trust distribution income	26	18
Net gain (loss) on insurance financial assets	322	(3)
Total insurance investment income	629	215
Insurance finance income (expense) (IFIE):		
Discount unwind on claims liabilities	(211)	(118)
Market rate adjustments on claims liabilities	(50)	61
Other movements[1]	(5)	1
Net insurance finance expense	(266)	(56)
Reinsurance finance income (expense) (RFIE):		
Discount unwind on claims recoveries	38	21
Market rate adjustments on claims recoveries	4	(7)
Other movements[2]	1	(1)
Net reinsurance finance income	43	13
Net insurance financial result	812	569

1 Other movements in IFIE include a $5 million expense (2022: $1 million income) from changes in the value of underlying assets of life insurance contracts.

2 Other movements in RFIE include $nil (2022: $1 million expense) from the effect of changes in fulfilment cash flows and a net $1 million gain (2022: $nil) from foreign exchange movements.

Banking activities

5. Net interest income

	Dec 2023			Dec 2022		
	Banking activities $M	Other Group activities[2] $M	Total Group $M	Banking activities $M	Other Group activities[2] $M	Total Group $M
Interest income						
Cash and cash equivalents	39	3	42	16	2	18
Receivables due from other banks	21	-	21	45	-	45
Trading securities at FVTPL[3]	60	-	60	20	-	20
Investment securities						
At FVOCI[3]	139	-	139	62	-	62
At FVTPL[3]	-	11	11	-	6	6
Loans and advances	1,767	-	1,767	1,199	(1)	1,198
Total interest income	2,026	14	2,040	1,342	7	1,349
Interest expense						
Deposits	(769)	-	(769)	(335)	-	(335)
Derivatives[1]	(68)	-	(68)	(10)	-	(10)
Borrowings						
At amortised cost	(473)	-	(473)	(233)	-	(233)
At FVTPL[3]	(31)	-	(31)	(26)	-	(26)
Loan capital	(19)	(70)	(89)	(13)	(42)	(55)
Leases	-	(3)	(3)	-	(2)	(2)
Total interest expense	(1,360)	(73)	(1,433)	(617)	(44)	(661)
Net interest income	666	(59)	607	725	(37)	688

1 Represents the net interest income/expense from derivative instruments which are utilised to hedge interest rate risk in accordance with the Group's risk management practices set out in the Group's 30 June 2023 consolidated annual financial report.

2 Other Group activities include interest income and expense from the Group's corporate activities, insurance funding activities, and consolidation adjustments.

3 Terms 'FVTPL' and 'FVOCI' refer to 'fair value through profit or loss' and 'fair value through other comprehensive income' respectively.

6. Loans and advances

	Note	Dec 2023 $M	Jun 2023 $M
Retail loans			
Housing loans		50,410	48,076
Securitised housing loans and covered bonds		5,587	6,725
Personal loans		25	36
		56,022	54,837
Business loans			
Commercial		5,406	5,361
SME		2,636	2,633
Agribusiness		4,456	4,490
		12,498	12,484
Gross loans and advances		68,520	67,321
Provision for impairment	7.1	(210)	(219)
Net loans and advances		68,310	67,102

7. Provision for impairment on financial assets

7.1 Reconciliation of provision for impairment on financial assets

The table below shows the reconciliation of the expected credit loss (ECL), specific provision (SP) and gross carrying amount for loans and advances (GLA) for the half-year ended 31 December 2023.

	Collective provision									
	Stage 1		Stage 2		Stage 3		Stage 3 SP		Total	
	GLA $M	ECL $M	GLA $M	ECL $M	GLA $M	ECL $M	GLA $M	SP $M	GLA $M	Provision $M
As at 1 July 2023	65,579	99	1,252	71	398	20	92	29	67,321	219
Transfers:										
Transfer to stage 1	434	16	(371)	(14)	(62)	(2)	(1)	-	-	-
Transfer to stage 2[1]	(6,700)	(30)	6,751	32	(49)	(1)	(2)	(1)	-	-
Transfer to stage 3	(113)	(3)	(140)	(16)	251	19	2	-	-	-
New loans and advances originated	8,835	24	-	-	-	-	-	-	8,835	24
Net increase (release) of ECL/SP	-	(31)	-	32	-	(4)	-	1	-	(2)
Loans and advances derecognised	(7,307)	(12)	(248)	(8)	(51)	(2)	(30)	-	(7,636)	(22)
SP written-off	-	-	-	-	-	-	-	(7)	-	(7)
Unwind of discount	-	-	-	-	-	-	-	(2)	-	(2)
As at 31 December 2023	60,728	63	7,244	97	487	30	61	20	68,520	210
Provision for impairment on:										
Loans and advances	(57)		(90)		(30)		(20)		(197)	
Commitments & guarantees	(6)		(7)		-		-		(13)	
Net carrying amount as at 31 December 2023	60,665		7,147		457		41		68,310	

1 During the half-year, the Group reviewed its rules and approach to determining Significant Increase in Credit Risk (SICR). This resulted in a higher proportion of exposures allocated to Stage 2 as at 31 December 2023. These exposures remain performing and well secured resulting in a low likelihood of loss. The change did not result in a significant change in total provisioning levels as the Group previously held a lifetime loss provision for exposures which had not yet met the SICR thresholds at the reporting date but which were notionally considered to be in Stage 2 based on the forward looking economic outlook. The removal of this provision (given it is now explicitly incorporated into the model), together with recalibrated probability of default parameters and other changes in the economic outlook, resulted in a net neutral ECL outcome.

7.2 Impairment expense on financial assets

	Dec 2023 $M	Dec 2022 $M
Increase in collective provision for impairment[1]	-	1
Bad debts written off	1	1
Total impairment expense on financial assets	1	2

1 Impairment expense above includes $nil (2022: $1 million) of ECL on investment securities and reverse repurchase agreements.

7.3 Expected credit loss model methodology, estimates and assumptions

Significant estimates, judgements and assumptions

The provision for impairment on financial assets is considered to be a significant accounting estimate and judgment as forecast macroeconomic conditions are a key factor in determining the ECL for loans and advances. The central economic forecast anticipates an increase in the unemployment rate to 4.7% at December 2025 and falling property values over the next two years. There remains a high risk of negative median house prices in the outlook given the tightening of monetary policy to date. For commercial property prices, further falls are anticipated given a high incentive environment eroding effective returns and continued low occupancy rates placing pressure on values. Falls are expected for rural property prices, as positive factors that were observed in recent financial years are reversing with commodity prices falling. The ECL model calibration reflects the uncertain economic outlook.

Reported expected credit loss

The Group calculates the ECL by considering a distribution of economic outcomes around a central underlying scenario, with the distribution of outcomes reflecting the Group's view of the likelihood of more adverse outcomes.

As the negative impact of an economic downturn on credit losses tends to be greater than the positive impact of an economic upturn, AASB 9 *Financial Instruments* (AASB 9) requires the ECL to be a probability weighted outcome based on a range of possible outcomes.

Key assumptions underpinning the Group's reported ECL of $190 million are presented in the table below. The outlook for these variables is reviewed regularly. As an example of the downside allowance in the model, there is a 29% probability that house price falls will exceed 20% over CY24/CY25 while the weighted average fall is 9.8%.

	Model assumption %		
	CY24	CY25	CY24/25
Property prices - residential - weighted average change	(8.3)	(1.5)	(9.8)
Property prices - commercial office - weighted average change	(12.2)	-	(12.2)
Property prices - rural - weighted average change	(6.9)	(4.5)	(11.4)
Unemployment rate[1]	4.6	4.7	n/a

1 Unemployment rate reflects the forecast rate as at December 2024 and December 2025. The probability of default is driven by combinations of variables relevant for each portfolio, such as unemployment and property prices. These combinations form an Economic Cycle indicator for which there is a distribution of outcomes. As such, a weighted unemployment rate is not a direct model input.

Downside sensitivity expected credit loss

The ECL calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, signifying no single analysis can fully demonstrate the sensitivity of the ECL to fluctuations in macroeconomic variables. As a result of economic uncertainty and the sensitivity to key macroeconomic variables, significant adjustments to the ECL could occur in future periods. To provide an indication of the impact of changes in key macroeconomic variables, a sensitivity analysis is conducted on the following key macroeconomic drivers to which the ECL is sensitive:

- residential and commercial property prices;
- the unemployment rate; and
- a combination of simultaneous adverse movements in the above variables.

The table below indicates how each of the aforementioned drivers would impact the profit (loss) before tax with a corresponding impact on the ECL at reporting date.

	Downside sensitivity	
	Movement in variable	Pre-tax impact Profit (loss) $M
Movement of variables in isolation		
Property prices - residential	Decrease weighted average ~500 bps over 2 years from a fall of 9.8% to 14.8%	(14)
Property prices - non-residential	Commercial office: Decrease weighted average ~500 bps over 2 years from a fall of 12.2% to 17.2% Rural: Decrease weighted average ~500 bps over 2 years from a fall of 11.4% to 16.4%	(11)
Unemployment rate	Increase ~100 bps over 1 year to forecast rates of 5.6% (CY24) and 5.7% (CY25)	(57)
Movement of variables in combination		
Property prices and unemployment rate all move in combination over the given timeframes	Adverse movements as above	(85)

8. Deposits

	Dec 2023 $M	Jun 2023 $M
At-call transactions deposits	19,291	19,658
At-call savings deposits	17,598	17,146
Term deposits	15,415	14,374
Total deposits	52,304	51,178

Other investment and financial instruments

9. Fair value of financial instruments

Fair values are categorised by a three-level hierarchy which identifies the inputs to valuation techniques used to measure fair value:

– Level 1: derived from quoted prices (unadjusted) in active markets for identical financial instruments that the Suncorp Group can access at the measurement date.

– Level 2: derived from other than quoted prices included within level 1 that are observable for the financial instruments, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.

– Level 3: fair value is determined using valuation techniques which include significant inputs that are unobservable. The valuation techniques include the use of discounted cash flow models for loans and advances. The fair value of investments in infrastructure assets and property related assets (held via unlisted trusts) are determined based on the Group's share of the net asset value of the unlisted trusts, as advised by the external investment manager. The fair value of other unlisted equity securities is determined as the cost of the investment adjusted for known increments or decrements as this is considered to be the most reliable measure of fair value.

Financial assets and liabilities measured at fair value

The following table presents the financial assets and liabilities that are measured at fair value categorised by fair value hierarchy. Terms 'FVTPL' and 'FVOCI' refer to 'fair value through profit and loss' and 'fair value through other comprehensive income' respectively.

	Dec 2023				Jun 2023			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets								
Trading securities	-	3,351	-	3,351	-	2,218	-	2,218
FVTPL[1]	3,361	13,173	548	17,082	3,015	13,083	520	16,618
FVOCI[1]	-	6,914	-	6,914	-	6,431	-	6,431
Derivatives	12	507	-	519	9	597	-	606
	3,373	23,945	548	27,866	3,024	22,329	520	25,873
Financial liabilities								
FVTPL[2]	-	751	-	751	-	2,700	-	2,700
Derivatives	17	551	-	568	13	669	-	682
	17	1,302	-	1,319	13	3,369	-	3,382

1 Disclosed within the consolidated interim statement of financial position category of 'Investment securities'.

2 Disclosed within the consolidated interim statement of financial position category of 'Borrowings' as $400 million (June 2023: $2,519 million) and of 'Payables and other liabilities' as $351 million (June 2023: $181 million).

In accordance with the Group accounting policy, the Group applies the option to designate offshore commercial paper at FVTPL upon issuance when it significantly reduces a measurement inconsistency (accounting mismatch). From 1 October 2023, the Group no longer applied the option to designate offshore commercial paper at FVTPL as it no longer significantly reduced the accounting mismatch. The change has been applied prospectively with all issuances from 1 October 2023 being measured at amortised cost (31 December 2023: $1,792 million).

There have been no transfers between Level 1 and Level 2 during the current and prior half-year.

Level 3 financial assets consist of investments in infrastructure assets and property related assets (held via unlisted trusts) of $548 million (June 2023: $520 million). The fair value of level 3 financial assets (held via unlisted trusts) is based on the Group's share of reported net asset value, as advised by the external investment manager. Infrastructure and property related assets held in the unlisted trusts are independently valued in accordance with AASB 13 *Fair value measurement*.

During the half-year, $35 million additional units of level 3 assets were purchased (2022: $150 million) while there were no redemptions (2022: $nil). Fair value loss of $7 million (2022: $7 million gain) was recognised through 'Insurance investment income' in the consolidated interim statement of comprehensive income.

Financial assets and liabilities not measured at fair value

The following table discloses a comparison of carrying value and fair value of financial assets and liabilities that are not measured at fair value after initial recognition, where their carrying value is not a reasonable approximation of fair value. The significant assumptions and estimates used in determining their fair values are consistent with those used in the financial year ended 30 June 2023.

			Fair value			
	Note	Carrying value $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
As at 31 December 2023						
Financial assets						
Loans and advances	6	68,310	-	-	68,161	68,161
		68,310	-	-	68,161	68,161
Financial liabilities						
Deposits	8	52,304	-	52,257	-	52,257
Borrowings[1]		23,219	-	23,203	-	23,203
Loan capital		2,543	1,185	1,140	-	2,325
		78,066	1,185	76,600	-	77,785
As at 30 June 2023						
Financial assets						
Loans and advances	6	67,102	-	-	66,767	66,767
		67,102	-	-	66,767	66,767
Financial liabilities						
Deposits	8	51,178	-	51,054	-	51,054
Borrowings[1]		21,490	-	21,349	-	21,349
Loan capital		2,544	1,183	1,141	-	2,324
		75,212	1,183	73,544	-	74,727

1 Includes $1,792 million (30 June 2023: $nil) of offshore commercial paper issued from 1 October 2023 and classified as amortised cost.

Capital structure

10. Share capital

	Number of ordinary shares	Issued capital $M	Share-based payments $M	Treasury shares $M	Total share capital $M
Balance as at 1 July 2022	1,262,604,976	12,321	30	(26)	12,325
Shares issued under DRP[1]	1,470,621	16	-	-	16
Share-based payments	-	-	1	-	1
Treasury share movements	-	-	-	7	7
Balance as at 31 December 2022	1,264,075,597	12,337	31	(19)	12,349
Shares issued under DRP[1]	2,466,795	32	-	-	32
Share-based payments	-	-	9	-	9
Treasury share movements	-	-	-	(6)	(6)
Balance as at 30 June 2023	1,266,542,392	12,369	40	(25)	12,384
Shares issued under DRP[1]	3,720,322	49	-	-	49
Share-based payments	-		(4)	-	(4)
Treasury share movements	-	-	-	7	7
Other movements[2]	-	11	-	-	11
Balance as at 31 December 2023	1,270,262,714	12,429	36	(18)	12,447

1 Dividend reinvestment plan (DRP).

2 Other movements represent an $11 million tax adjustment related to share buy-back costs incurred in financial year 2021-22.

Issue of new ordinary shares

On 25 September 2023, 3,720,322 ordinary shares were issued and allotted at the issue price of $13.23 per share under the DRP in respect of the 2023 final dividend.

11. Dividends

	Dec 2023		Dec 2022	
	Cents per share	$M	Cents per share	$M
Dividend payments on ordinary shares				
2023 final dividend (December 2022: 2022 final dividend)	27	342	17	215
Total dividends on ordinary shares paid to owners of the Company	27	342	17	215
Dividends not recognised in the consolidated interim statement of financial position[1]				
Dividends determined since balance date				
2024 interim dividend (December 2022: 2023 interim dividend)	34	432	33	417

1 The total 2024 interim dividend on ordinary shares determined but not recognised in the consolidated interim statement of financial position is estimated based on the total number of ordinary shares on issue without taking into account treasury shares as at 31 December 2023. The actual amount recognised in the consolidated financial statements for the year ending 30 June 2024 will be based on the actual number of ordinary shares on issue net of treasury shares on the record date.

Other disclosures

12. Share-based payments

The following awards are made under the Suncorp Group Equity Incentive Plan:

Long-term incentive (performance rights):

- Long-term incentives (LTI) are performance rights granted to eligible executives. During the half-year ended 31 December 2023, 782,755 (December 2022: 860,402) performance rights were offered at a total fair value of $7,471,000 (December 2022: $4,693,000). Total LTI performance rights expensed for the half-year ended 31 December 2023 is $2,115,000 (December 2022: $2,182,000).

Share rights plan:

- Share Rights are granted to eligible employees in specific roles that satisfy the eligibility criteria as approved by the Board. During the half-year ended 31 December 2023, 436,824 (December 2022: 45,807) share rights were offered at a total fair value of $5,991,000 (December 2022: $524,000). Total share rights expensed for the half-year ended 31 December 2023 is $2,326,000 (December 2022: $985,000).

Short-term incentive (STI) deferred plan:

- Share rights are offered to the Group CEO and MD, ELT and Executive General Managers as the deferred component of their total STI award. On 10 August 2023, 712,420 (December 2022: 585,633) share rights were offered at a total fair value of $9,782,000 (December 2022: $6,823,000). Total STI deferred into share rights expensed for the half-year ended 31 December 2023 is $3,782,000 (December 2022: $3,631,000).

Expenses relating to share-based payments are included in 'Fees, overheads and other expenses' in the consolidated interim statement of comprehensive income.

13. Related parties

Arrangements for related parties continue to be in place as disclosed in the Group's consolidated financial report for the financial year ended 30 June 2023. There have been no other transactions with related parties that are significant to understanding the changes in financial position and performance of the Group since 30 June 2023.

14. Contingent assets and liabilities

14.1 Contingent assets

Contingent assets are not recognised but are disclosed in the consolidated interim financial statements when inflows are probable. If inflows become virtually certain, an asset is recognised.

There are claims and possible claims made by the Group against external parties. Where considered appropriate, privileged legal advice has been obtained. The Group does not consider the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, is likely to have a material effect on its operations or financial position. The Group is of the opinion that receivables are not required in respect of these matters, as the inflow of future economic benefits is probable but not virtually certain.

14.2 Contingent liabilities

Contingent liabilities are not recognised, but are disclosed in the consolidated interim financial statements, unless the possibility of settlement is remote, in which case no disclosure is made. If settlement becomes probable and the amount can be reliably estimated, a provision is recognised.

There are contingent liabilities facing the Group in respect of the matters below.

Regulatory and internal reviews

Reviews and enquiries from regulators may result in investigation and administrative costs, system changes, litigation, and regulatory enforcement action (and associated legal costs), compensation and/or remediation payments (including interest) or fines and penalties. The Group conducts its own internal reviews of its regulatory compliance, which it may disclose to the regulators in Australia and New Zealand, which may result in similar costs.

In recent periods, a number of regulators in Australia and New Zealand including ASIC, APRA, ACCC, Australian Transaction Reports and Analysis Centre (AUSTRAC), the Australian Taxation Office (ATO), and the Reserve Bank of New Zealand (RBNZ) and Financial Markets Authority (FMA) in New Zealand conducted reviews and made enquiries with the Group. There were a number of non-compliance instances identified and disclosed by the Group to various regulatory authorities including ASIC, APRA, AUSTRAC, Department of Foreign Affairs and Trade Australian Sanctions Office (ASO), the Office of the Australian Information Commissioner (OAIC), the Fair Work Ombudsman (FWO) and FMA.

An assessment of the likely cost to the Group of these matters has been made on a case-by-case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated, the amount has been provisioned.

Suncorp-Metway Limited (SML) remains focused on uplifting the maturity of its Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) systems and controls. To ensure a strategic and holistic approach, management have established a Financial Crime Compliance Program of Action (FCCPoA). The FCCPoA incorporates the actions arising from AUSTRAC's AML/CTF Compliance Assessment Report findings in relation to SML's AML Program as well as findings and recommendations from internal assurance work. Management regularly reports to AUSTRAC on progress of the FCCPoA.

As previously disclosed, the FMA filed proceedings against Vero Insurance New Zealand Limited (VINZL) in relation to the multi-policy discount (MPD) remediation. The FMA claimed alleged breaches of the fair dealing provisions in the Financial Markets Conduct Act 2013 (FMCA) concerning the misapplication of MPD. The FMA sought a declaration that VINZL contravened certain sections of the Act and requested a pecuniary penalty. The penalty was provided for in the financial year ended 30 June 2023 and subsequently paid by VINZL in October 2023, thereby fully resolving the FMA proceedings.

As previously disclosed, FMA initiated proceedings against AA Insurance Limited (AAI NZ) relating to multi-policy discount, New Zealand Automobile Association member discount, and no claims bonus (NCB) customer remediation activities, seeking a declaration of contravention of certain sections of the FMCA and a pecuniary penalty. Discussions with the FMA are ongoing, and as of 31 December 2023, the scope and quantum of any penalty remain undetermined.

Customer remediation and complaints

The Group is currently undertaking a number of programs of work in both Australia and New Zealand to resolve prior issues that have impacted customers. Contingent liabilities may exist in respect of actual or potential claims, compensation payments and/or remediation payments (including interest) identified as part of existing programs of work or as part of future programs responding to regulatory or internal reviews.

The Australian Financial Complaints Authority (AFCA) has the power to award compensation within financial limits prescribed by its rules on complaints raised by customers and investigate matters they consider may be 'systemic'. The Group is working through individual cases that have been referred to AFCA as well as any systemic matters opened by AFCA.

An assessment of the likely cost to the Group of reviews and customer complaints has been made on a case-by-case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated, the amount has been provisioned.

Royal Commission

The 2019 report of the Royal Commission (Report) set out 76 policy recommendations. The Group has implemented many of the known reforms since the Report and will continue to monitor and respond to any additional legislative and regulatory activity.

On 22 June 2023 the Australian Parliament passed legislation establishing the Compensation Scheme of Last Resort (CSLR) in Australia. The scheme will provide compensation to victims of financial misconduct who have won their cases through AFCA but have not been paid due to the insolvency of the involved financial institution. While the scheme is not related to Group matters, initial financial remediations under this scheme are to be financed via a one-off levy, applicable to the top ten largest, APRA regulated banking and insurance groups in financial year 2021-22. The Group has made a provision for its share of the one-off levy, however the actual levy imposed could vary from this amount.

The Annual and Special levies are also proposed under the CSLR bills but given the scope and enforcement date for the industry funded levies it is not expected that the Group will be liable for these.

Litigation

As previously disclosed, a class action was filed against AAI Limited and MTAI Pty Ltd on behalf of persons who purchased add-on insurance products sold with the purchase or lease of motor vehicles at car dealerships between 1 May 2006 and 30 June 2018. The Group is defending this matter. The Group has made provision for legal, investigation and other defence costs. At this stage of the proceedings it is not possible to determine the ultimate financial impact of this matter, if any.

As previously disclosed, various business interruption wordings have been examined through litigation including two significant industry test cases following the onset of the COVID-19 pandemic. The Full Federal Court broadly found in favour of the insurers concluding that, in most instances, the indemnity clauses did not trigger. There are some ongoing business interruption disputes with AAI customers at AFCA and AFCA have indicated that they will apply the test case principles. While settled in the main, there are some class actions with other industry participants, the outcome of which may have broader industry application and impact the Group’s future exposure.

The potential impact of these matters is uncertain and has been considered in the recognition of claims provisions and risk margins in the General Insurance contract liabilities as set out in note 4.2(a).

There are other outstanding court proceedings, potential fines, enquiries, industry reviews, claims and possible claims against the Group, the aggregate amount of which cannot be readily quantified. Where considered appropriate, privileged legal advice has been obtained. The Group does not consider the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, likely to have a material effect on its operations or financial position.

An assessment of the likely cost to the Group of these matters has been made on a case-by-case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated, the amount has been provisioned.

Sale of businesses

As part of the sale of SLSL during the financial year ended 30 June 2019, the Group provided warranties and indemnities to SLSL and TAL Dai-ichi Life Australia Pty Ltd (TAL). These included warranties, indemnities, and remediation obligations regarding the provision of services and products in accordance with terms and conditions of the contractual arrangements. Any potential outflows relating to the indemnities remain uncertain.

As part of the sale of Capital S.M.A.R.T and ACM Parts during the financial year ended 30 June 2020, the Group provided warranties in the respective Share Sale and Purchase Agreements entered into with AMA Group Limited (AMA). Any potential outflows remain uncertain.

As part of the sale of Resilium during the financial year ended 30 June 2019, the Group provided certain tax warranties in the Sale and Purchase Agreement entered into with the Resilium management team. As at 31 December 2023, no claims are outstanding and the period within which claims may be commenced has expired, except for tax warranties. Any potential outflows remain uncertain.

As part of the sale of SPSL to LGIAsuper during the financial year ended 30 June 2022, Suncorp Life Holdings Limited provided warranties and indemnities to LGIA Trustee, as trustee of LGIAsuper. These included warranties, indemnities, and remediation obligations regarding the provision of services and products in accordance with the terms and conditions of the contractual arrangements. All transition activities with LGIA were concluded by 30 June 2023. Any outflows relating to the indemnity remain uncertain.

As part of the sale of Suncorp's 50% stake in RACT Insurance to Royal Automobile Club of Tasmania during the financial year ended 30 June 2022, the Group provided certain warranties relating to title and capacity and a tax indemnity as part of the Share Purchase Agreement. Any potential outflows relating to the indemnity remain uncertain.

AA Finance, a 50 : 50 joint venture between Suncorp and the New Zealand Automobile Association, sold its motor vehicle loan book to UDC Finance in October 2023. As part of the sale, AA Finance provided certain warranties in relation to the loan book in the Sale and Purchase Agreement with both Suncorp and the New Zealand Automobile Association acting as a guarantor. Any potential outflow in relation to the warranties remain uncertain.

Other

Under the terms of its contracts with New Zealand advisers, the Group could potentially acquire the entitlement of individual advisers to future income streams from renewal commission for business in-force as at 16 April 2021, should the advisers themselves be unable to find an approved buyer within six months of the date that the agreement ends. For in-force business written since 16 April 2021, the entitlement of individual advisers to future income streams from renewal commission if an approved buyer is not found within six months of the date that the agreement ends, is ceded to the Company at no cost. The liability for future renewal commission is contained in the Group's policy liabilities, and therefore these potential transactions do not result in any change to the Group's net assets or profit or loss. In practice, these transactions are not frequent, and management do not consider the consequent acceleration of the timing of underlying cash flows to be material.

Certain subsidiaries act as trustee for various trusts. In this capacity, the subsidiaries are liable for the debts of the trusts and are entitled to be indemnified out of the trust assets for all liabilities incurred on behalf of the trusts.

Some companies in the Group, apart from the Company, also provide financial guarantees to external parties and may be exposed to contingent liabilities.

15. Impact of adoption of AASB 17 *Insurance contracts* as at 1 July 2022

Relevant line items only	AASB 1023/ AASB 1038 $M	Reclass -ifica -tions[1] $M	Risk adjust -ment[2] $M	Changes in disc -ount -ing[3] $M	Loss compo -nent[4] $M	Changes in deferred acquisition costs[5] $M	Others[6] $M	Tax impact[7] $M	Life NZ adjust -ments[8] $M	AASB 17 balance $M
Assets										
Cash and cash equivalents	1,418	-	-	-	-	-	-	-	-	1,418
Receivables due from other banks	2,490	-	-	-	-	-	-	-	-	2,490
Trading securities	2,722	-	-	-	-	-	-	-	-	2,722
Derivatives	741	-	-	-	-	-	-	-	-	741
Investment securities	20,957	-	-	-	-	-	-	-	-	20,957
Premiums outstanding	3,173	(3,172)	-	-	-	-	-	-	(1)	-
Loans and advances	61,856	-	-	-	-	-	-	-	-	61,856
Insurance contract assets	-	-	-	-	-	-	-	-	174	174
Reinsurance contract assets	-	2,350	145	(17)	-	-	-	-	47	2,525
Reinsurance and other recoveries	3,212	(3,136)	-	-	-	-	-	-	(76)	-
Deferred reinsurance assets	1,152	(1,152)	-	-	-	-	-	-	-	-
Deferred acquisition costs	796	(796)	-	-	-	-	-	-	-	-
Property, plant and equipment	712	-	-	-	-	-	-	-	-	712
Deferred tax assets	592	-	-	-	-	-	-	-	-	592
Goodwill and other intangible assets	5,282	-	-	-	-	-	(14)	-	-	5,268
Other assets	1,275	(440)	-	-	-	-	-	-	(86)	749
Total assets	**106,378**	**(6,346)**	**145**	**(17)**	**-**	**-**	**(14)**	**-**	**58**	**100,204**
Liabilities										
Payables due to other banks	165	-	-	-	-	-	-	-	-	165
Deposits	47,875	-	-	-	-	-	-	-	-	47,875
Derivatives	783	-	-	-	-	-	-	-	-	783
Amounts due to reinsurers	1,119	(1,117)	-	-	-	-	-	-	(2)	-
Payables and other liabilities	1,741	578	-	-	-	-	-	-	146	2,465
Insurance contract liabilities	-	12,282	(388)	(65)	55	25	3		457	12,369
Unearned premium liabilities	6,024	(6,023)	-	-	-	-	-	-	(1)	-
Provisions and employee benefit liabilities	537	(537)	-	-	-	-	-	-	-	-
Outstanding claims liabilities	11,692	(11,529)	-	-	-	-	-	-	(163)	-
Deferred tax liabilities	127	-	-	-	-	-	-	145	(100)	172
Borrowings	20,910	-	-	-	-	-	-	-	-	20,910
Loan capital	2,622	-	-	-	-	-	-	-	-	2,622
Total liabilities	**93,595**	**(6,346)**	**(388)**	**(65)**	**55**	**25**	**3**	**145**	**337**	**87,361**
Net assets	**12,783**	**-**	**533**	**48**	**(55)**	**(25)**	**(17)**	**(145)**	**(279)**	**12,843**

The opening net asset impact is mainly driven by the following:

1 The opening balances have been reclassified to comply with the presentation and disclosure requirements of AASB 17.

2 The adjustment represents the net impact from the derecognition of Risk Margin recorded under AASB 1023, which was measured at 90% probability of adequacy (POA), and the recognition of Risk Adjustment as required by AASB 17 on LIC and AIC measured at 75% POA.

3 The adjustment is driven by the introduction of 30 basis points of Illiquidity premium as per AASB 17 to the discount rates used for discounting the insurance contract liabilities and reinsurance contract assets.

4 This adjustment includes the recognition of loss component on the onerous contracts and the corresponding loss recovery component from reinsurance contracts. The loss component is computed on the AASB 17 portfolio level.

5 The insurance contract liabilities under AASB 17 are presented net of deferred acquisition costs (DAC). DAC transition impact relates to the exclusion of non-directly attributable expenses (NDAEs) under AASB 17. NDAEs are primarily corporate costs for projects not related to insurance contracts, corporate development, and remediation.

6 Other adjustments represent the derecognition of the Outstanding Claims Liabilities and the customer contract intangible assets at the transition date. These would not have been recognised if AASB 17 was effective at the transition date due to the recognition of non-performance risk as required by AASB 17.

7 Tax impact of all the other measurement related adjustments with corresponding impacts posted to opening deferred tax liabilities.

8 For the New Zealand Life Insurance business, the impact upon transition is largely driven by accelerated amortisation of DAC and shorter contract boundaries.

16. Subsequent events

On 20 February 2024, the Tribunal granted authorisation of the planned sale of Suncorp Bank to ANZ (refer to Overview section).

In the directors' opinion, between the end of the half-year and the date of this report, no other transaction or event of a material and unusual nature has arisen to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' declaration

The directors of Suncorp Group Limited (the Company) declare that in their opinion:

1) The consolidated interim financial statements and notes set out on pages 7 to 32, are in accordance with the *Corporations Act 2001*, including:
   a. giving a true and fair view of the Suncorp Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
   b. complying with Australian accounting standards and *Corporations Regulations 2001*; and
2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Christine McLoughlin, AM	**Steve Johnston**
Chairman 26 February 2024	Group Chief Executive Officer and Managing Director 26 February 2024

Independent Auditor's Review Report

To the shareholders of Suncorp Group Limited

Conclusion

We have reviewed the accompanying ***Consolidated Interim Financial Report*** of Suncorp Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Consolidated Interim Financial Report of Suncorp Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Consolidated Interim Financial Report*** comprises:

- Consolidated interim statement of financial position as at 31 December 2023
- Consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date
- Notes 1 to 16 including selected explanatory notes
- The Directors' Declaration

The ***Group*** comprises Suncorp Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;* and
- such internal control as the Directors determine is necessary to enable the preparation of the Consolidated Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Consolidated Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Consolidated Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Consolidated Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Scott Guse

Partner

Brisbane

26 February 2024