

Suncorp-Metway Limited and subsidiaries

ABN 66 010 831 722

Consolidated financial report

For the financial year ended 30 June 2024

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Directors' Report

The directors present their report together with the financial report of the consolidated entity (or **Group**), being Suncorp-Metway Limited (the **Company**) and its subsidiaries for the financial year ended 30 June 2024 and the auditor's report thereon.

Suncorp Group Limited (**SGL**), the Company's ultimate parent entity, is the listed holding company of the Suncorp Group of companies. SGL and its subsidiaries are referred to as the **Suncorp Group** or **Suncorp**.

Terms that are defined appear in bold the first time they are used.

1. Directors

The directors of the Company at any time during or since the end of the financial 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
Lindsay Tanner	Director since 2018
Duncan West	Director since 2021
Gillian Brown	Appointed February 2024
Douglas McTaggart	Retired December 2023

Executive

Steve Johnston (Group Chief Executive Officer and Managing Director)	Executive Director since 2019
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2. Principal activities

The Company is an Authorised Deposit-taking Institution (**ADI**). The principal activities of the Group during the course of the financial year were the provision of banking and related services to retail, commercial, small and medium enterprises and agribusiness customers in Australia.

The Group conducts the Banking operations of the Suncorp Group. There were no significant changes in the nature of the Group's activities during the financial year ended 30 June 2024.

3. Sale of Suncorp Bank

On 18 July 2022, following a comprehensive strategic review, Suncorp Group announced it had signed a share sale and purchase agreement (**SPA**) with Australia and New Zealand Banking Group Limited (**ANZ**) to sell the Company's immediate parent entity, SBGH Limited. On 20 February 2024, the Australian Competition Tribunal granted authorisation of the planned sale. On 14 June 2024, the *State Financial Institutions and Metway Merger Amendment Bill* (the **Bill**) was passed by the Queensland Parliament. The Bill, which will come into effect on proclamation at the time of completion of the sale of SBGH Limited to ANZ, will see the application of the *State Financial Institutions and Metway Merger Act* and its Queensland headquartering requirements shift from SML to SGL.

On 28 June 2024, approval from the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998* was received. While the sale remains subject to the commencement of the *State Financial Institutions and Metway Merger Amendment Act* (which will come into effect on proclamation at the time of completion, as above), the Suncorp Group expects the sale to complete on 31 July 2024 (**completion date**).

On or prior to completion date, but subsequent to the signing of the financial report, in accordance with the SPA, related Restructure Agreement and Hardware Purchase Agreement, Suncorp Group and the Group intend to undertake a restructure, involving the transfer of certain agreements, securities and assets (collectively referred to as **items**) in connection with the implementation of the sale. The items and the corresponding accounting balances will be transferred at their respective carrying values, resulting in nil impact on the net asset position of the Group at the point of transfer.

The items include:

- Suncorp Bank dedicated software assets, hardware assets, employment agreements and the corresponding liabilities transferred from Suncorp Group to the Group; and
- Dormant and non-core entities transferred from the Group to Suncorp Group (refer to note 25.1 and the consolidated entity disclosure statement).

Also in connection with the Restructure Agreement, intellectual property rights will be reassigned to and from the Group to Suncorp Group.

In addition to the above, due from and due to related party balances with the Suncorp Group will be settled on or immediately prior to completion date (refer to note 26.2). In accordance with the SPA, ANZ will also acquire the subordinated notes (note 16) and capital notes (note 18) from SGL.

In connection with the sale, the Group has entered into the following agreements with Suncorp Group to receive and provide (as specified below) various services and access to trade marks post completion date (collectively referred to as **Service agreements**):

- Transitional services agreement (Group to receive);
- Transitional trade mark licence agreement (Group to receive); and
- Banking services agreement (Group to provide).

The sale, Restructure Agreement and Service agreements do not impact the measurement of the assets and liabilities of the Company or the Group as of the date of this report.

On completion date, the Company and its wholly-owned subsidiaries will exit the SGL tax-consolidated group and join the ANZ tax-consolidated group (refer to note 6). On joining the ANZ tax-consolidated group, the tax values of certain assets and liabilities of the Company and its wholly-owned subsidiaries will be reset as part of the purchase price allocation. This process will be finalised no later than one year from completion date.

4. Dividends

During the financial year, the Company paid dividends on ordinary shares totalling \$241 million (2023: \$135 million) and on capital notes totalling \$29 million (2023: \$24 million).

The directors determined that a 2024 final dividend would not be paid.

Further details of dividends on ordinary shares and capital notes provided for or paid are set out in note 20 to the consolidated financial statements.

5. Operating and financial review

5.1. Overview of the Group

The Group delivered net profit after tax attributable to owners of the Company of \$379 million for the financial year ended 30 June 2024 (30 June 2023: \$462 million). The reduced net profit after tax was driven by margin headwinds, lower other operating income and increased expenses, partly offset by lower impairment expense.

5.2. Financial position and capital structure

Net assets of the Group are \$4,465 million (June 2023: \$4,302 million). The increase was a result of total comprehensive income for the period of \$433 million, partially offset by dividend payments of \$270 million on ordinary shares and capital notes.

The regulatory Common Equity Tier 1 ratio is within the Basel III target operating range of 10.0% - 10.5% of Risk Weighted Assets at 10.33% (June 2023: 10.39%).

The Group's Basel III APS 330 *Public Disclosure* are available at suncorpgroup.com.au/investors/reports.

5.3. Review of principal businesses

Net interest income decreased 2.8% to \$1,368 million (30 June 2023: \$1,408 million) with benefit from growth in home and business lending more than offset by margin contraction.

Operating expenses increased 6.6% to \$804 million (30 June 2023: \$754 million) driven by an uplift in technology costs, inflationary pressures, depreciation and increased investment and regulatory spend, partly offset by continued cost disciplines and efficiency initiatives.

The net impairment expense on loans and advances of \$13 million (30 June 2023: \$16 million) reflects a \$10 million increase in the collective provision, a \$2 million charge in actual net write-offs, and a \$1 million increase in specific provisions. The increase in the collective provision was largely driven by credit quality downgrades for some agribusiness and commercial property customers, partially offset by an improved economic outlook primarily in relation to forecast property values.

Loans and advances increased 3.9% to \$69,715 million (30 June 2023: \$67,102 million). The home lending portfolio grew 4.0% over the financial year, managing lending growth and margin outcomes in the context of a highly competitive mortgage market. Within the home lending portfolio, 76% (30 June 2023: 74%) was broker originated with the remainder being direct lending. The business lending portfolio increased 3.3% over the financial year with growth across all portfolios.

Deposits increased 5.0% to \$54,011 million (30 June 2023: \$51,434 million). At-call savings deposits increased 4.3% to \$17,885 million (30 June 2023: \$17,146 million) and term deposits increased 15.4% to \$16,583 million (30 June 2023: \$14,374 million), reflecting increased demand for higher yield deposit products. At-call transaction deposits decreased 1.9% to \$19,543 million (30 June 2023: \$19,914 million) over the financial year, driven by migration of balances to higher yielding deposit products and increased cost of living pressures.

6. Significant changes in the state of affairs

Other than the sale of SBGH Limited to ANZ (refer 'Sale of Suncorp Bank', above), in the opinion of the directors, there were no other significant changes in the state of affairs of the Company or the Group that occurred during the year.

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company or the Group, the results of those operations, or the state of affairs of the Company or the Group in future financial years.

The sale of SBGH Limited to ANZ is expected to complete on 31 July 2024, with associated restructures expected to take place on or immediately prior to completion date (refer 'Sale of Suncorp Bank', above).

8. Likely developments

Other than the matter noted above regarding the acquisition of SBGH Limited by ANZ, no substantial changes in business operations are expected in the coming financial year.

9. Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories.

The Group has not incurred any liability (including for rectification costs) under any environmental legislation.

Detail on Suncorp Group's activities and initiatives to protect and sustain the environment is available in the *Our environment and climate change approach* section of the Suncorp Group Limited Annual Report.

10. Indemnification and insurance of officers

Indemnification

Under rule 39 of the Constitution for SGL, SGL indemnifies each person who is or has been a director, secretary or officer of the Company (each an officer for the purposes of this section). The indemnity relates to liabilities to the fullest extent permitted by law to another party (other than the Company or a related body corporate) that may arise in connection with the performance of their duties to the Company, except where the liability arises out of conduct involving a lack of good faith. The Constitution stipulates that SGL will meet the full amount of such liabilities, including costs and expenses incurred in defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the *Corporations Act 2001*.

Insurance premiums

During the financial year ended 30 June 2024, SGL paid insurance premiums in respect of a Directors' and Officers' Liability insurance contract. The contract insures each person who is or has been a director or officer (as defined in the *Corporations Act 2001*) of the Company against certain liabilities arising in the course of their duties to the Company. The directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

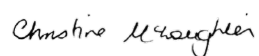
11. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the financial year ended 30 June 2024.

12. Rounding of amounts

The Company is of a kind referred to in *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and, in accordance with that legislative instrument, amounts in the directors' report and financial report have been rounded to the nearest one million dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors.



CHRISTINE MCLOUGHLIN, AM

Chairman

29 July 2024



STEVE JOHNSTON

Group Chief Executive Officer and Managing Director

29 July 2024



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

To the Directors of Suncorp-Metway Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Suncorp-Metway Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten version of the KPMG logo, with the letters 'KPMG' in blue ink and a blue underline.

KPMG

A handwritten signature in blue ink, appearing to read 'Kim Lawry'.

Kim Lawry
Partner

Sydney
29 July 2024

Statements of comprehensive income

For the financial year ended 30 June 2024

	Note	Consolidated		Company	
		2024 \$M	2023 \$M	2024 \$M	2023 \$M
Interest income	4.1	4,207	3,075	4,195	3,067
Interest expense	4.1	(2,839)	(1,667)	(2,701)	(1,580)
Net interest income	4.1	1,368	1,408	1,494	1,487
Other operating income	4.2	(10)	23	316	310
Total net operating income		1,358	1,431	1,810	1,797
Operating expenses	5	(804)	(754)	(1,265)	(1,132)
Impairment expense on financial assets	8.2	(13)	(17)	(10)	(17)
Profit before income tax		541	660	535	648
Income tax expense	6.1	(162)	(198)	(157)	(191)
Profit for the financial year attributable to owners of the Company		379	462	378	457
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Net change in fair value of cash flow hedges	19	106	(47)	106	(47)
Net change in fair value of investment securities	19	(29)	10	(29)	10
Income tax (expense) benefit	19	(23)	11	(23)	11
Total other comprehensive income (loss)		54	(26)	54	(26)
Total comprehensive income for the financial year attributable to owners of the Company		433	436	432	431

The statements of comprehensive income are to be read in conjunction with the accompanying notes.

Statements of financial position

As at 30 June 2024

	Note	Consolidated		Company	
		2024 \$M	2023 \$M	2024 \$M	2023 \$M
Assets					
Cash and cash equivalents	12	1,745	2,927	1,742	2,925
Receivables due from other banks		739	1,788	739	1,788
Trading securities	13	2,154	2,218	2,154	2,218
Derivatives	14	283	501	283	501
Investment securities	13	9,849	6,431	9,849	6,431
Loans and advances	7	69,715	67,102	69,527	66,908
Due from related parties	26.2	115	165	12,531	12,597
Deferred tax assets	6.2	108	136	105	134
Other assets		266	240	250	222
Total assets		84,974	81,508	97,180	93,724
Liabilities					
Payables due to other banks		118	121	118	121
Deposits	10	54,011	51,434	54,022	51,444
Derivatives	14	304	520	304	520
Payables and other liabilities		632	432	690	510
Due to related parties	26.2	68	90	15,470	14,924
Borrowings	11	24,776	24,009	21,559	21,350
Subordinated notes	16	600	600	600	600
Total liabilities		80,509	77,206	92,763	89,469
Net assets		4,465	4,302	4,417	4,255
Equity					
Share capital	17	2,754	2,754	2,754	2,754
Capital notes	18	560	560	560	560
Reserves	19	(28)	(82)	(28)	(82)
Retained profits		1,179	1,070	1,131	1,023
Total equity attributable to owners of the Company		4,465	4,302	4,417	4,255

The statements of financial position are to be read in conjunction with the accompanying notes.

Statements of changes in equity

For the financial year ended 30 June 2024

Consolidated	Note	Share capital \$M	Capital notes \$M	Reserves \$M	Retained profits \$M	Total equity \$M
Balance as at 1 July 2022		2,754	560	(56)	767	4,025
Profit for the financial year		-	-	-	462	462
Total other comprehensive loss for the financial year		-	-	(26)	-	(26)
Total comprehensive income for the financial year		-	-	(26)	462	436
<i>Transactions with owners, recorded directly in equity</i>						
Dividends paid	20	-	-	-	(159)	(159)
Balance as at 30 June 2023		2,754	560	(82)	1,070	4,302
Profit for the financial year		-	-	-	379	379
Total other comprehensive income for the financial year		-	-	54	-	54
Total comprehensive income for the financial year		-	-	54	379	433
<i>Transactions with owners, recorded directly in equity</i>						
Dividends paid	20	-	-	-	(270)	(270)
Balance as at 30 June 2024		2,754	560	(28)	1,179	4,465

The statements of changes in equity are to be read in conjunction with the accompanying notes.

Statements of changes in equity

For the financial year ended 30 June 2024

Company	Note	Share capital \$M	Capital notes \$M	Reserves \$M	Retained profits \$M	Total equity \$M
Balance as at 1 July 2022		2,754	560	(56)	725	3,983
Profit for the financial year		-	-	-	457	457
Total other comprehensive loss for the financial year		-	-	(26)	-	(26)
Total comprehensive income for the financial year		-	-	(26)	457	431
<i>Transactions with owners, recorded directly in equity</i>						
Dividends paid	20	-	-	-	(159)	(159)
Balance as at 30 June 2023		2,754	560	(82)	1,023	4,255
Profit for the financial year		-	-	-	378	378
Total other comprehensive income for the financial year		-	-	54	-	54
Total comprehensive income for the financial year		-	-	54	378	432
<i>Transactions with owners, recorded directly in equity</i>						
Dividends paid	20	-	-	-	(270)	(270)
Balance as at 30 June 2024		2,754	560	(28)	1,131	4,417

The statements of changes in equity are to be read in conjunction with the accompanying notes.

Statements of cash flows

For the financial year ended 30 June 2024

	Note	Consolidated		Company	
		2024	2023	2024	2023
		\$M	\$M	\$M	\$M
Cash flows from operating activities					
Interest received		4,142	2,944	4,131	2,935
Interest paid		(2,720)	(1,411)	(2,584)	(1,328)
Fees and other operating income received		223	178	532	451
Dividends received		-	-	10	11
Fees and operating expenses paid		(905)	(948)	(1,382)	(1,396)
Reimbursement to related parties for income tax payments		(171)	(215)	(158)	(209)
<i>Changes in operating assets and liabilities arising from cash flow movements</i>					
Trading securities		66	505	66	505
Loans and advances		(2,617)	(5,192)	(2,620)	(5,164)
Due from/to related parties		16	12	594	325
Deposits		2,577	3,309	2,578	3,309
Net cash from (used in) operating activities	24.1	611	(818)	1,167	(561)
Cash flows from investing activities					
Proceeds from the sale or maturity of investment securities		2,586	3,170	2,586	3,170
Payments for acquisition of investment securities		(5,547)	(3,312)	(5,547)	(3,312)
Net cash used in investing activities		(2,961)	(142)	(2,961)	(142)
Cash flows from financing activities					
Proceeds from borrowings	11.1	24,259	20,964	23,009	19,964
Repayment of borrowings, including transaction costs	11.1	(23,867)	(18,185)	(23,174)	(17,442)
Dividends paid	20	(270)	(159)	(270)	(159)
Net cash from (used in) financing activities		122	2,620	(435)	2,363
Net (decrease) increase in cash and cash equivalents		(2,228)	1,660	(2,229)	1,660
Cash and cash equivalents at the beginning of the financial year		4,594	2,934	4,592	2,932
Cash and cash equivalents at the end of the financial year	24.2	2,366	4,594	2,363	4,592

The statements of cash flows are to be read in conjunction with the accompanying notes.

Notes to the financial statements

For the financial year ended 30 June 2024

Overview

Suncorp-Metway Limited (the Company) and its subsidiaries (the Group) provides banking and related services to retail, commercial, small and medium enterprises and agribusiness customers in Australia. The Group conducts the Banking operations of the Suncorp Group.

The financial report is structured to provide prominence to the disclosures that are considered most relevant to the users' understanding of the operations, results and financial position of the Group.

Information in the notes to the financial statements is only included if it is material and relevant to the understanding of the financial statements and results of the Group. Information is considered material and relevant if:

- the amount is significant in size or nature;
- it is essential to understanding the Group's results;
- it is critical in explaining significant changes in the Group's business operations – for example significant business acquisitions or disposals;
- it relates to an aspect of the Group's operations that is important to its future performance; or
- it is required under the relevant reporting and legislative frameworks applied by the Group.

1. Reporting entity

Suncorp-Metway Limited (the Company) is a public company domiciled in Australia. Its registered office is at Level 23, 80 Ann Street, Brisbane, Qld, 4000.

The consolidated financial statements for the financial year ended 30 June 2024 comprise the Company and its subsidiaries (the Group) and were authorised for issue by the Board of Directors on 29 July 2024.

The Company's immediate parent entity is SBGH Limited and its ultimate parent entity is Suncorp Group Limited (SGL). SGL and its subsidiaries are referred to as the Suncorp Group.

The Company is an Authorised Deposit-taking Institution (ADI).

1.1 Sale of Suncorp Bank

On 18 July 2022, following a comprehensive strategic review, Suncorp Group announced it had signed a share sale and purchase agreement (SPA) with Australia and New Zealand Banking Group Limited (ANZ) to sell the Company's immediate parent entity, SBGH Limited. On 20 February 2024, the Australian Competition Tribunal granted authorisation of the planned sale. On 14 June 2024, the *State Financial Institutions and Metway Merger Amendment Bill* (the Bill) was passed by the Queensland Parliament. The Bill, which will come into effect on proclamation at the time of completion of the sale of SBGH Limited to ANZ, will see the application of the *State Financial Institutions and Metway Merger Act* and its Queensland headquartering requirements shift from SML to SGL. On 28 June 2024, approval from the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998* was received.

While the sale remains subject to the commencement of the *State Financial Institutions and Metway Merger Amendment Act* (which will come into effect on proclamation at the time of completion, as above), the Suncorp Group expects the sale to complete on 31 July 2024 (completion date).

On or prior to completion date, but subsequent to the signing of the financial report, in accordance with the SPA, related Restructure Agreement and Hardware Purchase Agreement, Suncorp Group and the Group intend to undertake a restructure, involving the transfer of certain agreements, securities and assets (collectively referred to as items) in connection with the implementation of the sale. The items and the corresponding accounting balances will be transferred at their respective carrying values, resulting in nil impact on the net asset position of the Group at the point of transfer.

The items include:

- Suncorp Bank dedicated software assets, hardware assets, employment agreements and the corresponding liabilities transferred from Suncorp Group to the Group; and
- Dormant and non-core entities transferred from the Group to Suncorp Group (refer to note 25.1 and the consolidated entity disclosure statement).

Also in connection with the Restructure Agreement, intellectual property rights will be reassigned to and from the Group to Suncorp Group.

In addition to the above, due from and due to related party balances with the Suncorp Group will be settled on or immediately prior to completion date (refer to note 26.2). In accordance with the SPA, ANZ will also acquire the subordinated notes (note 16) and capital notes (note 18) from SGL.

In connection with the sale, the Group has entered into the following agreements with Suncorp Group to receive and provide (as specified below) various services and access to trade marks post completion date (collectively referred to as **Service agreements**):

- Transitional services agreement (Group to receive);
- Transitional trade mark licence agreement (Group to receive); and
- Banking services agreement (Group to provide).

The sale, Restructure Agreement and Service agreements do not impact the measurement of the assets and liabilities of the Company or the Group as of the date of this report.

On completion date, the Company and its wholly-owned subsidiaries will exit the SGL tax-consolidated group and join the ANZ tax-consolidated group (refer to note 6). On joining the ANZ tax-consolidated group, the tax values of certain assets and liabilities of the Company and its wholly-owned subsidiaries will be reset as part of the purchase price allocation. This process will be finalised no later than one year from completion date.

2. Basis of preparation

The Company and the Group are for-profit entities and their financial statements have been prepared on the historical cost basis unless the application of fair value measurements is required by relevant accounting standards.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency and the functional currency of the Group's subsidiaries.

There were no substantial amendments to Australian Accounting Standards adopted during the period that have a material impact on the Group. All accounting policies applied by the Group in this consolidated financial report are the same as those applied in its consolidated financial report for the financial year ended 30 June 2023.

As the Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016, all financial information presented in Australian dollars has been rounded to the nearest one million dollars unless otherwise stated.

The statements of financial position (**SoFP**) are prepared in a liquidity format. In the notes, amounts expected to be recovered or settled no more than 12 months after the reporting date are classified as 'current', otherwise they are classified as 'non-current'.

Where necessary, comparatives have been restated to conform to changes in presentation in the current year.

2.1 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (**IFRS**) and Interpretations issued by the International Accounting Standards Board.

2.2 Foreign currency

Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars (the functional currency of the Group) using the following applicable exchange rates:

Foreign currency	Applicable exchange rate
Transactions	Exchange rate at date of transaction
Monetary assets and liabilities	Exchange rate at reporting date

The resulting foreign exchange gains and losses on monetary items are recognised as revenue or expenses in the financial year in which the exchange rate difference arises with the exception of qualifying cash flow hedges which are deferred to equity reserves and are recognised in other comprehensive income (OCI).

2.3 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised.

Significant estimates, judgments and assumptions are discussed in the following notes:

- provisions for impairment on financial assets (refer to note 8.3 and note 23.1)
- valuation of financial instruments carried at fair value (refer to note 15.1)
- contingent liabilities (refer to note 28)

Financial performance

The Group earns its returns from providing a broad range of banking products and services to retail, commercial, small and medium enterprises and agribusiness customers in Australia. The Group incurs costs associated with running the business such as staff, occupancy and technology related expenses.

This section provides details of the main contributors to the Group's returns.

3. Segment reporting

Operating segments are identified based on separate financial information which is regularly reviewed by the Group Chief Executive Officer and Managing Director and his immediate executive team, representing the Suncorp Group's Chief Operating Decision Maker, in assessing performance and determining the allocation of resources.

As the Group operates in only one segment, being Banking, the consolidated results of the Group are also its segment results for the current and prior periods. Further information with respect to the products offered to customers is disclosed in note 7 and note 10.

The Group operates predominantly in one geographical segment, which is Australia. Revenue from overseas customers is not material to the Group. No single customer amounts to greater than 10% of the Group's income.

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

4. Net operating income

4.1 Net interest income

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
Interest income				
Cash and cash equivalents	71	60	71	60
Receivables due from other banks	34	93	34	93
Trading securities	124	60	124	60
Investment securities	325	153	325	153
Loans and advances	3,653	2,709	3,641	2,701
Total interest income	4,207	3,075	4,195	3,067
Interest expense				
Deposits	(1,617)	(934)	(1,625)	(938)
Derivatives ¹	(100)	(60)	(100)	(60)
Borrowings				
at amortised cost	(1,042)	(580)	(896)	(489)
designated at fair value through profit or loss	(41)	(63)	(41)	(63)
Subordinated notes	(39)	(30)	(39)	(30)
Total interest expense	(2,839)	(1,667)	(2,701)	(1,580)
Net interest income	1,368	1,408	1,494	1,487

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.

Accounting policies

Interest income and expense on financial assets or liabilities at amortised cost are recognised in profit or loss using the effective interest method. This includes fees and commission income and expense (e.g. lending fees) that are integral to the effective interest rate on a financial asset or liability.

Interest income and expense on financial assets or liabilities at fair value are recognised in profit or loss when earned or incurred.

4.2 Other operating income

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
Banking fee and commission income	167	159	167	159
Banking fee and commission expense	(187)	(166)	(183)	(166)
Net banking fee and commission expense	(20)	(7)	(16)	(7)
Net gains or losses on:				
Trading securities at FVTPL ¹	2	1	2	1
Derivative financial instruments at FVTPL	6	15	6	15
Borrowings at FVTPL	1	(3)	1	(3)
Amount recycled into profit or loss on derecognition of investment securities at FVOCI ²	(3)	6	(3)	6
Securitisation and covered bond income	-	-	312	276
Dividend income	-	-	10	11
Other revenue	4	11	4	11
	10	30	332	317
Total other operating income	(10)	23	316	310

¹ Fair value through profit or loss (FVTPL).

² Fair value through other comprehensive income (FVOCI).

Accounting policies

Non-yield related application and activation lending fees received are recognised as income when the loan is disbursed or the commitment to lend expires.

Banking related fees that represent the recoupment of the costs of providing service, for example maintaining and administering existing facilities, are recognised when the performance obligation is satisfied. Fees can be recognised over time (e.g. annual fees) or at a point in time, when a promised good or service is transferred to a customer (e.g. late payment fees).

Fair value gains and losses from financial assets and liabilities at FVTPL are recognised in the consolidated statements of comprehensive income immediately.

Accumulated fair value gains and losses from investment securities at FVOCI are recycled from reserves to profit or loss when the asset is derecognised (refer Note 13).

Dividends and distribution income are recognised when the right to receive income is established.

5. Operating expenses

	Consolidated		Company	
	2024 \$M	2023 \$M	2024 \$M	2023 \$M
Wages, salaries and other staff costs	432	414	432	414
Occupancy and equipment expenses	51	46	51	46
Information technology and communication	130	120	130	120
Depreciation and amortisation	52	37	52	37
Securitisation and covered bond expenses	-	-	461	378
Other expenses	139	137	139	137
Total operating expenses	804	754	1,265	1,132

Operating expenses such as employee expenses, depreciation and amortisation are incurred directly by Suncorp Group's corporate service subsidiaries and recharged to the Group via an internal allocation methodology.

6. Income tax

6.1 Income tax expense

	Consolidated		Company	
	2024 \$M	2023 \$M	2024 \$M	2023 \$M
Reconciliation of prima facie to actual income tax expense:				
Profit before income tax	541	660	535	648
Prima facie domestic corporate tax rate of 30% (2023: 30%)	162	198	160	194
Tax effect of:				
Intercompany dividend elimination	-	-	(3)	(3)
Total income tax expense on pre-tax profit	162	198	157	191
Effective tax rate	30.0%	30.0%	29.4%	29.5%
Income tax expense recognised in profit consists of:				
Current tax expense				
Current tax movement	157	196	151	189
Total current tax expense	157	196	151	189
Deferred tax expense				
Origination and reversal of temporary differences	5	2	6	2
Total deferred tax expense	5	2	6	2
Total income tax expense	162	198	157	191

6.2 Deferred tax assets and liabilities

Deferred tax assets (DTA) and deferred tax liabilities (DTL) are attributable to the following:

	Consolidated				Company			
	DTA		DTL		DTA		DTL	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Financial instruments ¹	40	69	-	-	40	69	-	-
Provision for impairment on financial assets	64	66	-	-	62	64	-	-
Other items	4	1	-	-	3	1	-	-
Deferred tax assets and liabilities	108	136	-	-	105	134	-	-
Net deferred tax assets	108	136	-	-	105	134	-	-

¹ Financial instruments include derivatives, trading securities, investment securities and borrowings denominated in a foreign currency.

Movement in deferred tax balances during the financial year:

	Consolidated				Company			
	DTA		DTL		DTA		DTL	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the financial year	136	127	-	-	134	125	-	-
Movement recognised in profit or loss	(5)	(2)	-	-	(6)	(2)	-	-
Movement recognised in OCI	(23)	11	-	-	(23)	11	-	-
Balance at the end of the financial year	108	136	-	-	105	134	-	-

Accounting policies

Income tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised in OCI. Current tax consists of the expected tax payable on the taxable income for the year, after any adjustments in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised when it is probable that future taxable profits will be available against which the temporary differences can be utilised. Provisions for taxation require the Group to take into account the impact of uncertain tax positions. For such uncertainties, the Group relies on estimates and assumptions about future events.

Tax consolidation

At the date of this report, the Group is a wholly-owned entity in a tax-consolidated group, with SGL as the head entity. The Company and each of its wholly-owned subsidiaries recognise the current and deferred tax amounts applicable to the transactions undertaken by it, reasonably adjusted for certain intra-group transactions, as if it continued to be a separate tax payer. The head entity recognises the entire tax-consolidated group's current tax liability.

The members of the tax-consolidated group have entered into a tax-sharing agreement (TSA) and a tax funding agreement (TFA). Under the TFA, the Group fully compensates SGL for any current tax payable assumed. The assets and liabilities arising under the TFA are recognised as Due to/Due from related parties, at call.

Subject to completion of the sale of SBGH Limited to ANZ occurring (refer to note 1.1), the Company and each of its wholly-owned subsidiaries will leave the SGL tax-consolidated group on completion date. As part of the clear exit process, the Company and each of its wholly-owned subsidiaries will enter into a deed of release from SGL's TSA and TFA. On joining the ANZ tax-consolidated group, the tax values of certain assets and liabilities of the Company and its wholly-owned subsidiaries will be reset as part of the purchase price allocation. This process will be finalised no later than one year from completion date.

Lending activities

The Group provides a broad range of lending products to retail, commercial, small and medium enterprises (SME) and agribusiness customers within Australia. This section provides details of the Group's lending portfolio by customer segment and related impairment provisions. This section also covers the Group's credit commitments.

7. Loans and advances

	Note	Consolidated		Company	
		2024 \$M	2023 \$M	2024 \$M	2023 \$M
Retail loans					
Housing loans		50,518	48,076	50,518	48,076
Securitised housing loans and covered pool assets ¹		6,494	6,725	6,494	6,725
Personal loans		19	36	19	36
		57,031	54,837	57,031	54,837
Business loans					
Commercial		5,431	5,361	5,345	5,272
SME		2,670	2,633	2,670	2,633
Agribusiness		4,797	4,490	4,687	4,380
		12,898	12,484	12,702	12,285
Gross loans and advances		69,929	67,321	69,733	67,122
Provision for impairment	8.1	(214)	(219)	(206)	(214)
Net loans and advances		69,715	67,102	69,527	66,908
Current		12,976	11,708	12,963	11,697
Non-current		56,739	55,394	56,564	55,211
Net loans and advances		69,715	67,102	69,527	66,908

¹ Housing loans assigned as security under Residential mortgage-backed securities (RMBS) and covered bond programmes. Excludes internally held notes for repurchase with the Reserve Bank of Australia (RBA). Refer to note 15.3 for further details.

Accounting policies

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are facilities the Group provides directly to customers or through third party channels.

Financial assets are classified as amortised cost where cash flows are solely payments of principal and interest (SPPI) and the business model is held-to-collect. Loans and advances are included in this category. They are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost less any impairment losses.

Modification of contractual cash flows

In cases where borrowers face financial difficulties, the Group may grant a change to the terms and conditions of their loan repayments for a specific period to avoid the customers defaulting on their loan. These changes can include payment deferrals, change in amortisation periods, and temporary change in interest rates. Loans restructured on commercial terms with a significant modification of contractual cash flows are considered a re-origination. In this case, the asset will be derecognised and a new asset will be recognised.

For modifications that do not result in a derecognition, a modification gain or loss will be calculated based on the difference between the present value of the renegotiated or modified contractual cash flows and the gross carrying amount prior to modification. The present value is determined using the loan's original effective interest rate.

Derecognition

Loans and advances are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the Group has transferred substantially all risk and rewards of ownership.

8. Provision for impairment on financial assets

8.1 Reconciliation of provision for impairment on financial assets

The tables below show the reconciliation of expected credit loss (ECL), specific provision (SP) and gross carrying amount for loans and advances (GLA) for the financial year ended 30 June 2024.

Consolidated	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 2022	60,154	88	1,336	63	480	29	103	37	62,073	217
Transfers:										
Transfer to stage 1	601	26	(520)	(23)	(77)	(2)	(4)	(1)	-	-
Transfer to stage 2	(889)	(19)	956	21	(59)	(1)	(8)	(1)	-	-
Transfer to stage 3	(174)	(2)	(111)	(6)	242	6	43	2	-	-
New loans and advances originated	18,849	60	-	-	-	-	-	-	18,849	60
Net increase (release) of ECL/SP	-	(35)	-	34	-	7	-	2	-	8
Loans and advances derecognised	(12,962)	(19)	(409)	(18)	(188)	(19)	(42)	-	(13,601)	(56)
SP written-off	-	-	-	-	-	-	-	(6)	-	(6)
Unwind of discount	-	-	-	-	-	-	-	(4)	-	(4)
As at 1 July 2023	65,579	99	1,252	71	398	20	92	29	67,321	219
Transfers:										
Transfer to stage 1	429	17	(358)	(15)	(69)	(2)	(2)	-	-	-
Transfer to stage 2 ¹	(8,897)	(46)	8,970	48	(70)	(2)	(3)	-	-	-
Transfer to stage 3	(258)	(6)	(179)	(12)	414	18	23	-	-	-
New loans and advances originated	16,618	52	-	-	-	-	-	-	16,618	52
Net increase (release) of ECL/SP	-	(33)	-	42	-	1	-	1	-	11
Loans and advances derecognised	(13,498)	(27)	(384)	(19)	(78)	(6)	(50)	-	(14,010)	(52)
SP written-off	-	-	-	-	-	-	-	(13)	-	(13)
Unwind of discount	-	-	-	-	-	-	-	(3)	-	(3)
As at 30 June 2024	59,973	56	9,301	115	595	29	60	14	69,929	214
Provision for impairment on:										
Loans and advances	(49)		(108)		(29)		(14)		(200)	
Commitments & guarantees	(7)		(7)		-		-		(14)	
Net carrying amount as at 30 June 2024	59,917		9,186		566		46		69,715	

1 During the 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 30 June 2024. 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.

Company	Collective provision								Total	
	Stage 1		Stage 2		Stage 3		Stage 3 SP			
	GLA \$M	ECL \$M	GLA \$M	ECL \$M	GLA \$M	ECL \$M	GLA \$M	SP \$M	GLA \$M	Provision \$M
As at 1 July 2022	59,994	85	1,325	61	479	28	103	37	61,901	211
Transfers:										
Transfer to stage 1	597	25	(517)	(22)	(76)	(2)	(4)	(1)	-	-
Transfer to stage 2	(886)	(20)	953	22	(59)	(1)	(8)	(1)	-	-
Transfer to stage 3	(174)	(2)	(110)	(7)	241	7	43	2	-	-
New loans and advances originated	18,756	57	-	-	-	-	-	-	18,756	57
Net increase (release) of ECL/SP	-	(29)	-	32	-	6	-	2	-	11
Loans and advances derecognised	(12,896)	(19)	(408)	(17)	(189)	(19)	(42)	-	(13,535)	(55)
SP written-off	-	-	-	-	-	-	-	(6)	-	(6)
Unwind of discount	-	-	-	-	-	-	-	(4)	-	(4)
As at 1 July 2023	65,391	97	1,243	69	396	19	92	29	67,122	214
Transfers:										
Transfer to stage 1	426	15	(356)	(13)	(68)	(2)	(2)	-	-	-
Transfer to stage 2 ¹	(8,841)	(44)	8,913	46	(69)	(2)	(3)	-	-	-
Transfer to stage 3	(258)	(6)	(179)	(12)	414	18	23	-	-	-
New loans and advances originated	16,553	49	-	-	-	-	-	-	16,553	49
Net increase (release) of ECL/SP	-	(30)	-	38	-	2	-	1	-	11
Loans and advances derecognised	(13,443)	(27)	(371)	(19)	(78)	(6)	(50)	-	(13,942)	(52)
SP written-off	-	-	-	-	-	-	-	(13)	-	(13)
Unwind of discount	-	-	-	-	-	-	-	(3)	-	(3)
As at 30 June 2024	59,828	54	9,250	109	595	29	60	14	69,733	206
Provision for impairment on:										
Loans and advances	(47)		(102)		(29)		(14)		(192)	
Commitments & guarantees	(7)		(7)		-		-		(14)	
Net carrying amount as at 30 June 2024	59,774		9,141		566		46		69,527	

1 During the year, the Company reviewed its rules and approach to determining SICR. This resulted in a higher proportion of exposures allocated to Stage 2 as at 30 June 2024. 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 Company 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.

8.2 Impairment expense on financial assets

	Consolidated		Company	
	2024 \$M	2023 \$M	2024 \$M	2023 \$M
Increase in collective provision for impairment ¹	10	11	7	11
Increase in specific provision for impairment	1	2	1	2
Bad debts written off	3	5	3	5
Bad debts recovered	(1)	(1)	(1)	(1)
Total impairment expense on financial assets	13	17	10	17

1 Impairment loss above includes \$nil (2023: \$1 million) of ECL on investment securities and reverse repurchase agreements.

Accounting policies

By providing loans and advances to customers, the Group is exposed to the risk of customer default. Default occurs when indicators exist that a customer is unable to meet contractual credit obligations to the Group in full, or if the exposure is 90 days past due. Provisions for impairment are recognised to address this risk.

Expected credit loss model

Financial assets that are subject to credit risk are assigned to one of three stages and could be reassigned based on changes in asset quality:

	Asset quality	Provision established to provide for ECL for:
Stage 1	Performing and/or newly originated assets.	A 12-month period.
Stage 2	Have experienced a SICR since origination.	The remaining term of the asset (lifetime ECL).
Stage 3	In default as they are either past due but not impaired or impaired assets.	Lifetime ECL.

The Group has developed the ECL model to estimate the adverse impact on future cash flows for each group of loans with similar credit risk characteristics.

ECL is recorded for all financial assets measured at amortised cost or FVOCI. ECL is calculated as the probability of default (**PD**) x loss given default (**LGD**) x exposure at default. The credit models are calibrated to reflect PD and LGD estimates based on historical observed experience, as well as reflecting the influence of forward-looking views of macroeconomic conditions, through macroeconomic variables that influence credit losses, for example the unemployment rate and changes in property prices.

The economic forecasts underpinning the PD and LGD estimates are reviewed on at least a six-monthly basis, taking into account expert judgment. As at 30 June 2024, management recognised 'out of model' overlays within the ECL where the existing inputs, assumptions and model techniques did not capture all the risk factors relevant to the lending portfolios.

Portfolio managed assets in stage 3 (mainly retail lending), will have a collective provision determined by the ECL model. The portfolios are split into pools with homogenous risk profiles and pool estimates of probability of default and loss given default. Some portfolio managed assets are individually covered by a specific provision.

Most relationship managed assets in stage 3 (mainly business lending) will require a specific provision. If it is determined that a collective provision provides a more appropriate estimate, a ratings-based approach is applied using estimates of probability of default and loss given default, at a customer level.

Loans with similar credit risk characteristics are grouped as follows:

- Retail loans, small business and non-credit risk-rated business loans are grouped by product.
- Credit risk-rated business loans are grouped by industry types, being agribusiness, commercial, property development finance and property investment.

The Business Customer Support and Customer Care teams independently assess the carrying value of impaired loans and factors impacting recoverability. This analysis is reported monthly to the Bank Chief Credit Officer and the Bank Credit Risk Committee.

Significant increase in credit risk

A SICR event occurs if a loan deteriorates on the master rating scale (**MRS**) by a defined number of notches since origination or by going into arrears. Loans with a higher MRS at origination (higher risk) require fewer notch movements to trigger a SICR event than loans with a lower MRS at origination (lower risk). From the perspective of arrears, 30 days past due is always considered stage 2. Exposures for which the MRS subsequently improves to below the SICR threshold will move back to stage 1. Loans restructured on commercial terms with a significant modification of their terms and conditions are considered a re-origination and will be moved into stage 1. The incorporation of forward-looking information (e.g. property prices, unemployment rate) within the ECL is designed to capture SICR events that are not yet reflected in observed data (e.g. arrears) at the exposure level.

Specific provisions

A specific provision for impairment is recognised where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. The present value of the expected future cash flows is compared to the carrying amounts of the loan. All factors that have a bearing on the expected future cash flows are considered, including the business prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. These judgments can change as new information becomes available and work-out strategies evolve. The asset quality of an exposure carrying a specific provision is rated as stage 3.

The Group's policy requires specific provisions to be reviewed at least quarterly, and more regularly as circumstances require. A forecast for specific provision movements is reviewed monthly at a Business Customer Support portfolio level.

Write-offs

A write-off is made when all practical recovery efforts have concluded and all or part of a financial asset is deemed irrecoverable or forgiven. Write-offs reduce the principal amount of a claim and are charged against previously established ECLs.

8.3 Expected credit loss model methodology, estimates and assumptions

Significant estimates, judgments 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 underlying economic forecast anticipates an increase in the unemployment rate to 4.7% at June 2025. For residential property we assume, on average, values will fall over the next two years. This assumption reflects a high weighting to downside risks such as potential adverse impacts on prices given the tightening of monetary policy to date. For commercial property prices, the outlook remains poor, with falls anticipated given a high lease incentive environment eroding effective returns and continued low occupancy rates placing pressure on values. For rural, the outlook has improved with better weather conditions but volatile commodity prices and an end to the recent exceptional seasonal conditions contribute to downside risk for rural property prices. 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, 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 \$200 million are presented in the table below. As an example of the downside allowance in the model, there is a 20% probability that house price falls will exceed 20% over FY25/FY26 while the weighted average fall is 6.6%.

	Model assumption %		
	FY25	FY26	FY25/26
Property prices - residential - weighted average change	(3.6)	(3.1)	(6.6)
Property prices - commercial office - weighted average change	(5.6)	(4.8)	(10.1)
Property prices - rural - weighted average change	(0.1)	(1.8)	(1.9)
Unemployment rate ¹	4.7	4.5	n/a

¹ Unemployment rate reflects the forecast rate as at June 2025 and June 2026. The PD is driven by combinations of variables relevant for each portfolio, such as unemployment and property prices. These combinations form an Economic Cycle indicator for which there is a distribution of outcomes. As such, a weighted unemployment rate is not a direct model input.

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
<i>Movement of variables in isolation</i>		
Property prices - residential	Decrease weighted average ~500 bps over 2 years from a fall of 6.6% to 11.6%	(13)
Property prices - non-residential	Commercial office: Decrease weighted average ~500 bps over 2 years from a fall of 10.1% to 15.1%	(10)
	Rural: Decrease weighted average ~500 bps over 2 years from a fall of 1.9% to 6.9%	
Unemployment rate	Increase ~100 bps over 1 year to forecast rates of 5.7% (FY25) and 5.5% (FY26)	(54)
<i>Movement of variables in combination</i>		
Property prices and unemployment rate all move in combination over the given timeframes	Adverse movements as above	(80)

9. Commitments

In the ordinary course of business, various types of contracts are entered into relating to the financing needs of customers. Commitments to extend credit, letters of credit, guarantees, warranties and indemnities are classed as financial instruments and attract fees in line with market prices for similar arrangements and reflect the probability of default. They are not sold or traded and are not recorded in the SoFP. The Group uses the same credit policies and assessment criteria in making these commitments and conditional obligations as it does for on-balance sheet instruments. These commitments would be classified as loans and advances in the SoFP on the occurrence of the contingent event.

Detailed below are the notional amounts of credit commitments together with their credit equivalent amounts. Credit equivalent amounts are determined in accordance with the capital adequacy guidelines set out by the Australian Prudential Regulation Authority (APRA).

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
Notional amounts				
Guarantees entered into in the normal course of business	247	274	247	274
Commitments to provide loans and advances	11,715	11,602	11,763	11,643
	11,962	11,876	12,010	11,917
Credit equivalent amounts				
Guarantees entered into in the normal course of business	247	274	247	274
Commitments to provide loans and advances	5,877	5,998	5,896	6,014
	6,124	6,272	6,143	6,288

Funding activities

The Group manages liquidity and funding risk to provide a sustainable funding profile and support balance sheet growth. The Group's main sources of funding are customer deposits, wholesale domestic and offshore funding and securitisation.

10. Deposits

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
At-call transactions deposits	19,543	19,914	19,554	19,924
At-call savings deposits	17,885	17,146	17,885	17,146
Term deposits	16,583	14,374	16,583	14,374
Total deposits	54,011	51,434	54,022	51,444
Current	53,413	51,070	53,424	51,080
Non-current	598	364	598	364
Total deposits	54,011	51,434	54,022	51,444

11. Borrowings

	Note	Consolidated		Company	
		2024 \$M	2023 \$M	2024 \$M	2023 \$M
Short-term ¹ securities issued in domestic market ²		5,723	5,863	5,723	5,863
Short-term ¹ offshore commercial paper ³		2,407	2,519	2,407	2,519
Long-term ¹ domestic borrowings ²		10,337	6,363	10,337	6,363
Long-term ¹ offshore borrowings ^{2,4}		-	734	-	734
Total unsecured borrowings		18,467	15,479	18,467	15,479
Covered bonds ²	15.3	3,092	2,842	3,092	2,842
Securitisation liabilities ²	15.3	3,217	2,659	-	-
Term funding facility ^{2,4}	15.3	-	3,029	-	3,029
Total secured borrowings		6,309	8,530	3,092	5,871
Total borrowings		24,776	24,009	21,559	21,350
Current		12,026	13,534	11,155	12,894
Non-current		12,750	10,475	10,404	8,456
Total borrowings		24,776	24,009	21,559	21,350

1 Short-term is defined as original maturity of less than 12 months, and Long-term is defined as original maturity of 12 months or greater.

2 Financial liabilities at amortised cost.

3 In accordance with the Group accounting policy (refer below), 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.

4 Long-term offshore borrowings and the Term funding facility were settled during the financial year.

Accounting policies

Financial liabilities at amortised cost

All borrowings held by the Group are initially recognised at fair value, inclusive of any directly attributable costs. Subsequent to initial recognition, all borrowings (except for those designated at FVTPL, outlined below) are measured at amortised cost. Interest incurred is recognised using the effective interest method. The Group's financial liabilities at amortised cost includes "Deposits" (refer to note 10) and "Borrowings" (refer above).

Financial liabilities designated at fair value through profit or loss

The Group designates certain financial liabilities at FVTPL on origination when doing so eliminates or reduces an accounting mismatch.

Subsequent to initial recognition, these liabilities are measured at fair value. Changes in the fair value of the liability are recognised in profit or loss. However, the portion of the change in the fair value of the liability attributable to changes in the Group's own credit risk is recognised in OCI, with no recycling to profit or loss, unless such treatment would create or enlarge an accounting mismatch in profit or loss.

11.1 Changes in liabilities arising from financing activities

	Consolidated		Company	
	2024 \$M	2023 \$M	2024 \$M	2023 \$M
Balance at beginning of period	24,009	20,910	21,350	18,508
Cash flows				
Proceeds	24,259	20,964	23,009	19,964
Repayments	(23,856)	(18,176)	(23,166)	(17,435)
Transaction costs	(11)	(9)	(8)	(7)
Non-cash changes				
Fair value changes	19	(4)	19	(4)
Foreign exchange movement	(1)	108	(1)	108
Amortisation	357	216	356	216
Balance as at end of period	24,776	24,009	21,559	21,350

Investing, trading & other banking activities

The Group holds a number of other assets to support its primary operating activities and effectively manage risk. These include cash and cash equivalents, trading and investment securities and derivative financial instruments. This section outlines the details of these other assets.

This section also covers the Group's methodology for determining the fair value of financial instruments, including information on netting and collateral arrangements.

12. Cash and cash equivalents

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
Cash at bank	83	78	80	76
Reverse repurchase agreements maturing in less than three months	1,631	2,825	1,631	2,825
Other money market placements	31	24	31	24
Total cash and cash equivalents	1,745	2,927	1,742	2,925

Accounting policies

Cash and cash equivalents include cash on hand, cash at branches, cash on deposit, highly liquid short-term investments, money at short call, and securities held under reverse repurchase agreements with an original maturity of three months or less. Receivables due from and payables due to other banks are classified as cash equivalents for cash flow purposes.

13. Trading and investment securities

	2024	2023
	\$M	\$M
Consolidated and Company		
Trading securities		
<i>Financial assets at FVTPL</i>		
Interest-bearing securities:		
Government securities	2,154	2,218
Total trading securities - current	2,154	2,218
Investment securities		
<i>Financial assets at FVOCI</i>		
Interest-bearing securities:		
Government securities, RMBS and investment grade bank paper	9,849	6,431
Current	691	1,937
Non-current	9,158	4,494
Total investment securities	9,849	6,431

Accounting policies

The Group determines whether each financial asset's contractual cash flows are SPPI and how the financial asset is managed.

Trading securities

Trading securities include debt securities that the Group acquires for the purpose of selling in the near term or holds as part of a portfolio that is managed together for short term profit making. These securities are therefore classified as FVTPL. They are initially recognised on trade date at fair value, and subsequently measured at fair value on each reporting date with gains and losses taken immediately to profit or loss.

Investment securities

Investment securities include debt securities held as part of the Group's liquidity portfolio. These securities are held-to-collect-and-to-sell and are SPPI. These securities are therefore classified as FVOCI. These are initially recognised on trade date at fair value plus directly attributable transaction costs, and subsequently measured at fair value with gains and losses taken through OCI. On derecognition, the accumulated OCI will be recycled to profit or loss in 'Other operating income'.

14. Derivative financial instruments

	2024		2023	
	Asset \$M	Liability \$M	Asset \$M	Liability \$M
Consolidated and Company				
Derivatives held for trading				
Interest rate	51	27	43	31
Foreign exchange	11	15	56	6
	62	42	99	37
Derivatives designated in hedging relationships				
Interest rate				
Fair value hedge	54	21	64	-
Cash flow hedge	167	241	307	483
Interest rate and foreign exchange				
Fair value and cash flow hedge	-	-	31	-
	221	262	402	483
Total	283	304	501	520

Derivative financial instruments are contracts whose values are derived from one or more underlying prices, benchmarks or other variables. Derivatives are used by the Group to manage interest rate and foreign exchange risk. Derivatives that are classified as "held for trading" are either not designated in a qualifying hedge accounting relationship, acquired or incurred principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit or position taking.

The maturity profile of hedge accounted derivatives is summarised at note 23.2.

Accounting policies

All derivatives are initially recognised at fair value on trade date and transaction costs are recognised in profit or loss as incurred. Derivatives are classified and measured at FVTPL unless they qualify as a hedging instrument in an effective hedge relationship under hedge accounting.

14.1 Derivative financial instruments – hedge accounting

The following table sets out the types of hedge accounting relationships used by the Group.

Type of hedge	Fair value hedge	Cash flow hedge
Objective	To hedge changes in fair value of financial assets and liabilities arising from interest rate risk.	To hedge variability in cash flows from recognised financial assets and liabilities arising from interest rate and foreign currency risk.
Hedged risk	Interest rate risk	Interest rate risk Foreign exchange risk
Hedging instruments	Pay fixed / receive variable interest rate swaps Receive fixed foreign currency / pay variable local currency cross currency swaps	Receive fixed / pay variable interest rate swaps Pay fixed / receive variable interest rate swaps Receive fixed foreign currency / pay variable local currency cross currency swaps
Hedged item	Fixed interest financial assets and fixed interest foreign currency liabilities	Variable interest financial assets and liabilities and fixed interest foreign currency liabilities
Economic relationship test	Matched terms	Matched terms and regression analysis
Hedge effectiveness testing	Cumulative dollar offset Hedge ratio 1:1	Cumulative dollar offset Hedge ratio 1:1
Potential sources of ineffectiveness	Differences between the hedging instrument and hedged item, including: interest curves used for discounting; interest rate reset date or frequency; and changes in credit risk.	Differences between the hedging instrument and hedged item, including: interest rate reset date or frequency; changes in credit risk; and prepayment risk on hedged items.

The following table shows the maturity profile for hedging instruments by notional amount, reported based on their contractual maturity.

	2024				2023			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
Consolidated and Company	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Interest rate risk								
Fair value hedge	-	3,135	2,173	5,308	65	1,450	500	2,015
Cash flow hedge	30,252	10,263	-	40,515	20,638	14,321	160	35,119
Interest rate and foreign exchange risk								
Fair value and cash flow hedge ¹	-	-	-	-	755	-	-	755

The table below shows the average executed price or rate of the hedging instrument for interest rate exposures:

	2024	2023
Interest rate swaps:		
AUD average fixed interest rate		
Hedging investment securities	3.86%	3.28%
Hedging loans and advances	2.97%	2.19%
Hedging deposits and borrowings	1.19%	1.44%
Cross currency swaps:		
Average AUD/USD exchange rate ¹	-	0.7125
Average fixed interest rate USD ¹	-	3.30%

The following table shows amounts related to designated hedging instruments, including the fair value changes for the period used as the basis for calculating hedge ineffectiveness.

	Carrying amount assets	Carrying amount liabilities	Gains (losses) on hedging instruments	Gains (losses) attributable to hedged risk	Hedge ineffectiveness in profit or (loss) ²
Consolidated and Company	\$M	\$M	\$M	\$M	\$M
2024					
Interest rate risk					
Fair value hedge - interest rate swaps	54	21	(31)	31	-
Cash flow hedge - interest rate swaps	167	241	102	(103)	(1)
Total	221	262	71	(72)	(1)
2023					
Interest rate risk					
Fair value hedge - interest rate swaps	64	-	2	(2)	-
Cash flow hedge - interest rate swaps	307	483	(42)	42	-
Interest rate and foreign exchange risk					
Fair value and cash flow hedge - cross currency swaps ¹	31	-	20	(20)	-
Total	402	483	(20)	20	-

¹ Long-term offshore borrowings and the corresponding derivative were settled during the financial year, \$nil hedge ineffectiveness is recognised.

² Hedge ineffectiveness is recognised as part of 'Other operating income' in the statements of comprehensive income (SOCl).

The following table shows amounts relating to designated hedged items:

Consolidated and Company	Carrying amount \$M	Accumulated fair value hedge adjustments ¹ \$M	Accumulated balances in reserves ² \$M	Amounts reclassified from reserves to profit or (loss) ³ as:	
				Hedged cash flows will no longer occur \$M	Hedged item has affected profit or (loss) \$M
2024					
Interest rate risk					
<i>Fair value hedge</i>					
Investment securities	4,938	-	n/a	n/a	n/a
<i>Cash flow hedge</i>					
Loans and advances	36,347	n/a	(288)	-	(1)
Deposits & Borrowings	6,647	n/a	203	-	-
2023					
Interest rate risk					
<i>Fair value hedge</i>					
Investment securities	1,894	-	n/a	n/a	n/a
<i>Cash flow hedge</i>					
Loans and advances	29,571	n/a	(696)	-	-
Deposits & Borrowings	10,528	n/a	506	-	-
Interest rate and foreign exchange risk					
<i>Fair value and cash flow hedge</i>					
Borrowings	734	(20)	-	-	-

1 The accumulated amount of fair value hedge adjustments remaining on the SoFP for hedged items that have ceased to be adjusted for hedging gains and losses is \$nil (2023: \$nil).

2 Balances presented in the table are gross of tax. There is \$nil (2023: \$nil) remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

3 Amounts reclassified from reserves to profit or loss for hedges that have been terminated are included as part of 'Other operating income' in the SOCI.

Accounting policies

The Group applies hedge accounting to offset the effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

The International Accounting Standards Board is currently working on a project on dynamic risk management, which will impact hedge accounting for macro hedges. AASB 9 currently provides an option to continue to apply AASB 139 *Financial Instruments: Recognition and Measurement (AASB 139)* hedge accounting rules until this project is finalised. The Group continues to apply hedge accounting under AASB 139.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability of cash flows that:

- is attributable to a particular risk associated with a recognised asset or liability (such as future interest payments on variable rate debt) or a highly probable forecast transaction; and
- could affect profit or loss.

Changes in the fair value associated with the effective portion of a hedging instrument designated as a cash flow hedge are recognised in OCI and accumulated in the hedging reserve within equity as the lesser of the cumulative fair value gain or loss on the hedging instrument and the cumulative change in fair value on the hedged item from the inception of the hedge. Ineffective portions are immediately recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the hedge relationship is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the amounts accumulated in equity are released to profit or loss immediately. In other cases, the cumulative gain or loss previously recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of:

- A recognised asset or liability;
- An unrecognised firm commitment; or
- An identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

Where an effective hedge relationship is established, fair value gains or losses on the hedging instrument are recognised in profit or loss. At the same time, changes in fair value of the hedged item attributable to the hedged risk are recognised as a gain or loss in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the hedge relationship is revoked, then hedge accounting is discontinued prospectively. The hedged item is accounted for under the effective interest method from that point and any accumulated adjustment to the carrying value of the hedged item from when it was effective is released to profit or loss over the period to when the hedged item will mature.

15. Financial instruments, master netting and transfer of financial assets

15.1 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 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 measurement is not based on observable market data. The valuation techniques include the use of discounted cash flow models.

Financial assets and liabilities measured at fair value categorised by fair value hierarchy

Consolidated and Company	2024				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	-	2,154	-	2,154	-	2,218	-	2,218
Investment securities	-	9,849	-	9,849	-	6,431	-	6,431
Derivatives	2	281	-	283	1	500	-	501
	2	12,284	-	12,286	1	9,149	-	9,150
Financial liabilities								
Offshore commercial paper ¹	-	-	-	-	-	2,519	-	2,519
Derivatives	-	304	-	304	-	520	-	520
	-	304	-	304	-	3,039	-	3,039

¹ Disclosed within the SoFP category of 'Borrowings'. 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 (refer note 11).

There have been no transfers between level 1 and level 2 and no transfers into or out of level 3 during the 2024 and 2023 financial years.

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.

Consolidated	Note	Carrying value \$M	Fair value			Total \$M
			Level 1 \$M	Level 2 \$M	Level 3 \$M	
2024						
Financial assets						
Loans and advances	7	69,715	-	-	69,621	69,621
		69,715	-	-	69,621	69,621
Financial liabilities						
Deposits	10	54,011	-	53,946	-	53,946
Borrowings	11	24,776	-	24,821	-	24,821
Subordinated notes	16	600	-	611	-	611
		79,387	-	79,378	-	79,378
2023						
Financial assets						
Loans and advances	7	67,102	-	-	66,767	66,767
		67,102	-	-	66,767	66,767
Financial liabilities						
Deposits	10	51,434	-	51,310	-	51,310
Borrowings	11	21,490	-	21,349	-	21,349
Subordinated notes	16	600	-	601	-	601
		73,524	-	73,260	-	73,260

Company	Note	Carrying value \$M	Fair value			Total \$M
			Level 1 \$M	Level 2 \$M	Level 3 \$M	
2024						
Financial assets						
Loans and advances	7	69,527	-	-	69,436	69,436
		69,527	-	-	69,436	69,436
Financial liabilities						
Deposits	10	54,022	-	53,957	-	53,957
Borrowings	11	21,559	-	21,577	-	21,577
Subordinated notes	16	600	-	611	-	611
		76,181	-	76,145	-	76,145
2023						
Financial assets						
Loans and advances	7	66,908	-	-	66,579	66,579
		66,908	-	-	66,579	66,579
Financial liabilities						
Deposits	10	51,444	-	51,320	-	51,320
Borrowings	11	18,831	-	18,686	-	18,686
Subordinated notes	16	600	-	601	-	601
		70,875	-	70,607	-	70,607

Accounting Policies

Financial assets

The carrying value of loans and advances is net of provisions for ECL. For variable rate loans, excluding impaired loans, the carrying amount is considered a reasonable estimate of fair value. The fair value for fixed rate loans is calculated by utilising discounted cash flow models to determine the net present value of the portfolio future principal and interest cash flows, based on the interest rate repricing of the loans. The discount rates applied are based on the rates offered by the Group on current products with similar maturity dates.

Financial liabilities

The carrying value for non-interest-bearing, call and variable rate deposits, and fixed rate deposits repricing within six months of origination is considered a reasonable estimate of their fair value. Discounted cash flow models are used to calculate the fair value of other term deposits based upon deposit type and related maturities.

The fair value of borrowings and subordinated notes are calculated based on either the quoted market prices at reporting date or, where quoted market prices are not available, a discounted cash flow model using an observable yield curve appropriate to the remaining maturity of the instrument.

15.2 Master netting or similar arrangements

The following table sets out the effect of netting or similar arrangements (**netting**) of financial assets and financial liabilities that are offset in the SoFP, or are subject to enforceable master netting arrangements, irrespective of whether they are offset in the SoFP.

Consolidated and Company	Amounts subject to netting					
	Gross amounts ¹ \$M	Financial instruments \$M	Financial collateral received/ pledged ² \$M	Net exposure \$M	Not subject to netting \$M	Total SoFP amount \$M
2024						
Financial assets						
Derivatives ³	281	(226)	(37)	18	2	283
Reverse repurchase agreements	1,631	-	(1,631)	-	-	1,631
Total	1,912	(226)	(1,668)	18	2	1,914
Financial liabilities						
Derivatives ³	283	(226)	(56)	1	21	304
Total	283	(226)	(56)	1	21	304
2023						
Financial assets						
Derivatives ³	499	(414)	(75)	10	2	501
Reverse repurchase agreements	2,825	-	(2,795)	30	-	2,825
Total	3,324	(414)	(2,870)	40	2	3,326
Financial liabilities						
Derivatives ³	495	(414)	(79)	2	25	520
Repurchase agreements	3,029	-	(3,029)	-	-	3,029
Total	3,524	(414)	(3,108)	2	25	3,549

1 Gross amounts subject to netting are represented on the SoFP. No additional offsetting has been applied.

2 For the purpose of this disclosure, financial collateral not set off on the SoFP has been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/liabilities reported on the SoFP, i.e. over collateralisation, where it occurs, is not reflected in the table. As a result, the above collateral balances will not correspond to the balances in note 15.3.

3 Certain derivatives are subject to the International Swaps and Derivative Association (**ISDA**) Master Agreement and other similar master netting arrangements. These arrangements contractually bind the Group and the counterparty to apply close out netting across all outstanding transactions only if either party defaults or other pre-agreed termination events occur. As such, they do not meet the criteria for offsetting in the SoFP. The cash collateral pledged or received is subject to the ISDA Credit Support Annex and other standard industry terms.

15.3 Transfers of financial assets and collateral accepted as security for assets

Transferred financial assets continue to be recognised in the SoFP if the Group is deemed to have retained substantially all the risks and rewards associated with the financial assets transferred. This arises when the Group enters into repurchase agreements and conducts covered bond and securitisation programmes.

Repurchase agreements

The Group enters into repurchase agreements involving the sale of interest-bearing securities and simultaneously agrees to buy them back at a pre-agreed price on a future date. In the SoFP, the interest-bearing securities transferred continue to be recognised in 'Loans and advances' because the Group retains the risks and rewards of ownership. The obligation to repurchase is included in 'Borrowings'.

Reverse repurchase agreements

The Group enters into reverse repurchase agreements whereby interest-bearing securities are acquired and simultaneously agrees to sell them back at a pre-agreed price on a future date. In the SoFP, the securities acquired are not recognised because the Group does not acquire the risks and rewards of ownership. The amount receivable on resale is included in 'Cash and cash equivalents' if the original maturity is 90 days or less, otherwise 'Loans and advances' if the original maturity is greater than 90 days.

Covered bonds

The Company conducts a covered bond program whereby it issues covered bonds guaranteed by the Covered Bond Guarantor that are secured over a covered pool of assets consisting of \$3,400 million (2023: \$4,200 million) of mortgages and cash at call. Eligible mortgages are sold by the Company to a special purpose trust, the Suncorp Covered Bond Trust, which guarantees the covered bonds. The Covered Bond Guarantor can take possession of the cover pool under certain events. In the event of default by the Company, the covered bond holders have claim against both the cover pool assets and the Company. The Company receives the residual income of the Suncorp Covered Bond Trust after all costs of the program have been met. In the SoFP, the eligible mortgages transferred are included in 'Loans and advances' and the covered bonds issued are included in 'Borrowings'.

Term Funding Facility

The Group obtained funding through the facility by entering into repurchase agreements with the RBA. Following repayment of \$3,029 million during the year, the funding outstanding as at 30 June 2024 was \$nil (2023: \$3,029 million), with \$nil (2023: \$nil) remaining undrawn (refer to note 11). Interest was charged at a fixed rate equivalent to the official cash rate at the time the respective portion of the facility was drawn down and is presented within interest expense (refer to note 4.1). The repurchase agreements entered into under the Term Funding Facility required the Group to pledge eligible collateral which included self-securitised RMBS. As at 30 June 2024 \$nil of RMBS (2023: \$4,140 million) were pledged as collateral. In the SoFP, the eligible collateral transferred is included in 'Loans and advances' (note 7).

Securitisation programmes

The Company conducts a mortgage securitisation program whereby residential mortgages are packaged and sold to special purpose securitisation trusts known as the Apollo Series Trusts (the **Trusts**). The Trusts fund their purchase of the mortgages by issuing floating-rate pass-through debt securities. The Group receives residual income from the Trusts after all payments to security holders and costs of the program have been met. The Group does not guarantee the capital value or the performance of the securities or the assets of the Trusts, and it does not guarantee the payment of interest or the repayment of principal due on the securities. The mortgages subject to the securitisation program have been pledged as security for the securities issued by the Trusts, and as such, the Group cannot use these assets to settle the liabilities of the Group. The Group is not obliged to support any losses that may be incurred by investors and does not intend to provide such support. In the consolidated SoFP, the mortgages transferred are included in 'Loans and advances' and the securitisation securities issued are included in 'Borrowings'.

The following table sets out the carrying amount of the transferred financial assets and the associated liabilities at the reporting date.

Consolidated	2024			2023	
	Covered bonds \$M	Securitisation liabilities¹ \$M	Repurchase agreements \$M	Covered bonds \$M	Securitisation liabilities¹ \$M
Carrying amount of transferred financial assets	3,341	3,153	4,140	4,124	2,601
Carrying amount of associated financial liabilities	3,092	3,217	3,029	2,842	2,659
<i>For those liabilities that have recourse only to the transferred assets:</i>					
Fair value of transferred financial assets	n/a	3,147	n/a	n/a	2,590
Fair value of associated financial liabilities	n/a	3,244	n/a	n/a	2,663
Net position		(97)			(73)

¹ Securitisation liabilities of the Group comprise RMBS notes issued by the Apollo Series Trusts and are held by external investors. The carrying amount of transferred assets are included as part of 'Loans and advances' in the SoFP.

Company	2024			2023	
	Covered bonds \$M	Securitisation liabilities¹ \$M	Repurchase agreements \$M	Covered bonds \$M	Securitisation liabilities¹ \$M
Carrying amount of transferred financial assets	3,341	14,784	4,140	4,124	14,206
Carrying amount of associated financial liabilities	3,092	15,317	3,029	2,842	14,759
<i>For those liabilities that have recourse only to the transferred assets:</i>					
Fair value of transferred financial assets	n/a	14,759	n/a	n/a	14,140
Fair value of associated financial liabilities	n/a	14,659	n/a	n/a	13,773
Net position		100			367

¹ Securitisation liabilities of the Company comprise borrowings from the Apollo Series Trusts, including those which issue only internally held notes for repurchase with central banks. The carrying amount of the internal transferred assets of \$11,631 million (2023: \$11,605 million) and external transferred assets of \$3,153 million (2023: \$2,601 million) are included as part of 'Loans and advances' in the SoFP. The carrying amount of associated liabilities is included as part of 'Due to related parties' in the SoFP.

Capital structure

The Group's capital management strategy is to optimise shareholder value by managing the level, mix and use of capital resources. The primary objective is to ensure that there are sufficient capital resources to maintain and grow the business, in accordance with the Group's risk appetite.

The Company's share capital is denominated in Australian dollars. The Group is subject to, and complies with, external capital requirements set and monitored by APRA.

This section provides disclosures on the capital structure of the Group and how it finances its operations and growth using different sources of funds. Details of the Group's approach to capital risk management are disclosed in note 21.

16. Subordinated notes

The following table shows subordinated notes at amortised cost and categorised by type, class and instrument under APRA and Basel III reporting standards. These instruments have been issued by the Company.

	2024	2023
	\$M	\$M
Consolidated and Company		
Tier 2 subordinated notes		
<i>Basel III fully compliant subordinated notes</i>		
\$AUD 600 million Floating Rate Notes ¹	600	600
Total Tier 2 subordinated notes	600	600
Current	600	-
Non-current	-	600
Total subordinated notes	600	600

¹ In accordance with the SPA, ANZ will acquire the subordinated notes from SGL on or immediately prior to completion date (refer note 1.1).

	Margin above 90 day BBSW ¹	Maturity Date	Optional redemption date	Issue date	2024 Number on issue	2023 Number on issue
Consolidated and Company						
\$AUD 600 million Floating Rate Notes	215 bps	Dec 2028	5 Dec 2024	22 Nov 2018	60,000	60,000

¹ Bank Bill Swap Rate (BBSW).

Basel III fully compliant subordinated notes

The subordinated notes pay quarterly, cumulative deferrable interest payments at a floating rate equal to the sum of the 90 day BBSW and the margin.

The issuer has the option to redeem the instruments on the optional redemption date and for certain tax and regulatory events (in each case subject to APRA's prior written approval).

If APRA determines that a non-viability event has occurred in relation to the Company and, where relevant its parent, all (or in some circumstances, some) of the subordinated notes will be immediately converted into the Company's ordinary shares (or, if conversion cannot be effected for any reason within five business days, written off).

The rights of the holder rank in preference to the rights of the Company's shareholders, and capital notes holders and rank equally against all other subordinated note holders.

17. Share capital

	2024		2023	
	No of shares	\$M	No of shares	\$M
Balance at the beginning of the financial year	282,147,584	2,754	282,147,584	2,754
Balance at the end of the financial year	282,147,584	2,754	282,147,584	2,754

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of the winding-up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

18. Capital notes

The following table shows capital notes at cost and categorised by type, class and instrument under APRA and Basel III reporting standards. These instruments have been issued by the Company.

Consolidated and Company	Margin above 90 day BBSW	2024		2023	
		Number on issue	\$M	Number on issue	\$M
Issued on 18 December 2017 ¹	365 bps	1,750,000	175	1,750,000	175
Issued on 27 May 2019 ¹	365 bps	350,000	35	350,000	35
Issued on 23 September 2021 ¹	290 bps	3,500,000	350	3,500,000	350
Balance at the end of the financial year		5,600,000	560	5,600,000	560

	Cents per note	\$000	Cents per note	\$000
Dividend payments on capital notes				
<i>Issued on 18 December 2017</i>				
September quarter	139	2,433	98	1,719
December quarter	136	2,373	113	1,982
March quarter	140	2,447	116	2,024
June quarter	140	2,444	132	2,314
<i>Issued on 27 May 2019</i>				
September quarter	139	487	98	344
December quarter	136	475	113	396
March quarter	140	489	116	405
June quarter	140	489	132	463
<i>Issued on 23 September 2021</i>				
September quarter	126	4,407	85	2,965
December quarter	123	4,288	100	3,507
March quarter	127	4,436	103	3,604
June quarter	127	4,431	119	4,155
Total dividend payments on capital		29,199		23,878

¹ In accordance with the SPA, ANZ will acquire the capital notes from SGL on or immediately prior to completion date (refer note 1.1).

Capital notes are eligible Additional Tier 1 capital instruments under Basel III. They are fully paid, perpetual, subordinated, unsecured securities and issued to SGL.

Capital notes pay a distribution that are floating rate, discretionary, non-cumulative, and scheduled to be paid quarterly, at the Company's discretion. They are calculated based on the sum of the 90 day BBSW and the margin, adjusted for the corporate tax rate applicable to the ultimate parent entity. If APRA determines that a non-viability event has occurred in relation to the Company, all (or in some circumstances, some) of the instruments will be written off.

In the event of the winding up of the Company, the rights of the holders will rank equally to other capital note holders, and in priority to the rights of the ordinary shareholders only.

19. Reserves

	General equity reserve \$M	Hedging reserve \$M	FVOCI reserve \$M	Total reserves \$M
Consolidated and Company				
Balance as at 30 June 2022	76	(100)	(32)	(56)
Net change in fair value of financial instruments	-	(47)	10	(37)
Income tax benefit (expense)	-	14	(3)	11
Balance as at 30 June 2023	76	(133)	(25)	(82)
Net change in fair value of financial instruments	-	106	(29)	77
Income tax (expense) benefit	-	(32)	9	(23)
Balance as at 30 June 2024	76	(59)	(45)	(28)

General equity reserve

Following removal of the equity reserve for credit losses (ERCL) requirement in APS 220 *Credit Risk Management (APS 220)* from 1 January 2022, the general equity reserve has been established in its place. The general equity reserve will be maintained at \$76 million pending release of further guidance from APRA regarding its future treatment.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

Fair value through other comprehensive income reserve

The FVOCI reserve represents the cumulative net change in the fair value of financial assets classified as FVOCI until the asset is derecognised or impaired.

20. Dividends

Consolidated and Company	Note	2024		2023	
		Cents per share	\$M	Cents per share	\$M
Dividend payments on ordinary shares					
2023 final dividend (2023: 2022 final dividend ¹)		39	110	-	-
2024 interim dividend (2023: 2023 interim dividend)		46	131	48	135
Total dividends on ordinary shares			241		135
Total dividends on capital notes	18		29		24
Total dividends			270		159
Dividends not recognised in the SoFP					
<i>Dividends determined since reporting date</i>					
2024 final dividend ² (2023: 2023 final dividend)		-	-	39	110
			-		110

1 The directors determined that a 2022 final dividend would not be paid.

2 The directors determined that a 2024 final dividend would not be paid.

Accounting policies

Dividends on ordinary shares are provided for in the consolidated financial statements once determined, accordingly, the final dividend is provided for in the financial year it is paid.

21. Group capital management

As the Company and the Group are entities within the Suncorp Group, they follow the capital management strategy of the Suncorp Group. The capital management strategy of the Suncorp Group 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 protect depositors and funding providers and grow the business, in accordance with the Suncorp Group's risk appetite. The Suncorp Group's Internal Capital Adequacy Assessment Process (**ICAAP**) provides the framework to ensure that the Suncorp Group as a whole, and each regulated entity, is capitalised to meet internal and external requirements. The Suncorp Group is subject to, and in compliance with, externally imposed capital requirements set and monitored by APRA.

The ICAAP is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the capital needs and risk profile of the Suncorp Group. Capital targets are structured according to risk appetite, the regulatory framework and to APRA's standards for the supervision of conglomerates.

The Company is an ADI and the Company, and its subsidiaries, are subject to APRA's Prudential Standards, which include capital adequacy requirements.

The Group's capital base is expected to be adequate for its size, business mix, complexity and the risk profile of its business and therefore applies a risk-based approach to capital adequacy.

The Group uses the standardised framework for calculating risk weighted assets (**RWA**) which is calculated using credit risk, market risk and operational risk in accordance with APS 110 *Capital Adequacy*.

This RWA is compared with the Common Equity Tier 1, Tier 1 and Total Capital held in the Group to determine the capital adequacy ratios. The capital position and RWA as at the end of the financial year are included in note 21.1. The Group satisfied all externally imposed capital requirements which it is subject to during the current financial year and the prior financial year.

The Group's Basel III APS 330 capital disclosures are made available at the regulatory disclosures section www.suncorpgroup.com.au/investors/reports.

21.1 Capital adequacy

The following table summarises the capital position at the end of the financial year.

Consolidated	2024	2023
	\$M	\$M
Tier 1 Capital		
Common Equity Tier 1 Capital		
Ordinary share capital	2,754	2,754
Retained profits	1,178	1,069
Accumulated OCI	(104)	(158)
	3,828	3,665
Regulatory adjustments to Common Equity Tier 1 Capital		
Goodwill	(21)	(21)
Cash-flow hedge reserve	59	133
Deferred tax assets	(83)	(79)
Capitalised expenses	(342)	(313)
Other regulatory adjustments	(8)	(9)
	(395)	(289)
Common Equity Tier 1 Capital	3,433	3,376
Additional Tier 1 Capital		
Eligible hybrid capital	560	560
Total Tier 1 Capital	3,993	3,936
Tier 2 Capital		
APRA general reserve for credit losses	230	221
Eligible hybrid capital	600	600
Total Tier 2 Capital	830	821
Total Capital	4,823	4,757
Total assessed risk weighted assets	33,246	32,491
Risk weighted capital ratios	%	%
Common Equity Tier 1	10.33	10.39
Total Tier 1	12.01	12.11
Total Tier 2	2.50	2.53
Total risk weighted capital ratio	14.51	14.64

Risk management

The Group applies a consistent and integrated approach to enterprise risk management (ERM).

The Group recognises that a strong risk culture, good governance and effective risk management are essential to achieving the Group's strategy and business plan and maintaining the Group's social licence to operate. The Group has systems, policies, processes and people in place to identify, measure, analyse, monitor, report and control or mitigate internal and external sources of material risk.

22. Risk management framework

As the Company and its subsidiaries are entities within the Suncorp Group, the Group follows the Suncorp Group risk management objectives and structure as described below.

The material risks addressed by Suncorp's Enterprise Risk Management Framework (ERM) are defined below.

Material risks	Definition
Strategic risk	<p>Suncorp recognises and defines two types of strategic-level risk:</p> <p>Strategic risk – risks to the viability of Suncorp's business model resulting from adverse changes in the external business environment, with respect to the economy, political landscape, regulation, technology, climate change, customer and social expectations and competitors.</p> <p>Detailed climate change disclosures are included in the Climate-related Disclosure Report, available at www.suncorpgroup.com.au/corporate-responsibility/reports.</p> <p>Strategic execution risk – the risk of failing to achieve strategic business objectives or execution of the business strategy.</p>
Financial risk	<p>Financial risks include Credit, Counterparty and Contagion risk, Market/Investment risk, Liquidity risk and Asset and Liability Management (ALM) risk.</p> <p>Credit risk is the risk of default of an obligor to fully meet its obligations in accordance with agreed terms.</p> <p>Counterparty risk is the risk that the other party in an agreement will default/will not meet its contractual obligations in accordance with agreed terms. Contagion risk is the risk that problems impacting one entity within a group may compromise the financial position of other entities within that group.</p> <p>Market risk is the risk of unfavourable changes in foreign exchange rates, interest rates, credit spreads, duration and market volatilities.</p> <p>Liquidity risk is the risk that Suncorp will be unable to service its cash flow obligations today or in the future.</p> <p>ALM risk is the risk of adverse movements in the relative value of assets and liabilities due to changes in market factors (e.g. Interest Rates, Inflation, Foreign Exchange), the variation in repricing profiles or from the different characteristics of the assets and liabilities.</p>
Operational risk	<p>The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes compliance and legal risk.</p>

The Group is exposed to the following categories of market risk:

Categories of market risk	Definition
Foreign exchange risk	The risk of an asset or liability's value changing unfavourably due to changes in currency exchange rates.
Interest rate risk	The risk of loss of current and future earnings and unfavourable movements in the value of interest-bearing assets and liabilities from changes in interest rates.
Credit spread risk	Credit spread is the difference in yield due to difference in credit quality. This is the risk of loss of current and future earnings and unfavourable movement in the value of investments from changes in the credit spread as determined by capital market sentiment or factors affecting all issuers in the market and not necessarily due to factors specific to an individual issuer.

Further discussions on the application of the Group's risk management practices are presented in note 14 Derivative financial instruments and note 23 Credit risk, liquidity risk and market risk.

23. Credit risk, liquidity risk and market risk

23.1 Credit risk

(a) Credit risk exposures

The Group is exposed to credit risk from conventional lending to customers and receivables from inter-bank, treasury, international trade and capital market activities.

Credit risk is managed on a structured basis with approval decisions being taken within credit approval authorities delegated by the Board. The setting and maintenance of detailed credit policies and standards is undertaken within an independent function under the responsibility of the Chief Credit Officer, Suncorp Bank. The Chief Executive Officer, Suncorp Bank is accountable for exercising delegated credit authority for credit decisions and delivering delegated credit authorities for the completion of first line of defence credit activities, in accordance with Board delegated authorities and credit policies and standards. The Chief Credit Officer, Suncorp Bank is accountable for exercising delegated credit authority (delegated by the Chief Risk Officer, Suncorp Group) for credit decisions and delivering delegated credit authorities for the completion of second line of defence credit activities. The management of Business Banking troublesome and impaired assets is the responsibility of the Business Customer Support team within the Suncorp Bank Chief Risk Office, with the Chief Executive Officer, Suncorp Bank having accountability for these activities.

Credit risk on loans and advances

Credit risk involves a wide spectrum of customers ranging from individuals to business banking customers and as such credit risk management is divided into two distinct categories: a statistically-managed portfolio and a risk-graded portfolio.

The statistically-managed portfolio covers retail lending and certain SME exposures and automated credit scoring is widely used to determine customer creditworthiness. Credit scoring is embedded within the Group's end-to-end automated workflow system that also enforces credit policies and certain business rules. A sample of these exposures are reviewed by the First Line of Defence Lending Quality Assurance function.

The risk-graded portfolio includes commercial, agribusiness and certain SME exposures. Within these portfolios, exposures are individually assessed and an internal risk grade is assigned depending on the discrete analysis of each customer or group of related customers' risk profile. Exposures within this portfolio are subject to annual review or more frequent review, if deemed necessary, including a reassessment of the assigned internal risk grade. In the event of default, collections and recovery activity is managed within a well-defined structure. This process involves initial follow-up by the relationship manager including regular performance monitoring, reporting and if required, transfer to the Business Customer Support team.

A Credit Hindsight team within the Suncorp Bank Chief Risk Office review and oversight a sample of Business Bank portfolio credit risk decisions. Additionally a Portfolio Quality Review team also within the Suncorp Bank Chief Risk Office is in place to review the acceptance and management of credit risk in accordance with the approved enterprise risk management framework.

Credit risk on derivative financial instruments

The Group manages its exposures to potential credit losses on over-the-counter (OTC) derivative contracts through central clearing and by entering into netting arrangements with its derivative counterparties (refer to note 15.2).

The fair value of derivatives recognised in the SoFP represent the current risk exposure, but not the maximum risk exposure. The notional value and fair value of derivatives are illustrated in note 14.

Credit risk by gross credit exposure

The tables below detail the Group's exposure to credit risk from its financial assets and credit commitments as at the reporting date. No adjustments are made for any collateral held or credit enhancements.

	Consolidated		Company	
	2024 \$M	2023 \$M	2024 \$M	2023 \$M
Reverse repurchase agreements	1,631	2,825	1,631	2,825
Receivables due from other banks	739	1,788	739	1,788
Trading securities	2,154	2,218	2,154	2,218
Derivatives	283	501	283	501
Investment securities	9,849	6,431	9,849	6,431
Loans and advances	69,929	67,321	69,733	67,122
Credit commitments ¹	6,124	6,272	6,143	6,288
Gross credit risk	90,709	87,356	90,532	87,173
Impairment provisions	(214)	(219)	(206)	(214)
Total credit risk	90,495	87,137	90,326	86,959

¹ Credit commitments represent the credit equivalent amount of the off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*.

The tables below detail the Group's exposure to credit risk by credit quality of the loans and advances.

	2024			2023		
	Gross credit exposure \$M	Impaired assets ¹ \$M	Past due loans > 90 days ² \$M	Gross credit exposure \$M	Impaired assets ¹ \$M	Past due loans > 90 days ² \$M
Consolidated						
Retail	57,031	30	401	54,837	29	280
Commercial	5,431	24	46	5,361	34	12
SME	2,670	5	30	2,633	14	15
Agribusiness	4,797	14	46	4,490	24	26
Gross credit risk	69,929	73	523	67,321	101	333
Impairment provisions	(214)	(15)	(24)	(219)	(31)	(14)
Total credit risk	69,715	58	499	67,102	70	319

¹ Excludes non-performing loans that meet additional requirements (e.g. six-month payment test) under the revised APS 220.

² Loans which are overdue under the contractual terms by 90 days or more. The amount represents the entire contractual balance not just the overdue portion.

Company	2024			2023		
	Gross credit exposure \$M	Impaired assets ¹ \$M	Past due loans > 90 days ² \$M	Gross credit exposure \$M	Impaired assets ¹ \$M	Past due loans > 90 days ² \$M
Retail	57,031	30	401	54,837	29	280
Commercial	5,345	24	46	5,272	34	12
SME	2,670	5	30	2,633	14	15
Agribusiness	4,687	14	45	4,380	24	25
Gross credit risk	69,733	73	522	67,122	101	332
Impairment provisions	(206)	(15)	(24)	(214)	(31)	(14)
Total credit risk	69,527	58	498	66,908	70	318

1 Excludes non-performing loans that meet additional requirements (e.g. six-month payment test) under the revised APS 220.

2 Loans which are overdue under the contractual terms by 90 days or more. The amount represents the entire contractual balance not just the overdue portion.

(b) Credit quality

The following table provides information regarding the credit quality of loans and advances including restructured loans.

	Consolidated		Company	
	2024 \$M	2023 \$M	2024 \$M	2023 \$M
<i>Performing loans</i>				
Loans and advances ¹	69,315	66,869	69,120	66,671
Provision for impairment	(175)	(174)	(167)	(169)
	69,140	66,695	68,953	66,502
<i>Non-performing loans – not impaired</i>				
Loans and advances - past due ²	523	333	522	332
Loans and advances with restructured terms ³	18	18	18	18
Provision for impairment	(24)	(14)	(24)	(14)
	517	337	516	336
<i>Non-performing loans – impaired</i>				
Loans and advances - impaired ⁴	73	101	73	101
Provision for impairment	(15)	(31)	(15)	(31)
	58	70	58	70
Total loans and advances	69,715	67,102	69,527	66,908

1 Loans that are not impaired and not past due under the contractual terms by 90 days or more.

2 Loans which are overdue under the contractual terms by 90 days or more where the Group considers that principal and interest plus any associated costs will be recovered in full.

3 Loan facilities whereby the original contractual terms have been modified in a manner that would not be commercially available to other customers in good standing due to the financial difficulties or hardship of the customer. For example, a reduction in principal, interest or other repayments due or an extended maturity date for repayment.

4 Loans classified as impaired, as doubt exists that the full amount of principal and interest will be collected in a timely manner in compliance with agreed terms. Excludes non-performing loans that meet additional requirements (e.g. six-month payment test) under the revised APS 220.

Financial assets that are performing loans can be assessed by reference to the Group's internal credit grade rating scale and are segmented into Strong, Satisfactory and Weak categories. Credit quality is internally assessed using the Group's credit rating system to determine each customer's PD and the associated internal risk rating grade. The rating grades can be aligned to the Standard & Poor's (S&P) ratings categories to enable wider comparisons. Internal credit rating assessments reflect several credit risk variables including arrears status, are tailored to the Group's significant customer segments and are undertaken in accordance with Credit Policy and Lending Guidelines.

The analysis below represents the current credit quality of loans and advances. Refer to note 8.2 for the explanation of each stage.

	2024					2023				
	Stage 1	Stage 2	Stage 3		Total	Stage 1	Stage 2	Stage 3		Total
	ECL \$M	ECL ⁴ \$M	ECL \$M	SP \$M		ECL \$M	ECL \$M	ECL \$M	SP \$M	
Consolidated										
<i>Statistically-managed portfolio</i>										
Strong ¹	50,086	4,602	-	-	54,688	54,737	-	-	-	54,737
Satisfactory ²	2,179	1,218	-	-	3,397	677	517	-	-	1,194
Weak ³	-	331	434	-	765	-	372	308	-	680
Impaired	-	-	13	15	28	-	-	9	24	33
<i>Risk-graded portfolio</i>										
Strong ¹	3,751	514	-	-	4,265	6,085	-	-	-	6,085
Satisfactory ²	3,957	2,238	-	-	6,195	4,080	218	-	-	4,298
Weak ³	-	398	148	-	546	-	145	81	-	226
Impaired	-	-	-	45	45	-	-	-	68	68
Gross carrying amount	59,973	9,301	595	60	69,929	65,579	1,252	398	92	67,321
Provision for impairment	(56)	(115)	(29)	(14)	(214)	(99)	(71)	(20)	(29)	(219)
Net carrying amount	59,917	9,186	566	46	69,715	65,480	1,181	378	63	67,102

1 Strong: PD aligns to S&P's rating AAA to BB.

2 Satisfactory: PD aligns to S&P's rating BB- to B.

3 Weak: PD aligns to S&P's rating B- to C.

4 Stage 2 ECL includes the impact of the change in rules and approach to determining SICR implemented during the financial year, resulting in a higher proportion of exposures allocated to Stage 2 as at 30 June 2024 (refer note 8.1).

	2024					2023				
	Stage 1	Stage 2	Stage 3		Total	Stage 1	Stage 2	Stage 3		Total
	ECL \$M	ECL ⁴ \$M	ECL \$M	SP \$M		ECL \$M	ECL \$M	ECL \$M	SP \$M	
Company										
<i>Statistically-managed portfolio</i>										
Strong ¹	50,057	4,602	-	-	54,659	54,709	-	-	-	54,709
Satisfactory ²	2,179	1,218	-	-	3,397	677	517	-	-	1,194
Weak ³	-	331	434	-	765	-	372	306	-	678
Impaired	-	-	13	15	28	-	-	9	24	33
<i>Risk-graded portfolio</i>										
Strong ¹	3,660	504	-	-	4,164	5,971	-	-	-	5,971
Satisfactory ²	3,932	2,210	-	-	6,142	4,034	213	-	-	4,247
Weak ³	-	385	148	-	533	-	141	81	-	222
Impaired	-	-	-	45	45	-	-	-	68	68
Gross carrying amount	59,828	9,250	595	60	69,733	65,391	1,243	396	92	67,122
Provision for impairment	(54)	(109)	(29)	(14)	(206)	(97)	(69)	(19)	(29)	(214)
Net carrying amount	59,774	9,141	566	46	69,527	65,294	1,174	377	63	66,908

1 Strong: PD aligns to S&P's rating AAA to BB.

2 Satisfactory: PD aligns to S&P's rating BB- to B.

3 Weak: PD aligns to S&P's rating B- to C.

4 Stage 2 ECL includes the impact of the change in rules and approach to determining SICR implemented during the financial year, resulting in a higher proportion of exposures allocated to Stage 2 as at 30 June 2024 (refer note 8.1).

Ageing of past due but not impaired financial assets is used by the Group to measure and manage emerging credit risks. A summary of the ageing of past due but not impaired loans and advances is noted below. The balances of financial assets other than loans and advances are all neither past due nor impaired.

	Consolidated				Company			
	Past due but not impaired				Past due but not impaired			
	1-29 days \$M	30-89 days \$M	>=90 days \$M	Total \$M	1-29 days \$M	30-89 days \$M	>=90 days \$M	Total \$M
2024								
<i>Loans and advances</i>								
Retail loans	689	324	401	1,414	689	324	401	1,414
Business loans	112	59	122	293	112	59	121	292
	801	383	523	1,707	801	383	522	1,706
2023								
<i>Loans and advances</i>								
Retail loans	597	244	280	1,121	597	244	280	1,121
Business loans	104	64	53	221	104	64	52	220
	701	308	333	1,342	701	308	332	1,341

(c) Collateral management

Collateral is used to mitigate credit risk as the secondary source of repayment in the event the counterparty cannot meet their contractual repayment commitments. The Group evaluates each customer's creditworthiness on a case-by-case basis. The extent of collateral value secured, if deemed necessary by the Group upon extension of credit, is based on management's credit evaluation of the counterparty.

81.6 per cent (2023: 81.5 per cent) of the Group's lending is classified as retail and 99.9 per cent (2023: 99.9 per cent) of that lending is secured by residential property. Residential Lenders Mortgage Insurance is generally required for residential mortgages with a loan-to-value ratio at origination of more than 80% per cent to cover any shortfall in outstanding loan principal and accrued interest. If the borrower is either an employee of the Suncorp Group or an acceptable medical practitioner, then mortgage insurance is only required where the loan-to-value ratio at origination is greater than 90% (subject to loan eligibility criteria). The financial effect of these measures is that remaining credit risk on residential loans is significantly reduced.

For the business banking portfolio, the Group will hold collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

In the event of ongoing customer default and/or post appropriate customer hardship support and negotiations, the Group may enact possession of security held as collateral against the outstanding claim. Any loan security for residential mortgages is held as mortgagee in possession while the Group seeks to realise its value through the sale of the property. Therefore, the Group does not hold any real estate or other assets acquired through the repossession of collateral. It is the Group's practice to demonstrate high standards of conduct when taking recovery action, and to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim.

For impaired assets, considerable care is taken to assess the underlying collateral value taking into account the likely method of recovery such as whether the client sells or through a formal insolvency appointment, the time involved and likely costs associated with the strategy. At 30 June 2024 the net impaired loans of \$58 million (2023: \$70 million) were supported by collateral held against the impaired loans of \$66 million (2023: \$80 million). Collateral and other credit enhancements held by the Group mitigates the maximum exposure to credit risk.

(d) Concentration of credit risk

Concentration of credit risk is managed by client or counterparty, customer segment and geography. Portfolios are actively monitored and frequently reviewed to identify, assess and protect against unacceptable risk concentrations. The following table details the credit risk by geographical concentration on gross loans and advances.

Geographic breakdown	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
Queensland	31,171	30,440	31,024	30,291
New South Wales	20,500	19,381	20,462	19,341
Victoria	10,168	9,842	10,160	9,835
Western Australia	4,512	4,326	4,511	4,325
South Australia and other	3,578	3,332	3,576	3,330
Gross loans and advances	69,929	67,321	69,733	67,122

Details of the aggregate number of the Group's corporate exposures (including direct and contingent exposures) which individually were greater than five per cent of the Group's capital resources (Tier 1 and Tier 2 capital) are as follows. A concentration risk management framework is in place to monitor exposure levels set at levels which are considered acceptable in line with the Group's lending appetite.

Consolidated and Company	2024	2023
	Number	Number
25% and greater	4	4
20% to less than 25%	1	-
15% to less than 20%	-	2
10% to less than 15%	2	-
5% to less than 10%	1	1

23.2 Liquidity risk

Executive management of liquidity and funding risk is delegated to the Bank Asset and Liability Committee (**BALCO**) which reviews risk measures and limits, endorses and monitors funding and liquidity strategy and ensures stress tests, the contingency funding plan and holdings of high-quality assets are effective and appropriate. Operational management of liquidity risk is delegated to the Balance Sheet Management team within Bank Treasury. Liquidity risk is independently monitored against approved policies on a daily basis by the Data Analytics and Treasury Risk Team. Market and Financial Risk Analytics provide second line of defence oversight of liquidity and funding management activities.

In conjunction with Group policies, the Bank has separate documents and processes to mitigate liquidity and funding risk which are approved by the Board Risk Committee and the Chief Risk Officer, Suncorp Bank, which are also subject to APRA review. These include:

- a liquidity and funding risk appetite statement as well as relevant risk limits;
- a framework that includes control practices, early warning indicators and appropriate management notification structures, including but not limited to: deposit concentration, liquidity coverage ratio, net stable funding ratio and liquidity concentration metrics limits;
- sourcing of retail deposits and long-term debt to provide funding for the majority of the funding portfolio. Funding capacity is monitored and diversity in the funding portfolio is managed with consideration given to product, tenor, geography and customer concentrations; and
- a contingency funding plan that outlines strategies to address liquidity shortfalls in stressed situations.

(a) Maturity analysis

The following tables summarise the maturity profile of the Group's financial liabilities based on the remaining undiscounted contractual obligations. For liquidity risk management purposes, the Group's daily liquidity reporting is largely aligned to contractual maturity except where prescribed differently by APRA or where other methods are considered more appropriate. The Group supplements contractual maturity with other metrics including the liquidity coverage ratio and the net stable funding ratio to manage its liquidity risk.

Derivative liabilities designated in a hedging relationship are included according to their contractual maturity.

Derivative liabilities which are not hedge accounted, or are in an economic hedge, are not included within the following tables as they are frequently settled and/or managed within the short term (refer to note 14).

Consolidated	Carrying amount \$M	At call \$M	0 to 3 months \$M	3 to 12 months \$M	1 to 5 years \$M	Over 5 years \$M	Total cash flows \$M
2024							
Payables due to other banks	118	118	-	-	-	-	118
Deposits	54,011	37,888	6,109	10,346	636	-	54,979
Payables and other liabilities	632	-	632	-	-	-	632
Due to related parties	68	-	68	-	-	-	68
Borrowings	24,776	-	4,529	8,397	13,392	671	26,989
Subordinated notes ¹	600	-	10	610	-	-	620
	80,205	38,006	11,348	19,353	14,028	671	83,406
<i>Derivatives</i>							
Contractual amounts receivable (gross settled)	(1,547)	-	(359)	(490)	(644)	(177)	(1,670)
Contractual amounts payable (gross and net settled)	1,809	-	411	605	746	183	1,945
	262	-	52	115	102	6	275
<i>Off-balance sheet positions</i>							
Guarantees entered into in the normal course of business	-	247	-	-	-	-	247
Commitments to provide loans and advances	-	11,715	-	-	-	-	11,715
	-	11,962	-	-	-	-	11,962
2023							
Payables due to other banks	121	121	-	-	-	-	121
Deposits	51,434	37,400	6,382	7,957	389	-	52,128
Payables and other liabilities	432	-	432	-	-	-	432
Due to related parties	90	-	90	-	-	-	90
Borrowings	24,009	-	7,286	6,946	11,113	461	25,806
Subordinated notes ¹	600	-	9	610	-	-	619
	76,686	37,521	14,199	15,513	11,502	461	79,196
<i>Derivatives</i>							
Contractual amounts receivable (gross settled)	(754)	-	(175)	(249)	(362)	(11)	(797)
Contractual amounts payable (gross and net settled)	1,237	-	257	456	577	12	1,302
	483	-	82	207	215	1	505
<i>Off-balance sheet positions</i>							
Guarantees entered into in the normal course of business	-	274	-	-	-	-	274
Commitments to provide loans and advances	-	11,602	-	-	-	-	11,602
	-	11,876	-	-	-	-	11,876

¹ Cash flows for subordinated notes have been included at their optional redemption date (refer note 16). The total cash flows include both principal and associated future interest payments. Interest is calculated based on liabilities held at reporting date, without taking account of future issuance. Floating rate interest is estimated using estimated forward rates at the reporting date.

Company	Carrying amount \$M	At call \$M	0 to 3 months \$M	3 to 12 months \$M	1 to 5 years \$M	Over 5 years \$M	Total cash flows \$M
2024							
Payables due to other banks	118	118	-	-	-	-	118
Deposits	54,022	37,890	6,109	10,346	636	-	54,981
Payables and other liabilities	690	-	690	-	-	-	690
Due to related parties ¹	15,470	-	3,370	-	-	12,100	15,470
Borrowings	21,559	-	4,276	7,619	11,373	-	23,268
Subordinated notes ²	600	-	10	610	-	-	620
	92,459	38,008	14,455	18,575	12,009	12,100	95,147
<i>Derivatives</i>							
Contractual amounts receivable (gross settled)	(1,547)	-	(359)	(490)	(644)	(177)	(1,670)
Contractual amounts payable (gross and net settled)	1,809	-	411	605	746	183	1,945
	262	-	52	115	102	6	275
<i>Off-balance sheet positions</i>							
Guarantees entered into in the normal course of business	-	247	-	-	-	-	247
Commitments to provide loans and advances	-	11,763	-	-	-	-	11,763
	-	12,010	-	-	-	-	12,010
2023							
Payables due to other banks	121	121	-	-	-	-	121
Deposits	51,444	37,404	6,382	7,957	389	-	52,132
Payables and other liabilities	510	-	510	-	-	-	510
Due to related parties ¹	14,924	-	2,824	-	-	12,100	14,924
Borrowings	21,350	-	7,074	6,384	9,266	-	22,724
Subordinated notes ²	600	-	9	610	-	-	619
	88,949	37,525	16,799	14,951	9,655	12,100	91,030
<i>Derivatives</i>							
Contractual amounts receivable (gross settled)	(754)	-	(175)	(249)	(362)	(11)	(797)
Contractual amounts payable (gross and net settled)	1,237	-	257	456	577	12	1,302
	483	-	82	207	215	1	505
<i>Off-balance sheet positions</i>							
Guarantees entered into in the normal course of business	-	274	-	-	-	-	274
Commitments to provide loans and advances	-	11,643	-	-	-	-	11,643
	-	11,917	-	-	-	-	11,917

1 Funds raised from securitisation through the Apollo Trusts are on-lent to the Company through intercompany loan agreements.

2 Cash flows for subordinated notes have been included at their optional redemption date (refer note 16). The total cash flows include both principal and associated future interest payments. Interest is calculated based on liabilities held at reporting date, without taking account of future issuance. Floating rate interest is estimated using estimated forward rates at the reporting date.

(b) Composition of funding

Details of the composition of funding used by the Group to raise funds are as follows.

	Note	Consolidated 2024 \$M	2023 \$M	Company 2024 \$M	2023 \$M
Customer funding					
<i>Customer deposits</i>					
At-call transactions deposits		19,543	19,914	19,554	19,924
At-call savings deposits		17,885	17,146	17,885	17,146
Term deposits		16,583	14,374	16,583	14,374
Total retail funding		54,011	51,434	54,022	51,444
Wholesale funding					
<i>Domestic funding</i>					
Short-term wholesale ¹		5,723	5,863	5,723	5,863
Long-term wholesale ²		10,337	9,392	10,337	9,392
Covered bonds		3,092	2,842	3,092	2,842
Subordinated notes		600	600	600	600
Total domestic funding		19,752	18,697	19,752	18,697
<i>Overseas funding</i>					
Short-term wholesale ¹		2,407	2,519	2,407	2,519
Long-term wholesale ²		-	734	-	734
Total overseas funding		2,407	3,253	2,407	3,253
Total wholesale funding		22,159	21,950	22,159	21,950
Total funding (excluding securitisation)		76,170	73,384	76,181	73,394
Securitisation					
APS 120 qualifying ³		3,217	2,659	-	-
Total securitisation		3,217	2,659	-	-
Total funding (including securitisation)		79,387	76,043	76,181	73,394
Comprised of the following items on the SoFP					
Deposits	10	54,011	51,434	54,022	51,444
Borrowings	11	24,776	24,009	21,559	21,350
Subordinated notes	16	600	600	600	600
Total funding		79,387	76,043	76,181	73,394

1 Original maturity of less than 12 months.

2 Original maturity of 12 months or greater.

3 The corresponding loans and advances are subject to capital relief under APS 120 *Securitisation*.

23.3 Market risk

The Group is exposed to mainly two sources of market risk, being interest rate and foreign exchange risks. For the purposes of market risk management, these are further broken down into traded and non-traded market risks.

The Group uses value at risk (**VaR**) as one of the key measures of traded market risk and non-traded interest rate risk in the banking book (**IRRBB**). The VaR model is a statistical technique used to measure and quantify the market risk over a specific holding period at a given confidence level. The Group's standard VaR approach for traded and non-traded risk is based on a historical simulation which uses equally weighted market observation from the last two years and eight years respectively. Historical VaR simulation assumes that the distribution of past price returns will reflect future returns.

(a) Traded market risk

The Group trades a range of interest, foreign exchange and derivative products. Income is earned through effective trading within the established risk management framework.

In addition to VaR, traded interest rate and foreign exchange risks are managed using a framework that includes stress-testing, scenario analysis, sensitivity and stop losses. These measures are monitored and reported to the Chief Risk Officer, Suncorp Bank and the BALCO for management oversight.

VaR is modelled at a 99 per cent confidence level over a one-day holding period for trading book positions.

The VaR for the Group's total interest rate and foreign exchange trading activities at the end of the financial year are as follows.

	2024			2023		
	Interest rate risk \$M	FX risk \$M	Combined risk ¹ \$M	Interest rate risk \$M	FX risk \$M	Combined risk ¹ \$M
Consolidated and Company						
VaR at the end of the financial year	0.35	0.14	0.45	0.30	0.20	0.41
Average VaR for the financial year	0.40	0.39	0.61	0.27	0.10	0.30

¹ VaR for combined risk is the total interest rate risk and foreign exchange risk, taking into account correlations between different positions in both the interest rate and foreign exchange trading portfolios.

(b) Non-traded interest rate risk

Non-traded IRRBB is defined as all on-balance sheet items and off-balance sheet items in the banking portfolio that create an interest rate risk exposure within the Group. The main objective of IRRBB management is to maximise and stabilise net interest income in the long term.

Interest rate risk arises from changes in interest rates that expose the Group to the risk of loss in terms of earnings and/or economic value. There are several sources of IRRBB and they include:

- repricing risk: resulting from changes in the overall levels of interest rates and the effect this has on the banking book with respect to mismatches in repricing dates.
- yield curve risk: resulting from changes in the relative levels of interest rates at different tenors of the yield curve (that is a change in the slope or shape of the yield curve).
- basis risk: resulting from differences between the actual and expected interest margins on banking book items.
- optionality risk: resulting from the existence of stand-alone or embedded options to the extent that the potential for losses is not included in the measurement of repricing, yield curve or basis risks.
- embedded value risk: resulting from differences in transactions book value compared to mark-to-market fair value due to past interest rate movements.
- spread risk: arises due to the imperfect movement of interest rates for different yield curves within an economy.

(i) IRRBB – Net interest income sensitivity (NIIS)

IRRBB exposures are generated by using underlying reconciled financial position data to generate cash flows using relevant interest rate curves, and a static balance sheet assumption. Contractual cash flows are generated except for products where expected behavioural cash flow modelling is more appropriate, and they are modelled with a profile and at a term that can be statistically supported.

As a measure of shorter-term sensitivity, NIIS measures the sensitivity of the banking book earnings over the next 12 months to instantaneous parallel and non-parallel shocks to the yield curve. NIIS is measured using a two per cent parallel and non-parallel shock to the yield curve to determine the potential adverse change in net interest income in the ensuing 12-month period.

The following table indicates the potential impact to NIIS from an adverse two per cent parallel movement in interest rates on the consolidated SoFP. The results are prepared based on the IRRBB framework applicable to the respective financial year.

Consolidated and Company	2024 \$M	2023 \$M
Exposure at the end of the financial year	(4)	(15)
Average exposure during the financial year	(7)	(34)

(ii) Present value sensitivity

As a measure of longer-term sensitivity, present value sensitivity measures the sensitivity of the present value of all known future cash flows in the banking book, to instantaneous parallel and non-parallel shocks to the yield curve. All exposures have their known future cash flows present valued from relevant interest rate curves.

The following table indicates the potential impact to economic value from an adverse two per cent parallel movement in interest rates on the consolidated SoFP.

The results are prepared based on the IRRBB framework applicable to the respective financial year.

Consolidated and Company	2024 \$M	2023 \$M
Exposure at the end of the financial year	(5)	(2)
Average exposure during the financial year	(12)	(25)

(iii) Value at Risk

VaR is modelled at a 99% confidence level over a one-month holding period for IRRBB. The results are prepared based on the IRRBB framework applicable to the respective financial year.

Consolidated and Company	2024 \$M	2023 \$M
Exposure at the end of the financial year	(11)	(9)
Average exposure during the financial year	(11)	(16)

(c) Non-traded foreign exchange risk

Non-traded foreign exchange risk can arise from having non-Australian dollar items in the banking portfolio, thereby exposing current and future earnings to movements in foreign exchange rates. The objective of foreign currency exchange risk management is to minimise the impact on earnings of any such movements. The Group policy is to fully hedge any such exposure and accordingly minimise exposure to the risk. All offshore borrowing facilities arranged as part of the overall funding diversification process have been economically hedged in respect of their potential foreign exchange risk through the use of financial derivatives (refer to note 14).

Other disclosures

This section includes other information about the Group's operations that are disclosed to comply with Australian Accounting Standards and the Corporations Act.

24. Notes to the statements of cash flows

24.1 Reconciliation of cash flows from operating activities

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
Profit for the financial year	379	462	378	457
Non-cash items				
Impairment expense on financial assets	13	17	10	17
Change in fair value relating to investing and financing activities	(4)	(18)	(4)	(18)
Other non-cash items	(10)	(72)	(11)	(72)
Change in operating assets and liabilities				
Net movement in tax assets and liabilities	(9)	(17)	(1)	(18)
Decrease in trading securities	66	505	66	505
Increase in loans and advances	(2,617)	(5,192)	(2,620)	(5,164)
Net movement in balances with related parties	42	30	619	316
Increase in other assets	(26)	(73)	(28)	(77)
Increase in deposits	2,577	3,309	2,578	3,309
Increase in payables and other liabilities	200	231	180	184
Net cash from (used in) operating activities	611	(818)	1,167	(561)

24.2 Reconciliation of cash and cash equivalents to the statements of cash flows

	Consolidated		Company	
	2024	2023	2024	2023
	\$M	\$M	\$M	\$M
<i>Cash and cash equivalents at the end of the financial year in the statements of cash flows is represented by the following line items in the SoFP:</i>				
Cash and cash equivalents	1,745	2,927	1,742	2,925
Receivables due from other banks ¹	739	1,788	739	1,788
Payables due to other banks ²	(118)	(121)	(118)	(121)
	2,366	4,594	2,363	4,592

1 Includes \$102 million (2023: \$132 million) of collateral representing credit support to secure the Group's derivative liability position, as part of the standard ISDA agreement and \$629 million (2023: \$1,645 million) of balances with the RBA.

2 Includes \$39 million (2023: \$75 million) of collateral representing credit support received on the Group's derivative asset position, as part of the standard ISDA agreement.

25. Composition of the Group

25.1 Material subsidiaries of the Company

Subsidiaries ²	Class of shares	Country of incorporation	2024 2023 Equity holding	
			%	%
APOLLO Series Trusts (various) ¹	Units	Australia	100	100
Suncorp Covered Bond Trust	Units	Australia	100	100
SME Management Pty Limited	Ordinary	Australia	100	100
Suncorp Metway Advances Corporation Pty Ltd	Ordinary	Australia	100	100

1 The Company conducts a loan securitisation program whereby housing mortgage loans are packaged and sold as securities to the wholly owned Apollo Series Trusts. As at 30 June 2024, the Company maintains eight active Trusts (2023: seven).

2 Dormant and non-core subsidiaries are not presented in the table above but are disclosed in the Consolidated entity disclosure statement. These entities are expected to transfer from the Group to Suncorp Group in accordance with the Restructure Agreement (refer note 1.1).

The Group's consolidated financial statements are the financial statements of the Company and all its subsidiaries, presented as those of a single economic entity. Intra-group transactions and balances are eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Group which includes companies and trusts. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date when control commences until the date on which control ceases.

Structured entities (**SE**) are entities created to accomplish a specific and well-defined objective such as the securitisation of particular assets or the execution of a specific borrowing or lending transaction. Judgments are applied in determining whether a SE is controlled and consolidated by the Group. A SE is consolidated if the Group is exposed to, or has rights to, variable returns from its involvement with the SE and has the ability to affect those returns through its power over the SE.

The main types of SE established by the Group are securitisation trusts and the Suncorp Covered Bond Trust. The securitisation trusts and the Suncorp Covered Bond Trust are controlled by the Group and are consolidated in the consolidated financial statements.

25.2 Consolidated structured entities

The Group has the following contractual arrangements which require it to provide support to its consolidated structured entities, the Apollo Series Trusts.

Liquidity facility

The Group provides a liquidity facility to the trustee of the trusts. If there is a remaining net liquidity shortfall, the trustee may be able to request an advance under the liquidity facility up to a total aggregate amount equal to the unutilised portion of the liquidity facility limit. Drawings under the liquidity facility will be subject to certain conditions precedent. The maximum amount which can be drawn is \$211 million (2023: \$208 million).

The amount drawn as of 30 June 2024 is \$nil (2023: \$nil).

Redraw facility

The Group provides a redraw facility to the trustee of the trusts. If total principal collections for a monthly period are insufficient to fully reimburse the seller for redraws made during that monthly period to the extent the seller is entitled to be reimbursed, the trustee may be able to request an advance from the redraw facility provider under the redraw facility up to a total aggregate amount equal to the unutilised portion of the redraw facility limit. The provision of the redraw facility will be subject to normal credit criteria and a market rate of interest will be charged. Drawings under the redraw facility will be subject to certain conditions precedent. The maximum amount which can be drawn is \$78 million (2023: \$75 million).

The amount drawn as of 30 June 2024 is \$nil (2023: \$nil).

26. Key management personnel and other related party disclosures

26.1 Key management personnel disclosures

As a wholly-owned subsidiary of Suncorp Group Limited, key management personnel (KMP) for the Company are the same as the KMP for Suncorp Group Limited.

During the financial year, the Company revised its methodology for determining the total compensation of KMP allocated to the Company in order to improve the relevancy and effectiveness of the KMP disclosures. Total compensation for KMP allocated to the Company was determined by applying the Suncorp Group's internal allocation methodology to the total KMP compensation for Suncorp Group. The 2023 comparatives have been restated.

Total compensation for KMP allocated to the Company are as follows:

	2024 \$000	2023 \$000
Short-term employee benefits	3,383	4,283
Long-term employee benefits	33	44
Post-employment benefits	120	118
Share-based payments	972	837
	4,508	5,282

Loans to KMP and their related parties are secured housing loans and asset lines provided in the ordinary course of business. All loans have normal commercial terms, which may include staff discounts at the same terms available to all employees of the Group. The loans may have offset facilities, in which case the interest charged is after the offset. No amounts have been written down or recorded as SP, as the balances are considered fully collectable.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to KMP and their related parties are as follows:

	2024		2023	
	Key management personnel \$000	Other related parties \$000	Key management personnel \$000	Other related parties \$000
Closing balance	553	-	1,394	-
Interest charged	55	-	61	-

26.2 Other related party transactions

	Consolidated		Company	
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
The aggregate amounts included in the determination of profit before tax that resulted from transactions with related parties are:				
Other operating income				
Subsidiaries	-	-	322,430	287,613
Other related parties	3,597	4,518	3,597	4,518
Interest expense				
Subsidiaries	-	-	8,204	3,786
Other related parties	38,941	30,047	38,941	30,047
Operating expenses ¹				
Subsidiaries	-	-	461,231	378,145
Other related parties	743,221	703,281	743,221	703,281
Dividends paid				
Parent entity	241,000	135,000	241,000	135,000
Other related parties	29,199	23,878	29,199	23,878
Aggregate amounts receivable from, and payable to, each class of related parties as at the end of the financial year				
Investment securities				
Subsidiaries	-	-	77	75
Due from related parties				
Subsidiaries	-	-	12,416,578	12,432,265
Other related parties ²	114,815	165,062	114,815	165,062
Deposits				
Subsidiaries	-	-	11,616	10,300
Other related parties	231,342	230,530	231,342	230,530
Due to related parties				
Subsidiaries	-	-	15,401,824	14,834,428
Other related parties ²	67,741	90,001	67,741	90,001
Subordinated notes				
Other related parties	600,000	600,000	600,000	600,000

¹ As set out in note 5, operating expenses such as employee expenses, depreciation and amortisation are incurred directly by Suncorp Group's corporate service subsidiaries and recharged to the Group via an internal allocation methodology.

² Due from and due to related party balances will be settled on or immediately prior to completion date (refer note 1.1).

The Company has a related party relationship with its subsidiaries (refer to note 25), parent entity and other subsidiaries controlled by the Suncorp Group and with its key management personnel (refer to note 26.1).

A number of banking transactions occur between the Company and related parties within the Suncorp Group. These include loans, deposits and foreign currency transactions, upon which fees, commissions and interest may be earned. These transactions occur in the normal course of business and are on terms equivalent with those made on an arm's length basis, except that some short term intercompany advances may be interest free.

Related party loans and advances are disclosed within the SoFP caption 'Due from related parties' and are presented net of intercompany liabilities with the respective related party. All amounts are expected to be fully recoverable. The key terms of the material financing arrangements as at 30 June 2024 are presented in the table below:

Consolidated and Company	Facility \$M	Carrying amount \$M	Interest rate %	Maturity
Long-term fixed facility ¹	94	40	BBSW 90 + 2.15%	30 Jun 2027 ²
Revolving facility	120	115	BBSW 90 + 2.15%	30 Sep 2025 ²
Total loans and advances to other related parties	214	155		

¹ The terms of the Long-term fixed facility require the borrower to make fixed repayments in accordance with the amortisation schedule. Repaid amounts cannot be redrawn by the borrower.

² The facilities will be settled on or immediately prior to completion date (refer note 1.1).

27. Auditor's remuneration

	Consolidated		Company	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
KPMG Australia				
Audit and review services				
Audit and review of financial reports	1,343	1,128	1,228	1,017
	1,343	1,128	1,228	1,017
Assurance services				
Regulatory assurance services	777	811	777	811
Other assurance services	107	228	-	57
	884	1,039	777	868
In relation to taxation and other services	86	17	86	17
Total Auditor's remuneration	2,313	2,184	2,091	1,902

Fees for services rendered by the Company's auditor are borne by a related entity within the Suncorp Group.

28. Contingent assets and liabilities

28.1 Contingent assets

Contingent assets are not recognised, but are disclosed in the consolidated 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.

28.2 Contingent liabilities

Contingent liabilities are not recognised, but are disclosed in the consolidated 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. The Group conducts its own internal reviews of its regulatory compliance, which it may disclose to the regulators, which may result in similar costs.

In recent periods, a number of regulators including Australian Securities and Investments Commission (**ASIC**), APRA, Australian Competition and Consumer Commission, Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and the Australian Taxation Office 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 and AUSTRAC.

The Company 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 2022 AML/CTF Compliance Assessment Report findings in relation to the Company's AML Program as well as findings and recommendations from internal assurance and audit work. Management regularly reports to AUSTRAC on the progress of the FCCPoA.

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 and the outflow becomes probable, then the amount has been provisioned.

Customer remediation and complaints

The Group is currently undertaking a number of programs of work 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 the 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 and the outflow becomes probable, the amount has been provisioned.

Royal Commission

As disclosed previously, the Financial Services Royal Commission recommended establishing a Compensation Scheme of Last Resort (**CSLR**) to 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.

On 22 June 2023, the Australian Parliament passed legislation establishing the CSLR in Australia. As one of the ten largest financial APRA-regulated banking and insurance organisations in the 2021-22 income year, the Suncorp Group was required to pay a one-off levy to finance past unpaid Determinations. The one-off levy was provided for by the Suncorp Group in the financial year ended 30 June 2023 and, following ASIC issuing an invoice in May 2024, was fully paid by the end of July 2024.

In addition to the one-off levy, the Company is within the financial subsectors required to pay annual levies to the CSLR from July 2025. Given the scope and enforcement date for these levies the amounts have not been provided for.

Litigation

There are outstanding court proceedings, 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 and the outflow becomes probable, then the amount would be provisioned.

Other

SPDEF #2 Pty Ltd acts as the trustee for Suncorp Property Development Equity Fund #2 Unit Trust (the **SPDEF trust**) (refer consolidated entity disclosure statement). In this capacity, SPDEF #2 Pty Ltd is liable for the debts of the SPDEF trust but is entitled to be indemnified out of the SPDEF trust assets for all liabilities incurred on behalf of the SPDEF trust.

The Company issued a letter of financial support to the directors of Suncorp Metway Advances Corporation Pty Ltd (**SMAC**), a wholly owned subsidiary of the Company. The letter confirmed that necessary financial support will be provided in the event SMAC is unable to meet its financial obligations as and when they fall due. No provision has been recognised in the Company's SoFP for the amount of the financial support provided as the likelihood of SMAC being unable to meet its financial obligations is determined as not being probable.

In the ordinary course of business, the Group enters into various types of investment contracts that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these types of transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposures.

29. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

The sale of SBGH Limited to ANZ is expected to complete on 31 July 2024, with associated restructures expected to take place on or immediately prior to completion date (refer note 1.1).

Consolidated entity disclosure statement

As at 30 June 2024

Entity name	Entity type	Place incorporated/ formed	Equity holding %	Tax residency
Suncorp-Metway Limited	Body corporate	Australia	100	Australian
APOLLO Series 2008-1R Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2015-1 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2017-1 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2017-2 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2018-1 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2022-1 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2023-1 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Series 2024-1 Trust ¹	Trust	Australia	N/A	Australian
APOLLO Warehouse Trust No. 2	Trust	Australia	N/A	Australian
Suncorp Covered Bond Trust	Trust	Australia	N/A	Australian
National Finance Network Pty Limited ³	Body corporate	Australia	100	Australian
QIDC Pty Limited ³	Body corporate	Australia	100	Australian
Suncorp Finance Pty Limited ³	Body corporate	Australia	100	Australian
SPDEF #2 Pty Ltd ^{2,3}	Body corporate	Australia	100	Australian
Suncorp Property Development Equity Fund #2 Unit Trust ³	Trust	Australia	N/A	Australian
SME Management Pty Limited	Body corporate	Australia	100	Australian
Suncorp Metway Advances Corporation Pty Ltd	Body corporate	Australia	100	Australian
SSSL Pty Ltd ³	Body corporate	Australia	100	Australian

1 Suncorp-Metway Limited (the **Company**) conducts a loan securitisation program whereby housing mortgage loans are packaged and sold as securities to the wholly owned Apollo Series Trusts.

2 Trustee of Suncorp Property Development Equity Fund #2 Unit Trust which is consolidated in the financial report of the Company and its subsidiaries (the **Group**).

3 Entity is expected to transfer from the Group to Suncorp Group Limited (**SGL**) and its subsidiaries (the **Suncorp Group**) in accordance with the Restructure Agreement (refer note 1.1).

Key assumptions and judgments

Determination of Tax Residency

Section 295(3A) of the *Corporations Act 2001* requires that the tax residency of each entity included in the consolidated entity disclosure statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent.

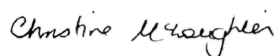
Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. All trusts lodge tax returns with the Australian Taxation Office, either as part of the SGL tax-consolidation Group (wholly-owned trusts) or separately (trusts not wholly-owned) (refer note 6.2).

Directors' declaration

1. The directors of Suncorp-Metway Limited (the **Company**) declare that in their opinion:
 - a. the financial statements and notes set out on pages 7 to 61, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's and the Group's financial position as at 30 June 2024 and of their performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - b. the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* and included on page 62 of the financial report is true and correct; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors draw attention to note 2.1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



CHRISTINE MCLOUGHLIN, AM

Chairman

29 July 2024



STEVE JOHNSTON

Group Chief Executive Officer and Managing Director

29 July 2024



Independent Auditor's Report

To the shareholder of Suncorp-Metway Limited

Opinions

We have audited the consolidated **Financial Report** of Suncorp-Metway Limited (the Group Financial Report). We have also audited the Financial Report of Suncorp-Metway Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report of Suncorp-Metway Limited give a true and fair view of the Group's and Company's financial position as at 30 June 2024 and of their financial performance for the year then ended in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the Group and the Company comprise:

- Statements of financial position as at 30 June 2024;
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Consolidated entity disclosure statement and accompanying basis of preparation; and
- Directors' declaration.

The **Group** consists of Suncorp-Metway Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Group and Company in accordance with *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 audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Suncorp-Metway Limited's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.



Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and the Company in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of Financial Reports in accordance with the *Corporations Act 2001* that give a true and fair view of the financial position and performance of the Group and the Company and are free from material misstatement, whether due to fraud or error;
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.



KPMG

Kim Lawry
Partner

Sydney
29 July 2024

Ben Flaherty
Partner

Brisbane
29 July 2024