Suncorp Group Limited ABN 66 145 290 124

Analyst Pack

Financial results for the full year ended 30 June 2015

One Company
Many Brands

SUNCORP GROUP

Basis of preparation

Suncorp Group ('Group', 'the Group', 'the Company' or 'Suncorp') is represented by Suncorp Group Limited (SGL) and its subsidiaries, its interests in associates and jointly controlled entities.

Net profit after tax (NPAT) for the Group is measured in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars rounded to the nearest million unless otherwise denoted. All figures relate to the full year ended 30 June 2015 and comparatives are for the full year ended 30 June 2014, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology.

In financial summary tables, where there has been a percentage movement greater than 500% or less than (500%), this has been labelled 'large'. If a line item changes from negative to positive (or vice versa) between periods, this has been labelled "n/a".

This report has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with the Group's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards. In the context of ASIC's Regulatory Guide 230, this report contains information that is 'non-IFRS financial information', such as the General Insurance Underlying Insurance Trading Result (ITR) and the Life underlying profit after tax. The calculation of these metrics is outlined in the report and they are shown as they are used internally to determine operating performance within the various businesses.

This report should be read in conjunction with the definitions in Appendix 4.

Disclaimer

This report contains general information which is current as at 4 August 2015. It is information given in summary form and does not purport to be complete.

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

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

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's intent, belief or current expectations with respect to the business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied.

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

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Table of Contents

Financial results summary

- **Group** net profit after tax (NPAT) of $1,133 million (FY14: $730 million), an increase of 55.2%
- Profit after tax from business lines* of $1,235 million (FY14: $1,330 million), a decrease of 7.1%
- Statutory Return on Average Shareholders' Equity (ROE) increased to 8.5% (FY14: 5.3%). Cash ROE of 8.9% (FY14: 9.4%)
- Total ordinary dividends of 76 cents per share fully franked (FY14: 75 cents). Special dividend of 12 cents per share fully franked (FY14: 30 cents)
- Total annual dividends of 88 cents per share which equates to 100% of the Group's NPAT
- The Bank Common Equity Tier 1 (CET1) capital ratio improved to 9.15%. General Insurance holds CET1 of 1.40 times the Prescribed Capital Amount (PCA). Based on capital levels at 30 June 2015 on an ex-dividend basis, the Suncorp Group has $570 million in CET1 capital above its operating targets
- **General Insurance** NPAT of $756 million (FY14: $1,010 million) demonstrated resilience in managing the financial impact of the worst year for natural hazard events
- Natural hazards of $1,068 million were $473 million above the FY15 allowance. This included the net impact of around $650 million from five major weather events in Queensland and New South Wales
- Reserve releases of $427 million were well above long-run expectation of 1.5% of net earned premium (NEP), driven by improved long-tail claims management and a benign inflationary environment. This was offset by a $29 million impact from the resolution of the 2011 reinsurance recovery issue
- After adjusting for natural hazards, investment markets and reserve releases, the underlying insurance trading ratio (ITR) increased to 14.7% (FY14:14.3%)
- Gross written premium (GWP) was flat at $8,872 million with positive customer unit growth in personal insurance products
- **Bank** NPAT increased significantly to $354 million (FY14: $228 million) due to an increase in the net interest margin (NIM) to 1.85% (FY14: 1.72%) and lower impairment losses
- Bank lending growth of 3.9% reflected a focus on quality, lower risk lending as demonstrated by the reduction in impairment losses (down 53.2%), non-performing loans (down 20.1%) and risk-weighted assets (down 1.2%)
- Lending momentum increased in the second half with annualised housing loan growth of over 10%
- **Life** NPAT was $125 million (FY14: $92 million). Underlying profit increased to $113 million (FY14: $84 million) above the targeted $90 to $100 million, as a result of positive claims and lapse experience
- Life Embedded Value increased to nearly $1.9 billion (FY14: $1.76 billion) and the value of one year's sales (VOYS) has more than doubled to $25 million
- Suncorp's focus on delivering operational efficiencies was demonstrated by the Group operating expenses increasing by only 0.3% to $2,710 million (FY14: $2,703 million)
- Group growth of 1.7% was impacted by lower personal insurance premium rates and run-off of Commercial and Agribusiness exposures
- Suncorp's New Zealand operations, across General and Life Insurance, provided strong earnings diversification with an after tax contribution of A$175 million (FY14: A$110 million)

* Refer Appendix 4 for definition of 'profit after tax from business lines' and page 14 for underlying ITR.

Operational summary

- Following the success of the Building Blocks and Simplification programs, Suncorp has announced a further program of Optimisation projects which will provide $170 million in annual benefits in the 2018 financial year
- Optimisation will deliver further efficiencies from transformation of claims processes, ongoing rollout of the SMART repair network, Super Simplification, Business Intelligence, Technology and Procurement
- Suncorp is on track to deliver the Optimisation core system platforms in 2016 and 2017
- Business Intelligence continues to progress with 90% of core system data now consolidated within a secure and scalable cloud environment
- Risk based capital (RBC) models are in-use and have informed revisions to Group, Life and General Insurance capital targets. The General Insurance CET1 target range has been reduced to 0.95 - 1.15 times PCA
- Suncorp's employee engagement and enablement scores have both increased by four points placing them above the global high-performing norms
- The Group's customer satisfaction scores have increased. Apia and Suncorp Bank now lead their industry peers
- Suncorp's Australian Personal Insurance products returned to positive customer unit growth following successful reinvestment of efficiency savings in targeted premium reductions to improve customer retention
- Suncorp's technology and process efficiencies were proven in the Brisbane Hailstorm in November with a record number of claims lodged in one day (10,000) and a record number of cars assessed in one day (1,500)
- The Personal Insurance business has successfully implemented a number of key initiatives including SMARTPlus, AAMI roadside assist, AAMI Safe Driving App, Apia health insurance and a new joint venture with HomeRepair
- Good progress is being made in New Zealand with the Christchurch earthquake settlements. Over NZ$4.5 billion (85%) of total expected costs have been paid
- Suncorp Bank's new banking platform, Ignite, remains on track for completion in June 2016
- Suncorp Bank was recognised as Money Magazine's Bank of the Year and Euromoney's 2015 Best Bank in Australia
- Suncorp has successfully promoted positive changes in the Banking and Life regulatory environments that will improve its competitive position and customer outcomes
- Suncorp Life has delivered the independent financial adviser (IFA) value proposition 'Acclaim' and realigned the distribution team
- Suncorp Life has addressed the profitability and sustainability of new business and commenced work on simplifying the Superannuation business

Result overview

Suncorp has delivered an NPAT of $1,133 million for the financial year ended 30 June 2015, up 55.2%. The strong result was achieved despite Suncorp's worst ever year for natural hazard events, which had a financial impact of $1,068 million, well above the annual allowance of $595 million. The result underscores the benefit of the Group operating a conglomerate structure with a diversified earnings base. Bank NPAT increased by 55.3%, Life NPAT increased by 35.9% and profits from the New Zealand businesses increased by 58.2%.

The Group's financial and operational performance demonstrates the continued success of the transformation strategy, under the 'One Company. Many Brands' business model. Operational efficiencies and cost control are reflected in improving margins across the business, as evidenced by:

- the General Insurance underlying ITR increasing to 14.7% from 14.3%;
- the Bank's net interest margin (NIM) improving by 13 basis points (bps) over the year to 1.85%; and
- Suncorp Life's underlying profit was $113 million, up 34.5% due to positive lapse and claims experience relative to revised assumptions.

Suncorp's strong margin focus has continued to deliver attractive returns for shareholders despite the adverse year of natural hazard events and an easing in the Group's top-line growth. The Board has declared a final ordinary dividend of 38 cents per share. This brings total ordinary dividends for the 2015 financial year to 76 cents per share, a dividend payout ratio of 81.6% of cash earnings and represents a yield of 5.7% based on Suncorp's share price of $13.43 (as at 30 June 2015).

In addition, the strength of Suncorp's balance sheet has enabled the Board to declare a special dividend of 12 cents per share. This financial year, the total dividend payments equate to 100% of the Group's NPAT. Based on capital levels at 30 June 2015 on an ex-dividend basis, the Group will remain well capitalised with $570 million in CET1 capital held above its operating targets. The General Insurance CET1 coverage ratio is 1.40 times PCA and the Bank CET1 ratio is 9.15%.

In addition to delivering strong returns for shareholders, Suncorp has continued to deliver exceptional service for its customers. The benefits of the Group's operational efficiencies are providing enhanced service and, where possible, premium reductions. These benefits have been recognised by the Group's customers and are reflected in improved retention rates and high levels of customer satisfaction.

Strong customer satisfaction has allowed the Group to deliver targeted growth in key segments, notably:

- unit growth in both the Australian Personal and Commercial businesses;
- unit growth and increased market share in the New Zealand business;
- Suncorp Bank delivering 3.9% growth in lending assets, with annualised mortgage growth of over 10% in the second half partly offset by a reduction in commercial and agribusiness lending; and
- Suncorp Life grew in Direct products sold through General Insurance brands and maintained a 'value over volume' approach to the IFA channel.

The Group's ongoing commitment to expense control is demonstrated with Group operating expenses of $2,710 million being flat for the year.

During the year, the Group improved its capability in risk management. This included building on the implementation of RBC modelling in 2013. The Group and the business lines have used RBC to assess risk appetite, reinsurance strategy and capital targets and triggers. As a result of the annual review of targets, the General Insurance CET1 target operating range and the Non-operating Holding Company (NOHC) targets have been reduced. The Group continues to hold capital above its revised targets.

General Insurance profit after tax was $756 million, despite the impact of over $1 billion in natural hazard events. The result was driven by underwriting discipline in a highly competitive market and a focus on claims and expense management, with improvements in long-tail claims management resulting in reserve releases of $427 million.

Personal Insurance GWP reduced by 2.5%; however unit growth was positive over the year as the reinvestment of efficiency benefits improved customer retention. Commercial Insurance GWP grew 2.2% impacted by a reduction in Workers' Compensation GWP in Western Australia.

Compulsory Third Party (CTP) GWP grew 5.9% with Suncorp leveraging the scale of its national CTP model to successfully expand into the ACT market.

New Zealand GWP was up 5.7% (in $A terms) due to strong growth in personal lines and positive customer unit growth in commercial lines.

Reported ITR was 11.4% and underlying ITR increased to 14.7%. Simplification continues to deliver increased efficiency across both claims and support functions. Customers and shareholders are also benefiting from improved claims management following initiatives such as SMART, SMARTplus and ACM Parts.

Suncorp Bank delivered profit after tax of $354 million, up 55.3%. This significant increase was achieved through an improved NIM and lower impairment charges. Home lending growth of 7.1% reflects the success of the Bank's improved product offering while also maintaining conservative lending standards and focusing on the 'below 80%' LVR market.

The NIM improved by 13 bps to 1.85%, benefiting from improvements in funding composition and favourable term deposit pricing. Improved earnings and a stable cost base resulted in the Bank's cost to income ratio falling to 53.4% from 57.4%.

Impairment losses reduced to $58 million, or 11 basis points of gross loans. Gross impaired assets reduced by 34.5% and total gross non-performing loans reduced by 20.1%.

Suncorp Life's profit after tax was $125 million, up 35.9%. Underlying profit was $113 million, up 34.5%. Underlying profit was above target, benefiting from positive claims and lapse experience and a focus on cost control with operating expenses down 7.3%. Profit after tax benefited from a reduction in long-term interest rates which will unwind when rates increase.

Annual in-force premium increased to $970 million, with total in-force premiums up 6.5%. Suncorp Life continues to focus on value over volume and this is reflected in the value of one year's sales (VOYS) which has more than doubled to $25 million.

Outlook

The benefits of the **Suncorp Group** transformation and its diversified earnings base have been fully demonstrated over the past year. The Building Blocks and Simplification programs of work have created a leaner, faster, smarter organisation that is more responsive to customer needs.

Combined with a very strong balance sheet and a resilient diversified earnings profile, the Group has set the foundation to capitalise on the 'One Company. Many Brands' business model and maximise the Group's strategic assets of Cost, Capital, Customer and Culture (4Cs). These are being demonstrated by:

- Cost – a stable cost base as a result of leveraging the Group's scale, buying power and supplier relationships;
- Capital – the use of RBC modelling to drive optimal long-term decision making in the Group;
- Customer – enhancing the connection with the Group's nine million customers by deepening their relationships with the Group's brands; and
- Culture – employee engagement and enablement scores above the global high-performing norms which is positioning Suncorp as THE place to work in Australia and New Zealand.

Building on the successful Building Blocks and Simplification programs, a further $170 million of annual efficiency benefits will be delivered by the Optimisation program in the 2018 financial year. The Group will invest $75 million for the Optimisation program of work which completes the redesign of the Group's operating systems.

The benefits include improved efficiency of claims processing, motor vehicle repairs, home repairs, procurement, technology and business intelligence.

The Simplification and Optimisation programs provide Suncorp with the ability to deliver strong sustainable margins, quality long-term growth and the agility to respond to changing external markets.

These programs form the basis of Suncorp's shareholder promise to build a simple, low risk financial services group that delivers both high yield and above-system growth. The benefits of the 'One Company. Many Brands' business model will deliver targeted growth by utilising specialty brands and leveraging the Group's Business Intelligence capability.

In the medium term, Suncorp's key targets are:

1. 'above-system' growth in key target markets
2. Optimisation benefits of $170 million in the 2018 financial year
3. 'meet or beat' an underlying ITR of 12% through the cycle
4. sustainable ROE of at least 10%
5. an ordinary dividend payout ratio of 60% to 80% of cash earnings
6. continuing to return surplus capital to shareholders

Suncorp General Insurance will continue to 'meet or beat' the 12% underlying ITR and maintain positive unit growth by focusing on customer retention in all three business lines.

The Optimisation program will directly benefit Suncorp's General Insurance business by streamlining operational processes and reducing costs. Further operational efficiencies and improved customer service will result from the Group's vertical integration strategy that includes SMART, SMARTPlus, ACM Parts and the Home Repair initiative.

Suncorp's vertical integration initiatives and disciplined approach to pricing and risk selection have positioned the business well to deal with the impact of recent natural hazard events and claims cost pressures. Personal Insurance will continue to focus on customer retention and increasing product holdings by leveraging the Group's single customer database and will benefit from the Simplification and Optimisation programs.

Commercial Insurance will continue to demonstrate the benefits of being Australia's largest personal injury insurer. This is providing a competitive advantage in long-tail claims management and Suncorp expects to report higher than long-run average releases (1.5% of NEP) over the short to medium term. Suncorp will look to capitalise on potential opportunities as State Governments recognise the benefits of competitive underwriting of statutory schemes.

The New Zealand business is in a good position to take advantage of opportunities arising from changes in the competitive landscape. The Group will replicate the success of the Australian Simplification program and vertical integration to drive greater efficiency.

Suncorp's reinsurance program has been further strengthened for the 2016 financial year. The natural hazards allowance has been set based on long-term assumptions at $670 million (FY15: $595 million).

Suncorp Bank is well placed to benefit from the recent regulatory changes to reduce the mortgage capital risk weighting differential to the major banks. Suncorp is focused on delivering four strategic pillars: the new technology platform (Ignite); advanced risk management; Business Intelligence; and Group customer extensions.

Ignite is expected to be completed in June 2016 and will be a key enabler of operating efficiency and outstanding customer service. In addition, the Group's Business Intelligence and customer extensions programs will be key differentiators, allowing Suncorp Bank to meet more customers' needs.

Advanced risk management will further underpin quality growth and balance sheet strength. The Bank expects to be ready to make a submission to APRA under the Basel II Advanced Accreditation program in the second half of 2015.

Suncorp Bank will deliver targeted low risk growth in this environment supported by its diversified funding base, 'A+/A1' credit ratings, strong capital position and the development of the four strategic pillars.

The Bank remains well placed to deliver its medium-term operating targets:

- NIM of 1.75% to 1.85% underpinned by pricing discipline;
- disciplined cost management to drive the cost to income ratio sub-50%;
- sustainable retail lending growth of 1 to 1.3 times system;
- a retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its 'A+/A1' credit ratings to raise diverse wholesale funding; and
- a return on CET1 of 12.5% to 15%.

Suncorp Life is well placed to take advantage of industry dislocation having already reset its strategy and balance sheet. Suncorp Life's customer centric strategy will continue to develop across the Australian and New Zealand businesses. The business will focus on value over volume by leveraging the Acclaim IFA program and growth of direct products sold through the General Insurance brands. Suncorp Life continues to benefit from leveraging the Group's expertise in claims and rehabilitation.

Suncorp Life has a unique opportunity to capitalise on the potential of the Direct channel as it is the only life insurer that is part of a large scale insurance business. Through leveraging the evolving analytic capability across the Group, access to a large customer base through trusted brands, and realising significant value chain efficiencies, Suncorp Life is well placed to capitalise on the opportunities now afforded by industry transformation.

Suncorp Group's RBC modelling framework is now embedded throughout the Group, and being used for assessment of capital risk appetite and targets, product pricing and business plan sensitivity analysis. RBC is a key driver in long-term strategic decision making for the lines of business and the Group and, for example, is being applied for the purposes of reinsurance analysis and strategic asset allocation. Going forward, RBC will continue to be used to quantify the Group's capital diversification benefit and explore opportunities to further optimise the Group's capital structure.

Suncorp targets a full year ordinary dividend payout ratio of 60% to 80% of cash earnings. The Suncorp Board also remains committed to returning to shareholders capital that is surplus to the needs of the business.

Contribution to profit by division

	FULL YEAR ENDED JUN-15 $M	JUN-14 $M	JUN-15 vs JUN-14 %
General Insurance			
Gross written premium (including Fire Service Levies)	8,872	8,870	-
Gross written premium (excluding Fire Service Levies)	8,731	8,725	0.1
Net earned premium	7,865	7,726	1.8
Net incurred claims	(5,587)	(5,240)	6.6
Operating expenses	(1,783)	(1,776)	0.4
Investment income - insurance funds	399	485	(17.7)
Insurance trading result	894	1,195	(25.2)
Other income - managed schemes and joint venture	29	25	16.0
Investment income - shareholder funds	163	246	(33.7)
Capital funding	(26)	(32)	(18.8)
Profit before tax	1,060	1,434	(26.1)
Income tax	(304)	(424)	(28.3)
General Insurance profit after tax	**756**	**1,010**	**(25.1)**
Bank			
Net interest income	1,103	1,011	9.1
Net non-interest income	107	76	40.8
Operating expenses	(646)	(624)	3.5
Profit before impairment losses on loans and advances	564	463	21.8
Loss on sale of loans and advances	-	(13)	(100.0)
Impairment losses on loans and advances	(58)	(124)	(53.2)
Bank profit before tax	506	326	55.2
Income tax	(152)	(98)	55.1
Bank profit after tax	**354**	**228**	**55.3**
Life			
Underlying profit after tax	113	84	34.5
Market adjustments after tax	12	8	50.0
Life profit after tax (before Life write-down) [(2)]	**125**	**92**	**35.9**
Profit after tax from business lines	**1,235**	**1,330**	**(7.1)**
Other loss before tax [(1)]	(37)	(19)	94.7
Income tax	(7)	(7)	-
Other loss after tax	**(44)**	**(26)**	**69.2**
Cash earnings	**1,191**	**1,304**	**(8.7)**
Life Insurance write-down (after tax) [(2)]	-	(496)	(100.0)
Acquisition amortisation (after tax)	(58)	(78)	(25.6)
Net profit after tax	**1,133**	**730**	**55.2**

(1) 'Other' includes investment income on capital held at the Group level (Jun-15: $24 million, Jun-14: $28 million), consolidation adjustments (Jun-15: loss $2 million, Jun-14: loss $2 million), non-controlling interests (Jun-15: loss $7 million, Jun-14: loss $7 million) and external interest expense and transaction costs (Jun-15: $52 million, Jun-14: $38 million).

(2) The Life Insurance write-down is the non cash write-down of Life Insurance goodwill, intangibles and policy adjustments in Jun-14.

Contribution to profit by division

	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	$M	$M	%	%
General Insurance						
Gross written premium (including Fire Service Levies)	4,515	4,357	4,490	4,380	3.6	0.6
Gross written premium (excluding Fire Service Levies)	4,443	4,288	4,423	4,302	3.6	0.5
Net earned premium	3,918	3,947	3,861	3,865	(0.7)	1.5
Net incurred claims	(2,782)	(2,805)	(2,632)	(2,608)	(0.8)	5.7
Operating expenses	(881)	(902)	(877)	(899)	(2.3)	0.5
Investment income - insurance funds	133	266	306	179	(50.0)	(56.5)
Insurance trading result	388	506	658	537	(23.3)	(41.0)
Other income - managed schemes and joint venture	9	20	17	8	(55.0)	(47.1)
Investment income - shareholder funds	81	82	105	141	(1.2)	(22.9)
Capital funding	(12)	(14)	(14)	(18)	(14.3)	(14.3)
Profit before tax	466	594	766	668	(21.5)	(39.2)
Income tax	(129)	(175)	(226)	(198)	(26.3)	(42.9)
General Insurance profit after tax	**337**	**419**	**540**	**470**	**(19.6)**	**(37.6)**
Bank						
Net interest income	550	553	519	492	(0.5)	6.0
Net non-interest income	43	64	56	20	(32.8)	(23.2)
Operating expenses	(324)	(322)	(319)	(305)	0.6	1.6
Profit before impairment losses on loans and advances	269	295	256	207	(8.8)	5.1
Loss on sale of loans and advances	-	-	-	(13)	n/a	n/a
Impairment losses on loans and advances	(15)	(43)	(79)	(45)	(65.1)	(81.0)
Bank profit before tax	254	252	177	149	0.8	43.5
Income tax	(76)	(76)	(54)	(44)	-	40.7
Bank profit after tax	**178**	**176**	**123**	**105**	**1.1**	**44.7**
Life						
Underlying profit after tax	61	52	43	41	17.3	41.9
Market adjustments after tax	(22)	34	27	(19)	n/a	n/a
Life profit after tax (before Life write-down) [2]	**39**	**86**	**70**	**22**	**(54.7)**	**(44.3)**
Profit after tax from business lines	**554**	**681**	**733**	**597**	**(18.6)**	**(24.4)**
Other loss before tax [1]	(20)	(17)	(10)	(9)	17.6	100.0
Income tax	(3)	(4)	(6)	(1)	(25.0)	(50.0)
Other loss after tax	**(23)**	**(21)**	**(16)**	**(10)**	**9.5**	**43.8**
Cash earnings	**531**	**660**	**717**	**587**	**(19.5)**	**(25.9)**
Life Insurance write-down (after tax) [2]	-	-	(496)	-	n/a	(100.0)
Acquisition amortisation (after tax)	(29)	(29)	(39)	(39)	-	(25.6)
Net profit after tax	**502**	**631**	**182**	**548**	**(20.4)**	**175.8**

(1) 'Other' includes investment income on capital held at the Group level (Jun-15: $11 million, Dec-14: $13 million), consolidation adjustments (Jun-15: loss $3 million, Dec-14: profit $1 million), non-controlling interests (Jun-15: loss $2 million, Dec-14: loss $5 million) and external interest expense and transaction costs (Jun-15: $26 million, Dec-14: $26 million).

(2) The Life Insurance write-down is the non cash write-down of Life Insurance goodwill, intangibles and policy adjustments in Jun-14.

Statement of financial position

	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Assets						
Cash and cash equivalents	1,216	880	895	1,064	38.2	35.9
Receivables due from other banks	595	566	927	790	5.1	(35.8)
Trading securities	1,384	2,298	1,593	2,129	(39.8)	(13.1)
Derivatives	659	701	301	425	(6.0)	118.9
Investment securities	26,130	26,521	26,915	26,588	(1.5)	(2.9)
Loans and advances	51,735	50,111	49,781	49,074	3.2	3.9
Premiums outstanding	2,493	2,414	2,554	2,366	3.3	(2.4)
Reinsurance and other recoveries	2,413	2,494	2,500	2,919	(3.2)	(3.5)
Deferred reinsurance assets	813	520	774	576	56.3	5.0
Deferred acquisition costs	661	648	619	602	2.0	6.8
Gross policy liabilities ceded under reinsurance	476	485	512	293	(1.9)	(7.0)
Property, plant and equipment	191	199	205	228	(4.0)	(6.8)
Deferred tax assets	197	80	183	20	146.3	7.7
Goodwill and other intangible assets	5,783	5,751	5,720	6,138	0.6	1.1
Other assets	905	928	950	866	(2.5)	(4.7)
Total assets	95,651	94,596	94,429	94,078	1.1	1.3
Liabilities						
Payables due to other banks	297	314	81	186	(5.4)	266.7
Deposits and short-term borrowings	43,899	44,630	43,579	44,192	(1.6)	0.7
Derivatives	536	591	625	554	(9.3)	(14.2)
Amounts due to reinsurers	707	274	662	357	158.0	6.8
Payables and other liabilities	1,599	1,273	1,669	1,248	25.6	(4.2)
Current tax liabilities	278	115	379	111	141.7	(26.6)
Unearned premium liabilities	4,708	4,668	4,668	4,565	0.9	0.9
Outstanding claims liabilities	9,998	10,015	9,772	10,005	(0.2)	2.3
Gross policy liabilities	5,924	5,996	6,107	5,921	(1.2)	(3.0)
Deferred tax liabilities	93	60	58	39	55.0	60.3
Managed funds units on issue	233	180	118	30	29.4	97.5
Securitisation liabilities	3,639	2,858	3,581	4,245	27.3	1.6
Debt issues	7,869	7,720	6,831	6,412	1.9	15.2
Subordinated notes	1,406	1,382	1,557	1,671	1.7	(9.7)
Preference shares	947	945	943	550	0.2	0.4
Total liabilities	82,133	81,021	80,630	80,086	1.4	1.9
Net assets	13,518	13,575	13,799	13,992	(0.4)	(2.0)
Equity						
Share capital	12,684	12,678	12,682	12,675	-	-
Reserves	167	251	206	151	(33.5)	(18.9)
Retained profits	632	624	885	1,154	1.3	(28.6)
Total equity attributable to owners of the Company	13,483	13,553	13,773	13,980	(0.5)	(2.1)
Non-controlling interests	35	22	26	12	59.1	34.6
Total equity	13,518	13,575	13,799	13,992	(0.4)	(2.0)

General Insurance

Result overview

General Insurance delivered an after tax profit of $756 million despite a series of high impact weather events that resulted in Suncorp's worst year for natural hazard events.

The insurance trading result was $894 million, representing an ITR ratio of 11.4%. The result was driven by underwriting discipline in a highly competitive market together with a continued focus on claims and expense management.

On an underlying basis, the ITR increased to 14.7% from 14.3%. This reflects ongoing benefits achieved from improving operational efficiency, claims management and risk selection, enabling the Group to maintain strong margins in an increasingly competitive market.

GWP was flat overall at $8,872 million with continued growth in the New Zealand and CTP portfolios offsetting slight reductions in the Australian Motor and Home portfolios.

The Australian Personal Insurance business successfully reinvested the benefits of the Simplification program, reinsurance savings and improved risk selection in targeted premium reductions to improve customer retention. This has resulted in positive trajectory on unit growth in both Home and Motor during the year. New Zealand Personal Insurance is experiencing strong profitable growth.

The Commercial Insurance business's diverse portfolio, coupled with its commitment to underwriting discipline and market-leading claims performance, has seen it maintain its strong position in a competitive market. In Australia, this has been boosted by the business's all-time high broker relationship score and its increased focus on customer services.

CTP GWP grew 5.9% partly through Suncorp's ability to leverage the scale of its national CTP model to enter new markets.

Net incurred claims were $5,587 million, with a loss ratio of 71.0% (FY14: 67.8%). Natural hazard claims were $1,068 million, $473 million above the FY15 allowance, driven by a high number of natural hazards including the Brisbane Hailstorm in November, Cyclone Marcia in February and NSW Low Storms in late April.

Reserve releases of $427 million were well above the expectation of 1.5% of net earned premium (NEP) ($118 million). This was attributable to the proactive management of long-tail claims and a benign wage and super-imposed inflation environment.

Total operating expenses were $1,783 million with the operating expense ratio improving to 22.6% from 23.0%.

Investment income on Insurance Funds was $399 million, with gains from reductions in risk-free rates partially offset by the relative underperformance of inflation-linked bonds. Investment income on Shareholders' Funds of $163 million also benefited from reductions in risk-free rates.

Profit contribution including discount rate movements and FSL

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,872	8,870	-	4,515	4,357	4,490	4,380	3.6	0.6
Gross unearned premium movement	3	(84)	n/a	(80)	83	(102)	18	n/a	(21.6)
Gross earned premium	8,875	8,786	1.0	4,435	4,440	4,388	4,398	(0.1)	1.1
Outwards reinsurance expense	(1,010)	(1,060)	(4.7)	(517)	(493)	(527)	(533)	4.9	(1.9)
Net earned premium	7,865	7,726	1.8	3,918	3,947	3,861	3,865	(0.7)	1.5
Net incurred claims									
Claims expense	(7,581)	(6,595)	15.0	(3,842)	(3,739)	(3,312)	(3,283)	2.8	16.0
Reinsurance and other recoveries revenue	1,994	1,355	47.2	1,060	934	680	675	13.5	55.9
Net incurred claims	(5,587)	(5,240)	6.6	(2,782)	(2,805)	(2,632)	(2,608)	(0.8)	5.7
Total operating expenses									
Acquisition expenses	(1,127)	(1,063)	6.0	(564)	(563)	(542)	(521)	0.2	4.1
Other underwriting expenses	(656)	(713)	(8.0)	(317)	(339)	(335)	(378)	(6.5)	(5.4)
	(1,783)	(1,776)	0.4	(881)	(902)	(877)	(899)	(2.3)	0.5
Underwriting result	495	710	(30.3)	255	240	352	358	6.3	(27.6)
Investment income - insurance funds	399	485	(17.7)	133	266	306	179	(50.0)	(56.5)
Insurance trading result	894	1,195	(25.2)	388	506	658	537	(23.3)	(41.0)
Managed schemes net contribution	23	20	15.0	7	16	15	5	(56.3)	(53.3)
Joint venture and other income	6	5	20.0	2	4	2	3	(50.0)	-
General Insurance operational earnings	923	1,220	(24.3)	397	526	675	545	(24.5)	(41.2)
Investment income - shareholder funds	163	246	(33.7)	81	82	105	141	(1.2)	(22.9)
General Insurance profit before tax and capital funding	1,086	1,466	(25.9)	478	608	780	686	(21.4)	(38.7)
Capital funding	(26)	(32)	(18.8)	(12)	(14)	(14)	(18)	(14.3)	(14.3)
General Insurance profit before tax	1,060	1,434	(26.1)	466	594	766	668	(21.5)	(39.2)
Income tax	(304)	(424)	(28.3)	(129)	(175)	(226)	(198)	(26.3)	(42.9)
General Insurance profit after tax	**756**	**1,010**	**(25.1)**	**337**	**419**	**540**	**470**	**(19.6)**	**(37.6)**

General Insurance ratios

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-15	JUN-14	JUN-15	DEC-14	JUN-14	DEC-13
	%	%	%	%	%	%
Acquisition expenses ratio	14.3	13.8	14.4	14.3	14.0	13.5
Other underwriting expenses ratio	8.3	9.2	8.1	8.6	8.7	9.8
Total operating expenses ratio	22.6	23.0	22.5	22.9	22.7	23.3
Loss ratio	71.0	67.8	71.0	71.1	68.2	67.5
Combined operating ratio	93.6	90.8	93.5	94.0	90.9	90.8
Insurance trading ratio	**11.4**	**15.5**	**9.9**	**12.8**	**17.0**	**13.9**

	JUN-15	JUN-14	JUN-13
	$M	$M	$M
Reported ITR	**894**	**1,195**	**959**
Reported reserve releases (above) below long-run expectations	(309)	7	4
Natural hazards (below) above long-run allowances	473	(27)	75
Investment income mismatch	85	(126)	(102)
Other:			
Risk margin	(26)	(9)	(24)
Abnormal (Simplification/restructuring) expenses	41	68	94
LAT/DAC movement	-	-	(21)
Underlying ITR	**1,158**	**1,108**	**985**
Underlying ITR ratio	**14.7%**	**14.3%**	**13.5%**

Profit contribution excluding the discount rate movements and FSL

	FULL YEAR ENDED JUN-15 $M	FULL YEAR ENDED JUN-14 $M	JUN-15 vs JUN-14 %	HALF YEAR ENDED JUN-15 $M	HALF YEAR ENDED DEC-14 $M	HALF YEAR ENDED JUN-14 $M	HALF YEAR ENDED DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Gross written premium	8,731	8,725	0.1	4,443	4,288	4,423	4,302	3.6	0.5
Gross unearned premium movement	5	(133)	n/a	(76)	81	(114)	(19)	n/a	(33.3)
Gross earned premium	8,736	8,592	1.7	4,367	4,369	4,309	4,283	-	1.3
Outwards reinsurance expense	(1,010)	(1,060)	(4.7)	(517)	(493)	(527)	(533)	4.9	(1.9)
Net earned premium	7,726	7,532	2.6	3,850	3,876	3,782	3,750	(0.7)	1.8
Net incurred claims									
Claims expense	(7,430)	(6,490)	14.5	(3,873)	(3,557)	(3,171)	(3,319)	8.9	22.1
Reinsurance and other recoveries revenue	1,994	1,355	47.2	1,060	934	680	675	13.5	55.9
Net incurred claims	(5,436)	(5,135)	5.9	(2,813)	(2,623)	(2,491)	(2,644)	7.2	12.9
Total operating expenses									
Acquisition expenses	(1,127)	(1,063)	6.0	(564)	(563)	(542)	(521)	0.2	4.1
Other underwriting expenses	(517)	(519)	(0.4)	(249)	(268)	(256)	(263)	(7.1)	(2.7)
	(1,644)	(1,582)	3.9	(813)	(831)	(798)	(784)	(2.2)	1.9
Underwriting result	646	815	(20.7)	224	422	493	322	(46.9)	(54.6)
Investment income - insurance funds	248	380	(34.7)	164	84	165	215	95.2	(0.6)
Insurance trading result	894	1,195	(25.2)	388	506	658	537	(23.3)	(41.0)
Managed schemes net contribution	23	20	15.0	7	16	15	5	(56.3)	(53.3)
Joint venture and other income	6	5	20.0	2	4	2	3	(50.0)	-
General Insurance operational earnings	923	1,220	(24.3)	397	526	675	545	(24.5)	(41.2)
Investment income - shareholder funds	163	246	(33.7)	81	82	105	141	(1.2)	(22.9)
General Insurance profit before tax and capital funding	1,086	1,466	(25.9)	478	608	780	686	(21.4)	(38.7)
Capital funding	(26)	(32)	(18.8)	(12)	(14)	(14)	(18)	(14.3)	(14.3)
General Insurance profit before tax	1,060	1,434	(26.1)	466	594	766	668	(21.5)	(39.2)
Income tax	(304)	(424)	(28.3)	(129)	(175)	(226)	(198)	(26.3)	(42.9)
General Insurance profit after tax	**756**	**1,010**	**(25.1)**	**337**	**419**	**540**	**470**	**(19.6)**	**(37.6)**

	FULL YEAR ENDED JUN-15 %	FULL YEAR ENDED JUN-14 %	HALF YEAR ENDED JUN-15 %	HALF YEAR ENDED DEC-14 %	HALF YEAR ENDED JUN-14 %	HALF YEAR ENDED DEC-13 %
Acquisition expenses ratio	14.6	14.1	14.6	14.5	14.3	13.9
Other underwriting expenses ratio	6.7	6.9	6.5	6.9	6.8	7.0
Total operating expenses ratio	21.3	21.0	21.1	21.4	21.1	20.9
Loss ratio	70.4	68.2	73.1	67.7	65.9	70.5
Combined operating ratio	91.7	89.2	94.2	89.1	87.0	91.4

Statement of assets and liabilities

	JUN-15	DEC-14	JUN-14	DEC-13	JUN-15 vs DEC-14	JUN-15 vs JUN-14
	$M	$M	$M	$M	%	%
Assets						
Cash and cash equivalents	419	233	281	94	79.8	49.1
Investment securities	12,273	12,225	12,963	12,329	0.4	(5.3)
Derivatives	24	23	23	31	4.3	4.3
Loans, advances and other receivables	2,785	2,682	2,749	2,508	3.8	1.3
Reinsurance and other recoveries	2,282	2,370	2,399	2,805	(3.7)	(4.9)
Deferred insurance assets	1,540	1,235	1,455	1,249	24.7	5.8
Investments in associates and joint ventures	60	60	57	67	-	5.3
Due from Group entities	164	117	-	-	40.2	n/a
Property, plant and equipment	33	32	33	34	3.1	-
Other assets	128	120	115	121	6.7	11.3
Goodwill and intangible assets	5,051	5,097	5,091	5,125	(0.9)	(0.8)
Total assets	24,759	24,194	25,166	24,363	2.3	(1.6)
Liabilities						
Payables and other liabilities	1,148	583	1,168	587	96.9	(1.7)
Derivatives	154	193	149	91	(20.2)	3.4
Due to Group entities	345	213	392	364	62.0	(12.0)
Deferred tax liabilities	68	145	81	128	(53.1)	(16.0)
Employee benefit obligations	101	91	108	102	11.0	(6.5)
Unearned premium liabilities	4,697	4,661	4,659	4,553	0.8	0.8
Outstanding claims liabilities	9,735	9,751	9,514	9,777	(0.2)	2.3
Subordinated notes	572	550	727	743	4.0	(21.3)
Total liabilities	16,820	16,187	16,798	16,345	3.9	0.1
Net assets	**7,939**	**8,007**	**8,368**	**8,018**	**(0.8)**	**(5.1)**

Reconciliation of Net assets to Common Equity Tier 1 Capital

	JUN-15	DEC-14	JUN-14	DEC-13
Net assets	**7,939**	**8,007**	**8,368**	**8,018**
Insurance liabilities in excess of liability valuation	658	601	710	585
Reserves excluded from regulatory capital	(8)	(8)	(4)	(5)
Additional Tier 1 capital	(510)	(510)	(510)	-
Goodwill allocated to GI Business	(4,450)	(4,464)	(4,435)	(4,432)
Other Intangibles (including software assets)	(555)	(581)	(600)	(630)
Other Tier 1 Deductions	(5)	(5)	(5)	(5)
Common Equity Tier 1 Capital	**3,069**	**3,040**	**3,524**	**3,531**

General Insurance’s net assets reduced by $429 million, following dividend and capital payments to the Suncorp Group holding company.

Suncorp continues to manage its balance sheet with an investment mandate which is primarily focused on matching the risk profile of its insurance liabilities and investment assets to optimise the capital outcome.

Personal Lines Australia

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium (including Fire Service Levies)	4,713	4,837	(2.6)	2,344	2,369	2,400	2,437	(1.1)	(2.3)
Gross written premium (excluding Fire Service Levies)	4,616	4,736	(2.5)	2,294	2,322	2,353	2,383	(1.2)	(2.5)
Net earned premium	4,275	4,352	(1.8)	2,104	2,171	2,150	2,202	(3.1)	(2.1)
Net incurred claims	(3,253)	(2,913)	11.7	(1,708)	(1,545)	(1,394)	(1,519)	10.6	22.5
Acquisition expenses	(479)	(497)	(3.6)	(236)	(243)	(251)	(246)	(2.9)	(6.0)
Other underwriting expenses	(327)	(367)	(10.9)	(155)	(172)	(170)	(197)	(9.9)	(8.8)
Total operating expenses	(806)	(864)	(6.7)	(391)	(415)	(421)	(443)	(5.8)	(7.1)
Underwriting result	216	575	(62.4)	5	211	335	240	(97.6)	(98.5)
Investment income - insurance funds	53	94	(43.6)	39	14	37	57	178.6	5.4
Insurance trading result	269	669	(59.8)	44	225	372	297	(80.4)	(88.2)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	11.2	11.4		11.2	11.2	11.7	11.2		
Other underwriting expenses ratio	7.6	8.4		7.4	7.9	7.9	8.9		
Total operating expenses ratio	18.8	19.8		18.6	19.1	19.6	20.1		
Loss ratio	76.1	66.9		81.2	71.2	64.8	69.0		
Combined operating ratio	94.9	86.8		99.8	90.3	84.4	89.1		
Insurance trading ratio	6.3	15.4		2.1	10.4	17.3	13.5		

Result overview

Australian Personal Insurance delivered an insurance trading result of $269 million, representing a headline ITR of 6.3% with increased natural hazards driving the reduction from prior year. Underlying margins remained strong with the benefits from the Simplification program, lower reinsurance costs and improved risk selection funding the customer reinvestment program.

Overall GWP decreased 2.5% to $4,616 million. The reinvestment program was successful in delivering customer unit growth with slightly lower average written premiums. The result was characterised by improving retention rates and customer satisfaction across Suncorp's portfolio of brands. The market for new business remains challenging.

Working claims are largely flat to the prior year. Motor continues to benefit from lower claims frequency and claims transformation initiatives. Home working claims have been impacted by demand surge inflation and an increase in large water damage losses.

The total operating expense ratio has improved to 18.8% from 19.8%.

Outlook

Personal Insurance expects to continue maintaining customer unit growth and deliver strong underlying margins through a range of customer and expense initiatives. The benefits from the Optimisation program include the expansion of the SMART repair network, Home Repairs, ACM Parts operations, procurement initiatives and a digital end to end claims process.

Competition is expected to remain strong, however the industry is dealing with the recent natural hazard events and claims cost pressures. Personal Insurance remains well positioned with its vertical integration initiatives and disciplined pricing and risk selection approach.

Personal Insurance will continue to focus on customer retention and increasing product holdings by leveraging the Group's single customer database. Going forward, Suncorp has the ability to reinvest further Optimisation benefits in targeted customer initiatives as required.

Commercial Lines Australia

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium (including Fire Service Levies)	2,954	2,893	2.1	1,571	1,383	1,518	1,375	13.6	3.5
Gross written premium (excluding Fire Service Levies)	2,910	2,848	2.2	1,549	1,361	1,497	1,351	13.8	3.5
Net earned premium	2,620	2,489	5.3	1,323	1,297	1,246	1,243	2.0	6.2
Net incurred claims	(1,810)	(1,817)	(0.4)	(791)	(1,019)	(983)	(834)	(22.4)	(19.5)
Acquisition expenses	(415)	(358)	15.9	(209)	(206)	(184)	(174)	1.5	13.6
Other underwriting expenses	(238)	(258)	(7.8)	(117)	(121)	(121)	(137)	(3.3)	(3.3)
Total operating expenses	(653)	(616)	6.0	(326)	(327)	(305)	(311)	(0.3)	6.9
Underwriting result	157	56	180.4	206	(49)	(42)	98	n/a	n/a
Investment income - insurance funds	321	381	(15.7)	82	239	260	121	(65.7)	(68.5)
Insurance trading result	478	437	9.4	288	190	218	219	51.6	32.1
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	15.8	14.4		15.8	15.9	14.8	14.0		
Other underwriting expenses ratio	9.1	10.4		8.8	9.3	9.7	11.0		
Total operating expenses ratio	24.9	24.8		24.6	25.2	24.5	25.0		
Loss ratio	69.1	73.0		59.8	78.6	78.9	67.1		
Combined operating ratio	94.0	97.8		84.4	103.8	103.4	92.1		
Insurance trading ratio	18.2	17.6		21.8	14.6	17.5	17.6		

Result overview

The Commercial Insurance result of $478 million represents the benefits of a diverse portfolio and strong business fundamentals. The result was achieved primarily through excellent claims management and risk selection, combined with a benign inflationary environment that resulted in reserve releases that were well above the long-term assumption of 1.5% of NEP. This was offset by the negative impact of significantly higher natural hazard costs and lower investment returns.

The business delivered GWP growth of 2.2% in a competitive market. Second half growth was 3.5% on the prior corresponding period. CTP performed well, achieving a 5.9% increase partly through Suncorp's ability to leverage the scale of its national CTP model to enter new markets.

The total operating expense ratio at 24.9% remains flat. Acquisition expenses increased due to the acquisition of MTA Insurance Limited and a greater proportion of higher commission products sourced through underwriting agencies, particularly in the Specialty channel. The increase was offset by the continued focus on expense discipline, resulting in a 1.3% improvement in the other underwriting expenses ratio.

Outlook

The Australian Commercial Insurance business has built a strong platform for profitable growth and will continue to strengthen its position as Australia's largest personal injury insurer. Suncorp will continue to pursue growth opportunities as governments increasingly recognise the benefits of moving statutory schemes to competitive underwriting. Suncorp's proficiency in personal injury claims management is expected to result in reserve releases that are higher than the long-run expectation (1.5% of NEP) in the short to medium term.

The diverse portfolio has consistently achieved strong operating results. This, together with highly engaged staff and continued high customer and broker metrics, puts the business in a strong position to deliver on the General Insurance target of 'meet or beat an underlying ITR of 12%'.

New Zealand

This table is shown in A$.

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	1,205	1,140	5.7	600	605	572	568	(0.8)	4.9
Net earned premium	970	885	9.6	491	479	465	420	2.5	5.6
Net incurred claims	(524)	(510)	2.7	(283)	(241)	(255)	(255)	17.4	11.0
Acquisition expenses	(233)	(208)	12.0	(119)	(114)	(107)	(101)	4.4	11.2
Other underwriting expenses	(91)	(88)	3.4	(45)	(46)	(44)	(44)	(2.2)	2.3
Total operating expenses	(324)	(296)	9.5	(164)	(160)	(151)	(145)	2.5	8.6
Underwriting result	122	79	54.4	44	78	59	20	(43.6)	(25.4)
Investment income - insurance funds	25	10	150.0	12	13	9	1	(7.7)	33.3
Insurance trading result	147	89	65.2	56	91	68	21	(38.5)	(17.6)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	24.0	23.5		24.2	23.8	23.0	24.0		
Other underwriting expenses ratio	9.4	9.9		9.2	9.6	9.5	10.5		
Total operating expenses ratio	33.4	33.4		33.4	33.4	32.5	34.5		
Loss ratio	54.0	57.6		57.6	50.3	54.8	60.7		
Combined operating ratio	87.4	91.1		91.0	83.7	87.3	95.2		
Insurance trading ratio	15.2	10.1		11.4	19.0	14.6	5.0		

Result overview

New Zealand delivered an insurance trading result of $147 million (NZ$159 million) reflecting good business performance and improved loss ratios. Following the Canterbury earthquakes, which had a $20 million impact on this year's result, New Zealand has been focused on positioning for growth and retaining quality business by becoming a more simplified and resilient business.

The refocused business is delivering above-system growth in personal insurance lines in both direct and intermediated channels. Commercial insurance unit growth and retention rates also remain strong despite challenging market conditions driving discounting in renewals and new business. The insurance trading result improved as a result of increased premiums, favourable working loss ratios and lower natural hazards.

Outlook

The intermediated and direct businesses are well placed to compete and grow at above-system rates. The emphasis is on positioning for profitable growth by building a more balanced model of broad based, multi-channel New Zealand general insurance businesses across personal and commercial classes.

The learnings from successes of the Group's Simplification program are being applied to the New Zealand operations as part of the transformation process. Through such sharing and re-using of processes and technology platforms, customers will be offered streamlined interactions and greater flexibility. This will provide more options around product functionality and access, leading to greater customer satisfaction and growth.

Progress in settling Christchurch earthquake claims continues with over NZ$4.5 billion (85%) of total expected costs paid. An Adverse Development Cover for the February 2011 event has been put in place to limit further exposure. Recently Suncorp has called for reform of the dual insurer model to remove disaster recovery inefficiencies. If adopted, this will result in speedier and more cost effective resolution of claims thus benefiting the customer.

General Insurance

This table is shown in NZ$.

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium	1,298	1,262	2.9	635	663	617	645	(4.2)	2.9
Net earned premium	1,042	978	6.5	517	525	501	477	(1.5)	3.2
Net incurred claims	(562)	(564)	(0.4)	(298)	(264)	(274)	(290)	12.9	8.8
Acquisition expenses	(250)	(231)	8.2	(125)	(125)	(116)	(115)	-	7.8
Other underwriting expenses	(98)	(97)	1.0	(48)	(50)	(47)	(50)	(4.0)	2.1
Total operating expenses	(348)	(328)	6.1	(173)	(175)	(163)	(165)	(1.1)	6.1
Underwriting result	132	86	53.5	46	86	64	22	(46.5)	(28.1)
Investment income - insurance funds	27	11	145.5	13	14	10	1	(7.1)	30.0
Insurance trading result	159	97	63.9	59	100	74	23	(41.0)	(20.3)
	%	%			%	%	%		
Ratios									
Acquisition expenses ratio	24.0	23.6		24.2	23.8	23.2	24.1		
Other underwriting expenses ratio	9.4	9.9		9.3	9.5	9.4	10.5		
Total operating expenses ratio	33.4	33.5		33.5	33.3	32.5	34.6		
Loss Ratio	53.9	57.7		57.6	50.3	54.7	60.8		
Combined operating ratio	87.3	91.2		91.1	83.6	87.2	95.4		
Insurance trading ratio	15.3	9.9		11.4	19.0	14.8	4.8		

Gross written premium (GWP)

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Australia									
Motor	2,508	2,597	(3.4)	1,250	1,258	1,294	1,303	(0.6)	(3.4)
Home	2,079	2,106	(1.3)	1,030	1,049	1,042	1,064	(1.8)	(1.2)
Commercial	1,798	1,799	(0.1)	968	830	953	846	16.6	1.6
Compulsory third party	1,112	1,050	5.9	581	531	545	505	9.4	6.6
Other	29	33	(12.1)	14	15	17	16	(6.7)	(17.6)
Australia (ex FSL)	**7,526**	**7,585**	**(0.8)**	**3,843**	**3,683**	**3,851**	**3,734**	**4.3**	**(0.2)**
New Zealand									
Motor	262	232	12.9	135	127	123	109	6.3	9.8
Home	370	333	11.1	192	178	174	159	7.9	10.3
Commercial	528	530	(0.4)	250	278	255	275	(10.1)	(2.0)
Other	45	45	-	23	22	20	25	4.5	15.0
New Zealand	**1,205**	**1,140**	**5.7**	**600**	**605**	**572**	**568**	**(0.8)**	**4.9**
Total									
Motor	2,770	2,829	(2.1)	1,385	1,385	1,417	1,412	-	(2.3)
Home	2,449	2,439	0.4	1,222	1,227	1,216	1,223	(0.4)	0.5
Commercial	2,326	2,329	(0.1)	1,218	1,108	1,208	1,121	9.9	0.8
Compulsory third party	1,112	1,050	5.9	581	531	545	505	9.4	6.6
Other	74	78	(5.1)	37	37	37	41	-	-
Gross Written Premium (ex FSL)	**8,731**	**8,725**	**0.1**	**4,443**	**4,288**	**4,423**	**4,302**	**3.6**	**0.5**
Fire Service Levies	141	145	(2.8)	72	69	67	78	4.3	7.5
Gross Written Premium (inc FSL)	**8,872**	**8,870**	**-**	**4,515**	**4,357**	**4,490**	**4,380**	**3.6**	**0.6**

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography									
Queensland	2,224	2,191	1.5	1,099	1,125	1,105	1,086	(2.3)	(0.5)
New South Wales	2,434	2,548	(4.5)	1,235	1,199	1,276	1,272	3.0	(3.2)
Victoria	1,584	1,656	(4.3)	806	778	830	826	3.6	(2.9)
Western Australia	640	643	(0.5)	355	285	351	292	24.6	1.1
South Australia	254	245	3.7	126	128	125	120	(1.6)	0.8
Tasmania	149	129	15.5	78	71	71	58	9.9	9.9
Other	241	173	39.3	144	97	93	80	48.5	54.8
Total Australia	**7,526**	**7,585**	**(0.8)**	**3,843**	**3,683**	**3,851**	**3,734**	**4.3**	**(0.2)**
New Zealand	1,205	1,140	5.7	600	605	572	568	(0.8)	4.9
Total (ex FSL)	**8,731**	**8,725**	**0.1**	**4,443**	**4,288**	**4,423**	**4,302**	**3.6**	**0.5**
Fire Service Levies	141	145	(2.8)	72	69	67	78	4.3	7.5
Total (inc FSL)	**8,872**	**8,870**	**0.0**	**4,515**	**4,357**	**4,490**	**4,380**	**3.6**	**0.6**

Gross Written Premium (GWP) (continued)

Motor

In Australia, Motor GWP decreased 3.4% to $2,508 million with unit growth offset by a reduction in average written premiums, reflecting targeted price reductions and mix changes. Unit growth was achieved through improved customer retention, supported by marketing and cross sell initiatives that commenced in the first half as part of reinvesting Simplification benefits. Suncorp's niche brands performed particularly well.

New Zealand Motor GWP increased 12.9% (NZ$ 9.9%) to $262 million. Growth was due to a combination of strong unit growth in part driven by record car sales, premium increases and the strengthening of the New Zealand dollar.

Home

In Australia, Home GWP decreased 1.3% to $2,079 million with unit losses continuing to moderate and retention and cross sell initiatives positively impacting results. Average written premium increases are largely flat as a result of targeted price reductions and increased sales of lower premium brands such as Terri Scheer.

New Zealand Home GWP increased 11.1% (NZ$ 7.9%) to $370 million. Growth was due to new business, premium increases and the strengthening of the New Zealand dollar.

Commercial Insurance

Australian commercial lines GWP was flat for the year which included an 8.0% decrease in Workers Compensation GWP from slowing economic conditions in Western Australia. The business maintained its disciplined approach to underwriting, with a focus on margin in a market that continues to be competitive. Retention rates remain high across all commercial lines.

Broker satisfaction scores are at record highs due to Commercial Insurance's consistency in pricing and service levels. A combination of excellent claims service and a focus on a customer-first culture are core to Commercial Insurance's ability to better meet customer needs. Commercial Insurance's multi-channel distribution strategy has seen an increase in quote volumes across all channels.

Since completing the acquisition of MTA Insurance Limited on 1 September 2014, new business opportunities are emerging, demonstrating the value of an enhanced product offering to the motor dealer channel.

New Zealand Commercial Insurance GWP decreased 0.4% (NZ$ decrease 2.8%) to $528 million. On a New Zealand dollar basis, the reduction reflects the continued competitive environment with discounting on renewals and new business. The New Zealand business has maintained a disciplined approach to underwriting and retention rates remain high.

Compulsory Third Party (CTP)

CTP GWP increased 5.9% to $1,112 million.

Suncorp continues to demonstrate its ability to leverage the scale of its national CTP model to enter new markets with the successful entry into the ACT CTP market in July 2013. Suncorp has grown its market share to 23% at 30 June 2015.

Suncorp maintained its strong underwriting result in the Queensland CTP market while delivering growth. GWP increased 1.3% underpinned by strong retention.

Suncorp is a significant participant in the NSW CTP market, with GWP growth of 7.4% achieved through market share growth and successful motor dealer channel initiatives. Underlying performance remains robust under a two-brand strategy.

Other

Other GWP, which includes boat insurance, direct travel insurance and other specialist New Zealand products, decreased to $74 million.

Reinsurance expense

Outwards reinsurance expense for the year was $1,010 million, a decrease of $50 million. The main factor behind the decrease was a reduction in reinsurance rates which has offset exposure growth across the portfolio.

Suncorp has a significant share of the Queensland home insurance market and, to reduce its geographical concentration, the Group has a 30 per cent, multi-year, proportional quota share arrangement covering this portfolio. The provider of this arrangement has changed from 1 July 2015 with the new agreement extending until 30 June 2018.

The upper limit on Suncorp's main catastrophe program, which covers the Group's Home, Motor and Commercial property portfolios for major events has increased to $6.9 billion from $6.1 billion for Australian risks for the 2016 financial year due to updated modelling and underlying portfolio growth. The maximum event retention is $250 million. Additional cover has been fully purchased to reduce this retention to $200 million for a second Australian event and to $50 million for third and fourth events.

For New Zealand risks, Suncorp has full reinsurance protection between NZ$50 million and A$5.5 billion and 65% protection between A$5.5 billion and A$6.9 billion. Additional multi-year covers reduce the second and third event retentions to NZ$25 million.

Reinsurance security has been maintained for the 2016 financial year program, with over 85% of business protected by reinsurers rated 'A+' or better.

At the half-year results announcement on 11 February 2015, Suncorp advised that there was a potential issue relating to recoveries under 2011 catastrophe reinsurance program. This potential issue had a maximum financial impact of $118 million after tax. Suncorp has now largely finalised commercial negotiations with all stakeholders, the effect of which reduced the impact of this to less than $20 million after tax ($29 million before tax). Negotiated arrangements include one-off ex-gratia payments and other recovery payments from key reinsurance partners.

In consideration of this support, Suncorp has provided, and in some cases increased, participation for some reinsurers on key reinsurance protections including adverse development cover and multi-year catastrophe covers. While unrelated to the claims recovery, these support items benefit Suncorp in FY15 and have also contributed to mitigating the impact of this issue.

The 2016 financial year catastrophe program and the additional multi-year covers have been purchased on favourable terms relative to the 2015 reinsurance program.

	MAXIMUM SINGLE RISK RETENTION	MAXIMUM EVENT RISK RETENTION
	$M	$M
Property	10	250
General liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	10	250
Professional indemnity	5	5
Travel & Personal Accident	5	5
Marine	3	3

Net incurred claims

Net incurred claims costs increased 6.6% to $5,587 million.

Natural hazard event costs were $1,068 million, $473 million above the annual allowance.

Major natural hazard events are shown in the table below.

DATE	EVENT	NET COSTS $M
Sep 2014	East Melbourne Storm	17
Oct 2014	Sydney Storm	22
Nov 2014	Brisbane Hail	250
Dec 2014	East Coast Storms	34
Jan 2015	South Brisbane Hail	13
Feb 2015	Cyclone Marcia	149
Mar 2015	Narrabri Chinchilla Hail	33
Apr 2015	NSW Low Storms	135
Apr 2015	NSW ANZAC Day Hail	62
May 2015	QLD NSW Low Storms	52
	Other natural hazards attritional claims (Australia)	282
	Other natural hazards attritional claims (New Zealand)	19
Total		1,068
	Less: allowance for natural hazards	(595)
	Natural hazards costs above allowance	473

Overall working losses were broadly consistent with the prior year. The benefit of lower Motor claims frequency and repair costs was offset by Home water damage large losses.

Outstanding claims provision breakdown

The valuation of outstanding claims resulted in central estimate releases of $427 million, well above the Group's long-run expectation for reserve releases of $118 million (1.5% of NEP).

Short-tail strains are primarily due to New Zealand Canterbury earthquake claim costs and the $29 million impact of the 2011 reinsurance recovery issue.

Long-tail claims reserve releases were primarily attributable to favourable claims experience. Suncorp has not changed the actuarial assumptions relating to wage and superimposed inflation. The majority of the Australian release relates to the CTP portfolios and includes recognition of changes in claims management processes and the impact of benign wage inflation over the last 12 months.

	ACTUAL	NET CENTRAL ESTIMATE (DISCOUNTED)	RISK MARGIN (90TH PERCENTILE DISCOUNTED)	CHANGE IN NET CENTRAL ESTIMATE [(1)]
	$M	$M	$M	$M
Short-tail				
Australian short-tail and other	1,472	1,342	130	14
New Zealand	116	101	15	8
Long-tail				
Australia long-tail	5,695	4,829	866	(443)
New Zealand	170	144	26	(6)
Total	**7,453**	**6,416**	**1,037**	**(427)**

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

Outstanding claims provisions over time

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

	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	9,735	9,751	9,514	9,777	(0.2)	2.3
Reinsurance and other recoveries	(2,282)	(2,370)	(2,399)	(2,805)	(3.7)	(4.9)
Net outstanding claims liabilities	**7,453**	**7,381**	**7,115**	**6,972**	**1.0**	**4.8**
Expected future claims payments and claims handling expenses	7,010	6,944	6,813	6,813	1.0	2.9
Discount to present value	(594)	(597)	(714)	(825)	(0.5)	(16.8)
Risk margin	1,037	1,034	1,016	984	0.3	2.1
Net outstanding claims liabilities	**7,453**	**7,381**	**7,115**	**6,972**	**1.0**	**4.8**
Short-tail						
Australia short-tail and other	1,472	1,178	1,043	1,100	25.0	41.1
New Zealand	116	126	134	111	(7.9)	(13.4)
Long-tail						
Australia long-tail	5,695	5,869	5,716	5,537	(3.0)	(0.4)
New Zealand	170	208	222	224	(18.3)	(23.4)
Total	**7,453**	**7,381**	**7,115**	**6,972**	**1.0**	**4.8**

Risk margins

Risk margins represent approximately 16% of outstanding claim reserves giving an approximate level of confidence of 90%.

Risk margins increased $21 million during the period to $1,037 million from $1,016 million. The assets notionally backing risk margins gain, including the impact of risk-free rate movements, was $47 million. The net impact was therefore $26 million, which is excluded in the underlying ITR calculation.

Operating expenses

Total operating expenses increased slightly to $1,783 million. However as a proportion of NEP the operating expense ratio reduced to 22.6% from 23.0%.

Acquisition costs were $1,127 million, with the acquisition expense ratio increasing to 14.3% from 13.8%, largely due to a change in the mix of products sold in the intermediary channel.

Other underwriting expenses have reduced to $656 million. This includes $41 million of Simplification project costs such as the Legacy System Consolidation and the New Zealand Simplification project.

Managed schemes

Managed schemes contribution of $23 million is attributable to Suncorp's Australian Commercial Insurance business administering various governments' Workers' Compensation schemes across Australia.

In November 2014, the Australian Commercial Insurance business successfully secured an additional 5% market share from WorkCover NSW through the NSW Managed Funds tender that became effective on 1 July 2015.

Joint venture and other income

The Group participates in a joint venture with the motoring club in Tasmania. Joint venture and other income was $6 million, up 20%.

General Insurance short-tail and long-tail (includes NZ)

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium (including Fire Service Levies)	6,831	6,867	(0.5)	3,418	3,413	3,425	3,442	0.1	(0.2)
Gross written premium (excluding Fire Service Levies)	6,690	6,722	(0.5)	3,346	3,344	3,358	3,364	0.1	(0.4)
Net earned premium	5,945	5,885	1.0	2,957	2,988	2,933	2,952	(1.0)	0.8
Net incurred claims	(4,390)	(3,819)	15.0	(2,352)	(2,038)	(1,874)	(1,945)	15.4	25.5
Acquisition expenses	(882)	(810)	8.9	(441)	(441)	(415)	(395)	-	6.3
Other underwriting expenses	(523)	(562)	(6.9)	(255)	(268)	(264)	(298)	(4.9)	(3.4)
Total operating expenses	(1,405)	(1,372)	2.4	(696)	(709)	(679)	(693)	(1.8)	2.5
Underwriting result	150	694	(78.4)	(91)	241	380	314	n/a	n/a
Investment income - insurance funds	87	114	(23.7)	56	31	51	63	80.6	9.8
Insurance trading result	237	808	(70.7)	(35)	272	431	377	n/a	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	14.8	13.8		14.9	14.7	14.1	13.4		
Other underwriting expenses ratio	8.8	9.8		8.6	9.0	9.0	10.1		
Total operating expenses ratio	23.6	23.6		23.5	23.7	23.1	23.5		
Loss ratio	73.8	64.9		79.5	68.2	63.9	65.9		
Combined operating ratio	97.4	88.2		103.0	91.9	87.0	89.4		
Insurance trading ratio	4.0	13.7		(1.2)	9.1	14.7	12.8		

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium (including Fire Service Levies)	2,041	2,003	1.9	1,097	944	1,065	938	16.2	3.0
Gross written premium (excluding Fire Service Levies)	2,041	2,003	1.9	1,097	944	1,065	938	16.2	3.0
Net earned premium	1,920	1,841	4.3	961	959	928	913	0.2	3.6
Net incurred claims	(1,197)	(1,421)	(15.8)	(430)	(767)	(758)	(663)	(43.9)	(43.3)
Acquisition expenses	(245)	(253)	(3.2)	(123)	(122)	(127)	(126)	0.8	(3.1)
Other underwriting expenses	(133)	(151)	(11.9)	(62)	(71)	(71)	(80)	(12.7)	(12.7)
Total operating expenses	(378)	(404)	(6.4)	(185)	(193)	(198)	(206)	(4.1)	(6.6)
Underwriting result	345	16	large	346	(1)	(28)	44	n/a	n/a
Investment income - insurance funds	312	371	(15.9)	77	235	255	116	(67.2)	(69.8)
Insurance trading result	657	387	69.8	423	234	227	160	80.8	86.3
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	12.8	13.7		12.8	12.7	13.7	13.8		
Other underwriting expenses ratio	6.9	8.2		6.5	7.4	7.7	8.8		
Total operating expenses ratio	19.7	21.9		19.3	20.1	21.4	22.6		
Loss ratio	62.3	77.2		44.7	80.0	81.7	72.6		
Combined operating ratio	82.0	99.1		64.0	100.1	103.0	95.2		
Insurance trading ratio	34.2	21.0		44.0	24.4	24.5	17.5		

Investment income

General Insurance investment assets include Insurance Funds that explicitly back insurance liabilities and Shareholders' Funds that further support the capital position. Insurance Funds are managed separately from Shareholders' Funds.

Asset allocation

In the Insurance Funds, to better match liabilities and further optimise capital efficiency, allocations to inflation-linked bonds were increased and government bonds reduced.

In the Shareholders' Funds, to increase asset class diversification and reduce risk, an allocation to infrastructure was introduced. Further modest asset class diversification is planned over the medium term.

	HALF YEAR ENDED					JUN-15 vs DEC-14	JUN-15 vs JUN-14
	JUN-15		DEC-14	JUN-14	DEC-13		
	$M	%	$M	$M	$M	%	%
Insurance funds							
Cash and short-term deposits	247	3	100	80	79	147.0	208.8
Inflation-linked bonds	2,299	24	2,404	1,743	1,575	(4.4)	31.9
Corporate bonds	5,643	59	4,900	5,564	4,840	15.2	1.4
Semi-Government bonds	1,286	14	1,909	1,653	1,622	(32.6)	(22.2)
Commonwealth Government bonds	5	-	13	785	1,014	(61.5)	(99.4)
Total Insurance funds	**9,480**	**100**	**9,326**	**9,825**	**9,130**	**1.7**	**(3.5)**
Shareholders' funds							
Cash and short-term deposits	188	6	119	51	41	58.0	268.6
Interest-bearing securities	2,356	74	2,244	2,617	2,561	5.0	(10.0)
Equities	518	16	480	563	716	7.9	(8.0)
Infrastructure	138	4	139	-	-	(0.7)	n/a
Total shareholders' funds	**3,200**	**100**	**2,982**	**3,231**	**3,318**	**7.3**	**(1.0)**
Total	**12,680**		**12,308**	**13,056**	**12,448**	**3.0**	**(2.9)**

Credit quality

The average credit rating for the General Insurance investment assets remained stable at AA.

AVERAGE	JUN-15 %	DEC-14 %	JUN-14 %	DEC-13 %
AAA	39.3	39.7	49.6	48.0
AA	29.8	32.9	29.1	30.4
A	25.6	23.1	18.2	19.1
BBB	5.3	4.3	3.1	2.5
	100.0	**100.0**	**100.0**	**100.0**

Duration

The interest rate duration of the Insurance Funds continues to closely match the duration of insurance liabilities, which are comprised of outstanding claims and premium liabilities.

	JUN-15	DEC-14	JUN-14	DEC-13
Insurance funds				
Interest rate duration (Yrs)	2.6	2.6	2.8	3.1
Credit spread duration (Yrs)	1.2	1.2	1.1	1.1
Shareholders' funds				
Interest rate duration (Yrs)	2.4	1.1	0.6	1.5
Credit spread duration (Yrs)	2.9	2.9	2.8	3.0

Investment performance

Total investment income was $562 million representing an annualised return of 4.4% for the full year.

Investment income on Insurance Funds was $399 million including mark-to-market impacts from:

- gains of $176 million from decreases in risk-free rates;
- losses of $30 million from a widening of credit spreads; and
- losses of $56 million from the underperformance of inflation-linked bonds relative to Commonwealth Government nominal bonds as break-even inflation fell.

After removing the above mark-to-market impacts, the underlying yield income was $309 million, or 3.3% annualised.

Investment income on Insurance Funds is reported as part of the ITR along with changes in the value of outstanding claims. The decrease in risk-free rates increased the value of outstanding claims by $151 million and led to mark-to-market gains on investment assets of $176 million. The net impact of risk-free rate changes was $25 million and is attributable to mark-to-market gains on the assets backing unearned premiums which are not discounted.

In calculating the underlying ITR, an adjustment of $85 million has been made to materially remove the impact of investment market volatility. This adjustment unwinds mark-to-market volatility aspects:

- $30 million loss from the widening of credit spreads;
- $56 million loss from inflation-linked bond underperformance;
- $25 million net gain (reduction) from changes in risk-free rates and;
- A timing adjustment of $24 million from the unwind of prior risk-free changes on assets backing unearned premium.

Investment income on Shareholders' Funds was $163 million representing an annualised return of 5.2%. The portfolio benefited from mark-to-market gains from falling risk-free rates and gains on equities but returns were moderated by a widening of credit spreads and low running yields, both risk-free and credit.

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	2	2	-	-	2	1	1	(100.0)	(100.0)
Interest-bearing securities and other	397	483	(17.8)	133	264	305	178	(49.6)	(56.4)
Total	**399**	**485**	**(17.7)**	**133**	**266**	**306**	**179**	**(50.0)**	**(56.5)**
Investment income on shareholder funds									
Cash and short-term deposits	3	1	200.0	1	2	-	1	(50.0)	n/a
Interest-bearing securities	112	129	(13.2)	58	54	68	61	7.4	(14.7)
Equities	46	116	(60.3)	20	26	37	79	(23.1)	(45.9)
Infrastructure	2	-	n/a	2	-	-	-	n/a	n/a
Total	**163**	**246**	**(33.7)**	**81**	**82**	**105**	**141**	**(1.2)**	**(22.9)**
Total investment income	**562**	**731**	**(23.1)**	**214**	**348**	**411**	**320**	**(38.5)**	**(47.9)**

Bank

Result overview

Suncorp Bank delivered a strong net profit after tax result of $354 million, up 55.3%, while executing on major transformational programs of work.

The Bank has laid the foundations for sustainable, profitable growth and demonstrated the true potential of the business as it builds a new bank for 2017. Significant resources have been dedicated to risk management capability, culture and technology under the Basel II Advanced Accreditation program and the development of the Ignite banking platform. A strengthened balance sheet and improved credit experience demonstrate benefits already being realised.

This result highlights the increasing role the Bank is playing in Suncorp Group's diversified financial services strategy. It also underscores Suncorp Bank's positioning as the genuine alternative to the major banks; further supported by Suncorp Bank being named Money Magazine's Bank of the Year for 2015, the first non-major bank to win this award, and the Euromoney Awards for Excellence's 2015 Best Bank in Australia.

The Bank continues to deliver superior customer satisfaction outcomes relative to major peers, leveraging the Ignite program to deliver outstanding customer experiences. The Bank is committed to growing its 'connected' customer base. Connected customers have on average seven Suncorp products, demonstrating the inherent value of Suncorp Group's diversified financial services strategy.

The Bank maintains a focus on sustainable, high quality growth in target segments. Total lending assets reached $51.9 billion, an increase of 3.9%.

Retail deposits remain the Bank's core source of funding, with a deposit to loan ratio of 65.3%. Transaction account deposits increased 24.5% to $6.6 billion. The 'A+/A1' credit ratings and access to a broad range of wholesale funding markets underpins a flexible and diversified funding capability.

Net interest income increased 9.1%. The Bank's NIM improved 13 bps to 1.85% and sits at the top end of the target operating range of 1.75% to 1.85%. The NIM benefited from improvements in both funding composition and pricing.

Balancing investment into the franchise and cost management remains a key area of focus. The cost to income ratio continues to trend downwards with the full year ratio at 53.4% down from 57.4%.

Impairment losses on loans and advances were $58 million, representing 11 bps of gross loans and advances. This result was supported by the $13 million part-release of the Agribusiness provision overlay following improvements in the quality of this portfolio, with $8 million retained due to the outlook for dry weather conditions. Credit indicators are trending favourably. Gross non-performing loans reduced 20.1% to $617 million. Gross impaired assets decreased 34.5% to $218 million, representing 0.42% of gross loans and advances. The Bank continues to hold appropriate provisioning for stress across both retail and business lending segments.

The CET1 ratio increased 61 bps to 9.15%, above the target range of 8.50% to 9.00%. The Bank is well positioned given the broader strengthening of capital targets across the banking industry.

Outlook

Suncorp Bank is well positioned as the Bank for aspiring Australians, the genuine alternative to the majors. The Bank will leverage the capital, funding and capability strengths of the Suncorp Group as it undertakes a significant change program in 2016 to deliver a new bank for 2017. Investment is based upon four strategic pillars: Ignite; Advanced risk management; Business Intelligence; and Group customer extensions. These investments will deliver an 'optimised platform' for a superior consumer banking experience.

Developing 'connected' customer relationships will provide the foundation on which the benefits of Ignite will be delivered. Ignite is the key piece of infrastructure required to build the base of the Bank's Optimised Platform by 2017. Ignite is an enabler for the Bank's strategic direction through the benefits it is providing in the areas of simplification, flexibility, automation, data quality, cost reduction and sustainability. Together these will ensure outstanding customer service and deliver the backbone on which the Bank will realise operating efficiency and growth.

The Basel II Advanced Accreditation program represents a comprehensive change in the way risk is measured and managed in the business and complements the Bank's conservative balance sheet. Investment in risk management capability and culture is already realising benefits from improved decision making and credit outcomes. The Bank expects to be ready to submit its application for Advanced Accreditation in the second half of 2015. The recent APRA decision to increase mortgage risk weightings for major banks is a positive development for creating a more level playing field in the low-risk mortgage market.

The Bank is participating collaboratively in the key Group-wide programs of Business Intelligence and customer extension that are building insight into Suncorp's nine million customers. They will enable the design of lifestyle solutions for target segments, providing a sharp focus on meeting the needs of customers in what is a rapidly shifting consumer and technology environment.

The Optimised Platform will serve the Bank well as it moves through and beyond this low interest rate, low growth environment. It will support the business in a banking market characterised by heightened competition in an uncertain economic, political and regulatory landscape.

The Bank remains well placed to perform against its medium-term operating targets of:

- NIM of 1.75% to 1.85%;
- disciplined cost management and ongoing investment in strategic programs to support a cost to income ratio of sub-50%;
- sustainable retail lending growth of 1 to 1.3 times system;
- a retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its 'A+/A1' credit ratings to raise diverse wholesale funding; and
- a return on CET1 of 12.5% to 15%.

Profit contribution

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Net interest income	1,103	1,011	9.1	550	553	519	492	(0.5)	6.0
Net non-interest income									
Net banking fee income	69	67	3.0	34	35	30	37	(2.9)	13.3
MTM on financial instruments	10	4	150.0	-	10	23	(19)	(100.0)	(100.0)
Other income	28	5	460.0	9	19	3	2	(52.6)	200.0
Total net non-interest income	107	76	40.8	43	64	56	20	(32.8)	(23.2)
Total income	1,210	1,087	11.3	593	617	575	512	(3.9)	3.1
Operating expenses									
Staff expenses	(367)	(354)	3.7	(179)	(188)	(176)	(178)	(4.8)	1.7
Equipment and occupancy expenses	(109)	(109)	-	(58)	(51)	(56)	(53)	13.7	3.6
Hardware, software and dataline expenses	(42)	(42)	-	(22)	(20)	(21)	(21)	10.0	4.8
Advertising and promotion	(30)	(30)	-	(17)	(13)	(17)	(13)	30.8	-
Office supplies, postage and printing	(30)	(31)	(3.2)	(15)	(15)	(16)	(15)	-	(6.3)
Other	(68)	(58)	17.2	(33)	(35)	(33)	(25)	(5.7)	-
Total Operating expenses	(646)	(624)	3.5	(324)	(322)	(319)	(305)	0.6	1.6
Profit before impairment losses on loans and advances	564	463	21.8	269	295	256	207	(8.8)	5.1
Loss on sale of loans and advances	-	(13)	(100.0)	-	-	-	(13)	n/a	n/a
Impairment losses on loans and advances	(58)	(124)	(53.2)	(15)	(43)	(79)	(45)	(65.1)	(81.0)
Bank profit before tax	**506**	**326**	**55.2**	**254**	**252**	**177**	**149**	**0.8**	**43.5**
Income tax	(152)	(98)	55.1	(76)	(76)	(54)	(44)	-	40.7
Bank profit after tax	**354**	**228**	**55.3**	**178**	**176**	**123**	**105**	**1.1**	**44.7**

Bank ratios and key statistics

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-15	JUN-14	JUN-15	DEC-14	JUN-14	DEC-13
	%	%	%	%	%	%
Lending growth (annualised)	3.93	3.65	6.49	1.37	3.17	4.06
Net interest margin (interest-earning assets)	1.85	1.72	1.83	1.86	1.78	1.66
Cost to income ratio	53.39	57.40	54.64	52.19	55.48	59.57
Impairment losses to gross loans and advances (annualised)	0.11	0.25	0.06	0.17	0.32	0.18
Return on Common Equity Tier 1	12.17	8.19	12.21	12.13	8.78	7.59
Deposit to loan ratio	65.3	65.8	65.3	66.1	65.8	65.7

Statement of assets and liabilities

	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Assets						
Cash and cash equivalents	591	521	463	810	13.4	27.6
Receivables due from other banks	595	566	927	790	5.1	(35.8)
Trading securities	1,384	2,298	1,593	2,129	(39.8)	(13.1)
Derivatives	651	710	334	451	(8.3)	94.9
Investment securities	6,245	6,634	6,500	6,652	(5.9)	(3.9)
Loans, advances and other receivables	51,735	50,111	49,781	49,074	3.2	3.9
Due from Group entities	226	169	147	290	33.7	53.7
Deferred tax assets	81	95	98	88	(14.7)	(17.3)
Other assets	182	223	192	213	(18.4)	(5.2)
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	61,952	61,589	60,297	60,759	0.6	2.7
Liabilities						
Deposits and short-term borrowings	44,431	45,104	44,154	44,597	(1.5)	0.6
Derivatives	401	424	525	494	(5.4)	(23.6)
Payables due to other banks	297	314	81	186	(5.4)	266.7
Payables and other liabilities	400	386	457	403	3.6	(12.5)
Due to Group entities	199	152	160	-	30.9	24.4
Securitisation liabilities	3,651	2,872	3,598	4,267	27.1	1.5
Debt issues	7,876	7,727	6,839	6,433	1.9	15.2
Subordinated notes	742	742	742	840	-	-
Total liabilities	57,997	57,721	56,556	57,220	0.5	2.5
Net assets	**3,955**	**3,868**	**3,741**	**3,539**	**2.2**	**5.7**

Reconciliation of net equity to Common Equity Tier 1 Capital	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M
Net equity - Banking line of business	3,955	3,868	3,741	3,539
Additional Tier 1 capital	(450)	(450)	(450)	(450)
Goodwill allocated to Banking Business	(240)	(235)	(235)	(235)
Regulatory capital equity adjustments	(4)	12	27	37
Regulatory capital deductions	(320)	(300)	(287)	(259)
Other reserves excluded from Common Equity Tier 1 ratio	(146)	(144)	(151)	(125)
Common Equity Tier 1 Capital	**2,795**	**2,751**	**2,645**	**2,507**

The Bank's CET1 ratio increased to 9.15% at year end. Suncorp Bank has a leverage ratio of 5% and continues to use Standardised Risk Weights to calculate capital levels. Suncorp Bank's strong capital position leaves it well positioned for broader capital changes across the banking industry. Return on CET1 for the year is above 12% demonstrating the potential of the Bank as it builds towards 2017.

Loans, advances and other receivables

	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Housing loans	34,977	33,152	32,540	31,329	5.5	7.5
Securitised housing loans and covered bonds	6,808	6,618	6,461	6,955	2.9	5.4
Total housing loans	41,785	39,770	39,001	38,284	5.1	7.1
Consumer loans	380	403	431	452	(5.7)	(11.8)
Retail loans	42,165	40,173	39,432	38,736	5.0	6.9
Commercial (SME)	5,353	5,593	5,900	5,964	(4.3)	(9.3)
Agribusiness	4,400	4,534	4,624	4,484	(3.0)	(4.8)
Total Business lending	9,753	10,127	10,524	10,448	(3.7)	(7.3)
Total lending	**51,918**	**50,300**	**49,956**	**49,184**	**3.2**	**3.9**
Other receivables	25	44	51	100	(43.2)	(51.0)
Gross banking loans, advances and other receivables	51,943	50,344	50,007	49,284	3.2	3.9
Provision for impairment	(208)	(233)	(226)	(210)	(10.7)	(8.0)
Loans, advances and other receivables	**51,735**	**50,111**	**49,781**	**49,074**	**3.2**	**3.9**
Credit-risk weighted assets	**25,487**	**25,532**	**25,903**	**25,407**	**(0.2)**	**(1.6)**
Geographical breakdown - Total lending						
Queensland	28,792	28,565	28,748	28,448	0.8	0.2
New South Wales	12,773	12,168	12,095	11,777	5.0	5.6
Victoria	5,012	4,665	4,436	4,372	7.4	13.0
Western Australia	3,468	3,252	3,139	3,119	6.6	10.5
South Australia and other	1,873	1,650	1,538	1,468	13.5	21.8
Outside of Queensland loans	23,126	21,735	21,208	20,736	6.4	9.0
Total lending	**51,918**	**50,300**	**49,956**	**49,184**	**3.2**	**3.9**

Total lending

Total lending receivables, including securitised assets, grew 3.9% to $51.9 billion.

Retail loans

The home lending portfolio grew 7.1% to $41.8 billion, maintaining market share in a low interest rate, intensely price competitive market. The Bank remained focused on improving the quality of its lending portfolio. Over 80% of new loans written during the year had a LVR of less than 80%. Tighter servicing standards and higher credit sourcing have also contributed to the improving quality of the portfolio.

The Bank’s home loan proposition for new and existing customers is an integral driver of establishing and maintaining ‘connected’ customer relationships. Over 65% of mortgage customers are connected. On average, connected customers hold on average seven Group branded products.

The Bank continues to build a presence outside of its traditional markets, with 48% of the home lending portfolio originating outside of Queensland.

Commercial (SME)

The Bank has taken decisive action to reposition the balance sheet with the managed removal and refinancing of exposures deemed outside of risk appetite. As a consequence the Commercial (SME) portfolio contracted 9.3% to $5.4 billion.

The portfolio is heavily weighted towards less than $5 million lending, with 99% of customer groups with loans within this range. The Bank's property investment asset exposures have remained stable at $2.2 billion with an average loan size of around $3 million.

Subdued business confidence and heightened competitive activity remain headwinds to near term growth. The Bank remains committed to pursuing diversified growth across target market segments.

Commercial (SME) portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Commercial (SME) breakdown					
Property Investment	33%	4%	5%	42%	2,242
Hospitality & Accommodation	17%	1%	1%	19%	1,005
Construction & Development	4%	2%	1%	7%	364
Services (Inc. professional services)	7%	0%	1%	8%	444
Retail	3%	1%	1%	5%	278
Manufacturing & Mining	6%	2%	1%	9%	473
Other	8%	1%	1%	10%	547
Total %	78%	11%	11%	100%	
Total $M	4,175	584	594		5,353

Agribusiness

The Bank continues to exercise a prudent and sensitive approach in this sector. The Bank has a long heritage in agribusiness and remains committed to supporting customers, employees and communities in drought affected regions.

The Agribusiness portfolio contracted 4.8% to $4.4 billion as a result of managed run-off in Queensland beef and sugar exposures. The Bank will continue to pursue diversified growth across regions and industries, targeting family-operated farms with an average loan size of around $1.5 million.

Agribusiness portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Agribusiness breakdown					
Beef	29%	2%	0%	31%	1,366
Grain & Mixed Farming	11%	17%	2%	30%	1,295
Sheep & Mixed Livestock	5%	4%	1%	10%	424
Cotton	4%	4%	0%	8%	363
Sugar	3%	0%	0%	3%	142
Fruit	3%	0%	0%	3%	145
Other	8%	2%	5%	15%	665
Total %	63%	29%	8%	100%	
Total $M	2,787	1,214	399		4,400

Bank funding composition

	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Retail funding						
Retail deposits						
Transaction	6,642	5,827	5,333	5,113	14.0	24.5
Investment	9,504	8,732	8,085	7,711	8.8	17.6
Term deposits	12,246	14,108	15,305	15,812	(13.2)	(20.0)
Total retail deposits	28,392	28,667	28,723	28,636	(1.0)	(1.2)
Retail treasury deposits	5,533	4,566	4,169	3,673	21.2	32.7
Total retail funding	33,925	33,233	32,892	32,309	2.1	3.1
Wholesale funding						
Domestic funding sources						
Short-term wholesale	7,730	8,406	8,551	8,602	(8.0)	(9.6)
Long-term wholesale	2,400	3,075	2,750	2,650	(22.0)	(12.7)
Covered bonds	2,648	2,647	2,197	2,196	-	20.5
Subordinated notes	742	742	742	840	-	-
	13,520	14,870	14,240	14,288	(9.1)	(5.1)
Overseas funding sources[1]						
Short-term wholesale	2,776	3,465	2,711	3,686	(19.9)	2.4
Long-term wholesale	2,828	2,005	1,892	1,587	41.0	49.5
	5,604	5,470	4,603	5,273	2.4	21.7
Total wholesale funding	19,124	20,340	18,843	19,561	(6.0)	1.5
Total funding (excluding securitisation)	**53,049**	**53,573**	**51,735**	**51,870**	**(1.0)**	**2.5**
Securitised funding						
APS 120 qualifying[2]	3,344	2,497	3,140	3,711	33.9	6.5
APS 120 non-qualifying	307	375	458	556	(18.1)	(33.0)
Total securitised funding	3,651	2,872	3,598	4,267	27.1	1.5
Total funding (including securitisation)	**56,700**	**56,445**	**55,333**	**56,137**	**0.5**	**2.5**
Total funding is represented on the balance sheet by:						
Deposits	33,925	33,233	32,892	32,309	2.1	3.1
Short-term borrowings	10,506	11,871	11,262	12,288	(11.5)	(6.7)
Securitisation liabilities	3,651	2,872	3,598	4,267	27.1	1.5
Bonds, notes and long-term borrowings	7,876	7,727	6,839	6,433	1.9	15.2
Subordinated notes	742	742	742	840	-	-
Total	**56,700**	**56,445**	**55,333**	**56,137**	**0.5**	**2.5**
Deposit to loan ratio	**65.3%**	**66.1%**	**65.8%**	**65.7%**		

(1) Foreign currency borrowings are hedged back into Australian dollars.

(2) Qualifies for capital relief under APS120.

Funding

The Bank manages its funding portfolio to support lending growth, margin and liquidity objectives. Material improvements realised in both the cost and quality of the funding mix underpins improvement in the Bank's NIM. The Bank has successfully migrated to the Basel III liquidity framework. It has taken a conservative approach to managing the Liquidity Coverage Ratio (LCR), with it being comfortably above APRA minimum requirements.

The retail deposit to lending ratio of 65.3% is within the target operating range of 60% to 70%. Transaction deposit growth of 24.5% demonstrates the Bank's ability to acquire stable funding through established transactional customer relationships.

The Bank's funding position is strengthened by Suncorp Group's 'A+/A1' credit rating and the ability to execute covered bonds, senior domestic and offshore debt, and securitisation transactions. Access to both secured and unsecured markets provides substantial funding diversification and flexibility, supporting capacity for future growth.

During 2015, the Bank successfully completed a A$1.25 billion securitisation transaction in March followed by a five-year US$600 million senior unsecured debt issuance in April.

The Bank operates a conservative wholesale funding instrument duration profile in-line with its stable retail deposit to lending ratio. The average tenure of the short-term wholesale book continues to lengthen and the weighted average term of long-term wholesale funding has increased to 2.7 years.

Wholesale funding instruments maturity profile[1]

	Short-term	Long-term	JUN-15	DEC-14	JUN-14	DEC-13	JUN-15 vs DEC-14	JUN-15 vs JUN-14
	$M	$M	$M	$M	$M	$M	%	%
Maturity								
0 to 3 months	6,692	583	7,275	9,030	9,463	11,019	(19.4)	(23.1)
3 to 6 months	3,570	599	4,169	3,968	3,361	3,545	5.1	24.0
6 to 12 months	244	1,613	1,857	1,226	1,814	2,129	51.5	2.4
1 to 3 years	-	5,112	5,112	3,979	4,783	4,591	28.5	6.9
3+ years	-	4,362	4,362	5,009	3,020	2,544	(12.9)	44.4
Total wholesale funding instruments	10,506	12,269	22,775	23,212	22,441	23,828	(1.9)	1.5

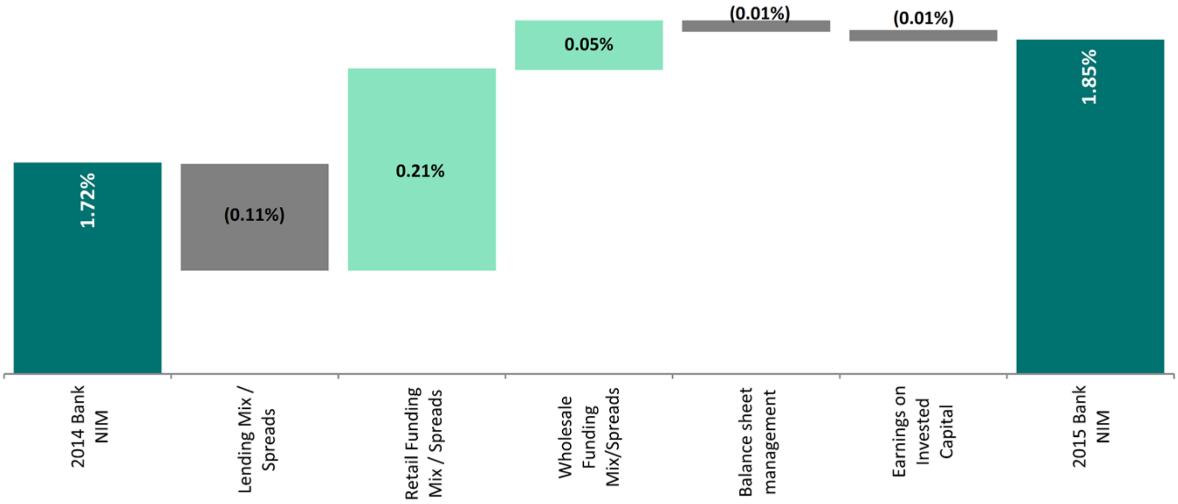
[1] Includes wholesale debt, securitisation liabilities and subordinated notes.

Net interest income

Net interest income increased to $1.1 billion representing growth of 9.1%. The NIM improved 13 bps to 1.85% and sits at the top end of the target range of 1.75% to 1.85%. The full year result was shaped by:

- expansion in retail product margins with the impact of price competition in lending more than offset by benefits from improvement in funding mix and reduction in term funding costs; and
- margin compression on low cost deposits and invested capital due to the reduction of the RBA cash rate in February and May 2015.

NIM movements



Average banking balance sheet

	FULL YEAR ENDED JUN-15			HALF YEAR ENDED JUN-15		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities	9,213	310	3.36	9,072	146	3.25
Gross loans, advances and other receivables	50,503	2,533	5.02	51,435	1,236	4.85
Total interest-earning assets	59,716	2,843	4.76	60,507	1,382	4.61
Non-interest earning assets						
Other assets (inc. loan provisions)	846			858		
Total non-interest earning assets	846			858		
TOTAL ASSETS	60,562			61,365		
Liabilities						
Interest-bearing liabilities						
Retail deposits	33,136	922	2.78	33,606	442	2.65
Wholesale liabilities	22,017	780	3.54	22,340	372	3.36
Debt capital	742	38	5.12	742	18	4.89
Total interest-bearing liabilities	55,895	1,740	3.11	56,688	832	2.96
Non-interest bearing liabilities						
Other liabilities	796			763		
Total non-interest bearing liabilities	796			763		
TOTAL LIABILITIES	56,691			57,451		
AVERAGE SHAREHOLDERS' EQUITY	3,871			3,914		
Non-Shareholder Accounting Equity	18			20		
Convertible Preference Shares	(450)			(450)		
Average Shareholders' Equity	3,439			3,484		
Goodwill allocated to Banking Business	(240)			(240)		
Average Shareholders' Equity (ex Goodwill)	3,199			3,244		
Analysis of interest margin and spread						
Interest-earning assets	59,716	2,843	4.76	60,507	1,382	4.61
Interest-bearing liabilities	55,895	1,740	3.11	56,688	832	2.96
Net interest spread			1.65			1.65
Net interest margin (interest-earning assets)	59,716	1,103	1.85	60,507	550	1.83
Net interest margin (lending assets)	50,503	1,103	2.18	51,435	550	2.16

Net non-interest income

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income	69	67	3.0	34	35	30	37	(2.9)	13.3
MTM on financial instruments	10	4	150.0	-	10	23	(19)	(100.0)	(100.0)
Other income	28	5	460.0	9	19	3	2	(52.6)	200.0
Total net non-interest income	107	76	40.8	43	64	56	20	(32.8)	(23.2)

Non-interest income was $107 million, benefiting from a one-off recovery of $19 million arising from successful litigation action.

Underlying customer fee revenue remained stable. Fee generation from the Bank's retail products remains challenging as customer preferences for low fee and/or fee-free banking products remain high. The Bank's non-interest income result also includes higher commissions paid to intermediaries consistent with lending volumes delivered by this channel.

The mark-to-market (MTM) result includes unrealised gains on short-term derivative positions in addition to realised gains on the sale of treasury banking book assets.

Operating expenses

Disciplined management of costs has resulted in operating expenses increasing by less than 1% in each of the last three reporting periods, notwithstanding an extensive investment program. As a result of the strong revenue growth, the cost to income ratio improved to 53.4% from 57.4%.

The Bank undertook an extensive program of investment in 2015 with a focus on developing an optimised platform on which the Bank will operate from 2017.

The Ignite program continues to achieve major milestones. The successful roll out of Personal Loan origination functionality on the Ignite platform in November represented a critical first step, allowing the Bank to successfully test over two thirds of applicable systems in a low risk manner. The Bank's branch network is fully trained to operate on the platform. More than 3,500 personal loan applications have been processed on Ignite providing the ability to settle loans on the same day, a significant improvement to the Bank's customer value proposition.

New hardware and an updated version of the software were delivered in June. This will facilitate a series of implementations that will allow new home loans to be written on the platform from September 2015.

Term deposits and transaction deposit account functionality will be available for new business early in calendar year 2016.

Significant progress has been achieved in delivering against Basel II Advanced Accreditation requirements. This included embedding a risk awareness culture across the Bank through investment into first line risk management capability.

A restructure across the Personal and Business Distribution teams was undertaken to facilitate 'business readiness' in advance of Ignite and Advanced Basel roll out. The restructure will improve the agility of the business through a flatter management structure, clear reporting lines for lenders and reinvestment in the mobile banking channel.

Impairment losses on loans and advances

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	6	18	(66.7)	(3)	9	23	(5)	n/a	n/a
Specific provision for impairment	46	104	(55.8)	14	32	56	48	(56.3)	(75.0)
Actual net write-offs	6	2	200.0	4	2	-	2	100.0	n/a
	58	**124**	**(53.2)**	**15**	**43**	**79**	**45**	**(65.1)**	**(81.0)**
Impairment losses to gross loans and advances (annualised)	**0.11%**	**0.25%**		**0.06%**	**0.17%**	**0.32%**	**0.18%**		

Impairment losses of $58 million, 11 bps of gross loans and advances, is at the bottom of the Bank's target operating range of 10 bps to 20 bps.

The reduction in both the specific provision and the collective provision charge reflect improvements in credit quality across the Bank's lending portfolio. The reduction includes a $13 million part release of the Agribusiness provision overlay raised in June 2014. Given the continued outlook for dry weather conditions, the Bank will maintain an overlay provision of $8 million.

Impaired assets

	JUN-15	DEC-14	JUN-14	DEC-13	JUN-15 vs DEC-14	JUN-15 vs JUN-14
	$M	$M	$M	$M	%	%
Retail lending	31	33	26	28	(6.1)	19.2
Agribusiness lending	125	162	208	182	(22.8)	(39.9)
Commercial/SME lending	62	67	99	206	(7.5)	(37.4)
Gross impaired assets	218	262	333	416	(16.8)	(34.5)
Specific provision for impairment	(82)	(104)	(106)	(113)	(21.2)	(22.6)
Net impaired assets	136	158	227	303	(13.9)	(40.1)
Gross impaired assets to gross loans and advances	**0.42%**	**0.52%**	**0.67%**	**0.84%**		

Gross impaired assets decreased 34.5% to $218 million. This represents 0.42% of gross loans and advances.

Agribusiness impaired asset volumes decreased to $125 million, 2.8% of the total agribusiness portfolio, down from 4.5% at June 2014. Improvements in conditions and asset values enabled the resolution of a number of impaired assets and a reduction in new impairments. The Bank continues to closely monitor emerging issues on an individual exposure basis.

Non-performing loans

	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Gross balances of individually impaired loans						
Gross impaired assets	218	262	333	416	(16.8)	(34.5)
Specific provision for impairment	(82)	(104)	(106)	(113)	(21.2)	(22.6)
Net impaired assets	136	158	227	303	(13.9)	(40.1)
Size of gross individually impaired assets						
Less than one million	21	29	22	34	(27.6)	(4.5)
Greater than one million but less than ten million	115	137	183	204	(16.1)	(37.2)
Greater than ten million	82	96	128	178	(14.6)	(35.9)
	218	262	333	416	(16.8)	(34.5)
Past due loans not shown as impaired assets	399	394	439	445	1.3	(9.1)
Gross non-performing loans	617	656	772	861	(5.9)	(20.1)
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	262	333	416	506	(21.3)	(37.0)
Recognition of new impaired assets	59	64	193	113	(7.8)	(69.4)
Increases in previously recognised impaired assets	4	4	4	1	-	-
Impaired assets written off/sold during the half year	(32)	(29)	(55)	(124)	10.3	(41.8)
Impaired assets which have been reclassed as performing assets or repaid	(75)	(110)	(225)	(80)	(31.8)	(66.7)
Balance at the end of the half year	**218**	**262**	**333**	**416**	**(16.8)**	**(34.5)**

Gross impaired loans reduced 34.5% to $218 million and past due loans reduced 9.1% to $399 million. Combined, total gross non-performing loans are 20.1% lower at $617 million.

Provision for impairment

	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Collective provision						
Balance at the beginning of the period	129	120	97	102	7.5	33.0
Charge against contribution to profit	(3)	9	23	(5)	n/a	n/a
Balance at the end of the period	126	129	120	97	(2.3)	5.0
Specific provision						
Balance at the beginning of the period	104	106	113	198	(1.9)	(8.0)
Charge against impairment losses	14	32	56	48	(56.3)	(75.0)
Write-off of impaired assets	(32)	(29)	(55)	(124)	10.3	(41.8)
Unwind of interest	(4)	(5)	(8)	(9)	(20.0)	(50.0)
Balance at the end of the period	82	104	106	113	(21.2)	(22.6)
Total provision for impairment - Banking activities	208	233	226	210	(10.7)	(8.0)
Equity reserve for credit loss (ERCL)						
Balance at the beginning of the period	144	151	125	131	(4.6)	15.2
Transfer (to) from retained earnings	2	(7)	26	(6)	n/a	(92.3)
Balance at the end of the period	146	144	151	125	1.4	(3.3)
Pre-tax equivalent coverage	209	206	216	179	1.5	(3.2)
Total provision for impairment and equity reserve for credit loss - Banking activities	417	439	442	389	(5.0)	(5.7)

	%	%	%	%
Specific provision for impairment expressed as a percentage of gross impaired assets	37.6	39.7	31.8	27.2
Provision for impairment expressed as a percentage of gross loans and advances are as follows:				
Collective provision	0.24	0.26	0.24	0.20
Specific provision	0.16	0.21	0.21	0.23
Total provision	0.40	0.47	0.45	0.43
ERCL coverage	0.40	0.41	0.43	0.36
Total provision and ERCL coverage	0.80	0.87	0.88	0.79

Total provision and ERCL coverage is 80 bps of gross loans and advances with adequate provisioning across retail and business portfolios.

Gross non-performing loans coverage by portfolio

	Past due loans $M	Impaired assets $M	Specific provision $M	Collective provision $M	ERCL (pre-tax equivalent) $M	Total provision and ERCL coverage %
Retail lending	331	31	5	31	48	23%
Agribusiness lending	35	125	39	46	80	103%
Commercial/SME lending	33	62	38	49	81	177%
Total	399	218	82	126	209	68%

Life

Result overview

Suncorp Life's profit after tax for the full year was $125 million, up 35.9%. Underlying profit was $113 million, up 34.5%. The business's underlying profit has stabilised, outperforming expectations with favourable claims and lapse experience. Profit after tax benefited from a reduction in long-term interest rates which will unwind when rates increase.

The actions taken in 2014 to reset the business have allowed Suncorp Life to continue to drive its strategic agenda: Customer @ the Forefront, leadership in direct, and sustainable advice. Suncorp Life further delivered across a range of outcomes in 2015 and has:

- addressed the profitability and sustainability of new business;
- delivered the adviser value proposition 'Acclaim' to the market and realigned the distribution team;
- continued focus on value over volume in both the Direct and Advised distribution channels; and
- commenced the work to simplify the Superannuation business including leveraging the Group's partnering capabilities.

Suncorp Life's underlying profit has stabilised following the reset of the business. Overall claims and lapse experience was favourable $15 million. The result was also underpinned by a strong focus on costs, with operating expenses down 7.3%.

Suncorp Life continues to drive sustainable growth across the portfolio with a focus on value over volume. This is reflected in the value of one year's sales (VOYS), which has more than doubled to $25 million.

Annual in-force premium increased to $970 million with total in-force premium up 6.5%. Direct in-force products sold through General Insurance increased by over 20% as Suncorp Life unlocks the Suncorp Group 'One Company. Many Brands' opportunity and continues to diversify its product and channel mix.

Superannuation delivered strong growth. New business of $496 million was driven by good growth in both Suncorp Everyday Super and WealthSmart, which also benefited from strong pension sales during the first half driven by regulatory change.

The New Zealand business has continued to grow its in-force portfolio through its focus on customer centricity in all processes, developing value-adding and sustainable intermediary relationships, and a market leading customer retention strategy. This has been evidenced by once again winning the New Zealand Life Company of the Year Award.

Suncorp Life has continued with its Customer @ the Forefront program. The business now has a common service language, further embedded Lean methodology and a culture of continuous improvement through the '1%ers' initiative, both of which encourage individuals to seek opportunities and implement positive incremental changes for the benefit of Suncorp Life's customers.

The program's benefits are already being seen through Suncorp Life's award winning tele-claims initiative, the enhancements to tele-underwriting, customer centric focus in the Direct business and through customer and staff metrics. The benefit of a customer centric organisation is critical as the Australian Life industry works through the generational transformation.

Outlook

The Australian Life industry is currently undergoing a once in a generation transformation, driven by the recently announced regulatory reforms of the retail life insurance industry. This transformation will result in a more sustainable and vibrant industry with greater alignment between customers, advisers and manufacturers.

The reforms are playing out largely as expected and the extent of regulatory engagement has been an important factor in bringing a more orderly framework to the transition and more clarity to the outlook. Suncorp Life is optimistic for the future of the life insurance industry and can now see a clear path forwards, as the recommendations on upfront commissions, commissions clawbacks and improvements in professional standards are implemented.

Suncorp Life is very well positioned to take advantage of the industry transformation, having already reset its strategy around the customer and re-based the balance sheet and experience assumptions on a more conservative setting. The business is already seeing a return to more consistent and stable underlying earnings.

Suncorp Life has a unique opportunity to capitalise on the potential of the Direct channel as it is part of a large scale insurance business. Through leveraging the evolving analytic capability across the Group, access to a large customer base through trusted brands, and realising significant value chain efficiencies, Suncorp Life is capitalising on the opportunities now afforded by industry transformation.

As Suncorp Life optimises the opportunity, the business will continue focus on its strategic priorities of customer at the forefront, strategic partnerships and leadership mindset. Key initiatives include:

- Deepening Group customer relationships to deliver double digit growth in Direct;
- Transformation of the superannuation business by simplifying existing products and processes and leveraging strategic partnerships and new technology. This will deliver an enhanced customer experience, lower cost base and growth opportunities;
- Leadership in the IFA market through the Asteron Life brand through the Acclaim segmentation model and continued focus on value over volume; and
- Digitalisation of the New Zealand advice channel enabling enhanced adviser and customer experiences increased back office efficiency and improved sales conversions.

Profit contribution

	FULL YEAR ENDED JUN-15 $M	FULL YEAR ENDED JUN-14 $M	JUN-15 vs JUN-14 %	HALF YEAR ENDED JUN-15 $M	HALF YEAR ENDED DEC-14 $M	HALF YEAR ENDED JUN-14 $M	HALF YEAR ENDED DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Life Risk									
Planned profit margin release [1]	38	69	(44.9)	21	17	34	35	23.5	(38.2)
Claims experience	8	(24)	n/a	2	6	(14)	(10)	(66.7)	n/a
Lapse experience	7	(26)	n/a	6	1	(9)	(17)	large	n/a
Other experience	(8)	(7)	14.3	(3)	(5)	(4)	(3)	(40.0)	(25.0)
Underlying investment income	31	35	(11.4)	16	15	17	18	6.7	(5.9)
Life Risk	**76**	**47**	**61.7**	**42**	**34**	**24**	**23**	**23.5**	**75.0**
Superannuation	37	37	-	19	18	19	18	5.6	-
Total Life underlying profit after tax	**113**	**84**	**34.5**	**61**	**52**	**43**	**41**	**17.3**	**41.9**
Market adjustments [2]	**12**	**8**	**50.0**	**(22)**	**34**	**27**	**(19)**	**n/a**	**n/a**
Net profit after tax	**125**	**92**	**35.9**	**39**	**86**	**70**	**22**	**(54.7)**	**(44.3)**

(1) Planned profit margin release includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time.
(2) Market adjustments consist of Life Risk Policy Discount Rate changes, Investment Income Experience and Annuities Market Adjustments.

Life Risk in-force annual premium by channel

	HALF YEAR ENDED JUN-15 $M	HALF YEAR ENDED DEC-14 $M	HALF YEAR ENDED JUN-14 $M	HALF YEAR ENDED DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
IFA	562	552	529	515	1.8	6.2
Direct	154	149	145	138	3.4	6.2
New Zealand	184	191	178	168	(3.7)	3.4
Total Individual	**900**	**892**	**852**	**821**	**0.9**	**5.6**
Group [1]	70	65	59	60	7.7	18.6
Total [2]	**970**	**957**	**911**	**881**	**1.4**	**6.5**
Total new business [3]	**55**	**69**	**59**	**65**	**(20.3)**	**(6.8)**

(1) Group in-force annual premium includes NZ. The NZ$ Group in-force figures are Jun-15 $6 million, Dec-14 $5 million, Jun-14 $5 million.
(2) NZ$ in-force figures are Jun-15 $213 million, Dec-14 $205 million, Jun-14 $195 million.
(3) FY14 to FY15 Life risk new business growth was stable at $124 million.

Funds under administration

	HALF YEAR ENDED JUN-15 $M	HALF YEAR ENDED DEC-14 $M	HALF YEAR ENDED JUN-14 $M	HALF YEAR ENDED DEC-13 $M	JUN-15 vs DEC-14 %	JUN-15 vs JUN-14 %
Funds under administration						
Opening balance at the start of the period	7,958	7,789	7,691	7,339	2.2	3.5
Net inflows (outflows)	(68)	(92)	(128)	(106)	(26.1)	(46.9)
Investment income and other	186	261	226	458	(28.7)	(17.7)
Balance at the end of the period	**8,076**	**7,958**	**7,789**	**7,691**	**1.5**	**3.7**
New business [1]	**215**	**281**	**217**	**185**	**(23.5)**	**(0.9)**

(1) FY14 to FY15 Superannuation new business growth was 23.4% (FY14 $402 million to FY15 $496 million).

Operating expenses

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Total operating expenses [1]	**281**	**303**	**(7.3)**	**139**	**142**	**153**	**150**	**(2.1)**	**(9.2)**

[1] Consistent with prior disclosures, sales commissions have been excluded from total operating expenses.

Shareholder investment income

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Shareholder investment income on invested assets	32	46	(30.4)	3	29	31	15	(89.7)	(90.3)
Less underlying investment income:									
Life Risk	(31)	(35)	(11.4)	(16)	(15)	(17)	(18)	6.7	(5.9)
Superannuation	(11)	(14)	(21.4)	(5)	(6)	(7)	(7)	(16.7)	(28.6)
Investment income experience	**(10)**	**(3)**	**233.3**	**(18)**	**8**	**7**	**(10)**	**n/a**	**n/a**

Invested shareholder assets

	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	$M	$M	%	%
Cash	414	337	371	401	22.8	11.6
Fixed interest securities	890	868	867	841	2.5	2.7
Equities	24	22	30	50	9.1	(20.0)
Property	5	4	5	4	25.0	-
Total	**1,333**	**1,231**	**1,273**	**1,296**	**8.3**	**4.7**

In-force premiums

IFA Australia

Suncorp Life has always played a key role in this market through the Asteron brand and this will continue.

In-force growth of 6.2% was driven by new business and the trending lower lapse rates. New business of $58 million was delivered while Suncorp Life addressed the product profitability of new business, realigned the distribution team and focused on value over volume.

Suncorp Life's adviser value proposition, Acclaim, has been rolled out and the distribution team has been realigned. The Acclaim program recognises advisers who are working in a partnership with Suncorp Life for the benefit of customers and the long-term sustainability of the industry.

Direct Australia

In-force growth of 6.2% for Direct has resulted from the focus on Direct products sold via General Insurance brands (in-force growth of over 20%) which continues to provide growth opportunities for the Group.

Direct new business sales of $33 million were flat against the prior year partly driven by lower sales in the salaried planners' channel. Direct products sold via General Insurance continued to diversify product mix and distribution channels as Suncorp Life focuses on value-driven growth.

Superannuation Australia

Superannuation new business increased 23.4% to $496 million. This performance was driven by strong growth in sales in both WealthSmart through the Suncorp salaried planners' channel and Suncorp Everyday Super through the Suncorp Bank branches. Sales in the first half of 2015 benefited from a change in pension rules.

New Zealand

New Zealand in-force premium increased 3.4% to $184 million (up 8.9% in local currency) with new business stable at $25 million. This was due to enhancements to the highly successful express underwriting service and offering level commission flexibility. The New Zealand business implemented an adviser value proposition that is aligned with the business growth and value creation strategy, and this has been well received by the market.

The New Zealand business has also upgraded its customer communications. Customer focus and communication strategies continued to drive market leading retention levels, and a refreshed external website enhanced online customer engagement and enquiry.

Suncorp Life also expects some of the Australian regulatory changes to emerge in the New Zealand market over time.

Underlying profit after tax

Planned profit margin release

Planned margins of $38 million decreased in line with expectations reflecting the strengthening of the claims and lapse assumptions in May 2014. The decrease is consistent with previous guidance.

The growth in the planned margins in the second half was primarily timing and reflected the impact of repricing initiatives.

Experience

Claims and lapse experience achieved a favourable outcome for the year.

The positive claims experience came from both the Australian and New Zealand businesses, with lower incidence for lump sum products and the resolution of older outstanding claims driving the result. Suncorp Life has been actively collaborating with the Group's General Insurance claims teams to deliver favourable outcomes from leveraging the scale of being part of the Australia's largest personal injury insurance group. Disability income product sets continue to have both high incidence and claim sizes but a continued focus on claims management and early intervention to help customers return to health sooner is having an offsetting positive impact. The second half reflected normal volatility in some of the lump sum products.

The positive lapse experience was primarily driven by favourable lapse experience in the lump sum business. However, partly offsetting the favourable lapse experience was the higher than expected retention of some products in loss recognition. The second half benefited from the lower seasonal lapses.

The impacts of the industry transformation remain uncertain and Suncorp Life's lapse assumptions reflect this outlook.

Expense management

Operating expenses have decreased 7.3% to $281 million as Suncorp Life focuses on tighter expense management along with the completion of a number of large regulatory projects. The business will continue to seek opportunities to further drive down costs, which is reflected in the Superannuation simplification initiative.

Investment income

Shareholders' Funds investment income was $32 million, representing an average annualised pre-tax return of 3.6%. The portfolio benefited from mark-to-market gains from risk-free rate reductions during the first half of the year which unwound in the second half as rates increased.

As highlighted at the 30 June 2014 results, a decrease in Suncorp Life's overall long-term investment return assumptions resulted in a decrease in underlying shareholder investment returns to $42 million.

In order to simplify the underlying investment income methodology going forward, Suncorp Life will use the same rates for FY16 as those applied for the FY15 calculation. This will remove market distortions from the underlying profit result to allow stakeholders to better understand management's performance.

Market adjustments

Market adjustments are mainly comprised of balance sheet revaluations of policy liabilities and shareholder investment assets, which are expected to neutralise through the cycle. During the year market adjustments benefited from a reduction in long-term interest rates which will unwind as rates increase.

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Life Risk Policy Liability impact (DAC)	21	9	133.3	(5)	26	21	(12)	n/a	n/a
Investment Income Experience	(10)	(3)	233.3	(18)	8	7	(10)	n/a	n/a
Annuities market adjustments	1	2	(50.0)	1	-	(1)	3	n/a	n/a
Total market adjustments	**12**	**8**	**50.0**	**(22)**	**34**	**27**	**(19)**	**n/a**	**n/a**

Life Risk policy liability impact (DAC)

Risk-free rates are used to discount Life Risk policy liabilities. Due to deferred acquisition costs (DAC) there are net negative policy liabilities (an asset). An increase in discount rates leads to a loss while a decrease leads to a gain. This volatility represents the impact of an accounting revaluation adjustment to reflect the movements of interest rates and the impact on the DAC. This impact was $21 million.

During the year, Suncorp Life experienced gains as yields on government bonds decreased. Positive and negative revaluation adjustments are expected to neutralise over time.

Life Embedded Value

The Embedded Value (EV) is the sum of the net present value of all future cash flows distributable to shareholders that are expected to arise from in-force business, the value of franking credits at 70% of face value and the net assets in excess of target capital requirements (adjusted net worth). The EV differs from what is known as an Appraisal Value, as it does not consider the value of future new business that Suncorp Life is expected to write.

The components of value are shown in the table below:

Embedded Value and Value of One Year's Sales

	JUN-15	DEC-14	JUN-14	DEC-13	JUN-15 vs DEC-14	JUN-15 vs JUN-14
	$M	$M	$M	$M	%	%
Adjusted net worth	**104**	**78**	**97**	**113**	**33.3**	**7.2**
Value of distributable profits	1,554	1,544	1,440	1,643	0.6	7.9
Value of imputation credits	212	223	222	250	(4.9)	(4.5)
Value of in-force	**1,766**	**1,767**	**1,662**	**1,893**	**(0.1)**	**6.3**
Traditional Embedded Value	**1,870**	**1,845**	**1,759**	**2,006**	**1.4**	**6.3**
Value of one year's sales (VOYS)	**25**	**18**	**11**	**35**	**38.9**	**127.3**

Change in Embedded Value

	JUN-14 TO JUN-15
	$M
Opening Embedded Value	**1,759**
Expected return	134
Experience over FY15	
Economic	2
Claims, lapse and other	15
Value Added from new business	25
Other modelling changes	(19)
Closing Embedded Value prior to	**1,916**
Dividends/transfers [1]	(28)
Release of franking credits	(18)
Closing Embedded Value	**1,870**

(1) Dividends/transfers include all dividends recommended or paid up to the parent company over the period.

Assumptions

The assumptions used for valuing in-force business and the VOYS are based on long-term best estimate assumptions.

Lapses and claims (death and disability) assumptions are best estimate assumptions based on company experience and are consistent with those used for profit reporting.

VOYS calculations are based on actual new business. New business includes new policies as well as voluntary increases to existing policies, whereas the EV includes contractual increases (age and CPI) on retail business but excludes voluntary increases.

	JUN-15		JUN-14	
	AUSTRALIA	NEW ZEALAND	AUSTRALIA	NEW ZEALAND
	% PER ANNUM	% PER ANNUM	% PER ANNUM	% PER ANNUM
Investment return for underlying asset classes (gross of tax)				
Risk-free rate (at 10 years)	3.2	5.5	3.6	5.0
Cash	3.2	4.0	3.7	5.0
Fixed interest	3.7	4.0	4.2	4.8
Australian equities (inc. allowance for franking credits) [(1)]	7.2	8.2	8.7	9.0
International equities	7.2	7.2	7.7	8.0
Property	5.7	6.2	6.2	7.0
Investment returns (net of tax)	**2.9**	**2.9**	**3.3**	**3.5**
Inflation				
Expense Inflation	2.0	2.3	2.0	2.5
Risk discount rate	**7.2**	**7.5**	**7.6**	**8.5**

(1) New Zealand assumption covers Australasian equities.

	AS AT	
	JUN-15	JUN-14
	$M	$M
Base Embedded Value	**1,870**	**1,759**
Embedded Value assuming		
Discount rate and returns 1% higher	1,822	1,722
Discount rate and returns 1% lower	1,912	1,800
Discontinuance rates 10% lower	2,039	1,925
Renewal expenses 10% lower	1,916	1,806
Claims 10% lower [(1)]	2,045	1,929
Base value of one year's new business	**25**	**11**
Value of one year's new business assuming		
Discount rate and returns 1% higher	20	6
Discount rate and returns 1% lower	31	17
Discontinuance rates 10% lower	41	25
Acquisition expenses 10% lower	35	21
Claims 10% lower [(1)]	45	32

(1) Claims decrements include mortality, lump sum morbidity, disability income incidence and disability income recovery rates.

Statement of assets and liabilities

	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15 $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	vs DEC-14 %	vs JUN-14 %
Total assets						
Assets						
Invested assets	5,074	5,088	5,159	4,813	(0.3)	(1.6)
Assets backing annuity policies	131	139	135	129	(5.8)	(3.0)
Assets backing participating policies	2,289	2,233	2,139	2,595	2.5	7.0
Deferred tax assets	42	1	22	-	large	90.9
Reinsurance ceded	476	485	512	293	(1.9)	(7.0)
Other assets	289	303	394	333	(4.6)	(26.6)
Goodwill and intangible assets	225	228	229	628	(1.3)	(1.7)
	8,526	**8,477**	**8,590**	**8,791**	**0.6**	**(0.7)**
Liabilities						
Payables	277	193	275	210	43.5	0.7
Subordinated Debt	100	100	100	100	-	-
Outstanding claims liabilities	263	267	260	228	(1.5)	1.2
Deferred tax liabilities	81	45	42	169	80.0	92.9
Policy liabilities	5,635	5,635	5,781	5,418	-	(2.5)
Unvested policyholder benefits [(1)]	289	361	326	429	(19.9)	(11.3)
	6,645	**6,601**	**6,784**	**6,554**	**0.7**	**(2.0)**
Total net assets	**1,881**	**1,876**	**1,806**	**2,237**	**0.3**	**4.2**
Policyholder assets						
Invested assets	3,741	3,857	3,886	3,517	(3.0)	(3.7)
Assets backing annuity policies	131	139	135	129	(5.8)	(3.0)
Assets backing participating policies	2,289	2,233	2,139	2,595	2.5	7.0
Other assets	50	49	135	57	2.0	(63.0)
	6,211	**6,278**	**6,295**	**6,298**	**(1.1)**	**(1.3)**
Liabilities						
Payables	-	-	-	-	n/a	n/a
Policy liabilities	5,922	5,917	5,969	5,869	0.1	(0.8)
Unvested policyholder benefits [(1)]	289	361	326	429	(19.9)	(11.3)
	6,211	**6,278**	**6,295**	**6,298**	**(1.1)**	**(1.3)**
Policyholder net assets	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Shareholder assets						
Assets						
Invested assets	1,333	1,231	1,273	1,296	8.3	4.7
Deferred tax assets	42	1	22	-	large	90.9
Reinsurance ceded	476	485	512	293	(1.9)	(7.0)
Other assets	239	254	259	276	(5.9)	(7.7)
Goodwill and intangible assets	225	228	229	628	(1.3)	(1.7)
	2,315	**2,199**	**2,295**	**2,493**	**5.3**	**0.9**
Liabilities						
Payables	277	193	275	210	43.5	0.7
Subordinated Debt	100	100	100	100	-	-
Outstanding claims liabilities	263	267	260	228	(1.5)	1.2
Deferred tax liabilities	81	45	42	169	80.0	92.9
Policy liabilities	(287)	(282)	(188)	(451)	1.8	52.7
	434	**323**	**489**	**256**	**34.4**	**(11.2)**
Shareholder net assets	**1,881**	**1,876**	**1,806**	**2,237**	**0.3**	**4.2**
Reconciliation of net equity to Common Equity Tier 1 Capital						
Net equity - Life line of business	1,881	1,876	1,806	2,237		
Goodwill & intangibles	(225)	(228)	(229)	(628)		
Policy Liability Adjustment and Deferred Tax	(1,217)	(1,234)	(1,121)	(1,091)		
Other Tier 1 Deductions	(1)	(2)	(1)	(1)		
Common Equity Tier 1 Capital	**438**	**412**	**455**	**517**		

(1) Includes participating business policyholder retained profits.

Group Capital

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

The Group is subject to, and complies with, external capital requirements set and monitored by APRA and the Reserve Bank of New Zealand.

The Group's Internal Capital Adequacy Assessment Process (ICAAP) provides the framework to ensure that the Group as a whole, and each regulated entity, is capitalised to meet both internal and external requirements. The ICAAP is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the Group's capital requirements.

A range of instruments and methodologies are used to effectively manage capital including share issues, reinsurance, dividend policies and Tier 1 and Tier 2 instruments. Capital targets are structured according to risk appetite, the business line regulatory framework and APRA's standards for the supervision of conglomerates.

For regulatory purposes, capital is classified as follows:

- CET1 comprising accounting equity with adjustments for intangible assets and regulatory reserves;
- Tier 1 Capital comprising CET1 plus Additional Tier 1 Capital such as hybrid securities with 'equity-like' qualities;
- Tier 2 Capital comprising certain securities recognised as Tier 2 Capital, together with specific Bank reserves eligible as regulatory capital; and
- Total Capital is the sum of Tier 1 Capital and Tier 2 Capital.

CET1 has the greatest capacity to absorb potential losses, followed by Additional Tier 1 Capital and then Tier 2 Capital.

The Group's enhanced capital management, together with strong business profitability, has resulted in a significant increase in dividends over the past four years. The Group's profit result over the year facilitates a fully franked final ordinary dividend of 38 cents per share, in line with the FY15 interim dividend. This brings total ordinary dividends to 76 cents per share, up 1 cent per share (1.3%). Given the strength of the Group's underlying profitability, the Board is comfortable adopting a full year payout ratio that is slightly above its targeted range. The Group's strong capital position again facilitates payment of a special dividend of 12 cents per share, fully franked.

Risk Based Capital (RBC)

The Group's Risk Based Capital models, first introduced in 2013, have been further developed and embedded in capital and risk processes. In particular, the RBC models have:

- enabled enhanced articulation of aspects of risk appetite across the Group, including a review of the risk appetite, and associated capital targets and triggers, for the General Insurance business; and
- been a key tool used in the annual review of capital targets and triggers for the Life business and the overall Group, including confirmation of the strength of the Group's targets given the diversification inherent in the conglomerate structure.

In addition to assessment of capital targets, the Group's RBC modelling framework will be increasingly used to drive optimal decision making in the Group, including: product pricing, assessment of growth opportunities, informing business planning via sensitivity analysis, further development of risk appetite, reinsurance strategy and strategic asset allocation. Going forward, RBC will continue to be used to explore opportunities to further optimise the Group's capital structure.

As a result of a review of capital targets:

- the CET1 target operating range for the General Insurance business was broadened and reduced, from 1.05 – 1.15 times the Prescribed Capital Amount (PCA), to 0.95 – 1.15 times PCA. The Total Capital target operating range was broadened from 1.4 – 1.5 times PCA to 1.4 – 1.6 times PCA;
- the Capital targets for the Life business increased by $25 million, with the lower yield environment being a significant factor;
- the Group Capital targets have been adjusted to reflect the above business unit target changes. In addition, a further reduction of $70 million has been made to the Group's Capital targets, reflected in the "SGL, Corp Services & Consol" column in the table below; and
- the Bank has increased its CET1 target operating range to 8.5% - 9.0% of Risk Weighted Assets. The Bank is well positioned from a capital perspective taking into account both Basel III changes due to be implemented from 1 January 2016 and the broader strengthening of capital targets across the banking industry.

Capital position at 30 June 2015

The table below summarises both the CET1 and Total Capital positions, adjusted to reflect the payment of declared dividends, as at 30 June 2015.

	AS AT 30 JUNE 2015					
	GENERAL INSURANCE [2]	BANKING [2]	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	TOTAL 30 JUNE 2014
	$M	$M	$M	$M	$M	$M
CET1	3,069	2,802	438	320	6,629	7,182
CET1 Target	2,298	2,678	334	106	5,416	5,450
Excess to CET1 Target (pre div)	771	124	104	214	1,213	1,732
Group Dividend					(643)	(901)
Group Excess to CET1 Target (ex div)					570	831
CET1 Coverage Ratio [1]	1.40x	9.15%	1.77x			
Total Capital	4,079	4,239	538	320	9,176	9,793
Total Target Capital	3,282	3,750	434	89	7,555	7,599
Excess to Target (pre div)	797	489	104	231	1,621	2,194
Group Dividend					(643)	(901)
Group Excess to Target (ex div)					978	1,293
Capital Coverage Ratio [1]	1.86x	13.85%	2.18x			

(1) Coverage ratios are expressed as a ratio of the PCA for General Insurance and Life, and as a percentage of Risk Weighted Assets for the Bank.
(2) The Bank and General Insurance targets are shown as the midpoint of the target operating ranges.

In terms of the CET1 positions across the Group (pre dividend):

- the General Insurance business CET1 position was 1.40 times the PCA, above its target operating range of 0.95 – 1.15 times PCA;
- the Bank's CET1 Ratio was 9.15%, above its target operating range of 8.5% - 9.0%; and
- Suncorp Life's excess CET1 to Target was $104 million.

The Group maintains a strong capital position with all businesses holding CET1 in excess of targets. The Group's excess to CET1 target is $570 million after adjusting for the final ordinary and special dividends.

Appendix 3 contains further information on the capital position of the Suncorp Group.

Investments

Investment strategy and arrangements

Investment strategy is a material driver of the profit, capital and risk profile of the Group and delivers significant value for shareholders and customers.

The primary objective is to optimise investment returns relative to investment risk appetite, which remains conservatively positioned. For General Insurance and Suncorp Life, this process inherently has regard to the insurance liabilities and capital that the investment assets are supporting and seeks to substantially offset the associated interest rate and claims inflation risks. High quality fixed interest securities and inflation-linked bonds play a central role in achieving this objective.

The Suncorp Group Investments team provides investment strategy advice, external manager research and monitoring, investment implementation and investment risk management services for the Group, General Insurance and Suncorp Life. Significant progress has been made over the period in implementing a multi-manager investment strategy. This has facilitated the diversification of investment and business risks and exposure to new asset classes.

Investment markets commentary

Investment markets posted strong returns during the year despite some volatility. Valuations were supported by global disinflation and the move towards a lower RBA cash rate of 2.00%. Over the period, 3 year Government Bond yields fell by 59 bps to 2.02% and 10 year yields fell by 53 bps to 3.01%, AA rated 3 year corporate spreads widened by 14 bps and semi-government spreads widened by 17 bps. Inflation linked bonds slightly underperformed nominal bonds as the 10 year breakeven inflation rate fell by 17 bps. Australian shares added 5.7% through FY15 while international shares (currency hedged) were up 11.0%.

Projecting forward, it is expected that investment returns over the medium term will be lower than longer term averages. In recent years, credit spreads on Australian corporate and semi-government bonds have narrowed significantly. Consequently, for assets backing liabilities the spread earned in excess of the unwind of the liabilities (at the risk-free rate) is, and will likely continue to be, modest. Additionally, prospects for mark-to-market gains from further credit spread narrowing have diminished.

Suncorp Group Limited

Suncorp Group Limited's investment portfolio supports the Group NOHC structure and distributions to shareholders. Investment assets were $623 million at 30 June 2015 and comprised 51% cash and 49% high quality fixed income securities, with an interest rate duration of 0.7 years, credit spread duration of 1.3 years and an average credit rating of 'A+'. Investment income was $24 million, representing an annualised return of 3.5%.

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
(Pre-tax)	**$M**	**$M**	**%**	**$M**	**$M**	**$M**	**$M**	**%**	**%**
Investment income									
Cash and short-term deposits	9	7	28.6	5	4	4	3	25.0	25.0
Interest-bearing securities and other	15	21	(28.6)	6	9	13	8	(33.3)	(53.8)
Total	**24**	**28**	**(14.3)**	**11**	**13**	**17**	**11**	**(15.4)**	**(35.3)**

Dividends

The final ordinary dividend to be paid will be 38 cents per share and the special dividend of 12 cents per share will both be fully franked and paid on 22 September 2015. The ex-dividend date is 11 August 2015.

The Group's franking credit balance has reduced over the past three years as a result of the payment of special dividends and the resolution of the Non-core Bank.

	HALF YEAR ENDED		
	JUN-15	DEC-14	JUN-14
	$M	$M	$M
Franking credits			
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	**152**	**168**	**215**

Income tax

	JUN-15 $M	JUN-14 $M	JUN-15 vs JUN-14 %
Profit before income tax expense	1,662	1,175	41.4
Income tax using the domestic corporation tax rate of 30% (2014: 30%)	499	353	41.4
Effect of tax rates in foreign jurisdictions	(5)	(3)	66.7
Increase in income tax expense due to:			
Effect of Life policyholder tax adjustment	25	25	-
Non-deductible expenses	16	17	(5.9)
Income tax offsets and credits	(12)	(15)	(20.0)
Intangible assets write-down	-	51	(100.0)
Other items	3	13	(76.9)
	526	441	19.3
Over-provision in prior financial years	(4)	(3)	33.3
Income tax expense on profit before tax	**522**	**438**	**19.2**
Effective tax rate	**31.4%**	**37.3%**	
Income tax expense (benefit) by business unit			
General Insurance	304	424	(28.3)
Banking	152	98	55.1
Life	72	70	2.9
Other	(6)	(154)	(96.1)
Total income tax expense	**522**	**438**	**19.2**

The effective tax rate was lower at 31.4% compared to the June 2014 rate of 37.3%. Income tax expense adjustments have primarily arisen from:

- the life insurance statutory funds adjustment resulting in a $25 million (June 2014: $25 million) income tax expense. Accounting standards require that the tax expense from an increase in net market values of policyowner assets be recognised as part of the Suncorp Group's income tax expense. Whereas the net profit before tax of the Suncorp Group includes a partially offsetting transfer to policyowner liabilities. Consequently, the tax expense is disproportionate relative to the net profit before tax. The reverse, a tax credit, is required in periods where the market values of policyowner assets decrease; and
- non-deductible interest paid in respect of preference shares increased income tax expense by $14 million (June 2014: $9 million).

Appendix 1 – Consolidated statement of comprehensive income and financial position

Consolidated statement of comprehensive income

This consolidated statement of comprehensive income presents revenue and expense categories that are reported for statutory purposes.

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	9,837	9,707	1.3	4,920	4,917	4,849	4,858	0.1	1.5
Reinsurance and other recoveries income	2,234	1,577	41.7	1,182	1,052	790	787	12.4	49.6
Interest income on									
- financial assets not at fair value through profit or loss	2,809	2,910	(3.5)	1,372	1,437	1,436	1,474	(4.5)	(4.5)
- financial assets at fair value through profit or loss	691	934	(26.0)	224	467	432	502	(52.0)	(48.1)
Net gains on financial assets or liabilities at fair value through profit or loss	428	537	(20.3)	215	213	241	296	0.9	(10.8)
Dividend and trust distribution income	141	160	(11.9)	64	77	92	68	(16.9)	(30.4)
Fees and other income	582	545	6.8	281	301	276	269	(6.6)	1.8
Total revenue	16,722	16,370	2.2	8,258	8,464	8,116	8,254	(2.4)	1.7
Expenses									
Claims expense and movement in policyowner liabilities	(8,434)	(8,045)	4.8	(4,265)	(4,169)	(3,893)	(4,152)	2.3	9.6
Outwards reinsurance premium expense	(1,284)	(1,124)	14.2	(651)	(633)	(676)	(448)	2.8	(3.7)
Underwriting and policy maintenance expenses	(2,427)	(2,430)	(0.1)	(1,218)	(1,209)	(1,201)	(1,229)	0.7	1.4
Interest expense on									
- financial liabilities not at fair value through profit or loss	(1,721)	(1,900)	(9.4)	(832)	(889)	(912)	(988)	(6.4)	(8.8)
- financial liabilities at fair value through profit or loss	(95)	(129)	(26.4)	(38)	(57)	(61)	(68)	(33.3)	(37.7)
Net losses on financial assets and liabilities not at fair value through profit or loss	-	(13)	(100.0)	-	-	-	(13)	n/a	n/a
Impairment loss on loans and advances	(58)	(124)	(53.2)	(15)	(43)	(79)	(45)	(65.1)	(81.0)
Impairment loss on goodwill and intangible assets	-	(347)	(100.0)	-	-	(347)	-	n/a	(100.0)
Amortisation and depreciation expense	(155)	(436)	(64.4)	(76)	(79)	(331)	(105)	(3.8)	(77.0)
Fees, overheads and other expenses	(886)	(647)	36.9	(439)	(447)	(260)	(387)	(1.8)	68.8
Total expenses	(15,060)	(15,195)	(0.9)	(7,534)	(7,526)	(7,760)	(7,435)	0.1	(2.9)
Profit before tax	1,662	1,175	41.4	724	938	356	819	(22.8)	103.4
Income tax expense	(522)	(438)	19.2	(220)	(302)	(170)	(268)	(27.2)	29.4
Profit for the period	**1,140**	**737**	**54.7**	**504**	**636**	**186**	**551**	**(20.8)**	**171.0**
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	37	47	(21.3)	12	25	15	32	(52.0)	(20.0)
Net change in fair value of available-for-sale financial assets	(8)	23	n/a	(11)	3	11	12	n/a	n/a
Exchange differences on translation of foreign operations	(54)	98	n/a	(85)	31	10	88	n/a	n/a
Income tax expense	(9)	(22)	(59.1)	(2)	(7)	(7)	(15)	(71.4)	(71.4)
	(34)	146	n/a	(86)	52	29	117	n/a	n/a
Items that will not be reclassified subsequently to profit or loss									
Actuarial (losses) gains on defined benefit plans	(1)	31	n/a	(1)	-	31	-	n/a	n/a
Income tax on other comprehensive income	-	(9)	(100.0)	-	-	(9)	-	n/a	(100.0)
	(1)	22	n/a	(1)	-	22	-	n/a	n/a
Total Other comprehensive income	(35)	168	n/a	(87)	52	51	117	n/a	n/a
Total comprehensive income for the period	**1,105**	**905**	**22.1**	**417**	**688**	**237**	**668**	**(39.4)**	**75.9**
Profit for the period attributable to:									
Owners of the Company	1,133	730	55.2	502	631	182	548	(20.4)	175.8
Non-controlling interests	7	7	-	2	5	4	3	(60.0)	(50.0)
Profit for the period	**1,140**	**737**	**54.7**	**504**	**636**	**186**	**551**	**(20.8)**	**171.0**
Total comprehensive income for the period attributable to:									
Owners of the Company	1,098	898	22.3	415	683	233	665	(39.2)	78.1
Non-controlling interests	7	7	-	2	5	4	3	(60.0)	(50.0)
Total comprehensive income for the period	**1,105**	**905**	**22.1**	**417**	**688**	**237**	**668**	**(39.4)**	**75.9**

Appendix 1 – Consolidated statement of comprehensive income and financial position (continued)

Consolidated statement of financial position

	GENERAL INSURANCE	BANKING	LIFE	CORPORATE	ELIMINATIONS	CONSOLIDATION
	JUN-15	JUN-15	JUN-15	JUN-15	JUN-15	JUN-15
	$M	$M	$M	$M	$M	$M
Assets						
Cash and cash equivalents	419	591	706	32	(532)	1,216
Receivables due from other banks	-	595	-	-	-	595
Trading securities	-	1,384	-	-	-	1,384
Derivatives	24	651	13	-	(29)	659
Investment securities	12,273	6,245	8,407	14,484	(15,279)	26,130
Loans and advances	-	51,735	-	-	-	51,735
Premiums outstanding	2,479	-	14	-	-	2,493
Reinsurance and other recoveries	2,282	-	131	-	-	2,413
Deferred reinsurance assets	813	-	-	-	-	813
Deferred acquisition costs	656	-	5	-	-	661
Gross policy liabilities ceded under reinsurance	-	-	476	-	-	476
Property, plant and equipment	33	-	3	155	-	191
Deferred tax assets	-	81	42	130	(56)	197
Goodwill and other intangible assets	5,051	262	225	245	-	5,783
Other assets	565	182	112	46	-	905
Due from Group entities	164	226	9	1,440	(1,839)	-
Total assets	24,759	61,952	10,143	16,532	(17,735)	**95,651**
Liabilities						
Payables due to other banks	-	297	-	-	-	297
Deposits and short-term borrowings	-	44,431	-	-	(532)	43,899
Derivatives	154	401	10	-	(29)	536
Amounts due to reinsurers	682	-	25	-	-	707
Payables and other liabilities	565	400	159	479	(4)	1,599
Current tax liabilities	2	-	-	276	-	278
Unearned premium liabilities	4,697	-	11	-	-	4,708
Outstanding claims liabilities	9,735	-	263	-	-	9,998
Gross policy liabilities	-	-	5,924	-	-	5,924
Deferred tax liabilities	68	-	81	-	(56)	93
Managed funds units on issue	-	-	1,622	-	(1,389)	233
Securitisation liabilities	-	3,651	-	-	(12)	3,639
Debt issues	-	7,876	-	-	(7)	7,869
Subordinated notes	572	742	100	762	(770)	1,406
Preference shares	-	-	-	947	-	947
Due to Group Entities	345	199	67	444	(1,055)	-
Total liabilities	16,820	57,997	8,262	2,908	(3,854)	82,133
Net assets	7,939	3,955	1,881	13,624	(13,881)	**13,518**
Equity						
Share capital						12,684
Reserves						167
Retained profits						632
Total equity attributable to owners of the Company						13,483
Non-controlling interests						35
Total equity						**13,518**

Appendix 1 – Consolidated statement of comprehensive income and financial position (continued)

SGL Statement of financial position

	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	$M	$M	%	%
Current assets						
Cash and cash equivalents	3	4	2	3	(25.0)	50.0
Financial assets designated at fair value through profit and loss	620	640	687	636	(3.1)	(9.8)
Due from subsidiaries	338	198	432	410	70.7	(21.8)
Other assets	5	4	20	8	25.0	(75.0)
Total current assets	**966**	**846**	**1,141**	**1,057**	**14.2**	**(15.3)**
Non-current assets						
Investment in subsidiaries	13,889	13,852	14,056	14,099	0.3	(1.2)
Due from subsidiaries	770	770	770	770	-	-
Deferred tax assets	6	4	5	4	50.0	20.0
Other assets	71	74	67	70	(4.1)	6.0
Total non-current assets	**14,736**	**14,700**	**14,898**	**14,943**	**0.2**	**(1.1)**
Total assets	**15,702**	**15,546**	**16,039**	**16,000**	**1.0**	**(2.1)**
Current liabilities						
Payables and other liabilities	9	9	8	6	-	12.5
Current tax liabilities	275	91	370	108	202.2	(25.7)
Due to Group entities	13	43	13	248	(69.8)	-
Total current liabilities	**297**	**143**	**391**	**362**	**107.7**	**(24.0)**
Non-current liabilities						
Subordinated notes	762	760	758	758	0.3	0.5
Preference shares	947	945	943	550	0.2	0.4
Total non-current liabilities	**1,709**	**1,705**	**1,701**	**1,308**	**0.2**	**0.5**
Total liabilities	**2,006**	**1,848**	**2,092**	**1,670**	**8.5**	**(4.1)**
Net assets	**13,696**	**13,698**	**13,947**	**14,330**	**-**	**(1.8)**
Equity						
Share capital	12,773	12,770	12,766	12,764	-	0.1
Reserves	-	-	987	987	n/a	(100.0)
Retained profits	923	928	194	579	(0.5)	375.8
Total equity	**13,696**	**13,698**	**13,947**	**14,330**	**-**	**(1.8)**

SGL Profit contribution

	FULL YEAR ENDED		JUN-15	HALF YEAR ENDED				JUN-15	JUN-15
	JUN-15	JUN-14	vs JUN-14	JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Dividend and interest income from subsidiaries	1,209	858	40.9	524	685	413	445	(23.5)	26.9
Interest and trust distribution income on financial assets at fair value through profit or loss	24	29	(17.2)	10	14	18	11	(28.6)	(44.4)
Other income	2	3	(33.3)	1	1	1	2	-	-
Total revenue	1,235	890	38.8	535	700	432	458	(23.6)	23.8
Expenses									
Impairment loss on investment in subsidiaries	-	(319)	(100.0)	-	-	(319)	-	n/a	(100.0)
Interest expense on financial liabilities at amortised cost	(93)	(79)	17.7	(45)	(48)	(40)	(39)	(6.3)	12.5
Operating expenses	(4)	(4)	-	(3)	(1)	(2)	(2)	200.0	50.0
Total expenses	(97)	(402)	(75.9)	(48)	(49)	(361)	(41)	(2.0)	(86.7)
Profit before income tax	1,138	488	133.2	487	651	71	417	(25.2)	large
Income tax benefit (expense)	(6)	(5)	20.0	(3)	(3)	(6)	1	-	(50.0)
Profit for the period	**1,132**	**483**	**134.4**	**484**	**648**	**65**	**418**	**(25.3)**	**large**

Appendix 2 – Ratio calculations

Ratios and statistics

		FULL YEAR ENDED		JUN-15
		JUN-15	JUN-14	vs JUN-14
				%
Performance ratios				
Earnings per share [1]				
Basic	(cents)	88.61	57.11	55.2
Diluted	(cents)	87.21	57.11	52.7
Cash earnings per share [1]				
Basic	(cents)	93.14	102.01	(8.7)
Diluted	(cents)	91.50	100.76	(9.2)
Return on average shareholders' equity [1]	(%)	8.5	5.3	
Cash return on average shareholders' equity [1]	(%)	8.9	9.4	
Return on average total assets	(%)	1.19	0.77	
Insurance trading ratio	(%)	11.4	15.5	
Underlying insurance trading ratio	(%)	14.7	14.3	
Bank net interest margin (interest-earning assets)	(%)	1.85	1.72	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	76.0	75.0	1.3
Special dividends per ordinary share	(cents)	12.0	30.0	(60.0)
Payout ratio (excluding special dividend) [1]				
Net profit after tax	(%)	85.8	131.4	
Cash earnings	(%)	81.6	73.6	
Payout ratio (including special dividend) [1]				
Net profit after tax	(%)	99.3	183.9	
Cash earnings	(%)	94.5	103.0	
Weighted average number of shares				
Basic	(million)	1,278.7	1,278.3	-
Diluted	(million)	1,350.8	1,278.3	5.7
Number of shares at end of period	(million)	1,278.8	1,278.9	-
Net tangible asset backing per share	($)	6.05	6.32	(4.3)
Share price at end of period	($)	13.43	13.54	(0.8)
Productivity				
General Insurance expense ratio	(%)	22.6	23.0	
Bank cost to income ratio	(%)	53.4	57.4	
Financial position				
Total assets	($ million)	95,651	94,429	1.3
Net tangible assets	($ million)	7,735	8,079	(4.3)
Net assets	($ million)	13,518	13,799	(2.0)
Average Shareholders' Equity	($ million)	13,345	13,868	(3.8)
Capital				
General Insurance Group PCA coverage	(times)	1.86	2.16	
Bank capital adequacy ratio - Total	(%)	13.85	13.15	
Bank Common Equity Tier 1 ratio	(%)	9.15	8.54	
Suncorp Life total capital	($ million)	538	555	(3.1)
Additional capital held by Suncorp Group Limited	($ million)	320	555	(42.3)

(1) Refer to Appendix 4 for definitions.

Appendix 2 – Ratio calculations (continued)

Ratios and statistics

		HALF YEAR ENDED				JUN-15	JUN-15
		JUN-15	DEC-14	JUN-14	DEC-13	vs DEC-14	vs JUN-14
						%	%
Performance ratios							
Earnings per share [1]							
Basic	(cents)	39.26	49.35	14.23	42.88	(20.4)	175.9
Diluted	(cents)	38.87	48.44	14.23	42.49	(19.8)	173.2
Cash earnings per share [1]							
Basic	(cents)	41.53	51.61	56.08	45.93	(19.5)	(25.9)
Diluted	(cents)	41.01	50.59	55.20	45.44	(18.9)	(25.7)
Return on average shareholders' equity [1]	(%)	7.6	9.4	2.6	7.9		
Cash return on average shareholders' equity [1]	(%)	8.0	9.8	10.4	8.4		
Return on average total assets	(%)	1.06	1.32	0.39	1.14		
Insurance trading ratio	(%)	9.9	12.8	17.0	13.9		
Underlying insurance trading ratio	(%)	14.6	14.8	14.7	14.0		
Bank net interest margin (interest-earning assets)	(%)	1.83	1.86	1.78	1.66		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	38.0	38.0	40.0	35.0	-	(5.0)
Special dividends per ordinary share	(cents)	12.0	-	30.0	-	-	(60.0)
Payout ratio (excluding special dividend) [1]							
Net profit after tax	(%)	96.8	77.0	281.1	81.7		
Cash earnings	(%)	91.5	73.6	71.3	76.2		
Payout ratio (including special dividend) [1]							
Net profit after tax	(%)	127.4	77.0	491.9	81.7		
Cash earnings	(%)	120.4	73.6	124.9	76.2		
Weighted average number of shares							
Basic	(million)	1,278.6	1,278.7	1,278.6	1,277.9	-	-
Diluted	(million)	1,350.8	1,348.0	1,278.6	1,322.7	0.2	5.6
Number of shares at end of period	(million)	1,278.8	1,278.5	1,278.9	1,278.4	-	-
Net tangible asset backing per share	($)	6.05	6.12	6.32	6.14	(1.1)	(4.3)
Share price at end of period	($)	13.43	14.06	13.54	13.10	(4.5)	(0.8)
Productivity							
General Insurance expense ratio	(%)	22.5	22.9	22.7	23.3		
Bank cost to income ratio	(%)	54.6	52.2	55.5	59.6		
Financial position							
Total assets	($ million)	95,651	94,596	94,429	94,078	1.1	1.3
Net tangible assets	($ million)	7,735	7,824	8,079	7,854	(1.1)	(4.3)
Net assets	($ million)	13,518	13,575	13,799	13,992	(0.4)	(2.0)
Average Shareholders' Equity	($ million)	13,328	13,361	13,914	13,822	(0.2)	(4.2)
Capital							
General Insurance Group PCA coverage	(times)	1.86	1.93	2.16	1.96		
Bank capital adequacy ratio - Total	(%)	13.85	13.41	13.15	13.06		
Bank Common Equity Tier 1 ratio	(%)	9.15	8.82	8.54	8.25		
Suncorp Life total capital	($ million)	538	512	555	617	5.1	(3.1)
Additional capital held by Suncorp Group Limited	($ million)	320	488	555	512	(34.4)	(42.3)

[1] Refer to Appendix 4 for definitions.

Appendix 2 – Ratio calculations (continued)

Earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-15	JUN-14	JUN-15	DEC-14	JUN-14	DEC-13
	$M	$M	$M	$M	$M	$M
Earnings:						
Earnings used in calculating basic earnings per share	1,133	730	502	631	182	548
Interest expense on convertible preference shares (net of tax)	45	-	23	22	-	14
Earnings used in calculating diluted earnings per share	1,178	730	525	653	182	562

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-15 NO. OF SHARES	JUN-14 NO. OF SHARES	JUN-15 NO. OF SHARES	DEC-14 NO. OF SHARES	JUN-14 NO. OF SHARES	DEC-13 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,278,680,915	1,278,270,243	1,278,611,992	1,278,748,714	1,278,612,315	1,277,933,749
Effect of conversion of convertible preference shares	72,147,105	-	72,147,105	69,293,393	-	44,748,091
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,350,828,020	1,278,270,243	1,350,759,097	1,348,042,107	1,278,612,315	1,322,681,840

Cash earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-15	JUN-14	JUN-15	DEC-14	JUN-14	DEC-13
	$M	$M	$M	$M	$M	$M
Earnings:						
Earnings used in calculating basic cash earnings per share	1,191	1,304	531	660	717	587
Interest expense on convertible preference shares (net of tax)	45	31	23	22	17	14
Earnings used in calculating diluted cash earnings per share	1,236	1,335	554	682	734	601

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-15 NO. OF SHARES	JUN-14 NO. OF SHARES	JUN-15 NO. OF SHARES	DEC-14 NO. OF SHARES	JUN-14 NO. OF SHARES	DEC-13 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic cash earnings per share	1,278,680,915	1,278,270,243	1,278,611,992	1,278,748,714	1,278,612,315	1,277,933,749
Effect of conversion of convertible preference shares	72,147,105	46,607,172	72,147,105	69,293,393	51,135,494	44,748,091
Weighted average number of ordinary shares used as the denominator in calculating diluted cash earnings per share	1,350,828,020	1,324,877,415	1,350,759,097	1,348,042,107	1,329,747,809	1,322,681,840

Appendix 2 – Ratio calculations (continued)

ASX listed securities

	HALF YEAR ENDED			
	JUN-15	DEC-14	JUN-14	DEC-13
Ordinary shares (SUN) each fully paid				
Number at the end of the period	1,286,600,980	1,286,600,980	1,286,600,980	1,286,600,980
Dividend declared for the period (cents per share)	50	38	70	35
Convertible preference shares (SUNPC) each fully paid				
Number at the end of the period	5,600,000	5,600,000	5,600,000	5,600,000
Dividend declared for the period ($ per share) (1)	2.51	2.57	2.54	2.57
Convertible preference shares (SUNPE) each fully paid				
Number at the end of the period	4,000,000	4,000,000	4,000,000	-
Dividend declared for the period ($ per share) (1)	2.07	2.13	0.47	-
Subordinated Notes (SUNPD)				
Number at the end of the period	7,700,000	7,700,000	7,700,000	7,700,000
Interest per note	2.53	2.80	2.71	2.77
Floating Rate Capital Notes (SBKHB)				
Number at the end of the period	715,383	715,383	715,383	1,698,008
Interest per note	1.64	1.72	1.66	1.75

(1) Classified as interest expense.

Appendix 3 – Group capital

Group capital position

	AS AT 30 JUNE 2015					
	GENERAL INSURANCE	BANKING	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	AS AT 30 JUNE 2014 TOTAL
	$M	$M	$M	$M	$M	$M
Common Equity Tier 1 Capital						
Ordinary share capital	-	-	-	12,717	12,717	12,717
Subsidiary share capital (eliminated upon consolidation)	7,375	3,870	1,970	(13,215)	-	-
Reserves	(21)	(981)	290	795	83	135
Retained profits and non-controlling interests	67	473	(379)	508	669	911
Insurance liabilities in excess of liability valuation	658	-	-	-	658	710
Goodwill and other intangible assets	(5,005)	(459)	(225)	(268)	(5,957)	(5,844)
Net deferred tax liabilities/(assets) (1)	-	(79)	81	(130)	(128)	(168)
Policy liability adjustment (2)	-	-	(1,298)	-	(1,298)	(1,163)
Other Tier 1 deductions	(5)	(22)	(1)	(87)	(115)	(116)
Common Equity Tier 1 Capital	**3,069**	**2,802**	**438**	**320**	**6,629**	**7,182**
Additional Tier 1 Capital						
Eligible hybrid capital	510	450	-	-	960	960
Additional Tier 1 Capital	**510**	**450**	**-**	**-**	**960**	**960**
Tier 1 Capital	**3,579**	**3,252**	**438**	**320**	**7,589**	**8,142**
Tier 2 Capital						
General reserve for credit losses	-	245	-	-	245	237
Eligible Subordinated notes	-	670	100	-	770	770
Transitional Subordinated notes	500	72	-	-	572	644
Tier 2 Capital	**500**	**987**	**100**	**-**	**1,587**	**1,651**
Total Capital	**4,079**	**4,239**	**538**	**320**	**9,176**	**9,793**
Represented by:						
Capital in Australian regulated entities	3,466	4,232	367	-	8,065	8,456
Capital in New Zealand regulated entities	516	-	94	-	610	558
Capital in unregulated entities (3)	97	7	77	320	501	779

(1) Deferred tax assets in excess of deferred tax liabilities are deducted in arriving at CET1. Under the Reserve Bank of New Zealand's regulations, a net deferred tax liability is added back in determining Common Equity Tier 1 Capital.

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

(3) Capital in unregulated entities includes capital in authorised NOHCs such as Suncorp Group Limited (SGL), consolidated adjustments within a business unit and other diversification adjustments.

Appendix 3 – Group capital (continued)

General Insurance Prescribed Capital Amount

	GI GROUP [1] JUN-15 $M	GI GROUP [1] JUN-14 $M
Common Equity Tier 1 Capital		
Ordinary share capital	7,375	7,575
Reserves	(21)	13
Retained profits and non-controlling interests	67	266
Insurance liabilities in excess of liability valuation	658	710
Goodwill and other intangible assets	(5,005)	(5,035)
Other Tier 1 deductions	(5)	(5)
Common Equity Tier 1 Capital	**3,069**	**3,524**
Additional Tier 1 Capital	510	510
Tier 1 Capital	**3,579**	**4,034**
Tier 2 Capital		
Transitional Subordinated notes	500	572
Tier 2 Capital	**500**	**572**
Total Capital	**4,079**	**4,606**
Prescribed Capital Amount		
Outstanding claims risk charge	893	864
Premium liabilities risk charge	506	490
Total insurance risk charge	1,399	1,354
Insurance concentration risk charge	250	250
Asset risk charge	684	675
Operational risk charge	281	269
Aggregation benefit	(426)	(419)
Total Prescribed Capital Amount (PCA)	**2,188**	**2,129**
Common Equity Tier 1 Coverage Ratio	**1.40**	**1.66**
Capital Coverage Ratio	**1.86**	**2.16**

[1] GI Group – Suncorp Insurance Holdings Ltd and its subsidiaries (includes New Zealand subsidiaries).

Appendix 3 – Group capital (continued)

Banking capital adequacy

	REGULATORY BANKING GROUP	OTHER ENTITIES	STATUTORY BANKING GROUP	STATUTORY BANKING GROUP
	JUN-15	JUN-15	JUN-15	JUN-14
	$M	$M	$M	$M
Common Equity Tier 1 Capital				
Ordinary share capital	2,648	1,222	3,870	3,787
Reserves	6	(987)	(981)	(975)
Retained profits	461	12	473	359
Goodwill and other intangible assets	(219)	(240)	(459)	(412)
Net deferred tax assets	(79)	-	(79)	(85)
Other Tier 1 deductions	(22)	-	(22)	(26)
Common Equity Tier 1 Capital	**2,795**	**7**	**2,802**	**2,648**
Additional Tier 1 Capital				
Eligible hybrid capital	450	-	450	450
Transitional hybrid capital	-	-	-	-
Additional Tier 1 Capital	**450**	**-**	**450**	**450**
Tier 1 Capital	**3,245**	**7**	**3,252**	**3,098**
Tier 2 Capital				
General reserve for credit losses	245	-	245	237
Eligible Subordinated notes	670	-	670	670
Transitional Subordinated notes	72	-	72	72
Tier 2 Capital	**987**	**-**	**987**	**979**
Total Capital	**4,232**	**7**	**4,239**	**4,077**
Risk-Weighted Assets				
Credit risk	27,160	-	27,160	27,399
Market risk	172	-	172	333
Operational risk	3,278	-	3,278	3,265
Total Risk-Weighted Assets	**30,610**	**-**	**30,610**	**30,997**
Common Equity Tier 1 Ratio	**9.13%**		**9.15%**	**8.54%**
Total Capital Ratio	**13.83%**		**13.85%**	**13.15%**

Appendix 3 – Group capital (continued)

Life Prescribed Capital Amount

	LIFE CO AUSTRALIA JUN-15 $M	LIFE CO NEW ZEALAND [1] JUN-15 $M	OTHER ENTITIES [2] JUN-15 $M	TOTAL LIFE GROUP JUN-15 $M	TOTAL LIFE GROUP JUN-14 $M
Common Equity Tier 1 Capital					
Ordinary share capital	699	204	1,067	1,970	1,970
Reserves	-	9	281	290	311
Retained profits and non-controlling interests	529	120	(1,028)	(379)	(475)
Goodwill and other intangible assets	-	-	(225)	(225)	(231)
Net deferred tax liabilities [3]	-	84	(3)	81	44
Policy liability adjustment [4]	(976)	(322)	-	(1,298)	(1,163)
Other Tier 1 deductions	-	(1)	-	(1)	(1)
Common Equity Tier 1 Capital	**252**	**94**	**92**	**438**	**455**
Additional Tier 1 Capital	-	-	-	-	-
Tier 1 Capital	**252**	**94**	**92**	**438**	**455**
Tier 2 Capital					
Eligible Subordinated notes	100	-	-	100	100
Tier 2 Capital	**100**	**-**	**-**	**100**	**100**
Total Capital	**352**	**94**	**92**	**538**	**555**
Prescribed Capital Amount					
Insurance risk charge	46	30	-	76	84
Asset risk charge	67	30	-	97	109
Operational risk charge	38	-	-	38	37
Aggregation benefit	(24)	-	-	(24)	(28)
Combined stress scenario adjustment	46	-	-	46	61
Other regulatory requirements	-	-	14	14	27
Total Prescribed Capital Amount (PCA) [5]	**173**	**60**	**14**	**247**	**290**
Common Equity Tier 1 Coverage Ratio	**1.46**	**1.57**	**6.57**	**1.77**	**1.57**
Capital Coverage Ratio	**2.03**	**1.57**	**6.57**	**2.18**	**1.91**

(1) Asteron Life Limited New Zealand regulatory capital is as prescribed in the Life Solvency Standard, issued by the Reserve Bank of New Zealand, set out in a consistent format with the LAGIC presentation for the Australian Life company.

(2) Other entities represent all other corporate, regulated and non-regulated entities in the Suncorp Life Group.

(3) Includes Deferred Tax Liabilities relating to the policy liability adjustment for the New Zealand business.

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

(5) PCA in other entities is reflective of Australian Financial Services License requirements being the greater of Net Tangible Assets (NTA), Surplus Liquid Fund (SLF), Cash Needs Requirement (CNR) and Operational Risk Financial Requirement (ORFR).

Appendix 3 – Group capital (continued)

Capital Instruments

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 JUNE 2015 GI $M	Bank $M	Life $M	SGL $M	Total Balance $M	Regulatory Capital $M
AAIL Subordinated Debt (1) (2)	6.15%	Sept 2015	Sept 2005	122	-	-	-	122	105
	70 bps	Sept 2015	Sept 2005	77	-	-	-	77	67
AAIL Subordinated Debt (2)	6.75%	Oct 2016	Oct 2006	104	-	-	-	104	108
AAIL Subordinated Debt (2) (3)	-	June 2017	Oct 2007	250	-	-	-	250	220
SGL Subordinated Debt (1) (4)	285 bps	Nov 2018	May 2013	-	670	100	-	770	770
SML FRCN	75 bps	Perpetual	Dec 1998	-	72	-	-	72	72
Total subordinated debt				**553**	**742**	**100**	**-**	**1,395**	**1,342**
SGL CPS2 (1) (4)	465 bps	Dec 2017	Nov 2012	110	450	-	-	560	560
SGL CPS3 (1) (4)	340 bps	June 2020	May 2014	400	-	-	-	400	400
Total Additional Tier 1 Capital				**510**	**450**	**-**	**-**	**960**	**960**
Total				**1,063**	**1,192**	**100**	**-**	**2,355**	**2,302**

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 JUNE 2014 GI $M	Bank $M	Life $M	SGL $M	Total Balance $M	Regulatory Capital $M
AAIL Subordinated Debt	6.75%	Sept 2014	Sept 2004	131	-	-	-	131	110
	100 bps	Sept 2014	Sept 2004	52	-	-	-	52	41
AAIL Subordinated Debt (1)	6.15%	Sept 2015	Sept 2005	121	-	-	-	121	97
	70 bps	Sept 2015	Sept 2005	77	-	-	-	77	62
AAIL Subordinated Debt	6.75%	Oct 2016	Oct 2006	105	-	-	-	105	86
AAIL Subordinated Debt (3)	-	June 2017	Oct 2007	244	-	-	-	244	176
SGL Subordinated Debt (1) (4)	285 bps	Nov 2018	May 2013	-	670	100	-	770	770
SML FRCN	75 bps	Perpetual	Dec 1998	-	72	-	-	72	72
Total subordinated debt				**730**	**742**	**100**	**-**	**1,572**	**1,414**
SGL CPS2 (1) (4)	465 bps	Dec 2017	Nov 2012	110	450	-	-	560	560
SGL CPS3 (1) (4)	340 bps	June 2020	May 2014	400	-	-	-	400	400
Total Additional Tier 1 Capital				**510**	**450**	**-**	**-**	**960**	**960**
Total				**1,240**	**1,192**	**100**	**-**	**2,532**	**2,374**

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

(2) Amounts recognised as regulatory capital for APRA purposes increased following the redemption of AAIL Subordinated debt in September 2014, due to the impact of transitional arrangements on the remaining instruments.

(3) Current GBP amount issued is £121m with a 6.25% coupon rate. Foreign currency borrowings are hedged back into Australian dollars.

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

Appendix 4 – Definitions

Acquisition expense ratio	Acquisition expenses expressed as a percentage of net earned premium
ADI	Authorised Deposit-taking Institutions
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from Suncorp Life's Underlying Profit and recorded as annuity market adjustments
APRA	Australian Prudential Regulation Authority
Basis points (bps)	A 'basis point' is 1/100th of a percentage point
Capital adequacy ratio	Capital base divided by total risk-weighted assets, as defined by APRA
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, the write down of Life intangible assets, the profit or loss on divestments and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based monthly balances over the period. The ratio is annualised for half years
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Common Equity Tier 1 (CET1)	Common Equity Tier 1 Capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank
Connected Customer	Connected Customers are active customers holding at least two Suncorp products or services.
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk-weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods
Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 Earnings per Share
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded Value is equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Fire service levies (FSL)	The expense relating to the amount levied on policyholders by insurance companies as part of premiums payable on policies with a fire risk component, which is established to cover the corresponding fire brigade charge which the Group will eventually have to pay
Funds under administration (FUA)	Funds where the Australian superannuation and investments business receives a fee for the administration of an asset portfolio

Appendix 4 – Definitions (continued)

General Insurance – Commercial	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, public liability and professional indemnity insurance, workers' compensation insurance and compulsory third party insurance
General Insurance – Personal	Personal products consist of home and contents insurance, motor insurance, boat insurance, and travel insurance
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Life insurance policyholders' interests	Amounts due to an entity or person who owns a life insurance policy. This need not be the insured. This is distinct from shareholders' interests
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Life underlying profit refers to net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net profit after tax	Net profit after tax attributable to owners of the Company derived in accordance with Australian Accounting Standards
Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Profit after tax from business lines	The net profit after tax for the General Insurance, Core Bank and Life business lines
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Total operating expense ratio	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries

Appendix 5 – 2015/16 key dates [1]

Ordinary shares (SUN)

Full year results and final dividend announcement	**4 August 2015**
Ex-dividend date	11 August 2015
Dividend payment	22 September 2015
Annual General Meeting	**24 September 2015**
Half year results announcement	**10 February 2016**
Ex-dividend date	17 February 2016
Dividend payment	1 April 2016

Convertible Preference Shares 2 (SUNPC)

Ex-dividend date	8 September 2015
Dividend payment	17 September 2015
Ex-dividend date	8 December 2015
Dividend payment	17 December 2015
Ex-dividend date	9 March 2016
Dividend payment	17 March 2016
Ex-dividend date	9 June 2016
Dividend payment	17 June 2016

Convertible Preference Shares 3 (SUNPE)

Ex-dividend date	1 September 2015
Dividend payment	17 September 2015
Ex-dividend date	1 December 2015
Dividend payment	17 December 2015
Ex-dividend date	1 March 2016
Dividend payment	17 March 2016
Ex-dividend date	1 June 2016
Dividend payment	17 June 2016

Subordinated Notes (SUNPD)

Ex interest date	12 August 2015
Interest payment	24 August 2015
Ex interest date	11 November 2015
Interest payment	23 November 2015
Ex interest date	11 February 2016
Interest payment	22 February 2016
Ex interest date	13 May 2016
Interest payment	23 May 2016

Floating Rate Capital Notes (SBKHB)

Ex interest date	13 August 2015
Interest payment	1 September 2015
Ex interest date	12 November 2015
Interest payment	1 December 2015
Ex interest date	11 February 2016
Interest payment	1 March 2016
Ex interest date	13 May 2016
Interest payment	31 May 2016

(1) All dates are subject to change. Dividend dates will be confirmed upon their declaration.