

Financial Results for the half year ended 31 December 2017

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Create a better today



DATA PACK
RELEASE DATE 15 FEBRUARY 2018

SUNCORP GROUP LIMITED
ABN 66 145 290 124

Result Overview

- Includes the impact of Victorian hail storm
- Impacted by significant business investment
- Reflects good top line growth
- Payout ratio well above historical levels

	HY18 (\$m)	HY17 (\$m)	Change (%)
Insurance (Australia)	264	369	(28.5)
Banking & Wealth	197	208	(5.3)
New Zealand	61	36	69.4
NPAT from functions	522	613	(14.8)
Other	(50)	(29)	72.4
Cash earnings	472	584	(19.2)
Acquisition Amortisation	(20)	(47)	(57.4)
Reported NPAT	452	537	(15.8)
Interim dividend	33 cps	33 cps	–

Highlights

1. Business **growing with strong top line growth**
2. Digital transformation to drive **improved customer experience and efficiencies** is well progressed
3. Investment in the Business Improvement Program to improve processes and deliver a more resilient Suncorp model, **on track to deliver sustainable benefits**
4. **Dynamic regulatory environment** has driven short term costs and longer term growth opportunities
5. Outlook is for a **significant uplift in performance** in FY19 and FY20

1. Business growing with strong top line growth

- Australian Motor & Home GWP up 3.9%¹, unit growth up and market shares stabilised. Focus on Insurance claims processes has driven margin expansion
- Commercial has prioritised margin over growth in units
- Life business metrics lifted, 56% underlying NPAT improvement to \$39m
- Bank loan growth 8.7%, well above system, with strong margins and low loss rates, underpinned by improvements in customer experience and increased customer retention
- New Zealand Consumer GWP up 11%, driven by unit and premium growth, with NPAT up 81%

Result included the Business Improvement Program \$50m, Marketplace \$36m and Natural Hazards unfavourable \$65m.

1. Excludes emergency services levy.

2.

Digital transformation well progressed

- Innovation is improving the customer experience
 - Pilot of the Reward & Recognition program, 55,000 users
 - 33% of the Group’s online claims are now ‘zero touch’
- Adoption of digital platform continues to grow:
 - 67 million digital interactions with our customers up by 19%, while self service transactions up by 20%
 - 3.38m Connected Customers¹
- 10% reduction in customer complaints received by front line staff
- 82% customer retention maintained despite competition and price increases
- Increase in consumer NPS to 7.6

1. A customer is considered to be connected if they have two or more needs met across the need categories of Home, Self, Mobility and Money, or if they hold four or more Suncorp products.

3.

Investment in Business Improvement Program (BIP) on track to deliver benefits

- Investment in Business Improvement Program \$50m YTD, focused on:
 - Improving customer experience
 - Driving efficiencies
 - Embedding a culture of continuous improvement
- On track to deliver net benefits, with \$124m gross benefit annualised run rate already locked in

	Cost	Benefit	Net¹
FY18	\$97m	\$107m	\$10m
FY19	\$79m	\$274m	\$195m
FY20	\$62m	\$391m	\$329m

1. Pre tax benefits

4.

Dynamic regulatory environment has driven short term costs and longer term growth opportunities

- CTP structural change providing opportunities to enter new markets and improve share and returns over the longer term
- Banking has benefitted from opportunities created by regulatory focus on increasing competition in the sector and relative margin benefit

5.

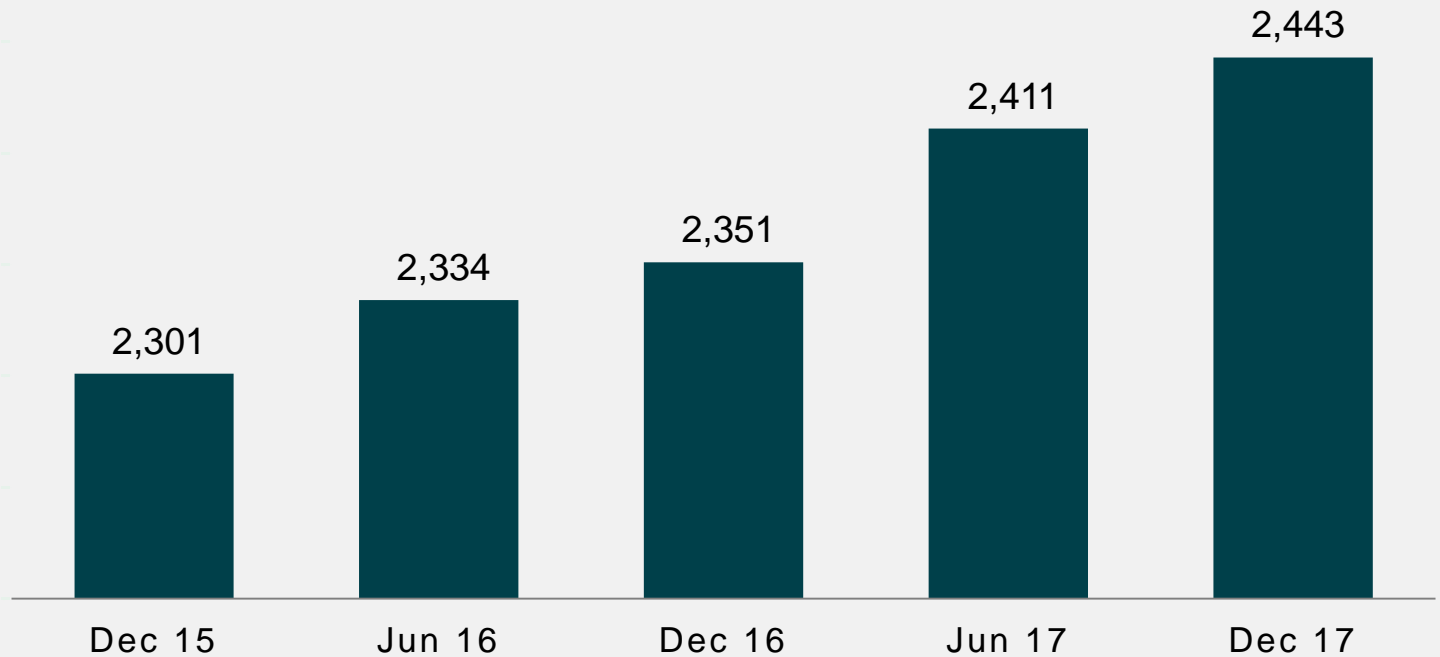
Outlook is for a significant uplift in performance in FY19 and FY20

- In FY19:
 - Business Improvement Program to drive annualised operating expenses back to \$2.7bn
 - Underlying ITR expected to return to at least 12%, with the Cost to Income ratio around 50%, and Net Interest Margin between 1.80-1.90%
 - Combined with the initial results from digital transformation, will produce a Cash ROE of 10%
- Plan to increase dividend payout ratio in FY18, then sustainable range of 60-80%
- Excess capital returned to shareholders

Insurance (Australia)

- GWP driven by unit growth and premium increases
- Working claims ratio improved reflecting benefits of operating efficiencies designed to offset inflation
- Business Improvement Program investment has impacted margins but will improve competitive position
- CTP reforms have short term impact on top line growth, long term benefits
- Life optimisation program delivering improvement in pricing

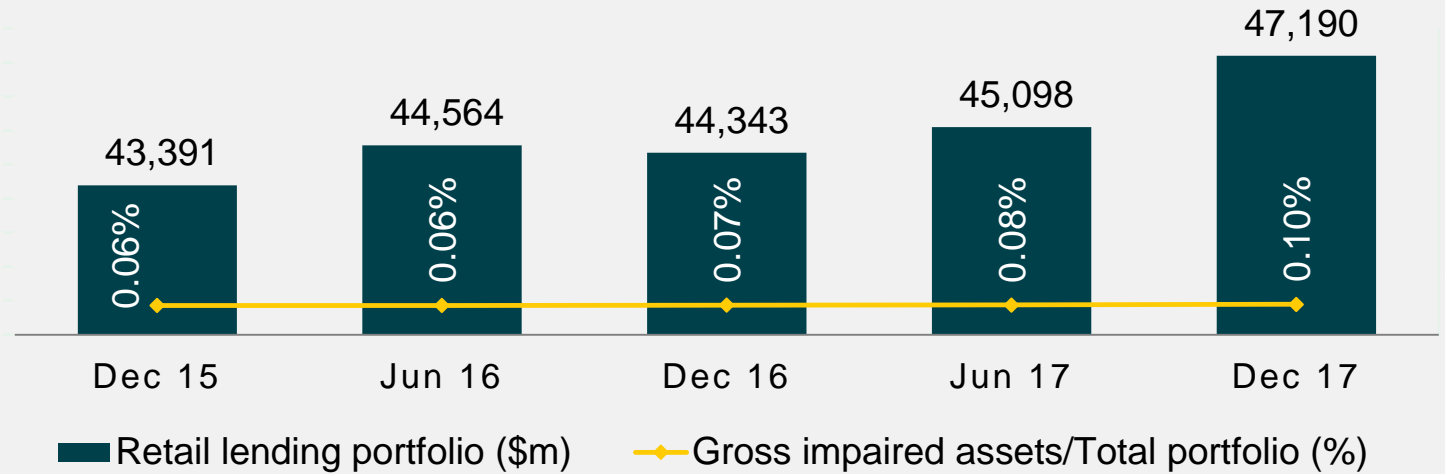
Gross Written Premium – Motor and Home (excluding FSL) (\$m)



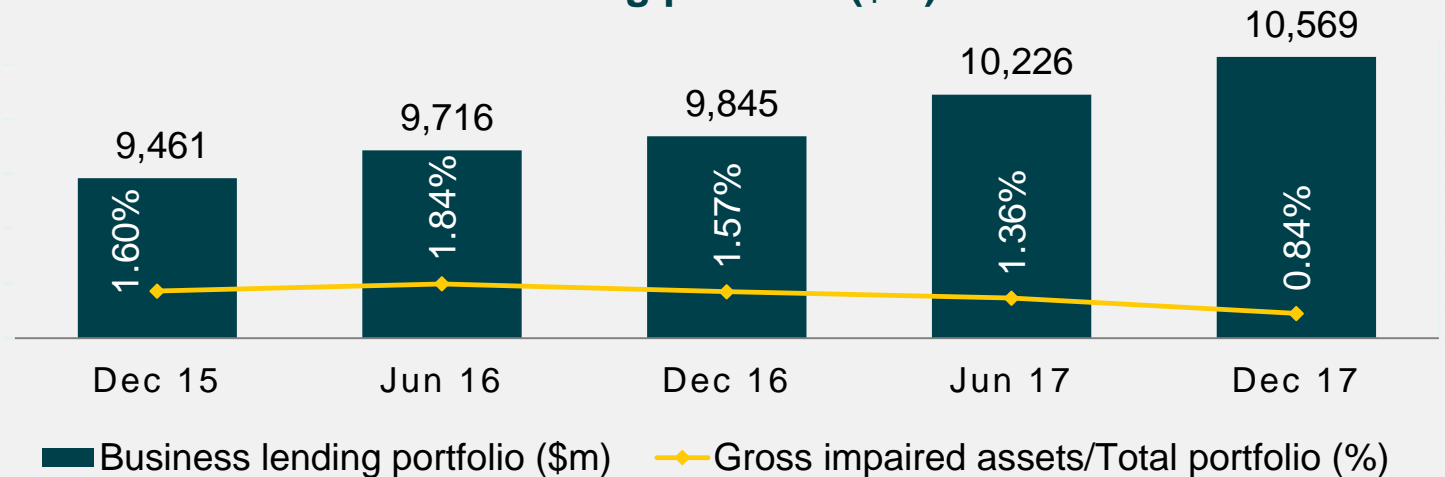
Banking & Wealth

- Growth in lending of 8.7% materially above system
- Simplified origination processes and higher customer retention contributed to growth
- Increased investment in the business in FY18 to drive margins and more competitive position in future periods

Retail lending portfolio (\$m)



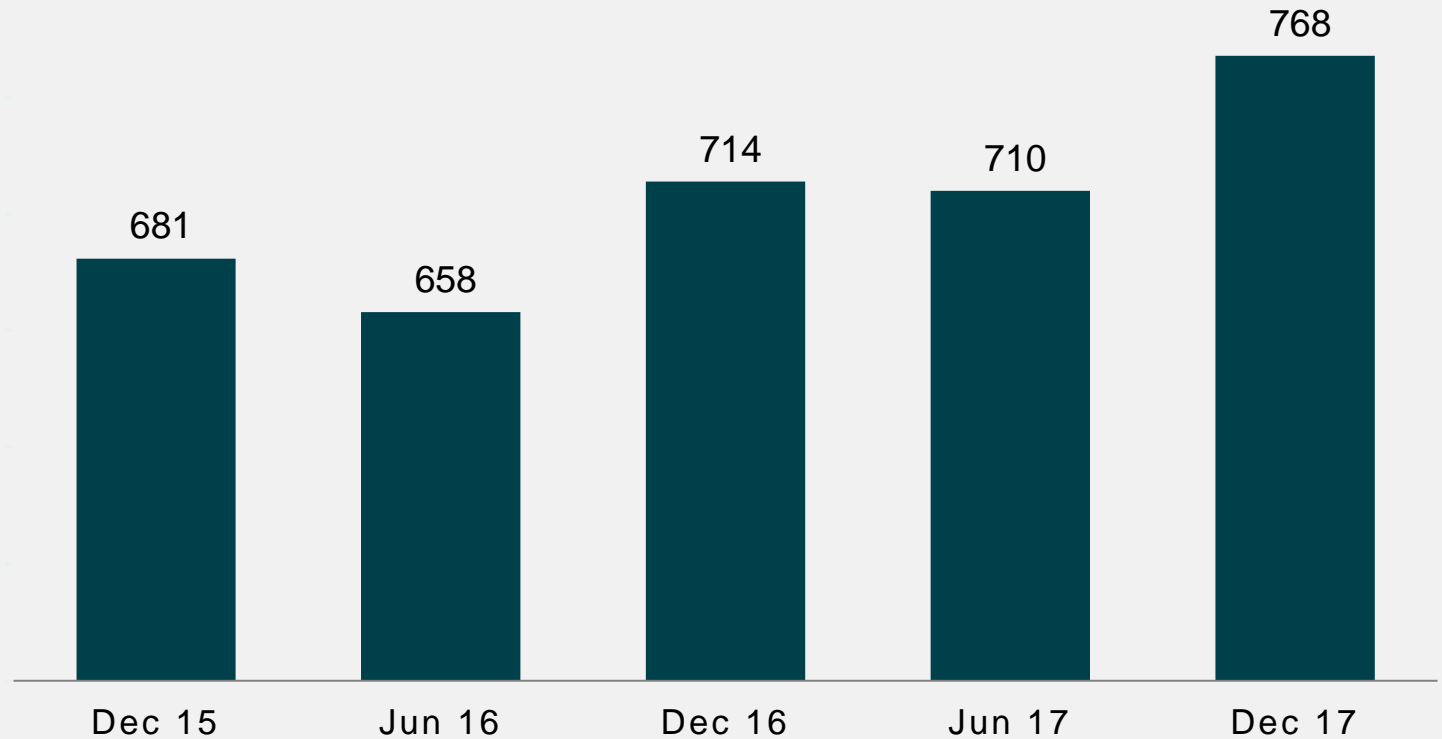
Business lending portfolio (\$m)



New Zealand

- Strong result driven by premium increases, unit growth, strong claims management and expense control driving an ITR of 12.3%
- Pricing changes implemented in prior periods have been effective in offsetting the impacts of increased reinsurance premiums and claims cost inflation
- The rollout of SMART repair centres has been an effective response to cost inflation

Gross Written Premium (NZ\$m)



Insurance (Australia)

NPAT

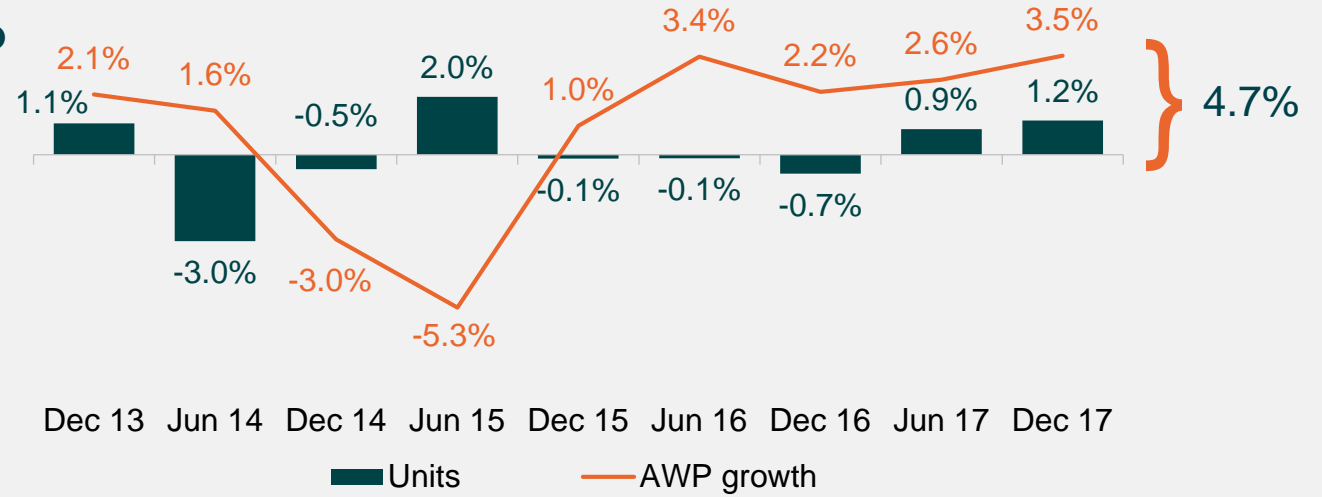
- NPAT down 28.5% to \$264 million
- GWP flat with strong consumer growth offset by reform headwinds
- Home and Motor loss ratios improved by 80bps and 290bps
- Natural hazards \$395 million (HY17: \$319 million)
- Reserve releases of \$129 million (HY17: \$149 million)
- Underlying investment yield of 2.3%

	HY18 (\$m)	HY17 (\$m)	Change (%)
Gross written premium	4,004	4,031	(0.7)
Net earned premium	3,643	3,552	2.6
Net incurred claims	(2,724)	(2,374)	14.7
Operating expenses	(773)	(722)	7.1
Investment income - insurance funds	120	35	242.9
Insurance trading result	266	491	(45.8)
General Insurance profit after tax	234	358	(34.6)
Life Insurance profit after tax	30	11	172.7
Insurance (Australia) NPAT	264	369	(28.5)

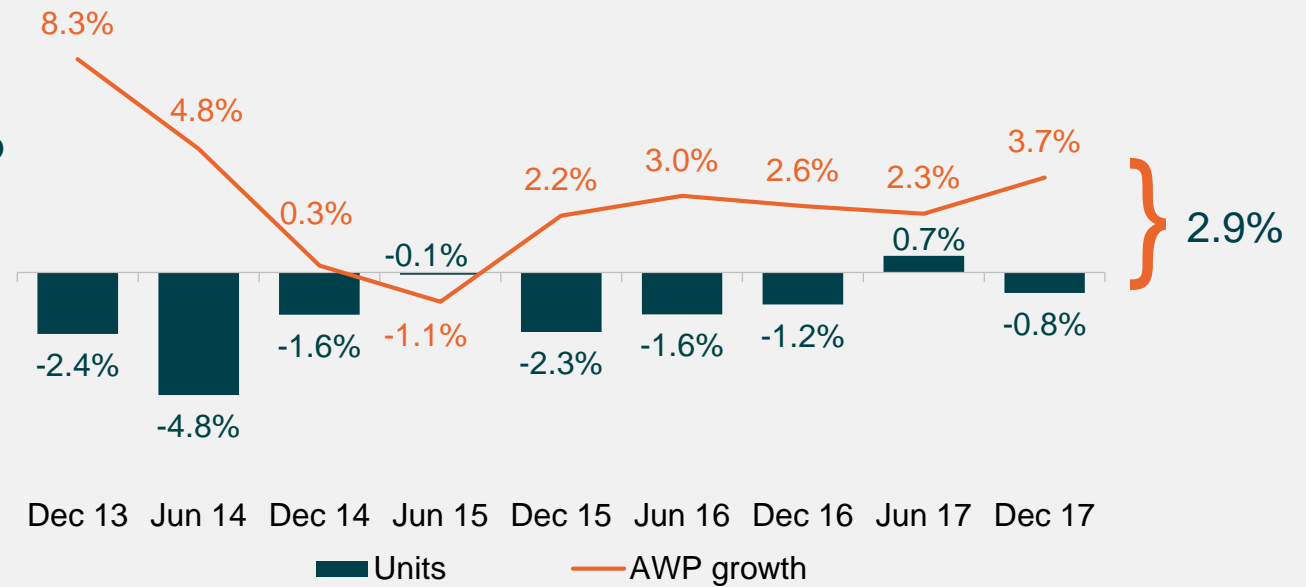
Home and Motor portfolio

- Positive momentum across Home and Motor
- Motor positive premium and unit growth
- Home positive premium growth offset by small unit losses

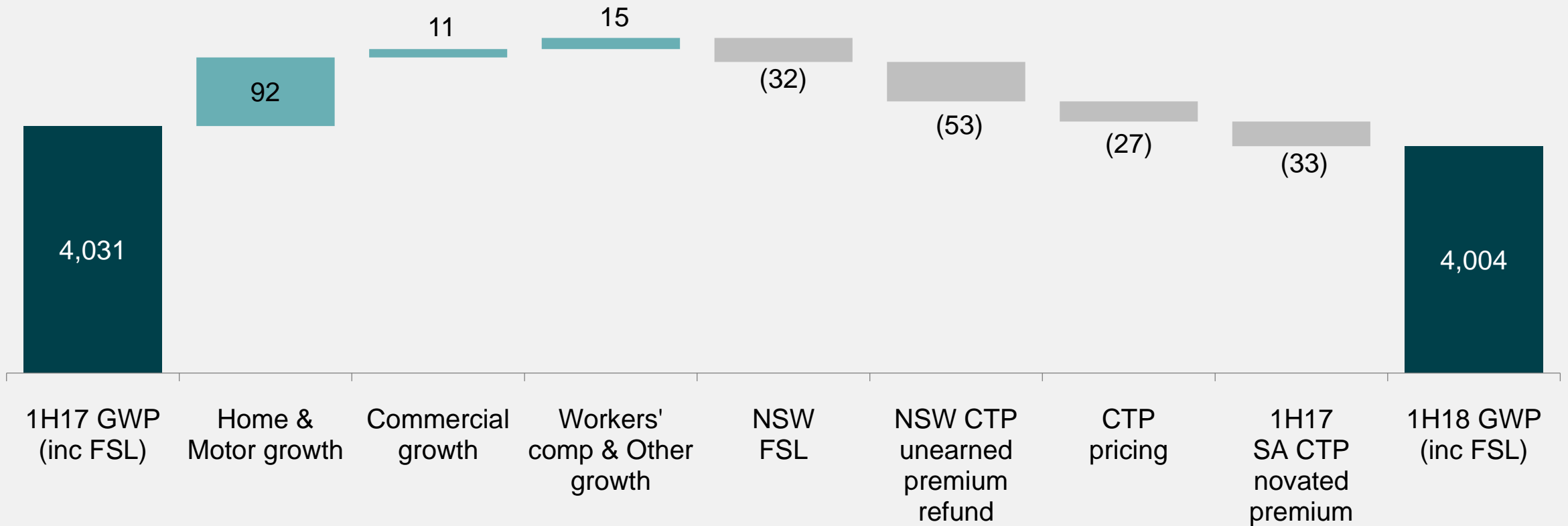
Motor portfolio



Home portfolio

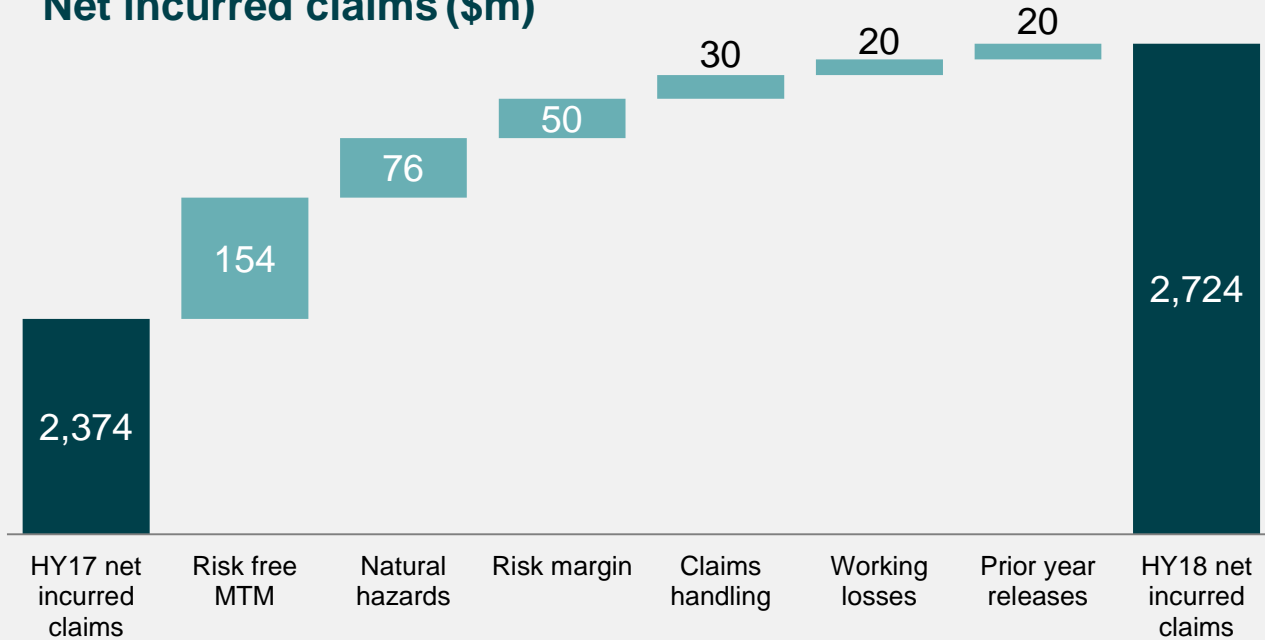


Gross written premiums (\$m)

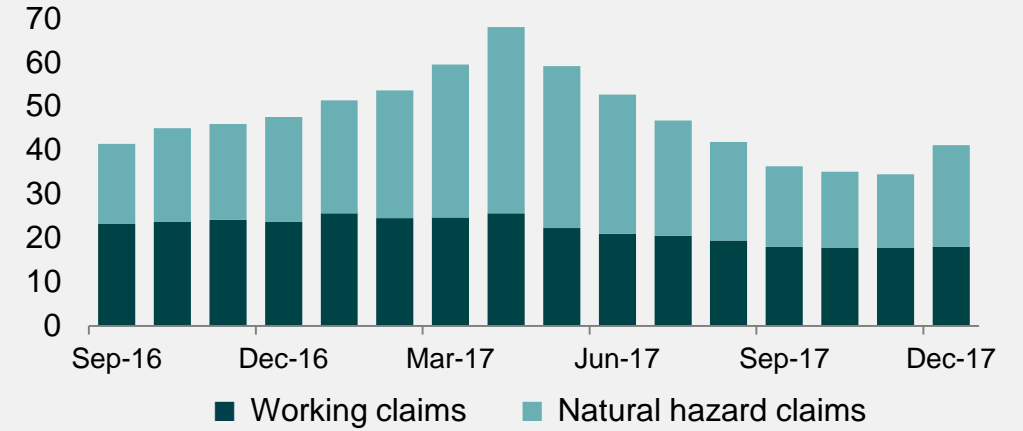


Claims

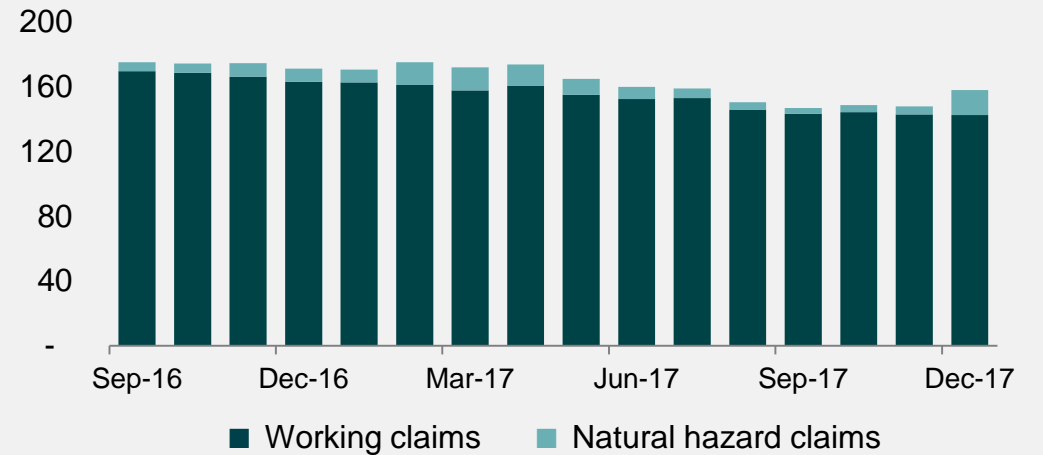
Net incurred claims (\$m)



Home active claims volumes ('000)



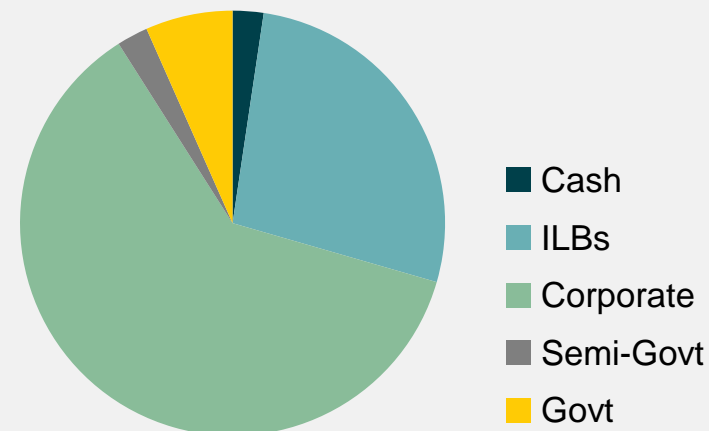
Motor active claims volumes ('000)



Investments

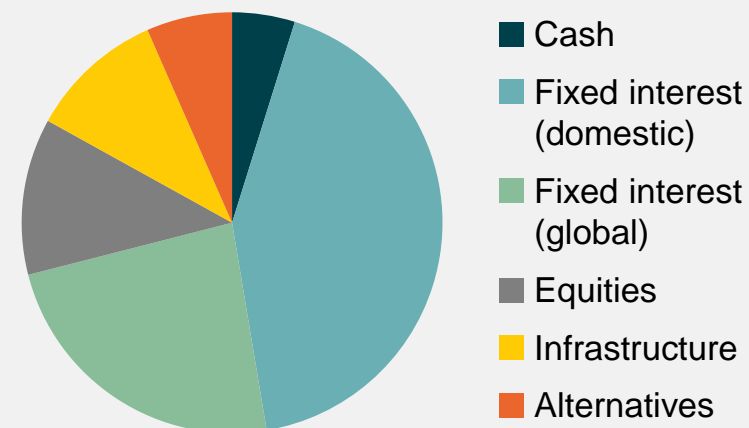
Insurance funds \$8.9 billion

- Investment income of \$120 million (HY17: \$35 million)
- \$24 million MTM loss from an increase in risk-free rates
- \$30 million MTM gain from narrowing credit spreads
- \$8 million MTM gain from outperformance of ILBs
- 2.3% annualised underlying return



Shareholders' funds \$2.9 billion

- Investment income of \$72 million (HY17: \$35 million)
- 5.1% annualised return
- Returns driven by improving equities and narrowing credit spreads



Life Insurance NPAT

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- Improving planned margins from repricing
- Optimisation program to deliver improved profitability
- Strategic review continuing

	HY18 (\$m)	HY17 (\$m)	Change (%)
Planned profit margin release	12	9	33.3
Experience	2	(2)	n/a
Other and investments	25	18	38.9
Underlying profit after tax	39	25	56.0
Market adjustments	(9)	(14)	(35.7)
Life Insurance NPAT	30	11	172.7
In-force annual premium	808	801	0.9
Total new business	32	33	(3.0)

Banking & Wealth NPAT

-
- Annualised lending growth of 8.7%
- NIM of 1.86% (HY17: 1.78%)
- Sound credit quality
- Stable funding profile
- Strong capital and balance sheet

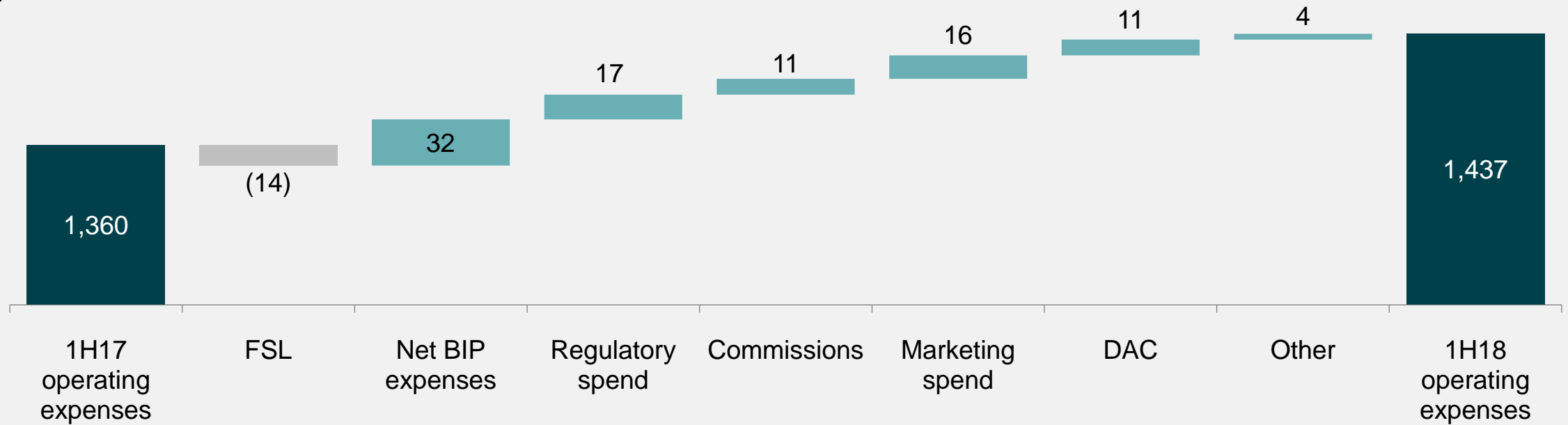
	HY18 (\$m)	HY17 (\$m)	Change (%)
Net interest income	598	558	7.2
Net non-interest income	34	39	(12.8)
Operating expenses	(347)	(307)	13.0
Profit before impairment losses	285	290	(1.7)
Impairment losses	(13)	(1)	n/a
Income tax	(81)	(86)	(5.8)
Banking profit after tax	191	203	(5.9)
Wealth profit after tax	6	5	20.0
Banking & Wealth NPAT	197	208	(5.3)

New Zealand NPAT

- GWP grew 7.6%, driven by all product classes
- Lower natural hazard costs
- New SMART centres improving claims costs

	HY18 (NZ\$m)	HY17 (NZ\$m)	Change (%)
Gross written premium	768	714	7.6
Net earned premium	616	586	5.1
Net incurred claims	(348)	(372)	(6.5)
Operating expenses	(199)	(196)	1.5
Investment income – insurance funds	7	4	75.0
Insurance trading result	76	22	245.5
General Insurance profit after tax	50	19	163.2
Life Insurance profit after tax	17	18	(5.6)
New Zealand NPAT	67	37	81.1

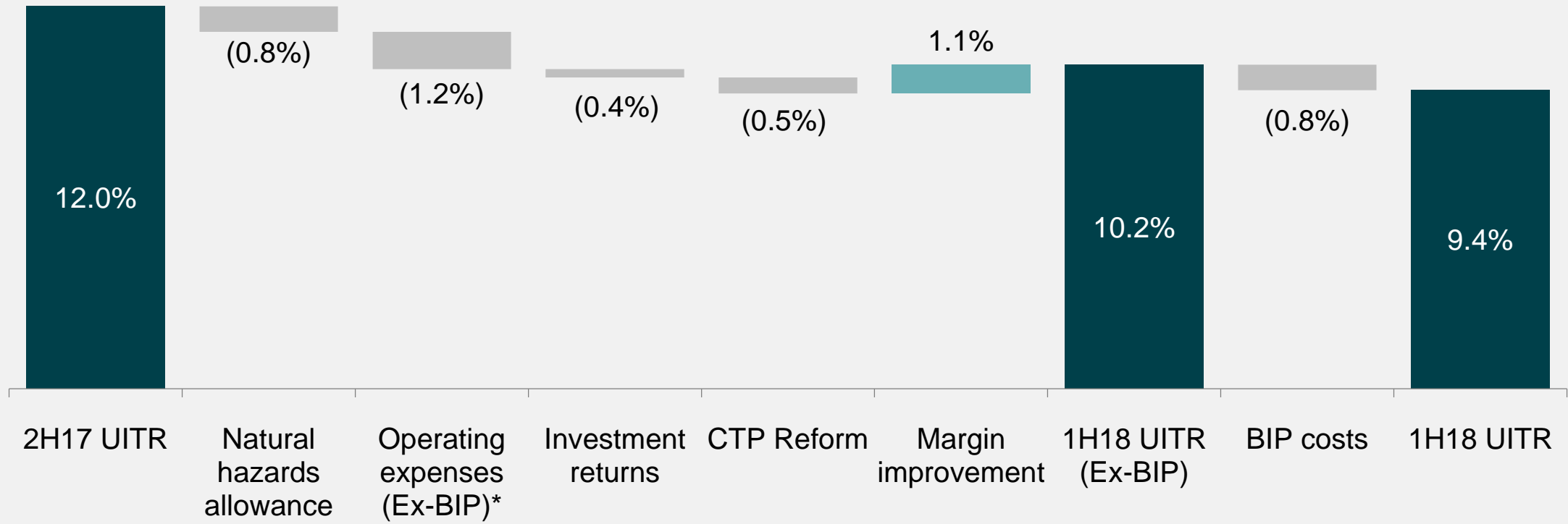
Group operating expenses (\$m)



BIP expenses (\$m)

1H18	Operating expenses	Claims expenses	Total
Expenses	(38)	(12)	(50)
Benefits	6	16	22
Net expenses	(32)	4	(28)

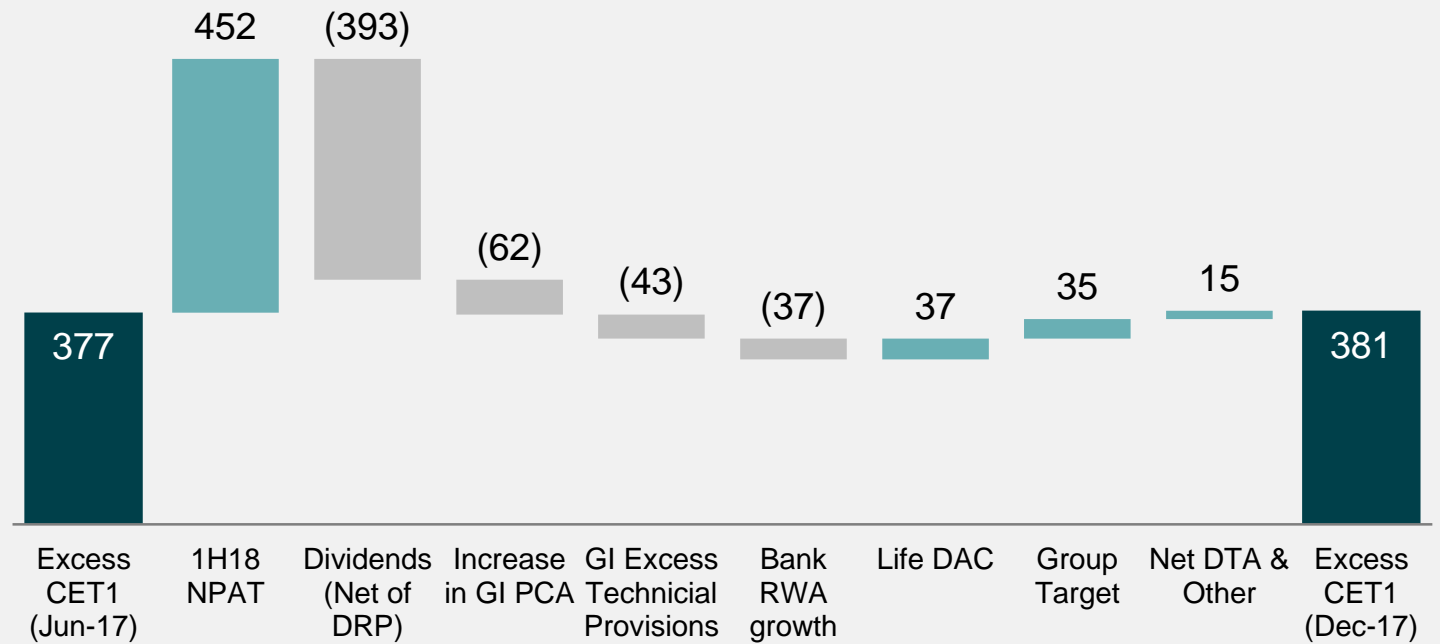
GI underlying ITR



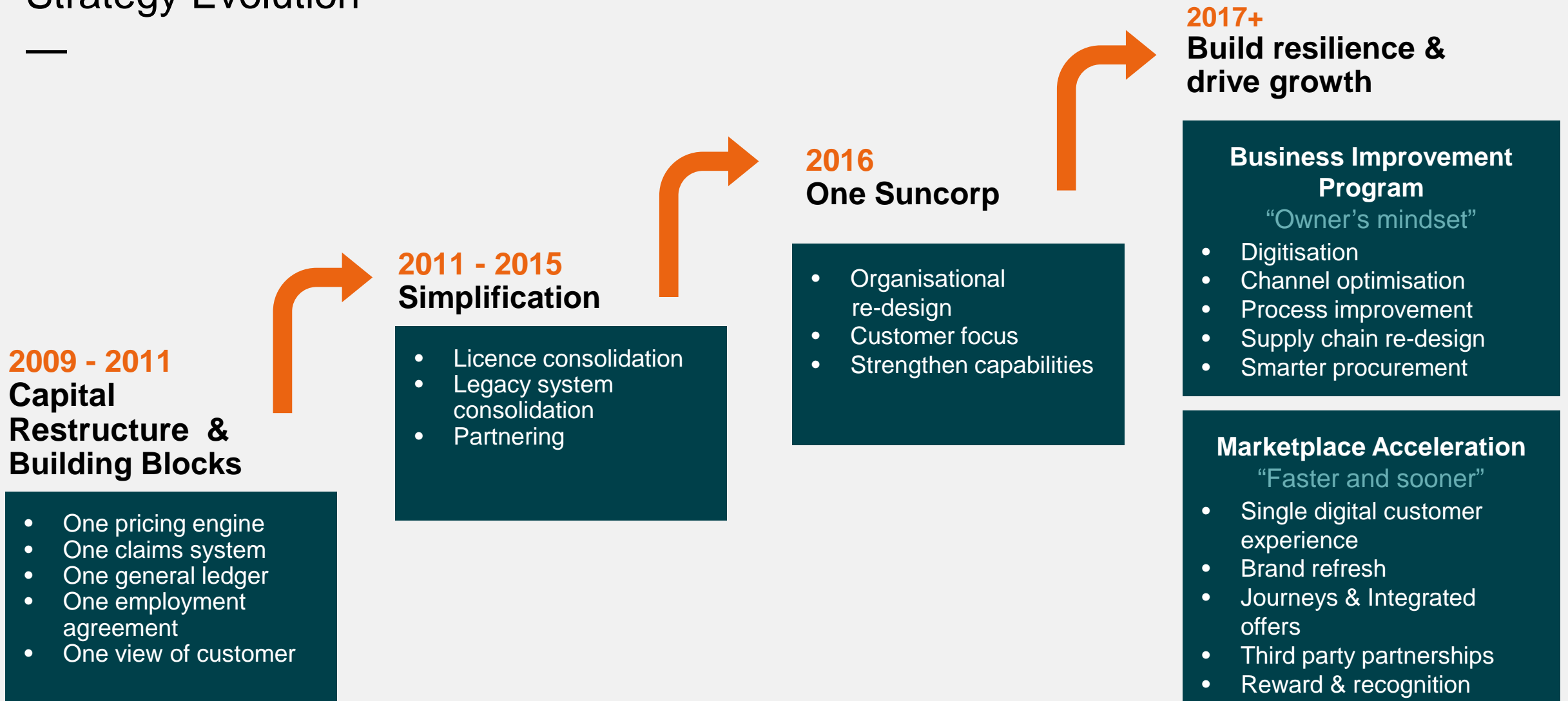
* Refer to Group operating expense walk

Capital position (\$m)

- CET1 excess of \$381 million
- Increase in GI PCA driven by both Insurance Risk Charge and Asset Risk Charge (ARC)
- Reduction in GI Excess Technical Provisions due to normal seasonality
- Bank growth in risk weighted assets offset by RMBS issuance
- Reduction in Life DAC
- Removal of temporary Group target for expected ARC movements

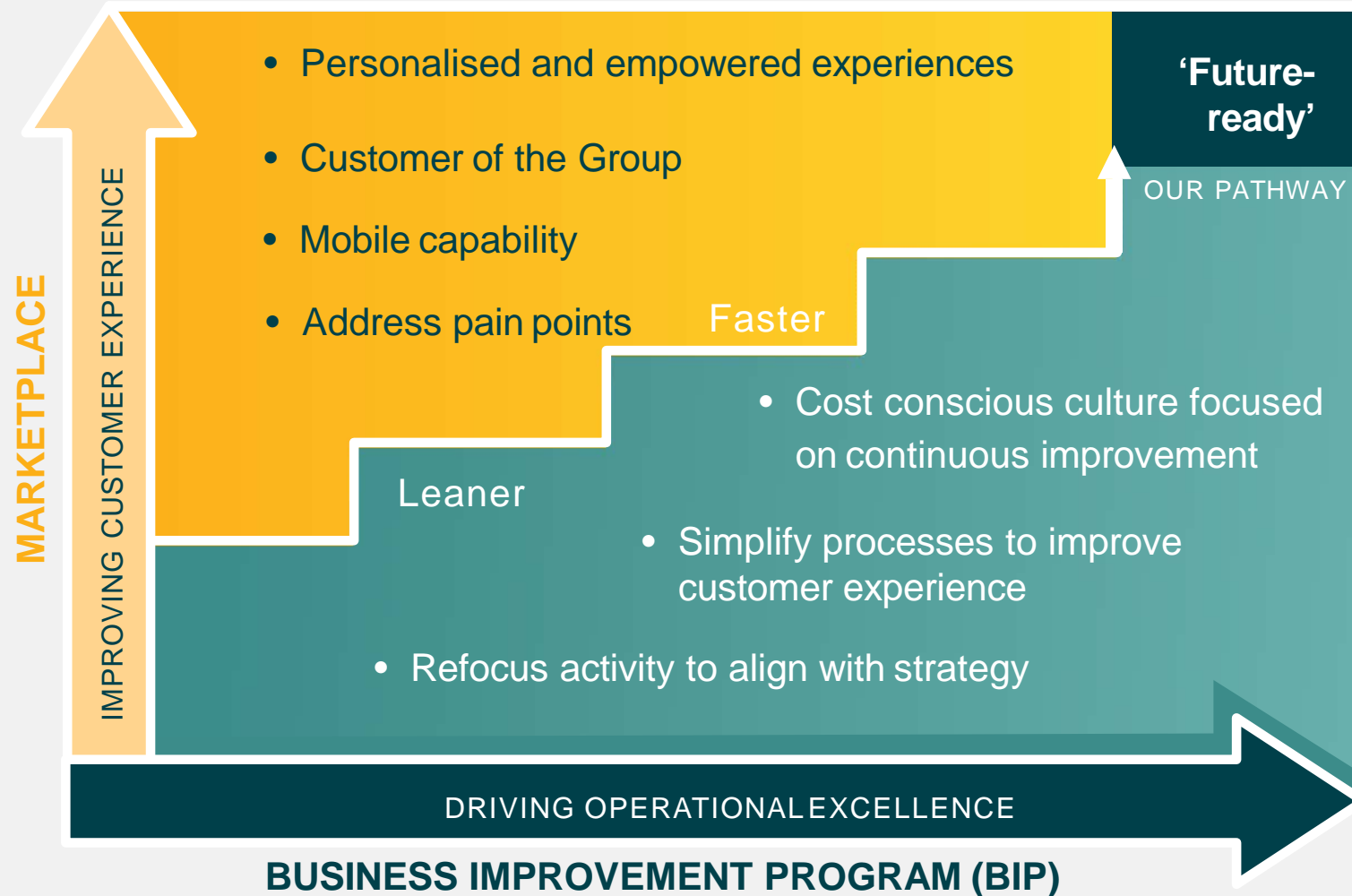


Strategy Evolution



Approach to delivering the strategy

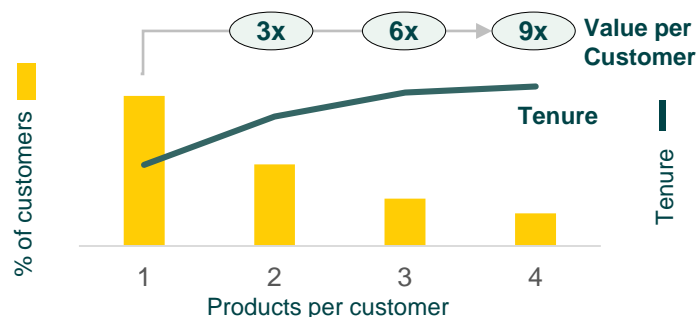
Simultaneously improve customer experience and operational excellence



Driving shareholder value

Drivers of Growth

Deeper relationships for longer



The majority of Australian personal customers hold one or two products.

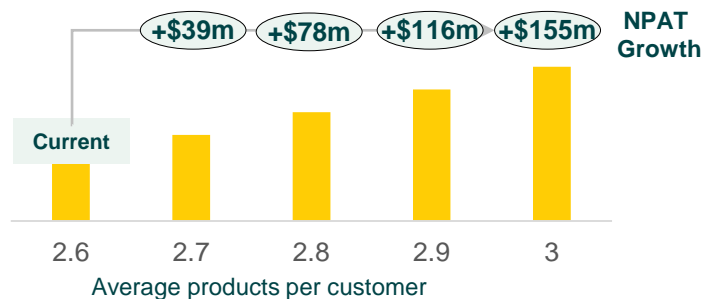
Our strategy will deepen customer relationships with more products per customer which drives longer tenure and better outcomes for customers and shareholders.

Economic Model

Revenue sensitivity

+1 product for 25% of customers¹ = ~\$97m NPAT pa
 +5% GI Australia Retention = ~\$25m NPAT pa
 +Third party revenues

Products per customer and profit sensitivity

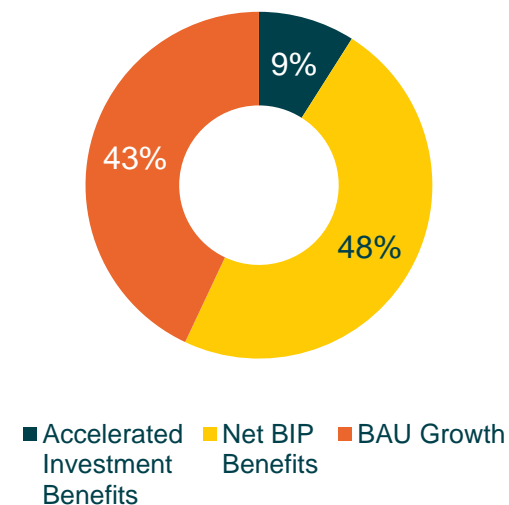


Expenses sensitivity

- a 5% reduction in opex costs = ~\$95m NPAT pa
- a 5% reduction in claims = ~\$195m NPAT pa

Value Creation

FY19 profit growth components²



More revenue, lower claims costs, flat operating expenses

1. Australian personal customers; 2. FY18 base normalised for accelerated investment in Marketplace

Engagement with our 9.6m Customers

	HY18
Increasing Connected Customers¹	
Proportion of Customers Holding Multiple Products Across Different Needs	35%
Consumer Net Promoter Score (NPS)	7.6
Driving customer engagement via digital channels	
Number of Digital ² Users	1,680,900
Proportion of Digital Claims	11.6%
Number of Digital Sales	359,100

1. A customer is considered to be connected if they have two or more needs met across the need categories of Home, Self, Mobility and Money, or if they hold four or more Suncorp products.
2. Digital users are unique visitors that have logged into our authenticated digital assets like internet banking, mobile banking app, insurance policy self-service web and mobile applications.

Senior Leadership Team – Deep Industry Experience Across Functions

Functions and Accountabilities

P&L, Balance Sheet, Claims



Gary Dransfield
Insurance



David Carter
Banking & Wealth



Paul Smeaton
New Zealand

Distribution, Sales and Service



Pip Marlow
Customer

Enabling Functions



Steve Johnston
Finance & Legal



Amanda Revis
People



Sarah Harland
Technology



Fiona Thompson
Risk



Lisa Harrison
Programs

Regulatory Environment

- Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
- Banking Executive Accountability Regime (BEAR)
- New Industry Codes of Practice
- QLD CTP Scheme
- ACCC Northern Australia Insurance Inquiry
- Productivity Commission Review into Competition in the Australian Financial System

Outlook and FY19 Targets¹

Key FY19 targets are:

- Group top line growth of 3% to 5%
- Expense base of \$2.7bn
- An underlying ITR of at least 12%, Bank Cost to Income (CTI) of around 50%, and Net Interest Margin (NIM) of 1.80% to 1.90%
- Producing a Cash ROE of 10%

- Reserve releases above 1.5% of net earned premium (NEP)

- Maintaining a dividend payout ratio of 60% to 80% of cash earnings and returning surplus capital to shareholders

1. Subject to natural hazards at or below budget, movements in investment markets and unforeseen regulatory reform

Summary

1. Business **growing with strong top line growth**
2. Digital transformation to drive **improved customer experience and efficiencies** is well progressed
3. Investment in the Business Improvement Program to improve processes and deliver a more resilient Suncorp model, **on track to deliver sustainable benefits**
4. **Dynamic regulatory environment** has driven short term costs and longer term growth opportunities
5. Outlook is for a **significant uplift in performance** in FY19 and FY20



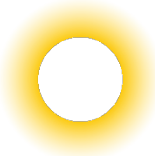
HY18 Results



Financial Results for the half year
ended 31 December 2017

Suncorp Group

SUNCORP



Our network of brands



Top 20 ASX listed company
ASX: SUN | ADR: SNMCY

\$18 billion market capitalisation
at 31 December 2017 ¹

\$98 billion in group assets

13,400 employees in Australia
and New Zealand ²

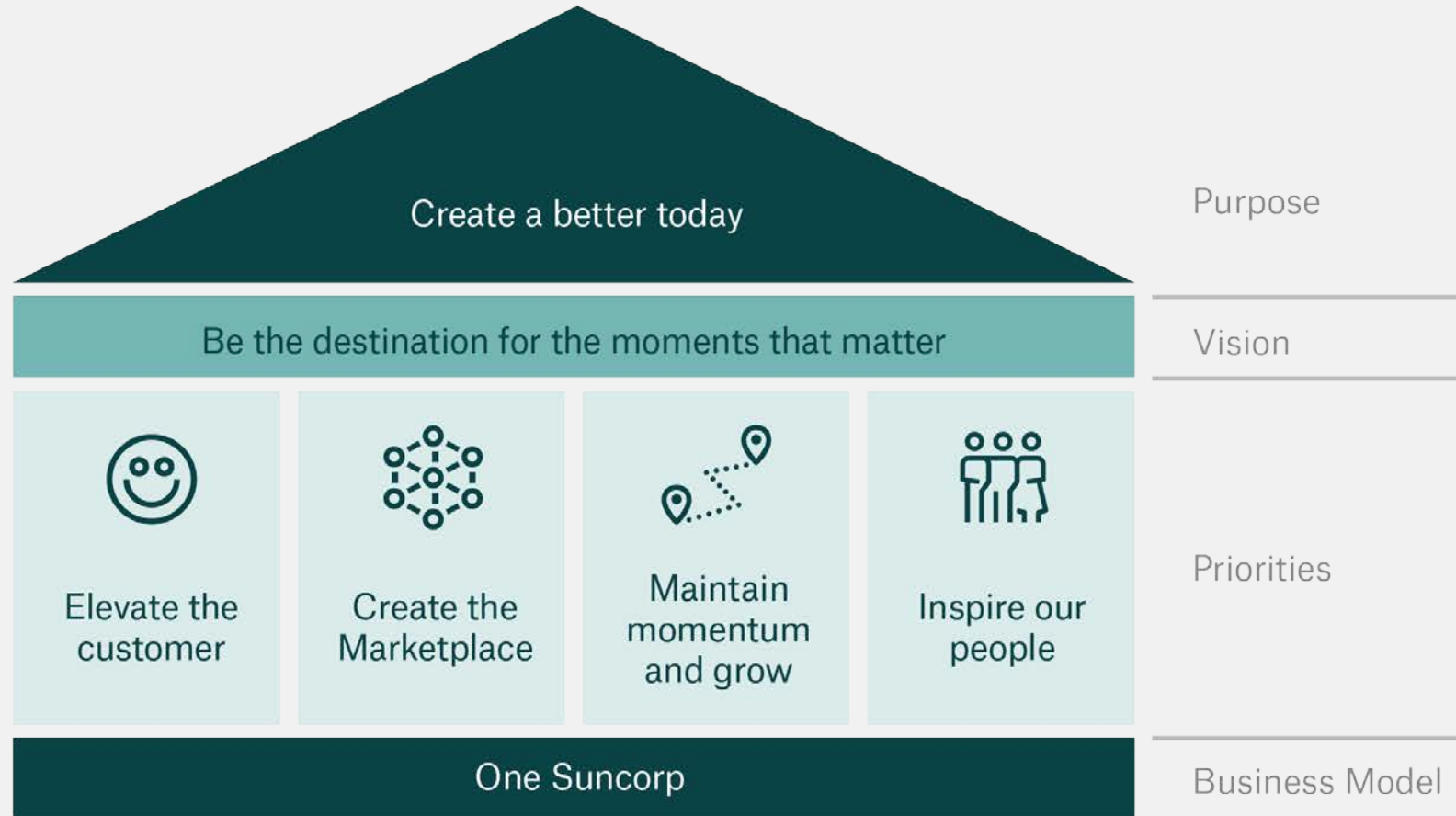
Approximately
9.6 million customers

Credit ratings A+ / A1 / A+ ³





¹ Based on share price at 29 December 2017 of \$13.86. ² As at 30 June 2017 and reported in the 2016-17 Annual Review.

³ S&P Global Ratings, Moody's Investors Service and Fitch Ratings. Suncorp Group ratings are on a stable outlook.

Strategy



Strategic priorities

	Description	Focus for 2H18
 Elevate the customer	Creating a customer-centric culture, and providing solutions that meet their needs	<ul style="list-style-type: none"> – Further embed customer culture – Scale the Reward and Recognition pilot program – Enhance customer experience through process improvement, removal of pain points and provision of self-service options – Unify and lift the digital experience for customers
 Create the Marketplace	Building a connected network of brands, partners, products and channels, to make it faster, simpler and easier for our customers	<ul style="list-style-type: none"> – Launch the app to open up our brands, products, services and solutions to customers – Completion of the Brand refresh and roll out nation-wide – Integrated offers and build out of home and car buying customer journeys – Retain focus on third party partnerships
 Inspire our people	Fostering a diverse, inclusive and engaged workplace, where our people can be their best	<ul style="list-style-type: none"> – Focus on employee engagement and cultural behaviour through the One Suncorp model – Building the workplace and workforce of the future – Exploring future opportunities for robotics and partnering – Introducing a Climate Change Action Plan and Reconciliation Action Plan
 Maintain momentum and grow	Targeting revenue growth opportunities, operational excellence and disciplined portfolio management	<ul style="list-style-type: none"> – Business Improvement Program on track, with work to continue on operational excellence in claims, supply chain and smarter procurement – Continue Life strategic review and optimisation – Focused on targeted volume and premium growth, leveraging strong brands and scale to remain competitive – Further progress Store and Contact Centre optimisation

Driving shareholder value

Investment thesis

- Leading financial services brands in Australia and New Zealand
- Strategy focused exclusively in Australia and New Zealand
- Business Improvement Program driving operational excellence
- Marketplace driving improved customer experience

Shareholder value

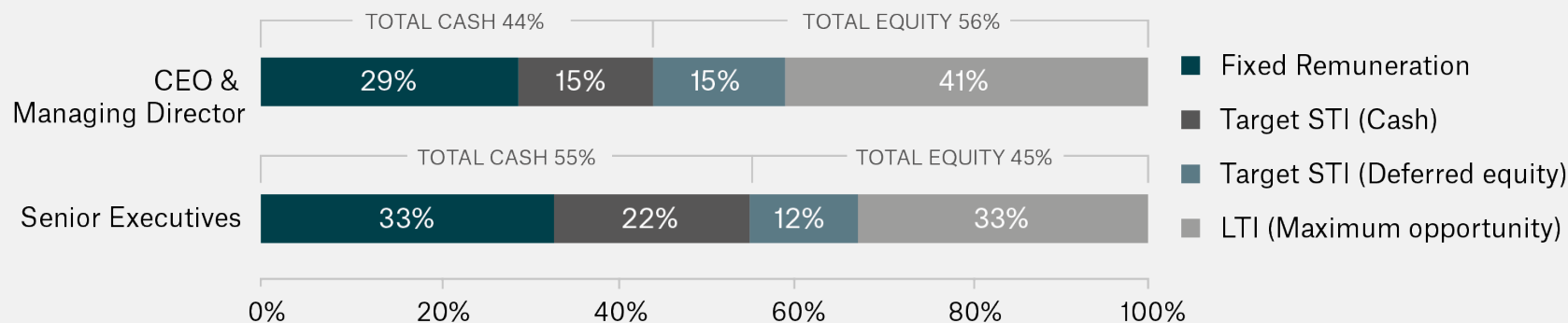
Suncorp's key FY19 targets¹ are:

- Group top-line growth of 3% to 5%
- Expense base of \$2.7 billion
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- Producing a Cash ROE of 10%
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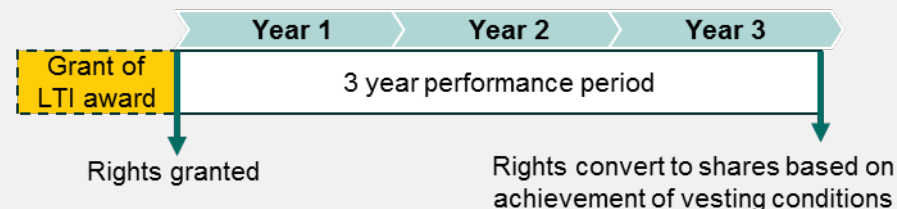
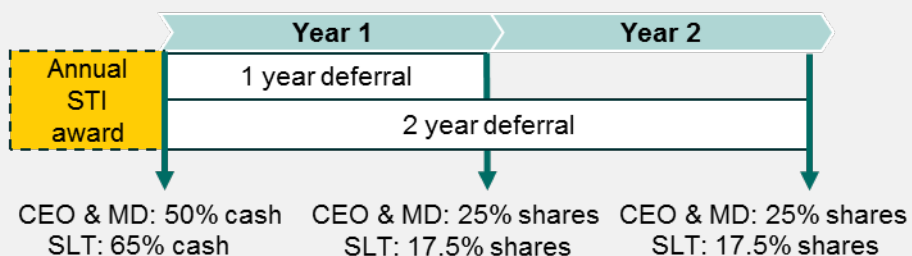
FY18 Executive remuneration structure

Remuneration mix



Target STI is 100% of fixed remuneration, with maximum STI being 150% of fixed remuneration.

Performance measures and delivery of variable pay



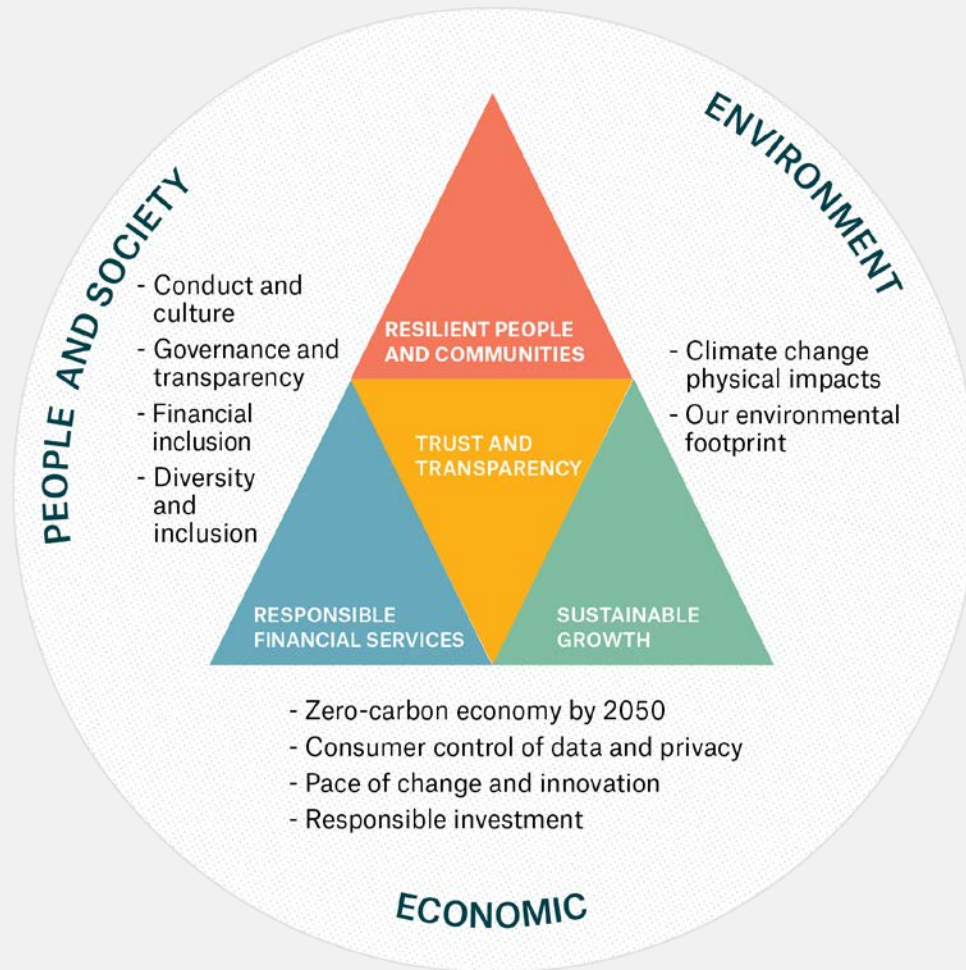
Short-term incentive (STI) performance measures

- **Profit & Financials** | Adjusted NPAT: 40%, Cash RoE: 20%
- **Risk** | Risk maturity measure: 5%, Risk management practices: 5%
- **People** | Organisational culture: 10%
- **Customer** | Marketplace deliverables: 10%, Customer measures: 10%

Long-term incentive (LTI) performance measures

- Relative TSR: 100%

Corporate Responsibility Framework



THE PRINCIPLES WE ASPIRE TO:



TRUST AND TRANSPARENCY

We are committed to building trust and doing the right thing. We are open and transparent in our dealings with our stakeholders.



SUSTAINABLE GROWTH

We seek to innovate and optimise economic, social and environmental outcomes throughout our business and value chain.



RESPONSIBLE FINANCIAL SERVICES

We put our customers at the heart of everything we do and help them make good choices. We provide customers with access to affordable financial services that meet their needs.



RESILIENT PEOPLE AND COMMUNITIES

We respect human rights and invest in the wellbeing and resilience of our people and communities. We are there for our people and our communities in times of need.

Corporate Responsibility roadmap

Performance highlights

Focus for 2H18



- ✓ Progressed implementation of Corporate Responsibility Roadmap

- Stakeholder research on environmental, social and governance (ESG) topics and refresh materiality assessment
- Improve measurement and reporting of ESG performance
- Publish 2016-17 Tax Transparency Report



- ✓ Published Responsible Investment Policy
- ✓ Invested in social impact bond to reduce youth homelessness
- ✓ Completed Cyclone Ready Streets program

- Launch Environmental Performance Plan
- Launch Climate Change Action Plan to reduce carbon emissions, build community resilience and support climate innovation
- Launch refreshed Supplier Code of Practice and improve social, local and indigenous procurement



- ✓ Implemented 2017 Financial Inclusion Action Plan
- ✓ Completed independent review of processes and services for vulnerable customers
- ✓ Developed financial inclusion training strategy

- Relaunch Financial Inclusion Action Plan
- Improve processes for vulnerable customers
- Fund community partners to provide accessible financial products, financial literacy and financial counselling

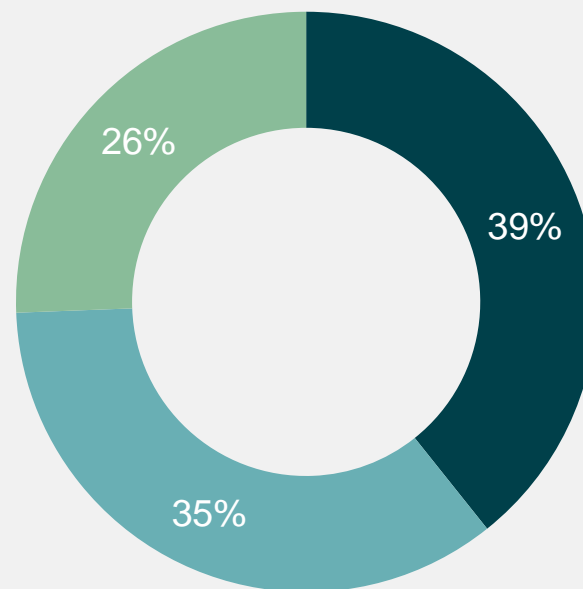


- ✓ Refreshed Community Investment Strategy

- Launch Reconciliation Action Plan
- Relaunch Brighter Futures employee community giving and volunteering program

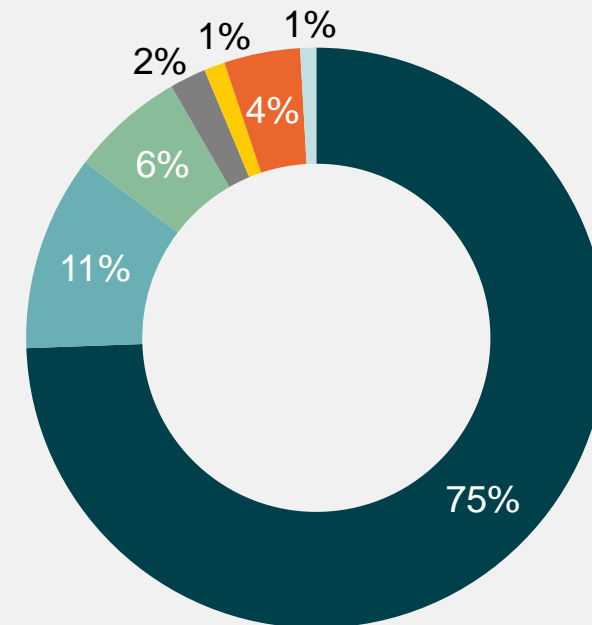
Shareholder overview

SUN shareholders by type



- Domestic Institutions
- Retail Investors
- International Institutions

SUN shareholders by geography



- Australia (Institutions & Retail)
- United States
- United Kingdom
- Hong Kong
- Japan
- Rest of Europe
- Rest of World

Source: Orient Capital, 15 December 2017

Key financial highlights

		HY18	HY17	Change (%)
Net profit after tax	\$m	452	537	(15.8)
Cash earnings	\$m	472	584	(19.2)
Profit after tax from functions	\$m	522	613	(14.8)
Insurance trading ratio	%	8.0	12.5	
Underlying insurance trading ratio (adjusted for BIP costs)	%	10.2	11.0	
Bank net interest margin (interest-earning assets)	%	1.86	1.78	
Cash return on average shareholders' equity	%	6.8	8.5	
Cash earnings per share – diluted	cents	36.11	44.61	(19.1)
Ordinary dividends per ordinary share	cents	33.0	33.0	-
Payout ratio – cash earnings	%	90.1	72.5	
General Insurance Group PCA coverage	times	1.66	1.78	
Bank Common Equity Tier 1 ratio	%	9.01	9.20	

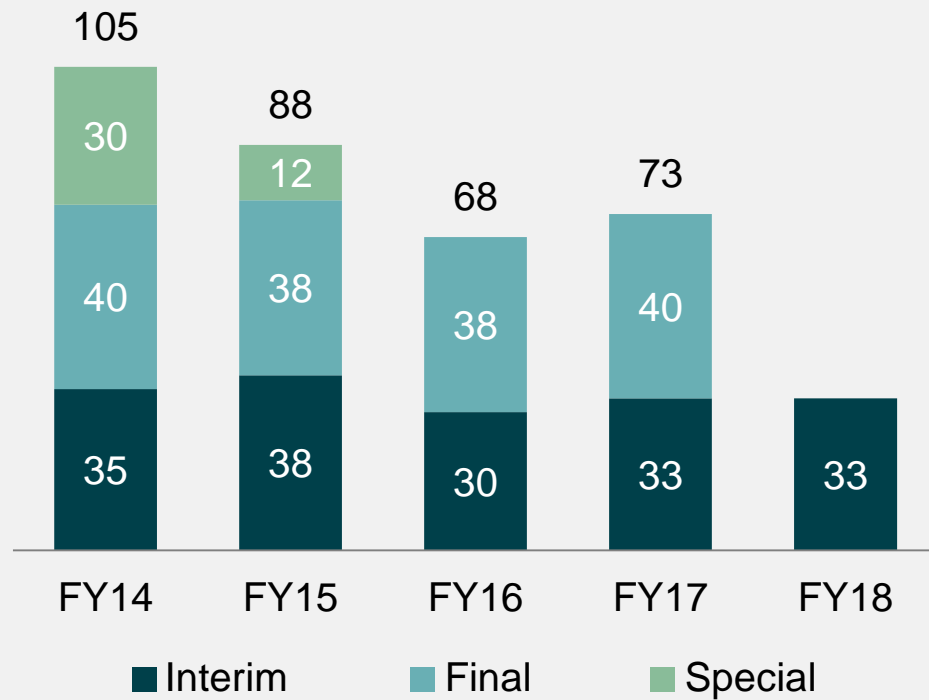
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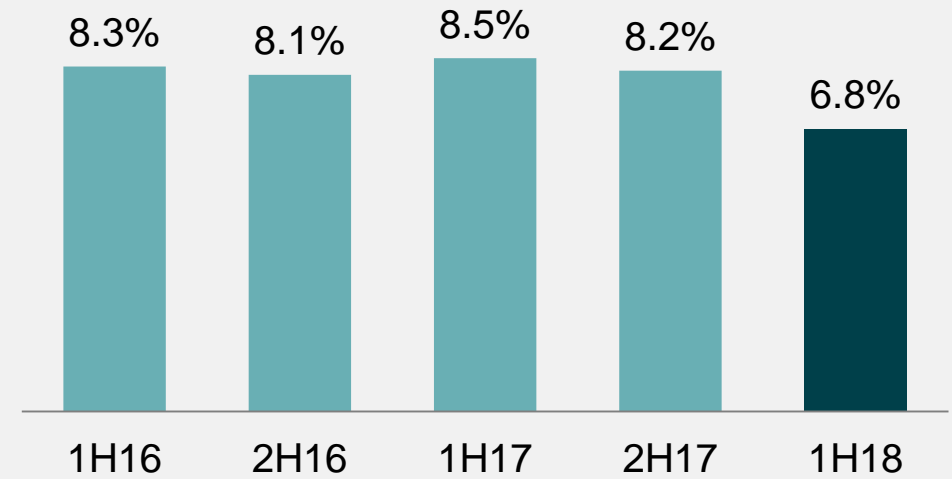
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Shareholder returns

Dividends (cps)

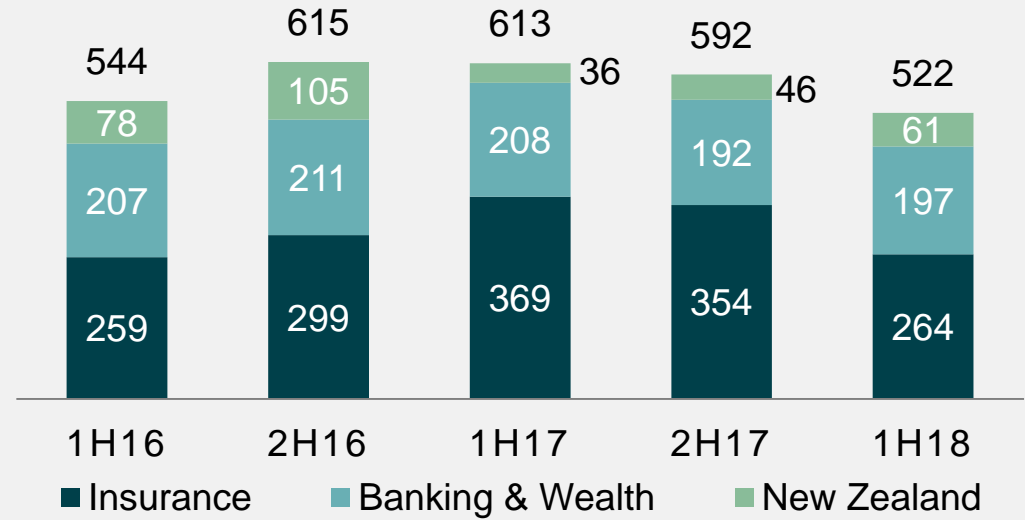


Cash ROE

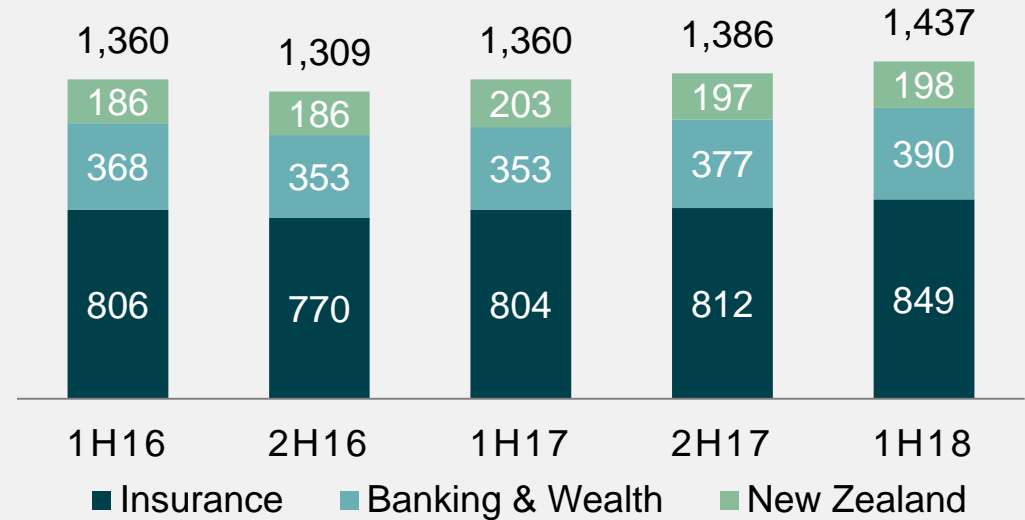


Group profit and operating expenses (\$m)

Profit after tax from functions

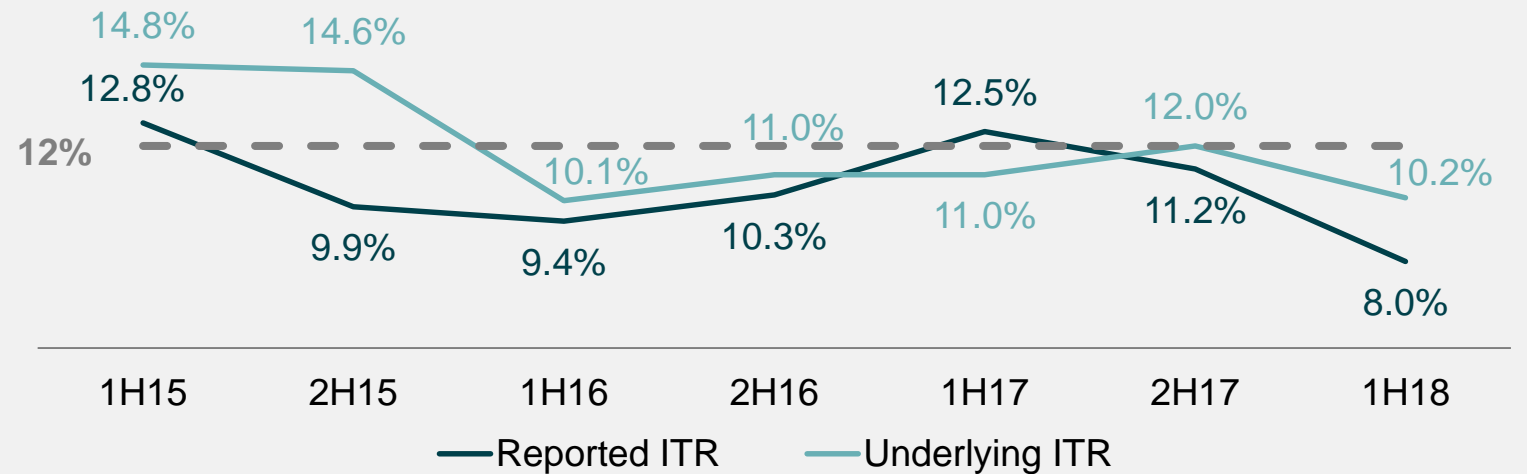
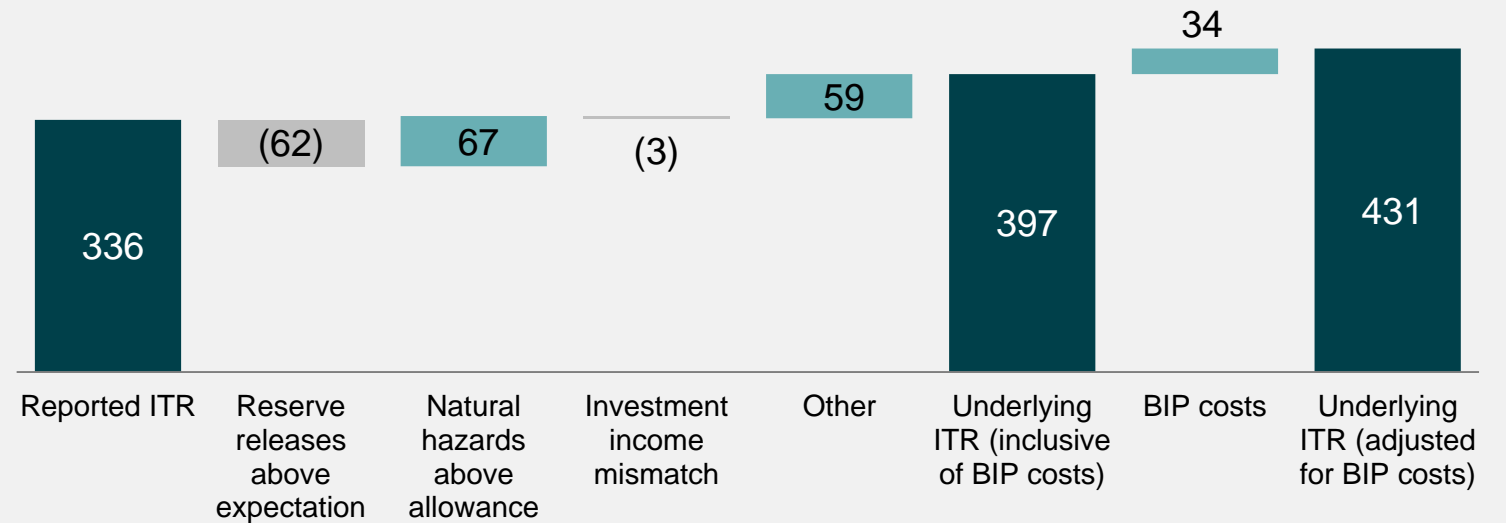


Operating expenses

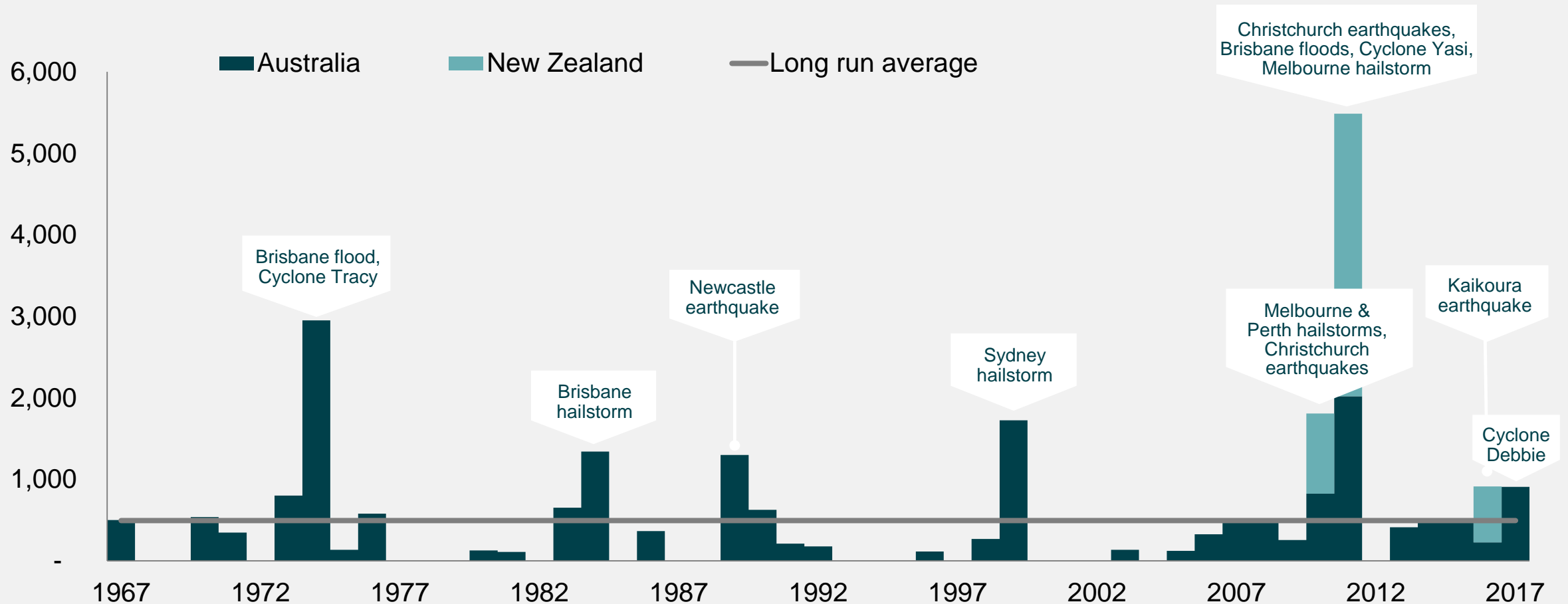


General Insurance ITR (\$m)

- Successful delivery of BIP will assist in delivering 12% UTR
- Continue to reprice for claims cost inflation and higher natural hazards
- Improvement in margins will be evident from the second half of this year

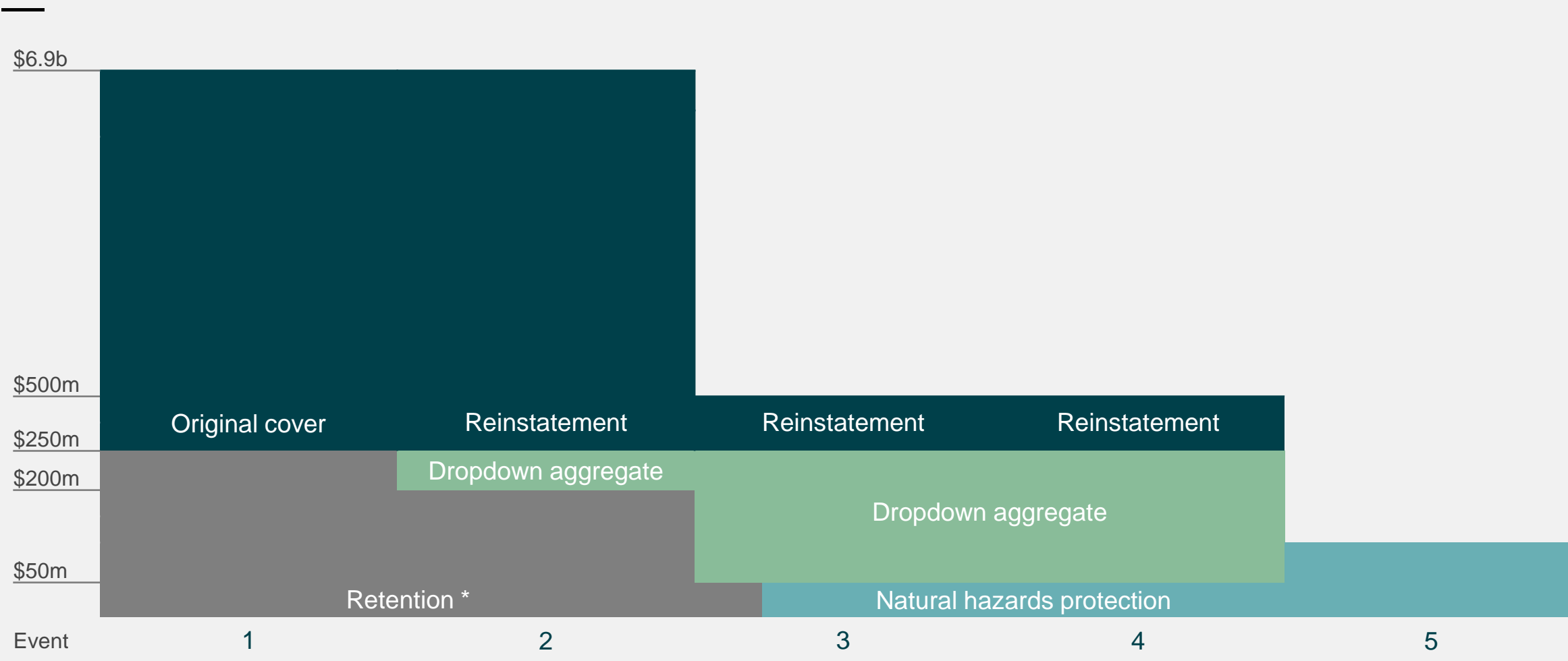


50 year history of major weather events (\$m)



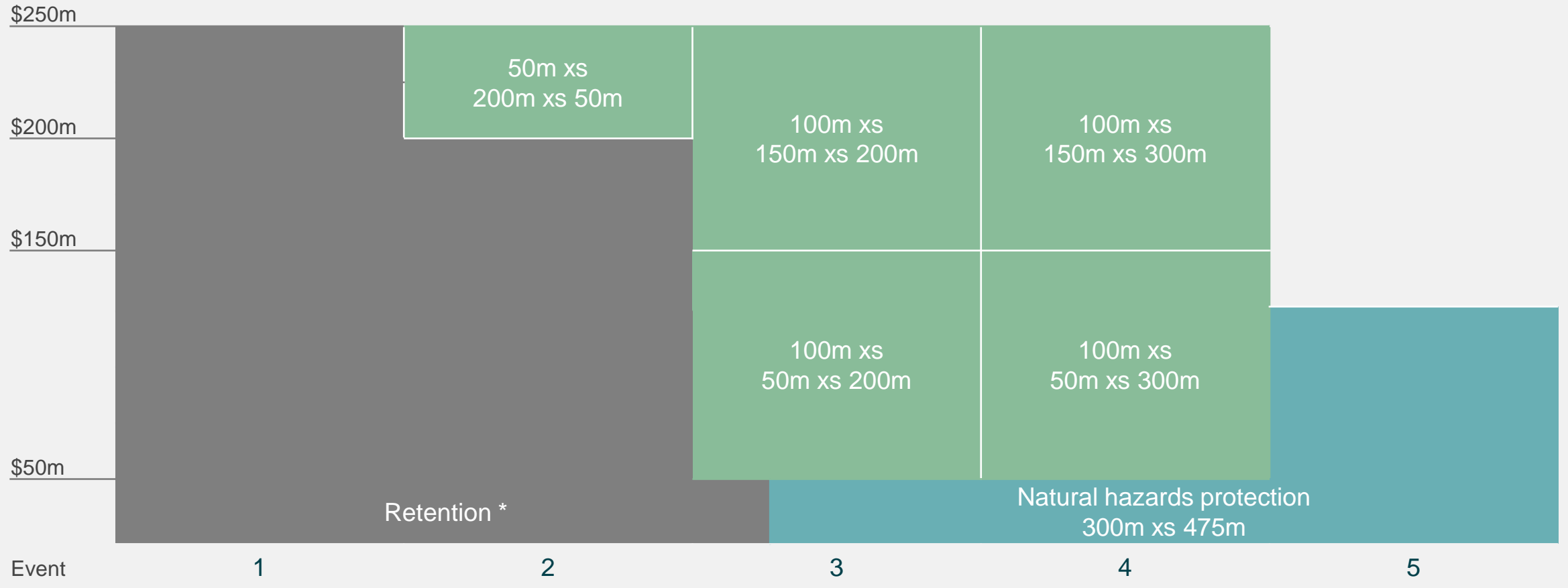
Note: adjusted for inflation, population growth and market share

Reinsurance program – natural hazards



* Relates to Australian events

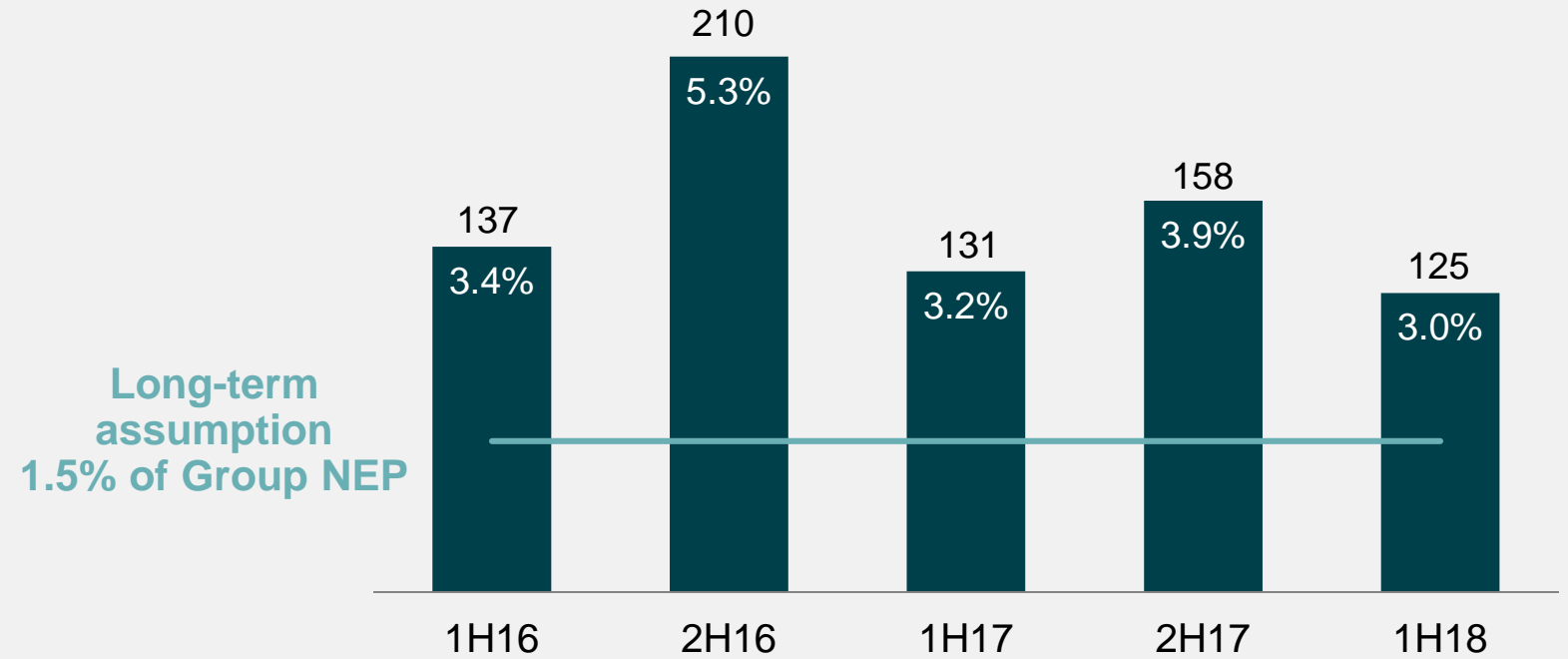
Reinsurance program – dropdown aggregate



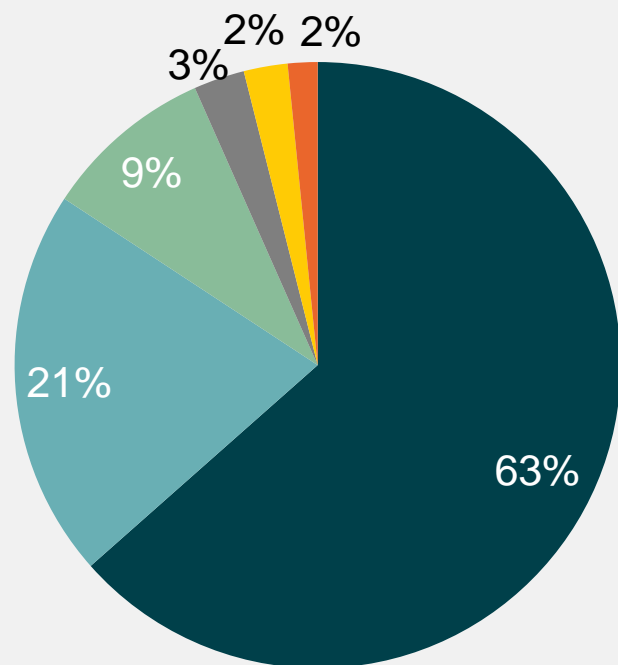
* Relates to Australian events

General Insurance reserve releases (\$m)

—



Insurance investment assets



- | | |
|----------------------------|----------------------------|
| Insurance (Australia) | New Zealand |
| ■ GI - insurance funds | ■ GI - insurance funds |
| ■ GI - shareholders' funds | ■ GI - shareholders' funds |
| ■ Life shareholder assets | ■ Life shareholder assets |

	HY18 (\$m)
Insurance (Australia) investments	
General Insurance - insurance funds	8,906
General Insurance - shareholders' funds	2,910
Life shareholder assets	1,276
Insurance (Australia) total	13,092
New Zealand investments	
General Insurance - insurance funds	380
General Insurance - shareholders' funds	328
Life shareholder assets	222
New Zealand total	930
Total investments	14,022

Group capital position (\$m)

	As at 31 December 2017					Total	Total as at 30 June 2017
	GI ²	Bank ²	Life	SGL, Corp Services & Consol			
CET1	2,948	2,930	535	193	6,606	6,625	
CET1 target	2,655	2,846	331	-	5,832	5,772	
Excess to CET1 target (pre div)	293	84	204	193	774	853	
Group dividend ³					(393)	(476)	
Group excess to CET1 target (ex div)					381	377	
Common Equity Tier 1 ratio¹	1.22x	9.01%	2.37x				
Total capital	4,013	4,381	670	248	9,312	9,512	
Total target capital	3,620	3,985	391	(19)	7,977	7,880	
Excess to target (pre div)	393	396	279	267	1,335	1,632	
Group dividend ³					(393)	(476)	
Group excess to target (ex div)					942	1,156	
Total capital ratio¹	1.66x	13.47%	2.96x				

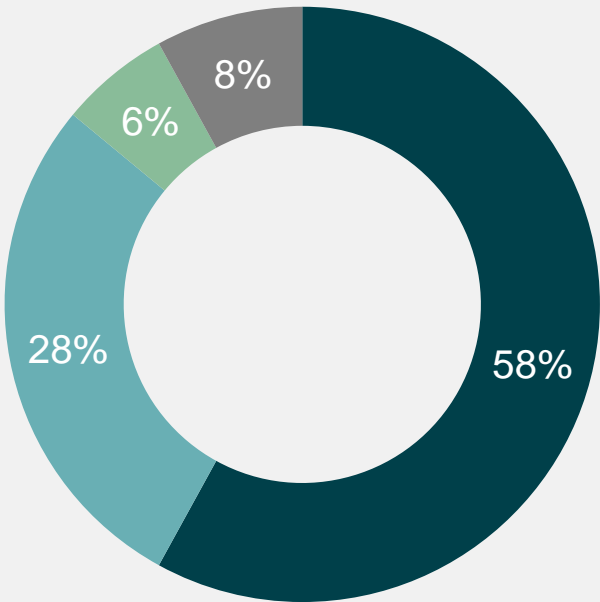
¹ Capital ratios are expressed as coverage of the PCA for General Insurance and Life, and as a percentage of Risk Weighted Assets for the Bank

² The Bank and General Insurance targets are shown as the midpoint of the target operating ranges

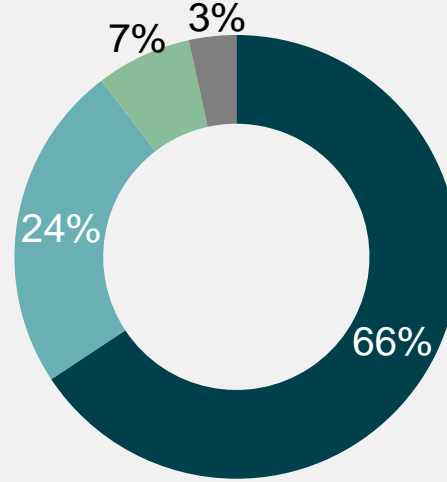
³ Group dividend net of expected shares issued under the Dividend Reinvestment Plan

Group Risk Based Capital

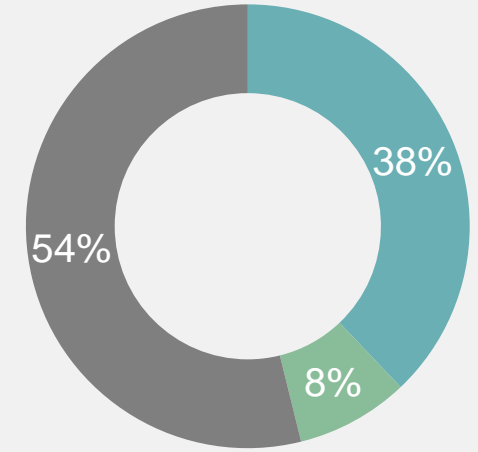
Group



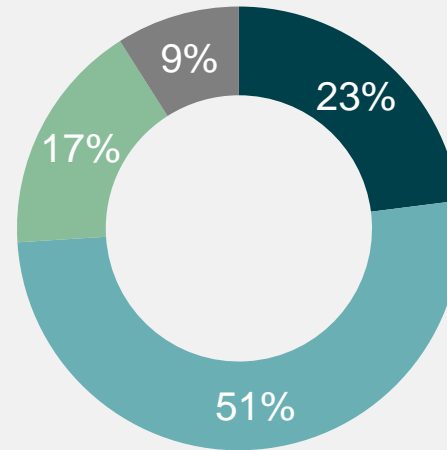
General Insurance



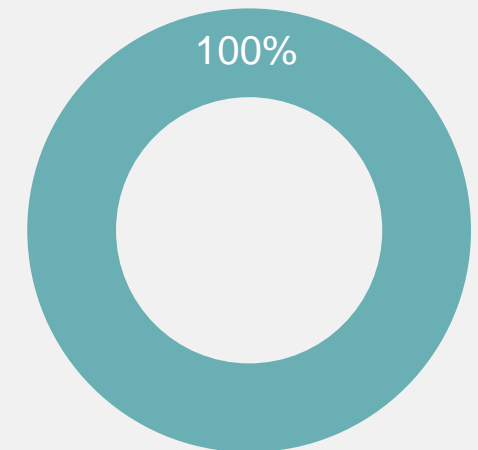
Bank



Life Insurance



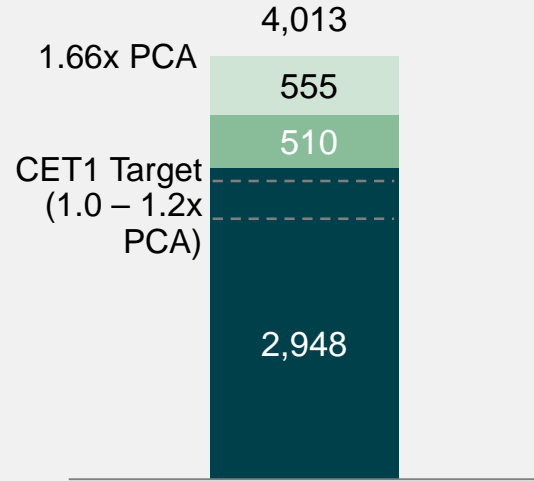
Corporate



Insurance risk
 Market risk
 Operational risk
 Counterparty credit risk

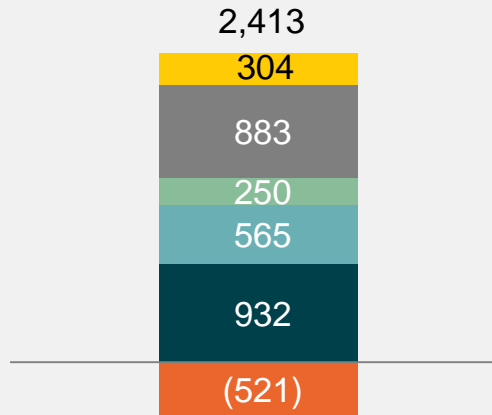
Group General Insurance capital

Total capital (\$m)



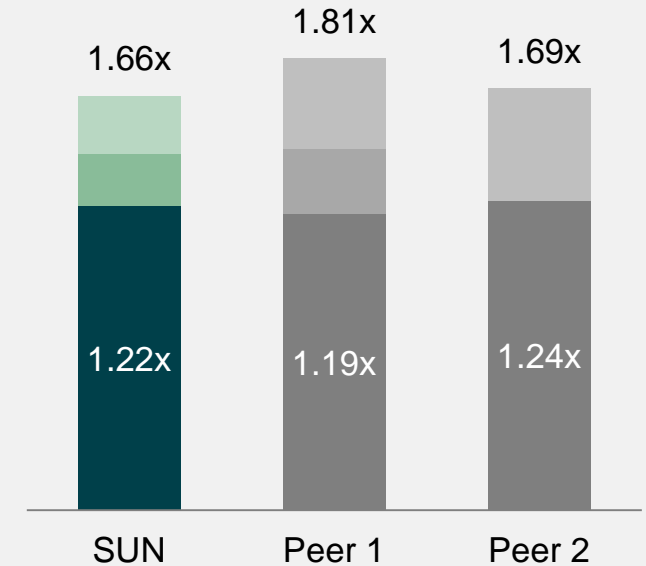
- Common Equity Tier 1
- Additional Tier 1
- Tier 2

Prescribed Capital Amount (PCA) (\$m)



- Outstanding claims risk
- Premium liabilities risk
- Insurance concentration risk
- Asset risk
- Operational risk
- Aggregation benefit

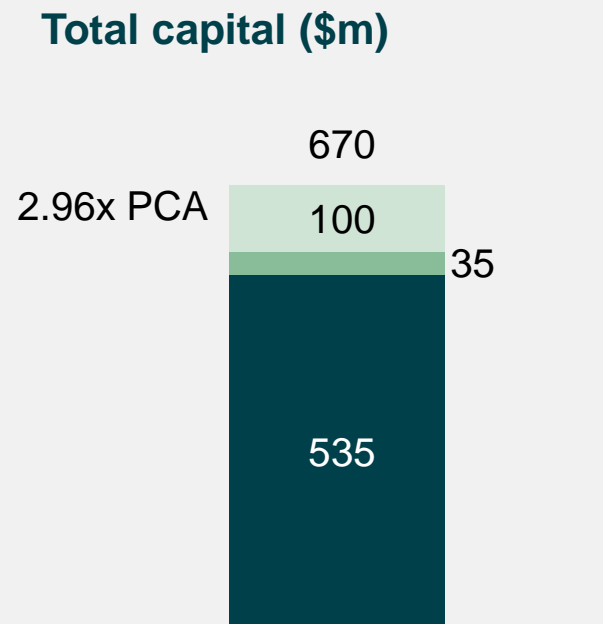
Capital ratios vs peers



- Common Equity Tier 1
- Additional Tier 1
- Tier 2

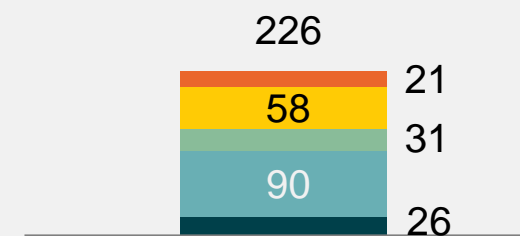
Source: Latest published company reports

Group Life Insurance capital



- Common Equity Tier 1
- Additional Tier 1
- Tier 2

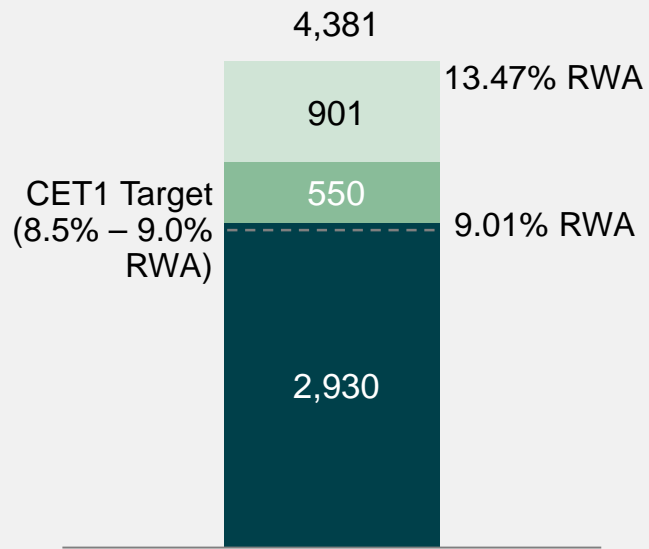
Prescribed Capital Amount (PCA) (\$m)



- Insurance risk
- Asset risk
- Operational risk
- Combined stress scenario adjustment
- Other regulatory requirements

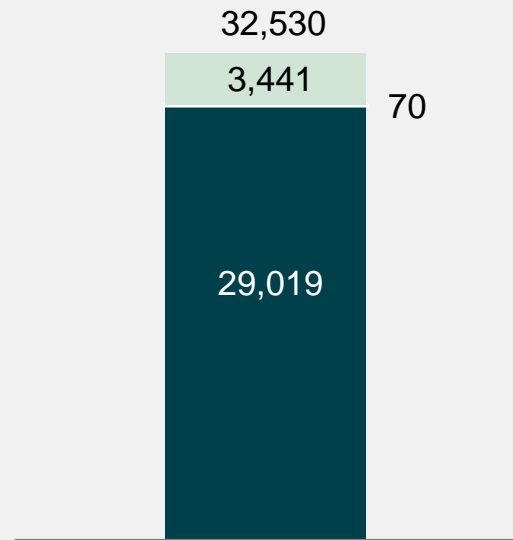
Bank capital

Total capital (\$m)



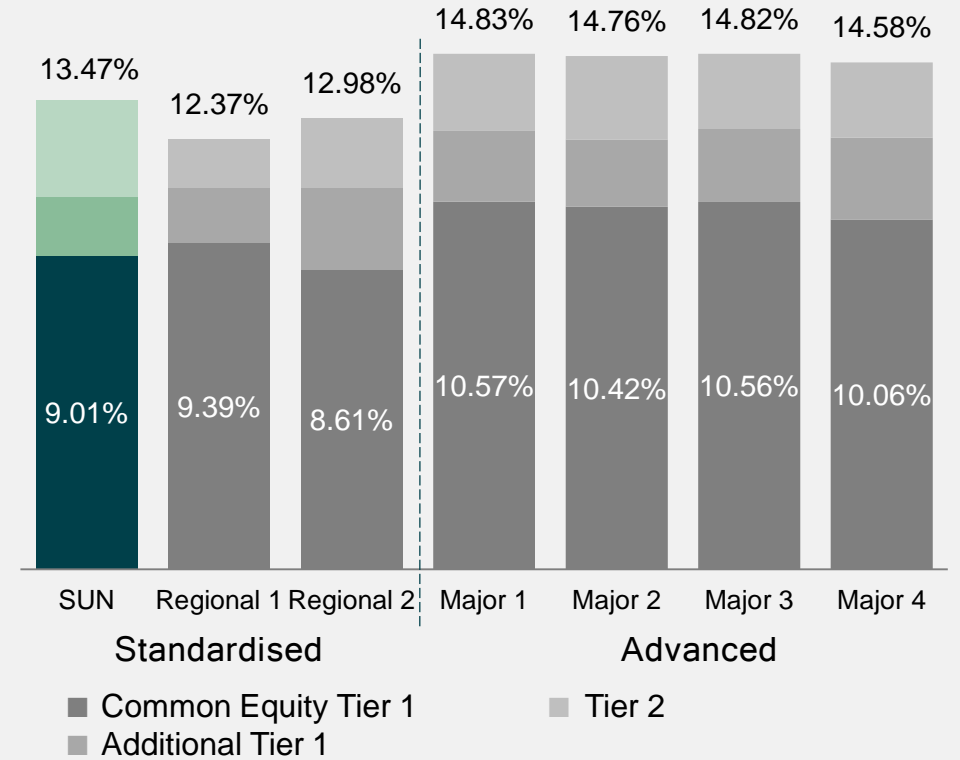
■ Common Equity Tier 1
■ Additional Tier 1
■ Tier 2

Risk-weighted assets (\$m)



■ Credit risk
■ Market risk
■ Operational risk

Capital ratios vs peers



Source: Latest published company reports

Credit ratings

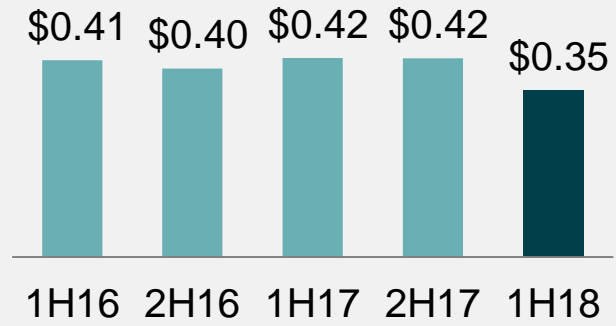
	S&P Global Ratings	Moody's Investors Service	Fitch Ratings
Suncorp	A+ Stable	A1 Stable	A+ Stable
Major banks ¹	AA- Negative	Aa3 Stable	AA- Stable
Regional banks ²	BBB+ Stable	A3 Stable	A- Stable

¹ Major banks include Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac

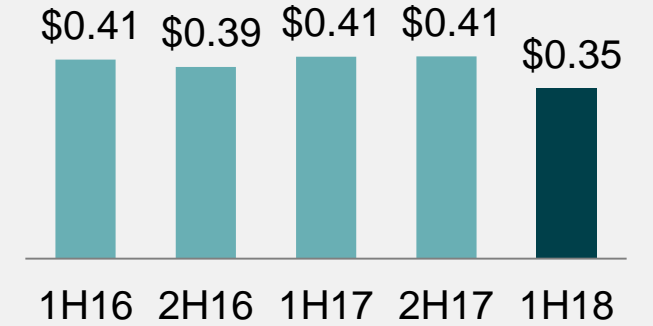
² Regional banks include Bank of Queensland and Bendigo and Adelaide Bank

Shareholder metrics

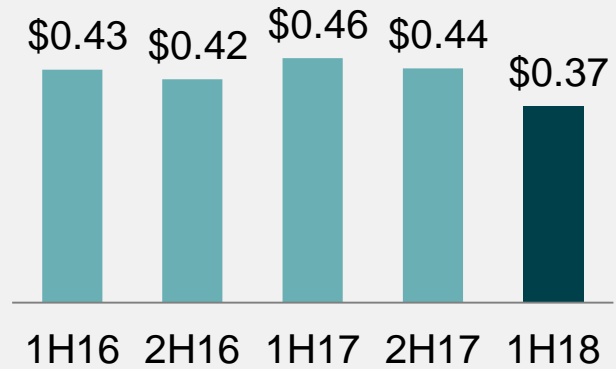
EPS (basic)



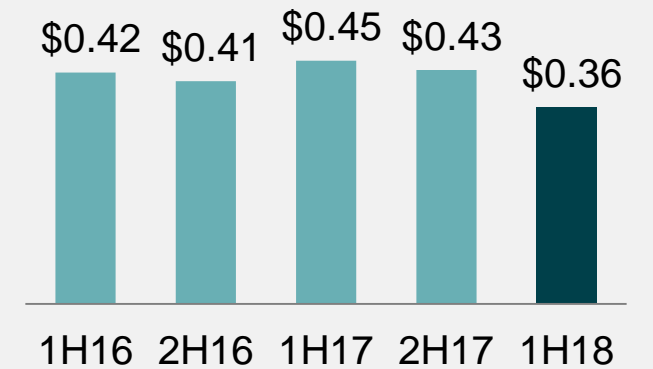
EPS (diluted)



Cash EPS (basic)



Cash EPS (diluted)





Insurance (Australia)



Financial Results for the half year
ended 31 December 2017

Insurance (Australia)

NPAT

- NPAT down 28.5% to \$264 million
- GWP flat with strong consumer growth offset by reform headwinds
- Home & Motor loss ratios improved by 80bps & 290bps
- Natural hazards \$395 million (HY17: \$319 million)
- Reserve releases of \$129 million (HY17: \$149 million)
- Underlying investment yield of 2.3%

	HY18 (\$m)	HY17 (\$m)	Change (%)
Gross written premium	4,004	4,031	(0.7)
Net earned premium	3,643	3,552	2.6
Net incurred claims	(2,724)	(2,374)	14.7
Operating expenses	(773)	(722)	7.1
Investment income - insurance funds	120	35	242.9
Insurance trading result	266	491	(45.8)
General Insurance profit after tax	234	358	(34.6)
Life Insurance profit after tax	30	11	172.7
Insurance (Australia) NPAT	264	369	(28.5)

General Insurance gross written premium

- Motor premium increases of 3.5% with unit growth of 1.2%
- Home premium increases of 3.7% with unit losses of 0.8%
- Commercial underwriting discipline with some positive pricing momentum
- CTP reforms have short term impact on top-line growth
- Strong retention in workers' compensation
- Re-introduction of NSW FSL commenced late 2017

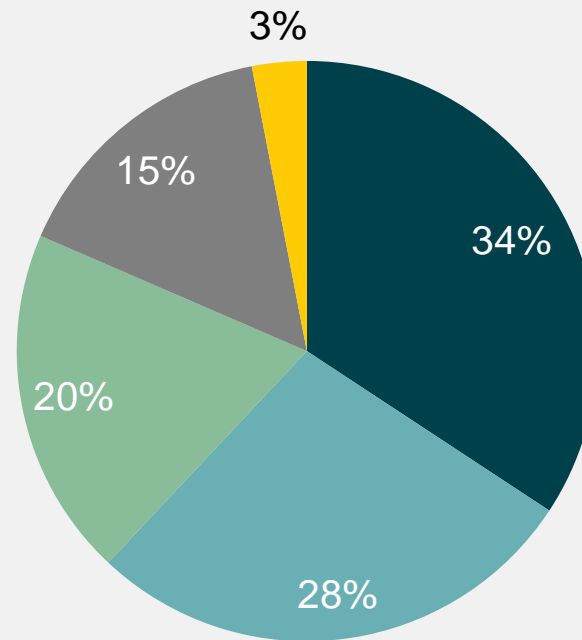
	HY18 (\$m)	HY17 (\$m)	Change (%)
Motor	1,350	1,289	4.7
Home	1,093	1,062	2.9
Commercial	768	757	1.5
Compulsory third party	609	722	(15.7)
Workers' compensation and other	120	105	14.3
Total	3,940	3,935	0.1
Fire Service Levies ¹	64	96	(33.3)
Total	4,004	4,031	(0.7)

¹ Home \$45 million, Commercial \$16 million and Motor \$3 million

General Insurance gross written premium excluding FSL

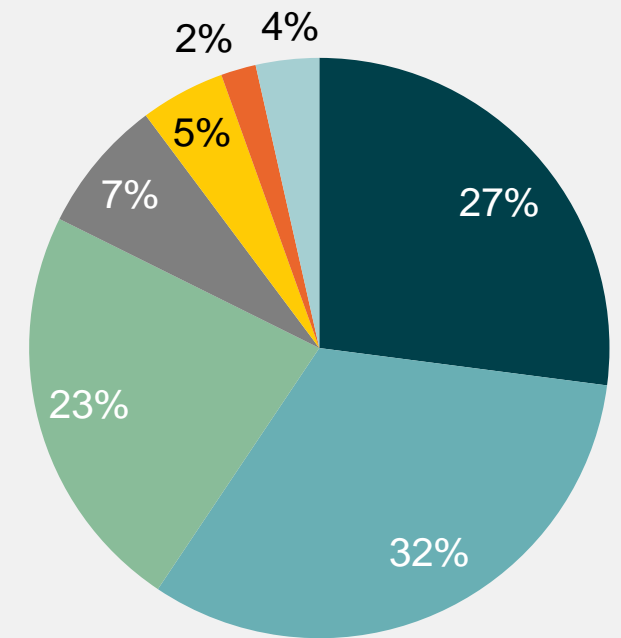
—
Total GWP of \$3.9 million

Portfolio by product



- Motor
- Home
- Commercial
- CTP
- Workers' compensation & other

Portfolio by geography



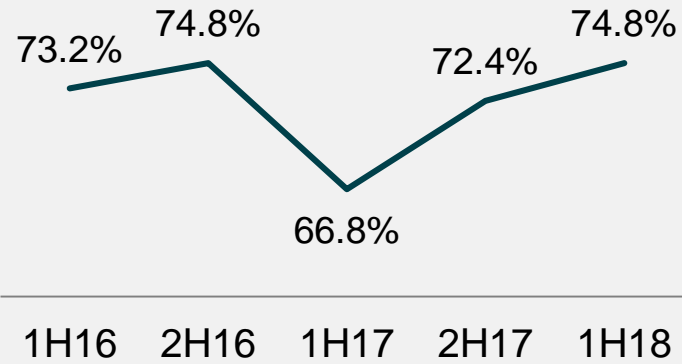
- Queensland
- New South Wales
- Victoria
- Western Australia
- South Australia
- Tasmania
- Other

General Insurance gross written premium compulsory third party

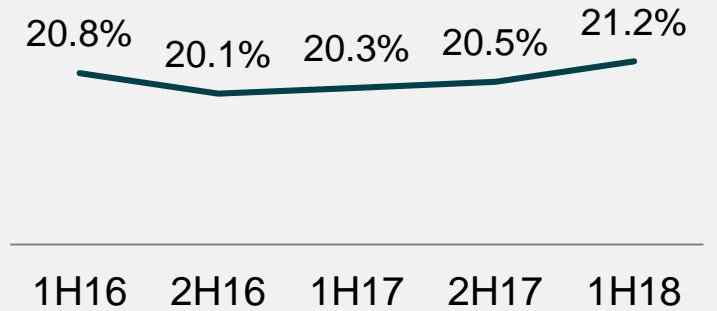
	HY18 (\$m)	HY17 (\$m)	Change (%)
CTP GWP by geography			
Queensland	221	253	(12.6)
New South Wales	352	366	(3.8)
ACT	31	31	-
South Australia	58	55	5.5
Total	662	705	(6.1)
CTP GWP one-off movements			
New South Wales refunds	(53)	-	n/a
South Australia FY16 novated premium	-	33	n/a
Queensland FY16 NIIS claw-back	-	(16)	n/a
Total	609	722	(15.7)

General Insurance key ratios

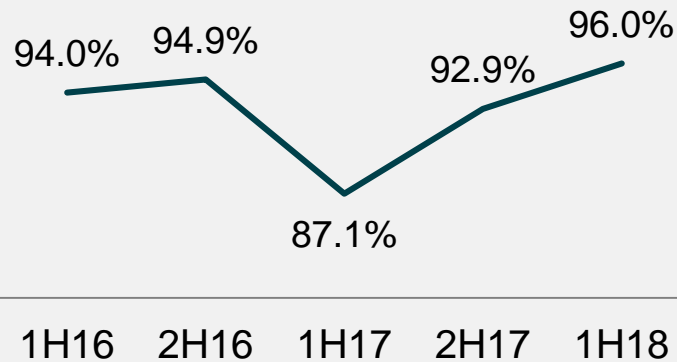
Loss ratio



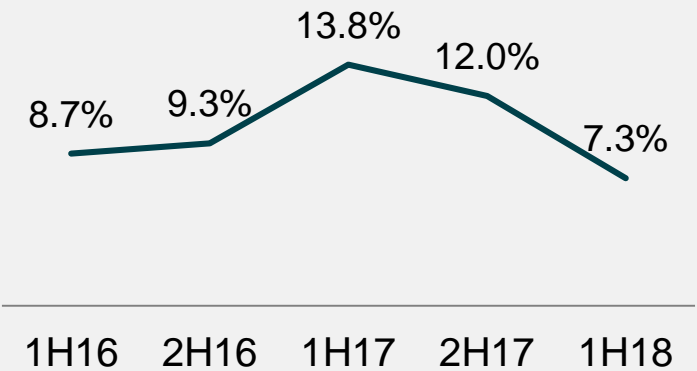
Total operating expenses ratio



Combined operating ratio



Reported ITR



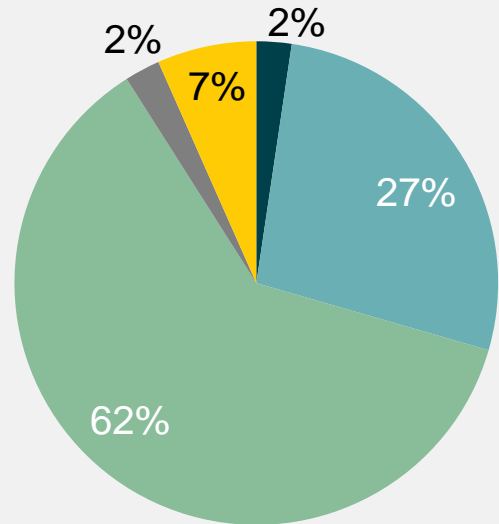
Natural hazard events

- Natural hazard costs \$65 million above the allowance for the period
- Natural hazard allowance of \$660 million for the full year

Date	Event	Net costs (\$m)
Oct 2017	Toowoomba Newcastle Hail	37
Nov 2017	Lismore Bundaberg Hail	27
Dec 2017	Southern Flooding	20
Dec 2017	Grafton Hail	15
Dec 2017	Victoria Hail	167
	Total events over \$10 million	266
	Other natural hazards attritional claims	129
	Total natural hazards	395
	Less: allowance for natural hazards	(330)
	Natural hazards costs above allowance	65

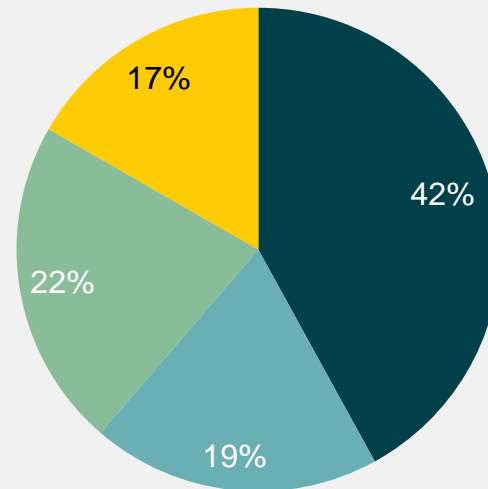
General Insurance investment asset allocation

Insurance funds
\$8.9 billion



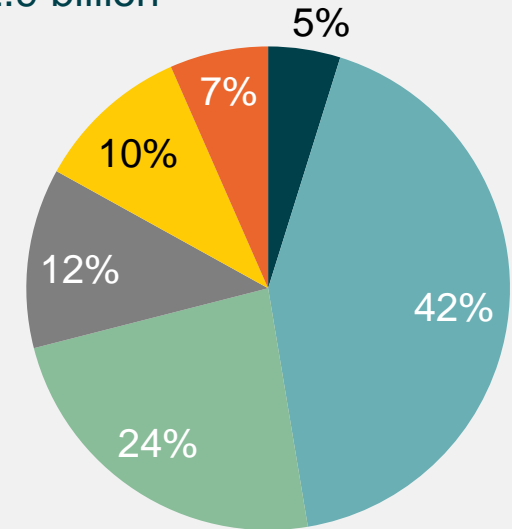
- Cash & short-term deposits
- Semi-Government bonds
- Inflation-linked bonds*
- Commonwealth Government bonds
- Corporate bonds

Fixed income credit quality



- AAA
- A
- AA
- BBB

Shareholders' funds
\$2.9 billion

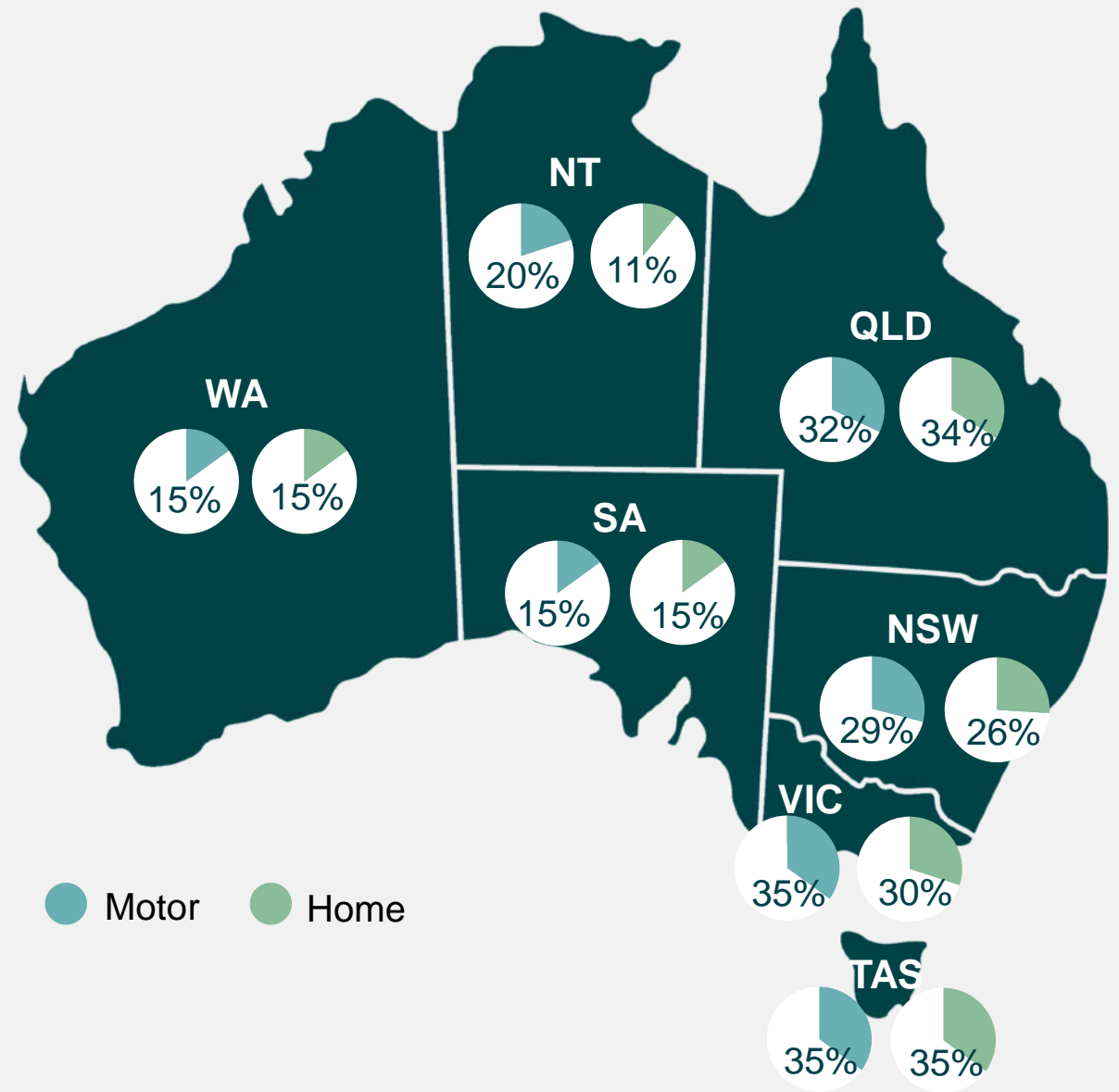


- Cash & short-term deposits
- Equities
- Australian interest-bearing securities
- Infrastructure and property
- Global interest-bearing securities
- Alternative investments

* The total notional exposure to inflation-linked securities, after accounting for both physical bonds and derivatives, in the insurance funds is \$2.4 billion.

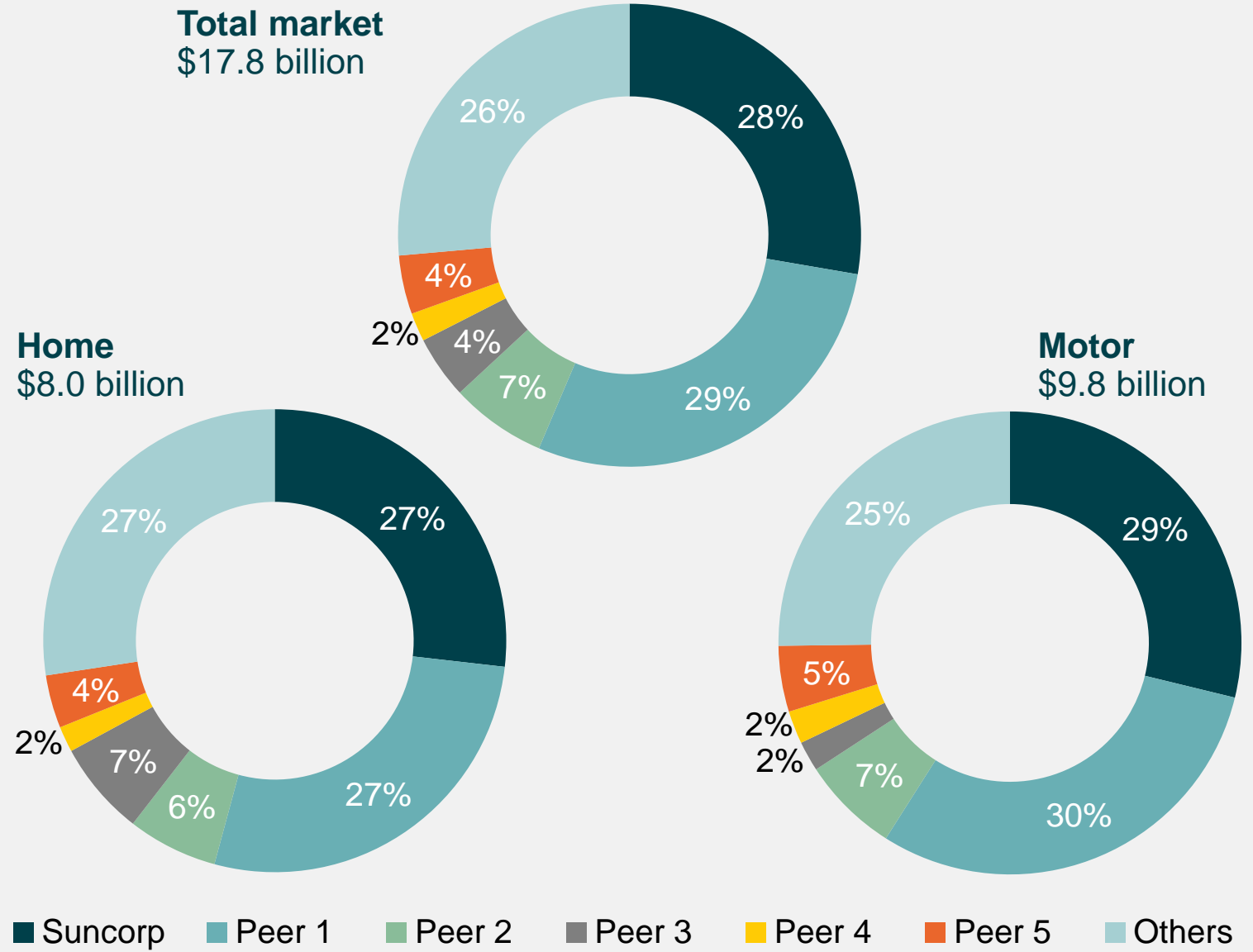
Personal lines market share

—



Source: Roy Morgan, November 2017

Personal lines market share

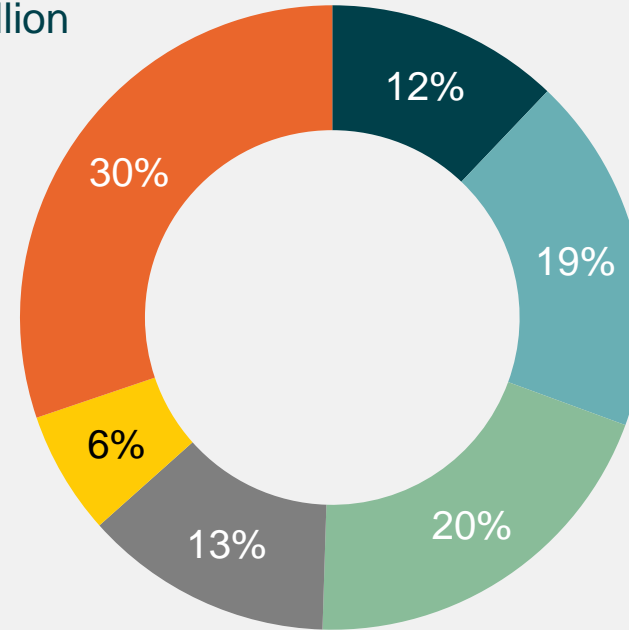


Source: Roy Morgan, November 2017

Commercial lines market share

—

Total market
\$12.7 billion

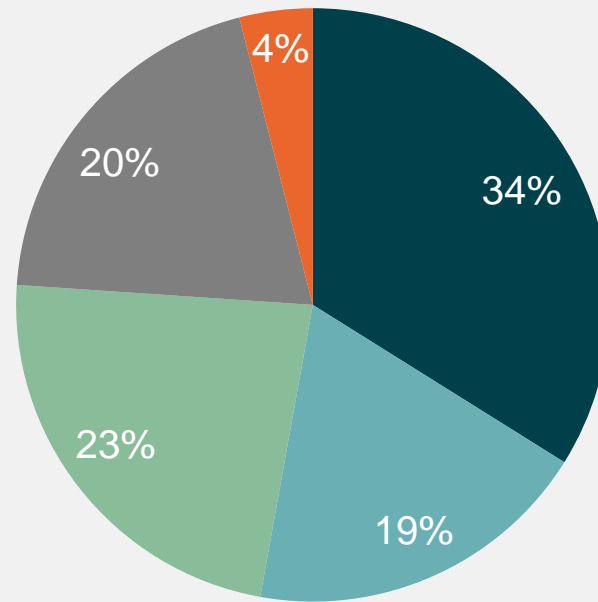


■ Suncorp ■ Peer 1 ■ Peer 2 ■ Peer 3 ■ Peer 4 ■ Others

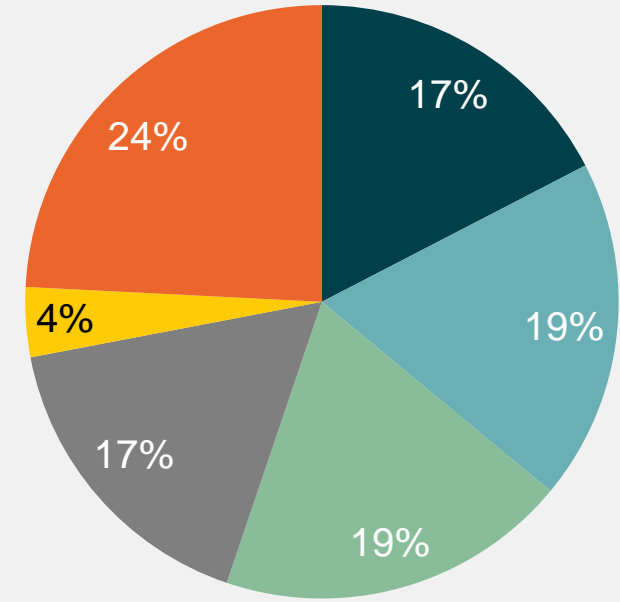
Source: Latest Suncorp estimates

Personal Injury market share

CTP *
\$4.2 billion



Workers' compensation **
\$1.5 billion



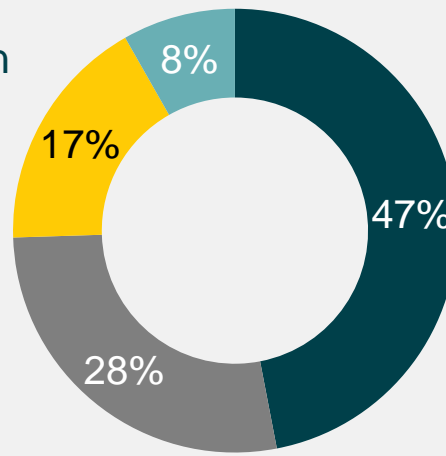
Suncorp
 Peer 1
 Peer 2
 Peer 3
 Peer 4
 Others

* CTP source: Latest Suncorp estimates
Includes QLD, NSW, ACT & SA schemes

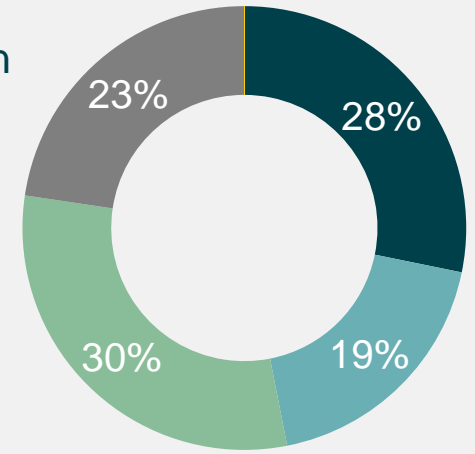
** Workers' compensation source: Latest Suncorp estimates
Includes WA only

CTP market share

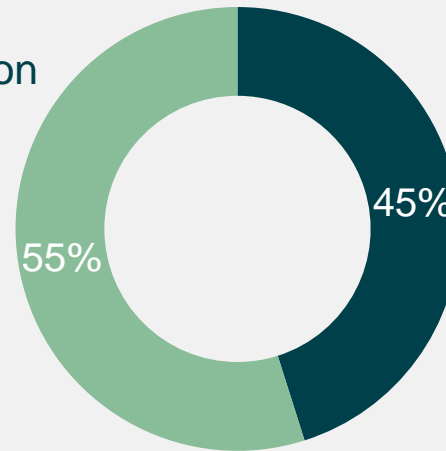
QLD *
\$1.0 billion



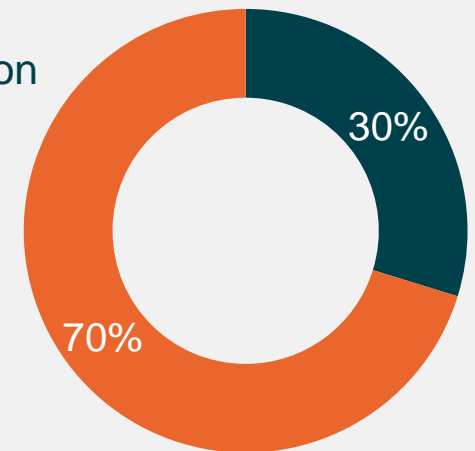
NSW **
\$2.6 billion



ACT *
\$164 million



SA ***
\$373 million



Suncorp
 Peer 1
 Peer 2
 Peer 3
 Peer 4
 Rest of market

Source: State scheme regulators
 * as at November 2017
 ** as at September 2017
 *** as at August 2017

Life Insurance NPAT

-
- Improving planned margins from repricing
- Optimisation Program to deliver improved profitability
- Strategic review continuing

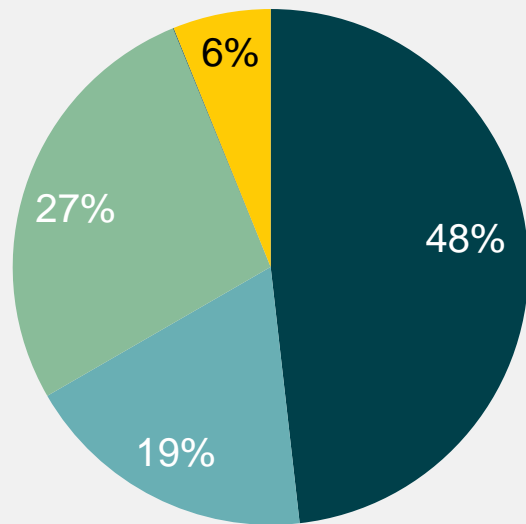
	HY18 (\$m)	HY17 (\$m)	Change (%)
Planned profit margin release	12	9	33.3
Experience	2	(2)	n/a
Other and investments	25	18	38.9
Underlying profit after tax	39	25	56.0
Market adjustments ¹	(9)	(14)	(35.7)
Life Insurance NPAT	30	11	172.7
In-force annual premium	808	801	0.9
Total new business	32	33	(3.0)

¹ Market adjustments consist of life risk policy discount rate changes and investment income experience

Life Insurance in-force premium

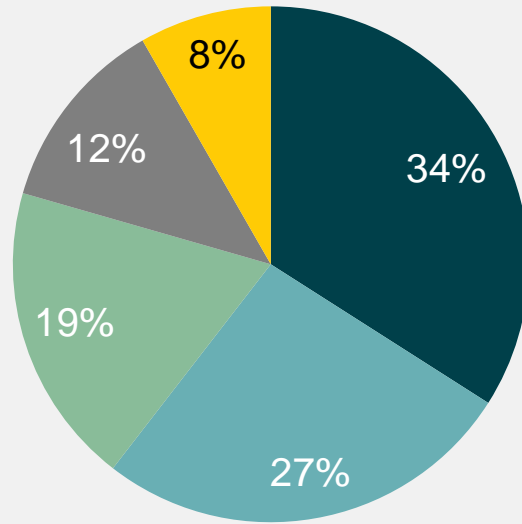
Total in-force premium of \$808 million

Premium by product



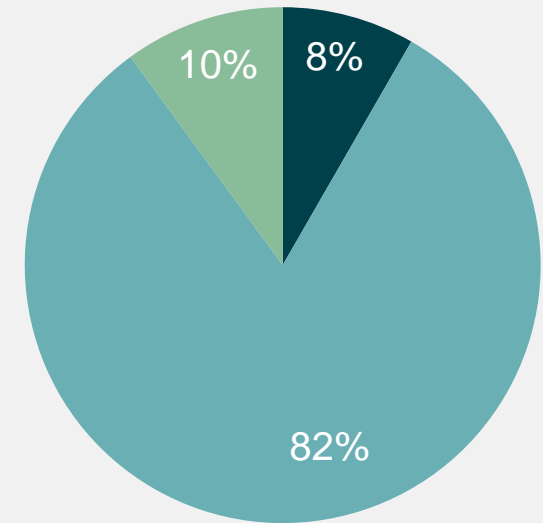
- Term & TPD
- Income protection
- Trauma
- Group

Premium by geography



- Queensland
- New South Wales
- Victoria & Tasmania
- Western Australia
- Other

Premium by channel

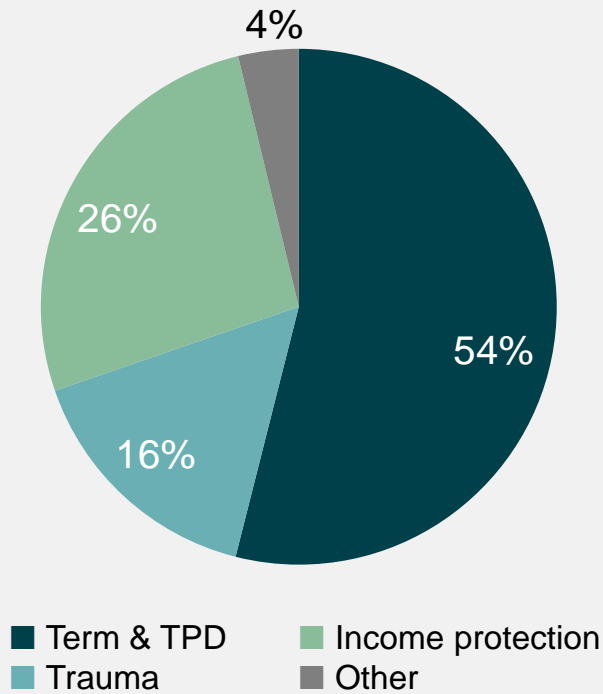


- Direct via General Insurance brands
- Advised
- Group & other

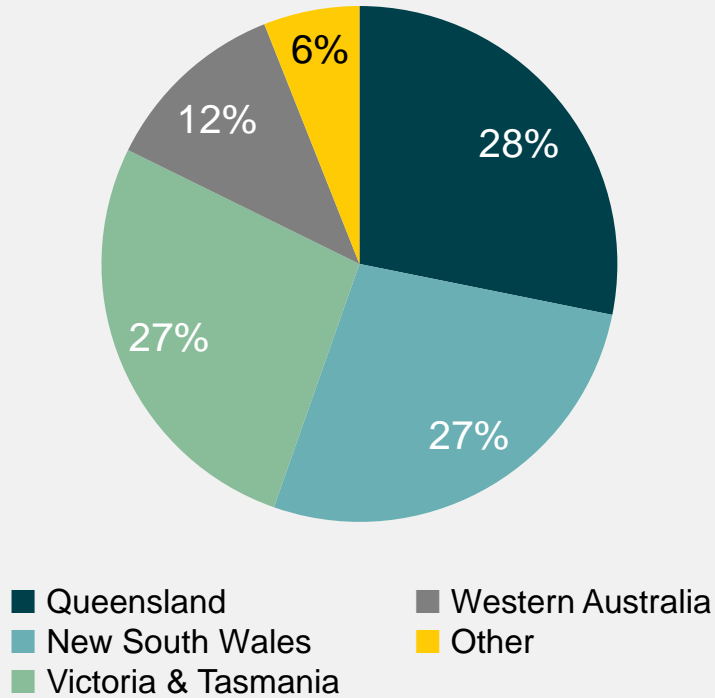
Life Insurance new business

Total new business of \$32 million

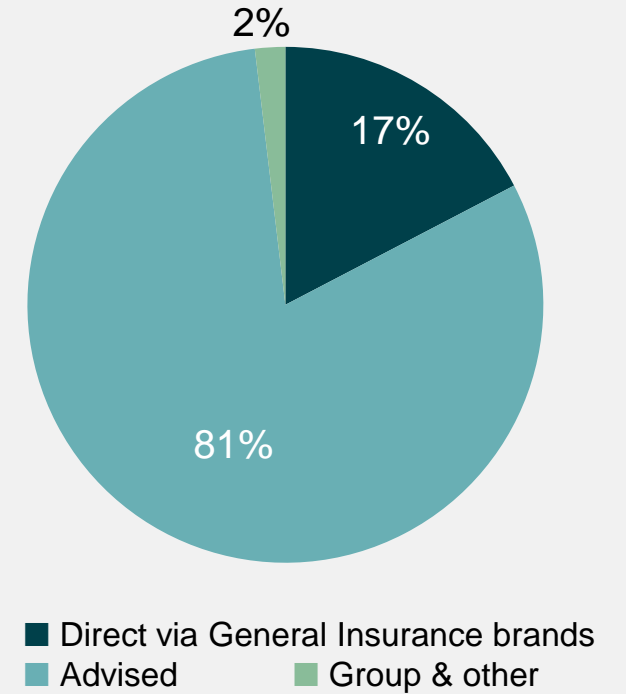
New business by product



New business by geography



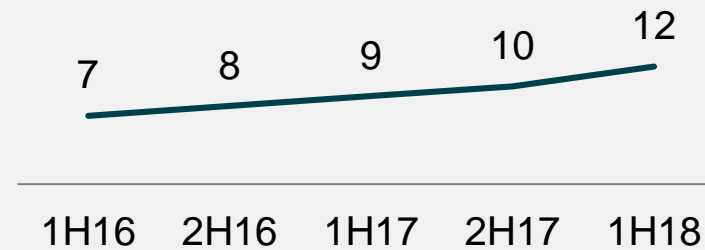
New business by channel



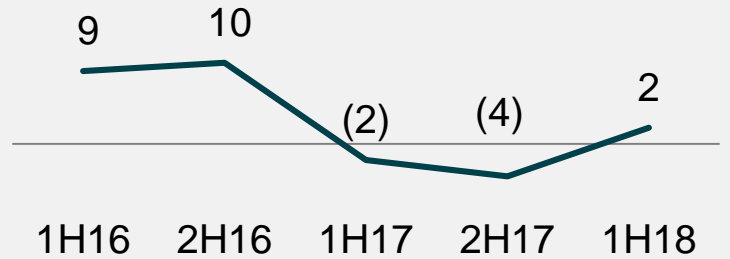
Life Insurance key metrics (\$m)

- Higher planned profit margins relative to the prior period reflect Optimisation Program benefits and revised lump sum claims assumptions

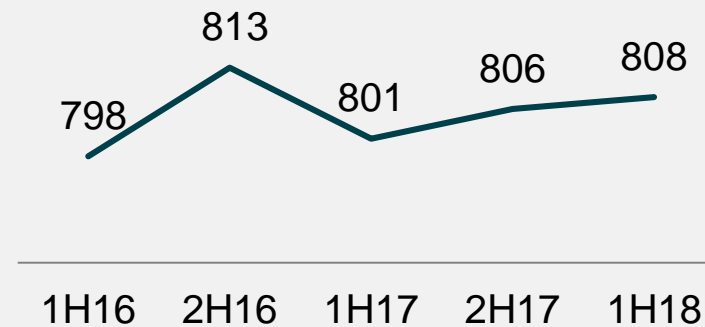
Planned margins



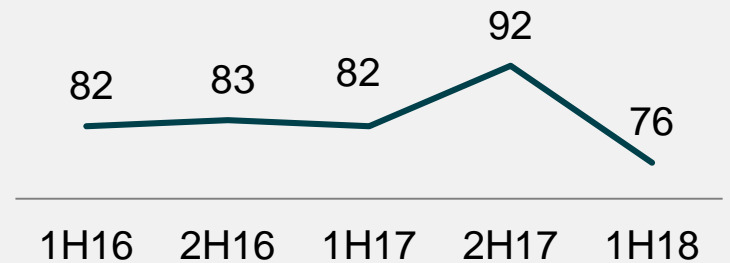
Experience



In-force premium



Operating expenses *



* 2H17 uplift due to allocated costs associated with the Optimisation Program

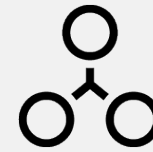
Life Insurance

- Australian Life Insurance Optimisation Program delivering improvement in claims outcomes and reduced costs
- Review of strategic alternatives progressing

Life Insurance Optimisation



Optimise efficiencies in claims and expense management



Streamline processes under new operating model



Improve customer connectivity



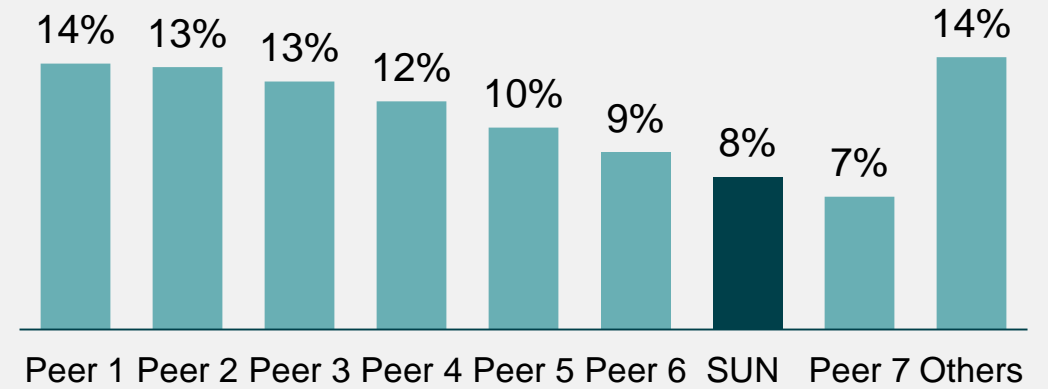
Product and claims innovation

Life Insurance is a core component of the Suncorp financial services Marketplace, however, currently delivers sub-optimal ROE

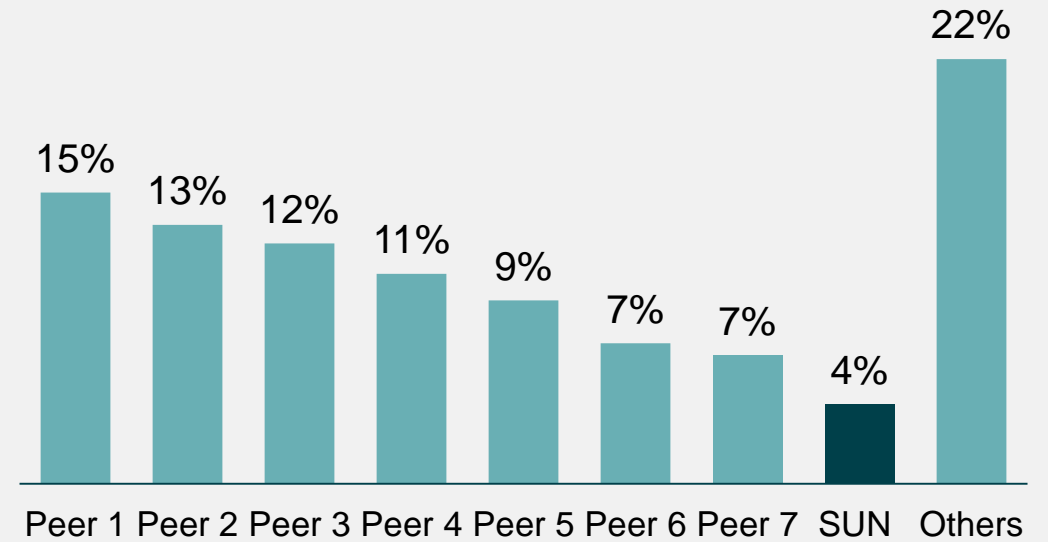
Life Insurance market share

Individual risk

In-force
\$9.9 billion



New business
\$1.0 billion



Source: NMG Consulting, September 2017

In-force portfolio includes IFA, Bank and Direct business



Banking & Wealth



Financial Results for the half year
ended 31 December 2017

Banking & Wealth NPAT

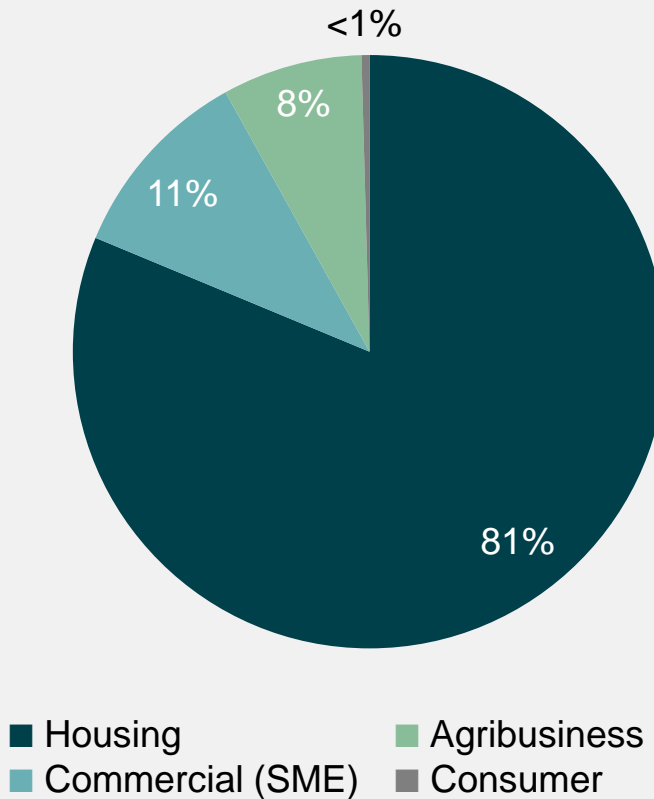
- Annualised lending growth of 8.7%
- NIM of 1.86% (HY17: 1.78%)
- Sound credit quality
- Stable funding profile
- Strong capital & balance sheet

	HY18 (\$m)	HY17 (\$m)	Change (%)
Net interest income	598	558	7.2
Net non-interest income	34	39	(12.8)
Operating expenses	(347)	(307)	13.0
Profit before impairment losses	285	290	(1.7)
Impairment losses	(13)	(1)	n/a
Income tax	(81)	(86)	(5.8)
Banking profit after tax	191	203	(5.9)
Wealth profit after tax	6	5	20.0
Banking & Wealth NPAT	197	208	(5.3)

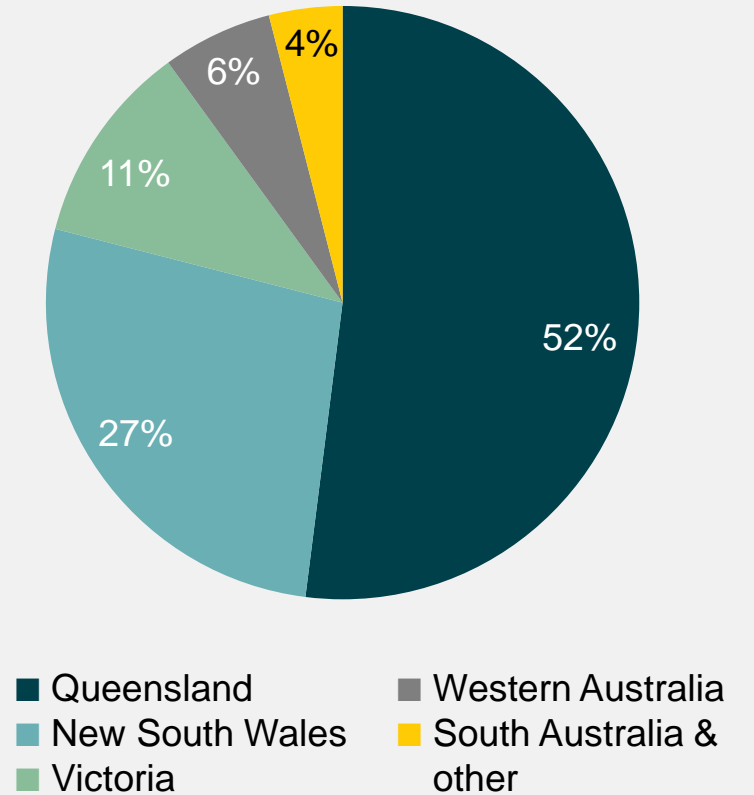
Total lending portfolio

Total assets of \$57.8 billion

Lending assets by portfolio

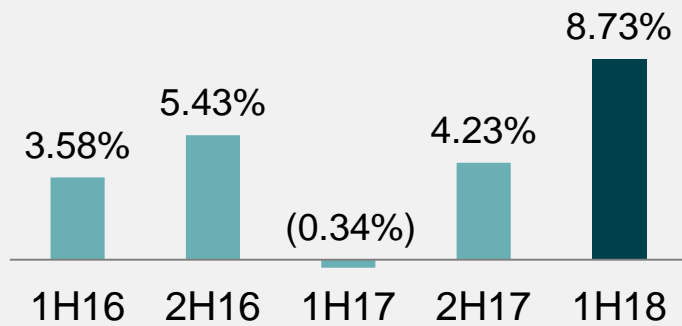


Lending assets by geography

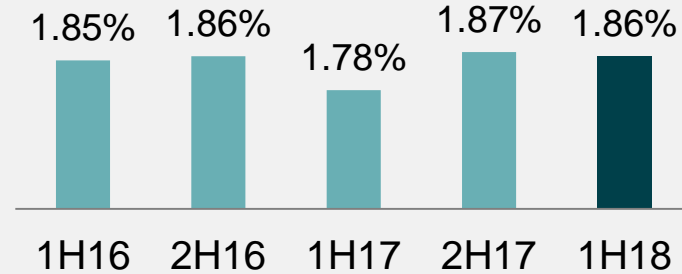


Banking key ratios

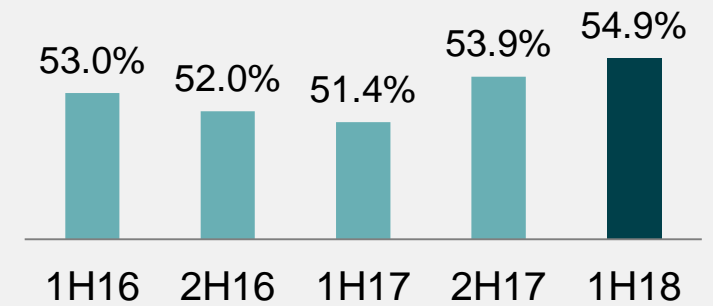
Lending growth (annualised)



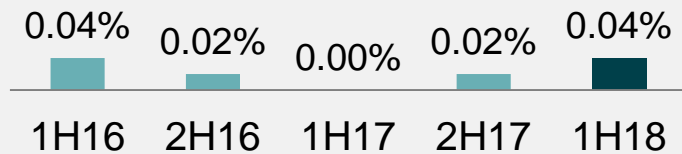
Net interest margin (interest-earning assets)



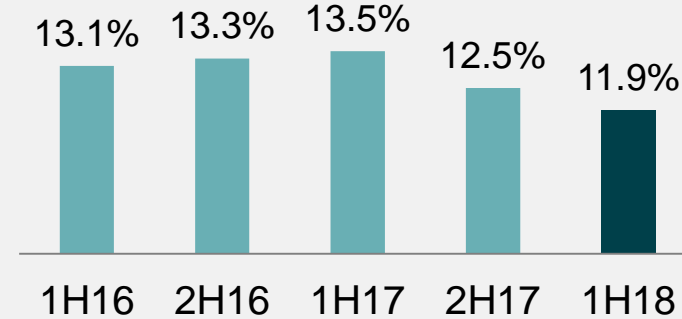
Cost to income ratio



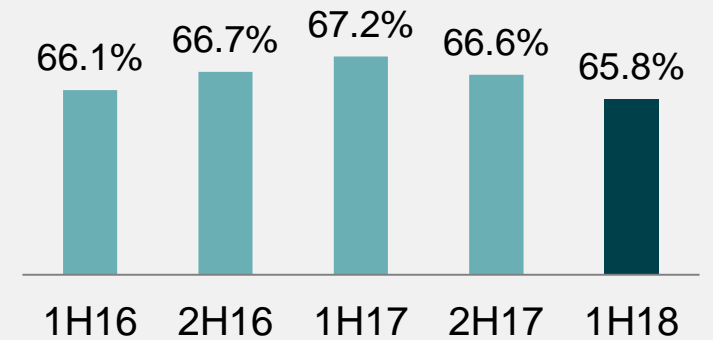
Impairment losses to gross loans and advances (annualised)



Return on Common Equity Tier 1



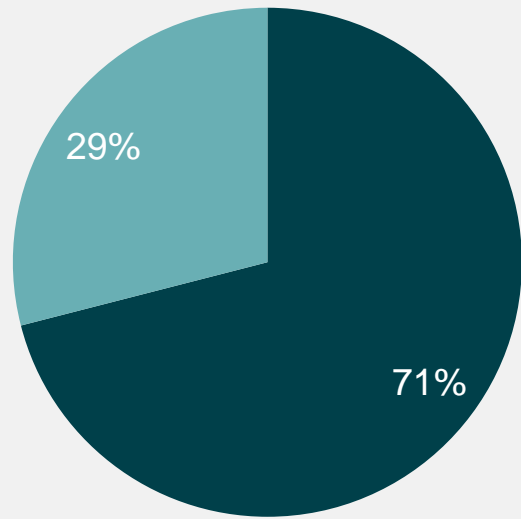
Deposit to loan ratio



Home lending portfolio

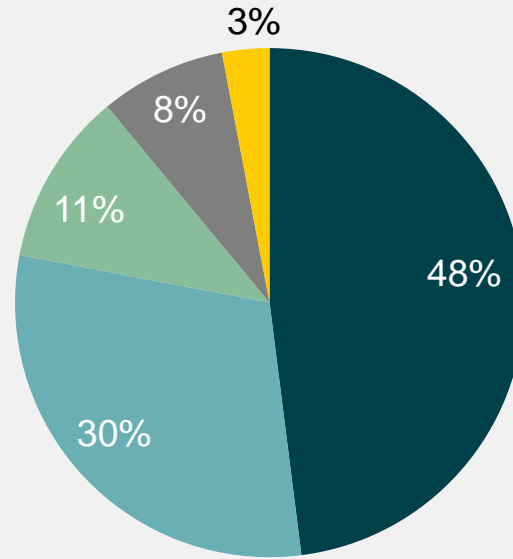
Total assets of \$46.9 billion

Portfolio by borrower type



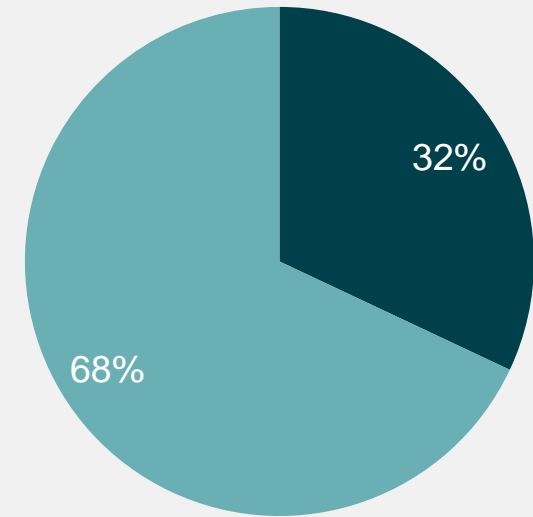
■ Owner occupied ■ Investor

Portfolio by geography



■ Queensland ■ Western Australia
■ New South Wales ■ South Australia & other
■ Victoria

Portfolio by channel



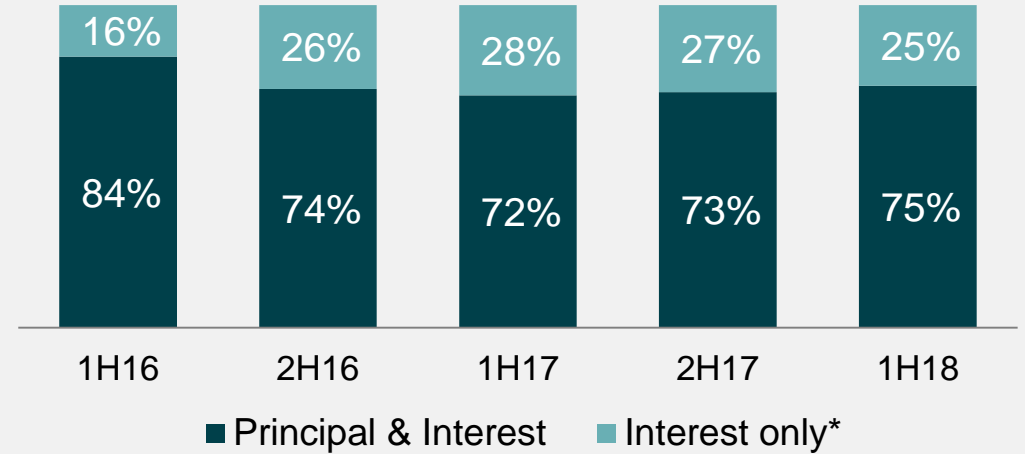
■ Direct ■ Intermediaries

Home lending origination by repayment type

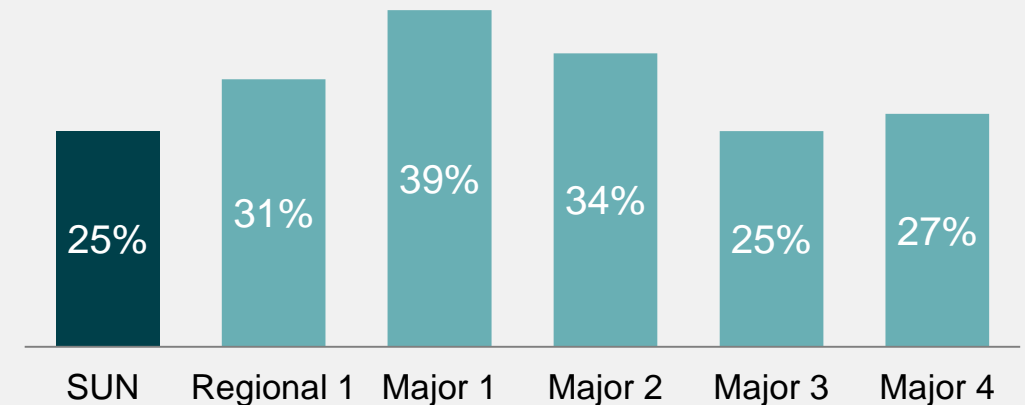
- Continued focus on high quality lending including serviceability, credit quality and loan-to-value ratios
- Investor year-on-year lending growth of 7% within the supervisory measure of 10%
- New business interest only loan repayment type of 25% for the half

* excludes Lines of Credit (Asset Lines)
Source: Latest peer financial reports

New business origination by repayment type



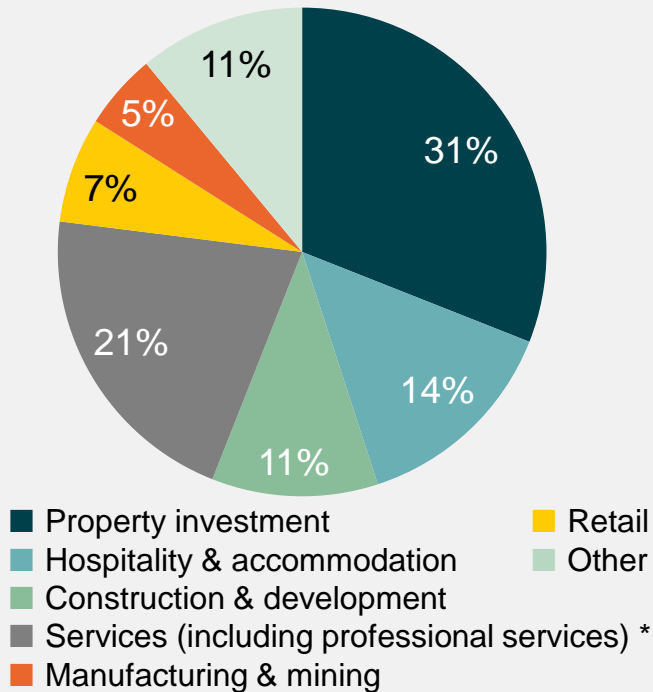
Interest only* proportion of new business home lending vs peers



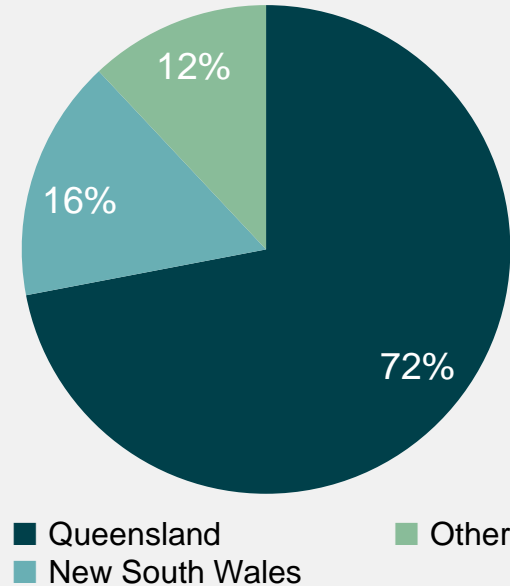
Commercial (SME) portfolio

Total assets of \$6.2 billion

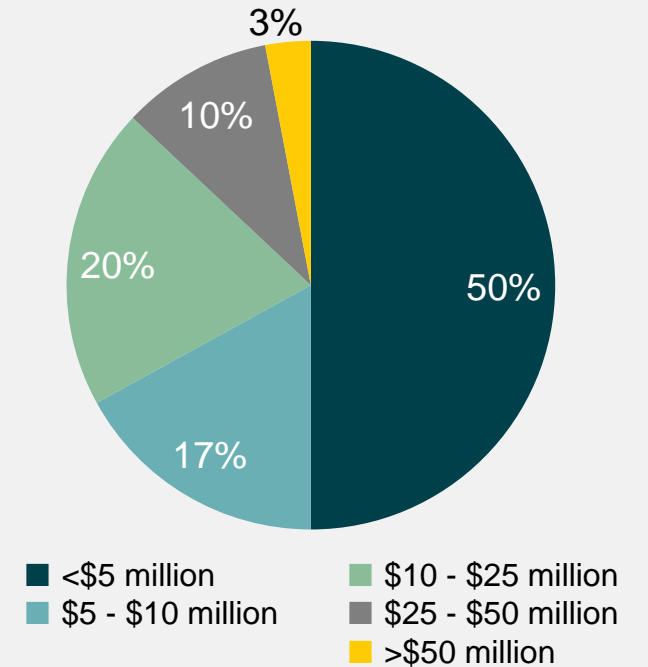
Portfolio by industry



Portfolio by geography



Portfolio by exposure size

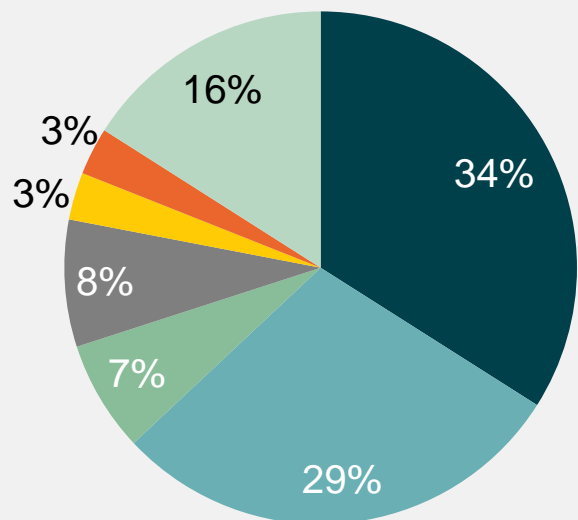


* Includes a portion of small business loans, with limits below \$1 million, that are not classified

Agribusiness portfolio

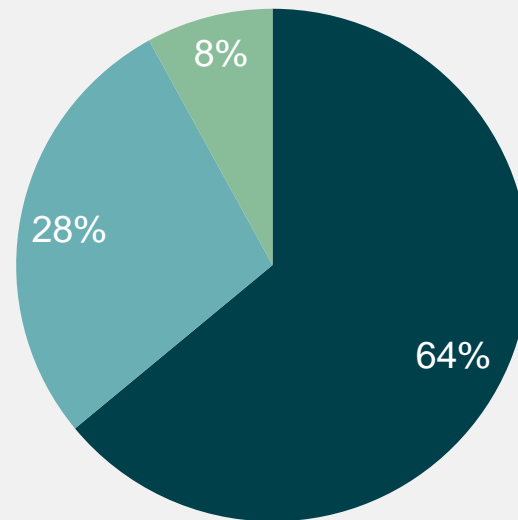
Total assets of \$4.4 billion

Portfolio by industry



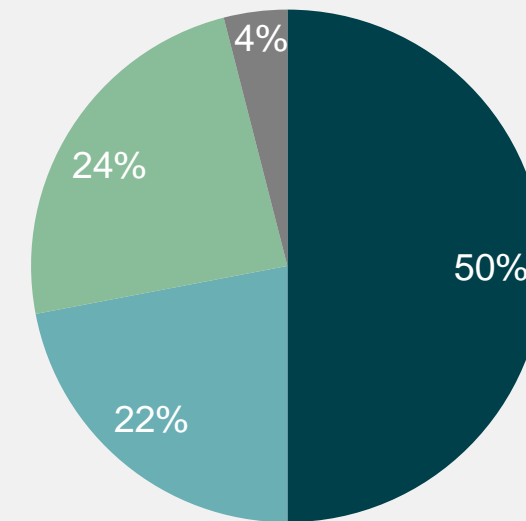
- Beef
- Grain & mixed farming
- Sheep & mixed livestock
- Cotton
- Sugar
- Fruit
- Other

Portfolio by geography



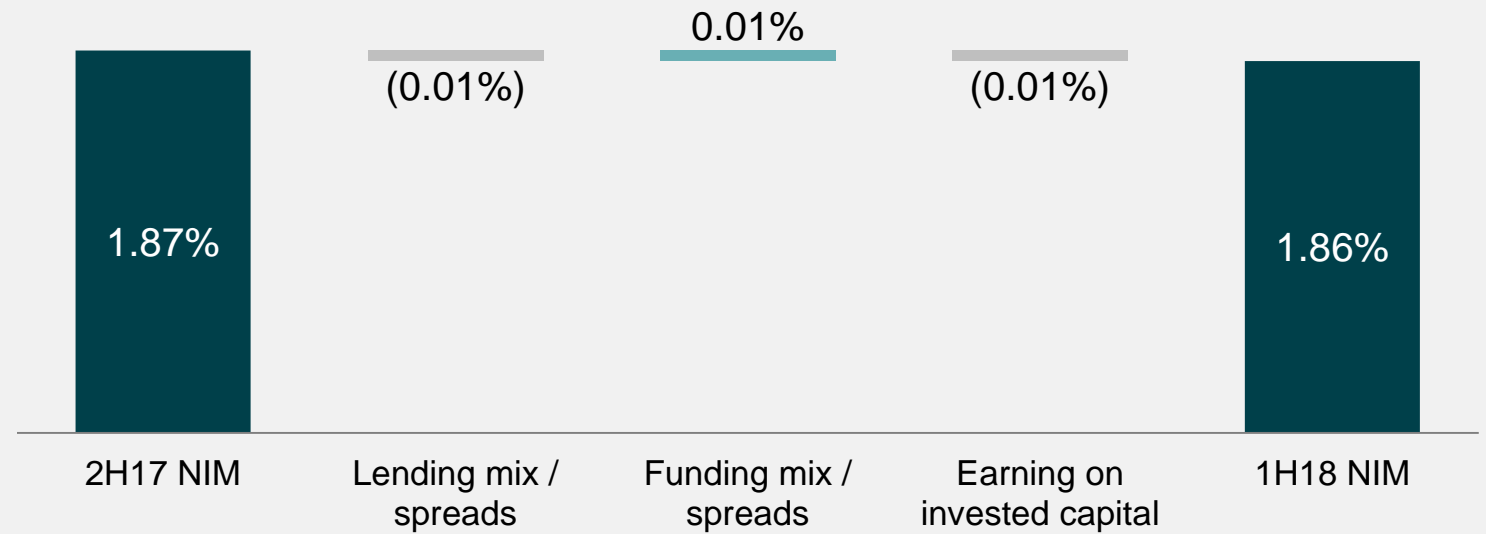
- Queensland
- New South Wales
- Other

Portfolio by exposure size



- <\$5 million
 \$5 - \$10 million |- \$10 - \$25 million
- \$25 - \$50 million

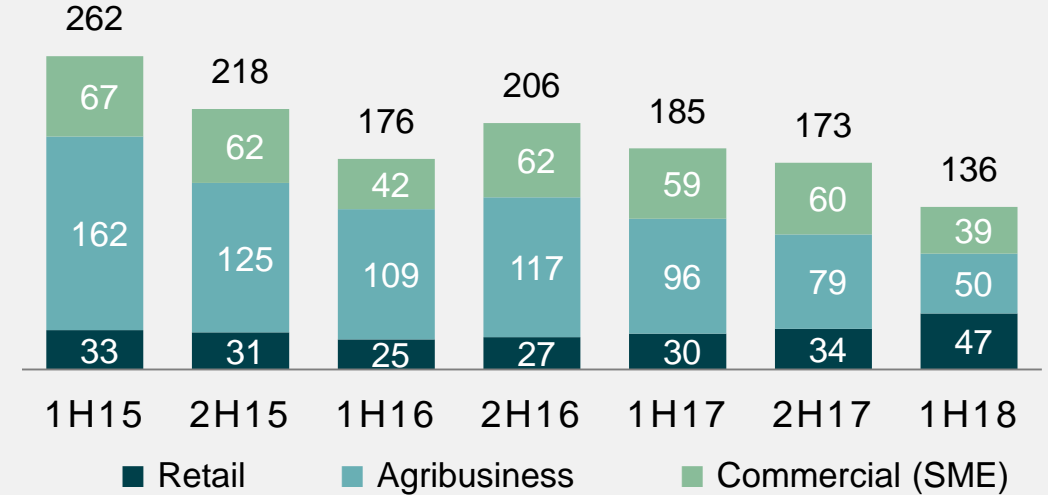
NIM movements



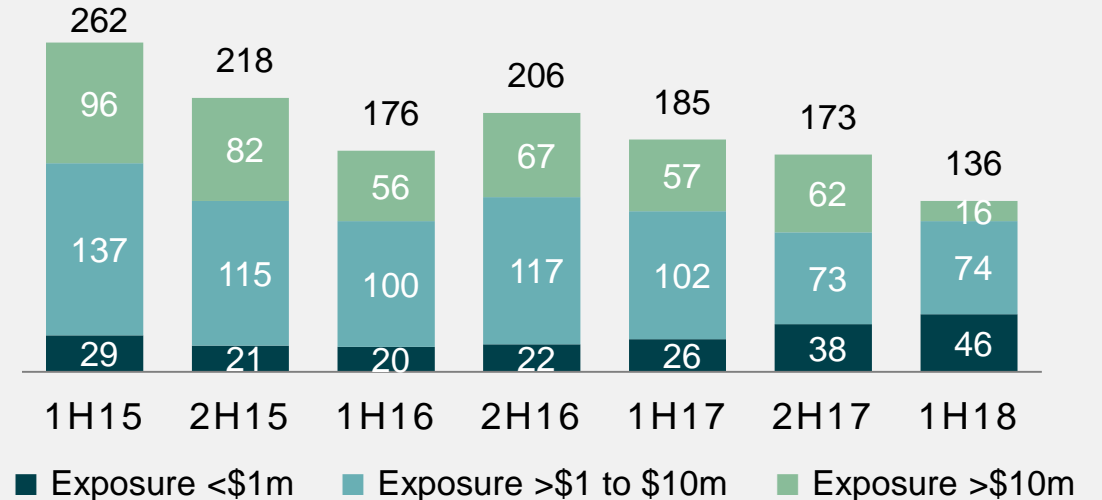
Credit quality impaired loans (\$m)

- Gross impaired loans reduced over the half due to improving credit quality in the Agribusiness and Commercial portfolios, an improvement in the Agriculture environment, the finalisation of longer running Banking recovery exposures and receipts from secured asset sales
- Retail impaired assets increased over the half, partially due to more active management of long dated arrears
- Gross impaired loans over \$10 million have decreased consistently since 1H15 due to improved risk selection

Gross impaired loans by segment



Gross impaired loans by exposure



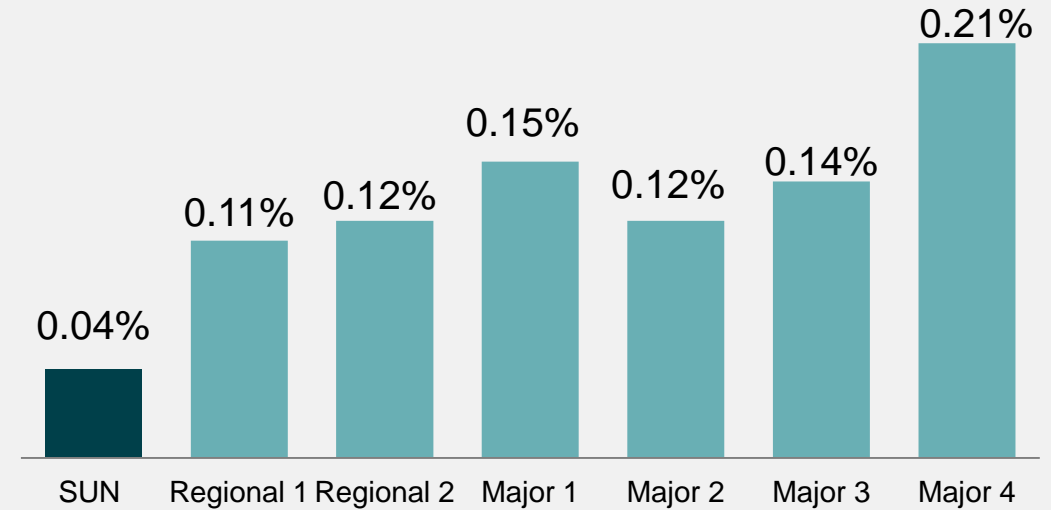
Credit quality

Relativity to peers

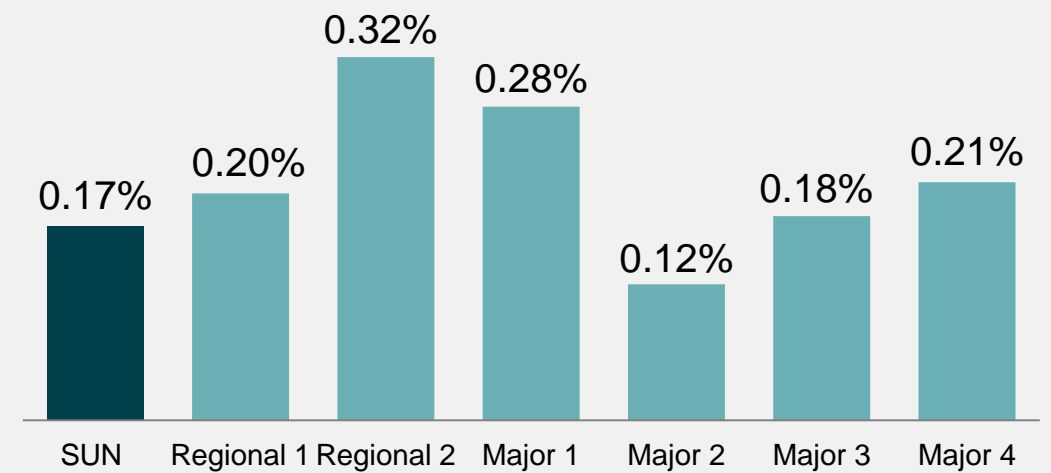
- Continued focus on credit quality and prudent risk management
- Impairment losses 0.04% of gross loans and advances remains low and below the industry average

Source: Latest peer financial reports

Impairment losses to gross loans

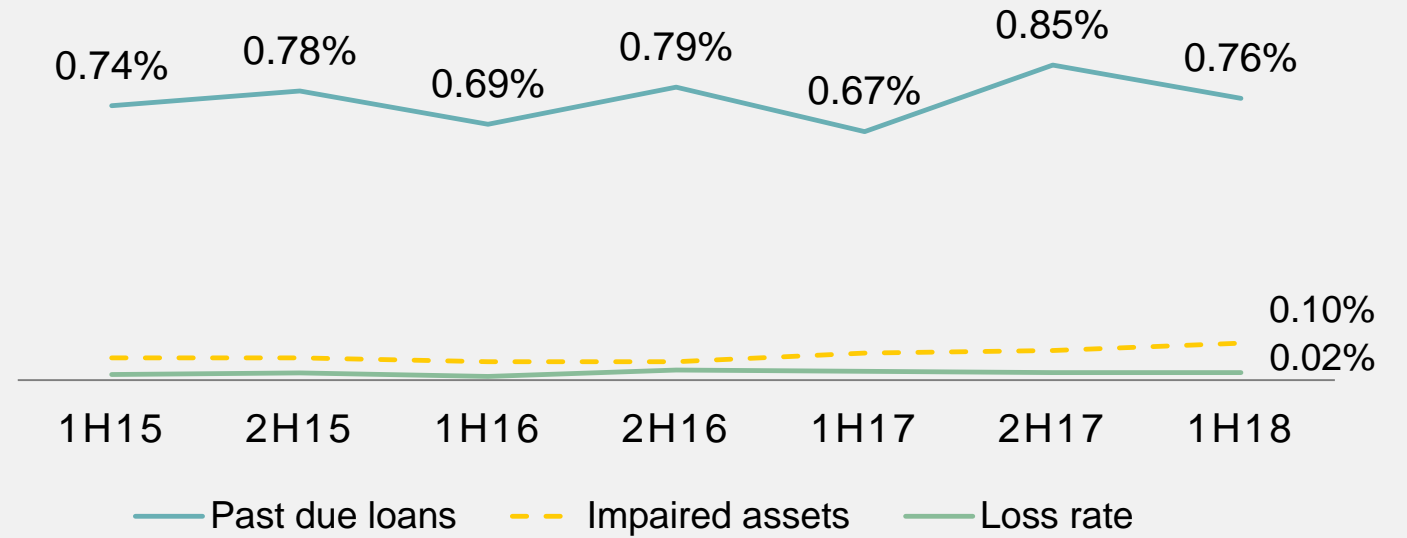


Net impaired assets to gross loans



Credit quality home lending

% gross home loans

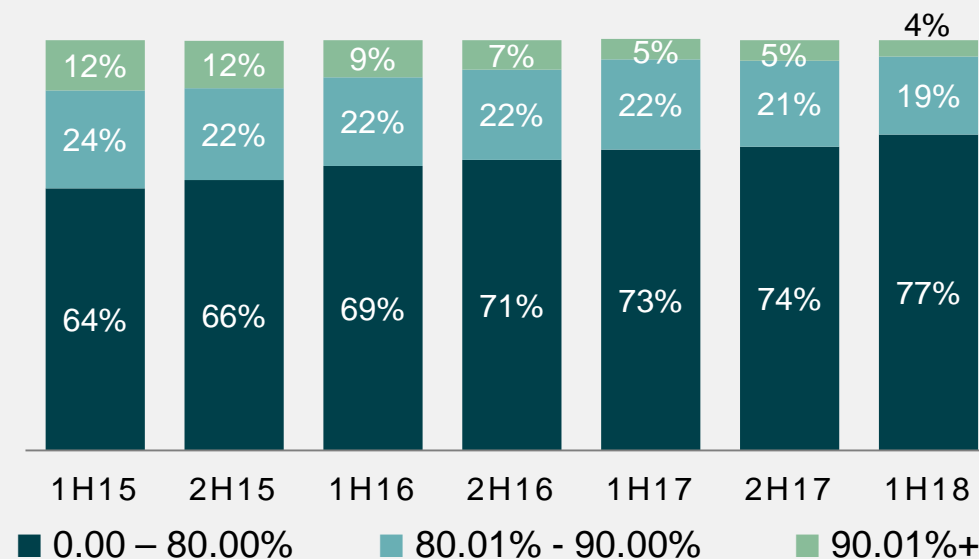


Loan-to-value ratio (LVR)

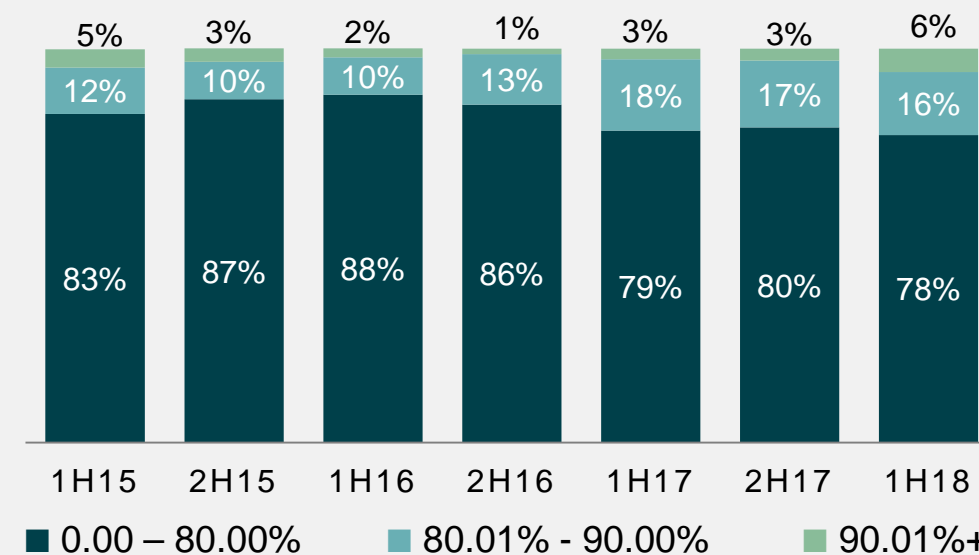
— Total home lending assets of \$46.9 billion

- Increase in home lending new business with >90% LVR due to support of genuine first home buyers through attractive 3 and 5 year fixed rates

Home lending assets by LVR

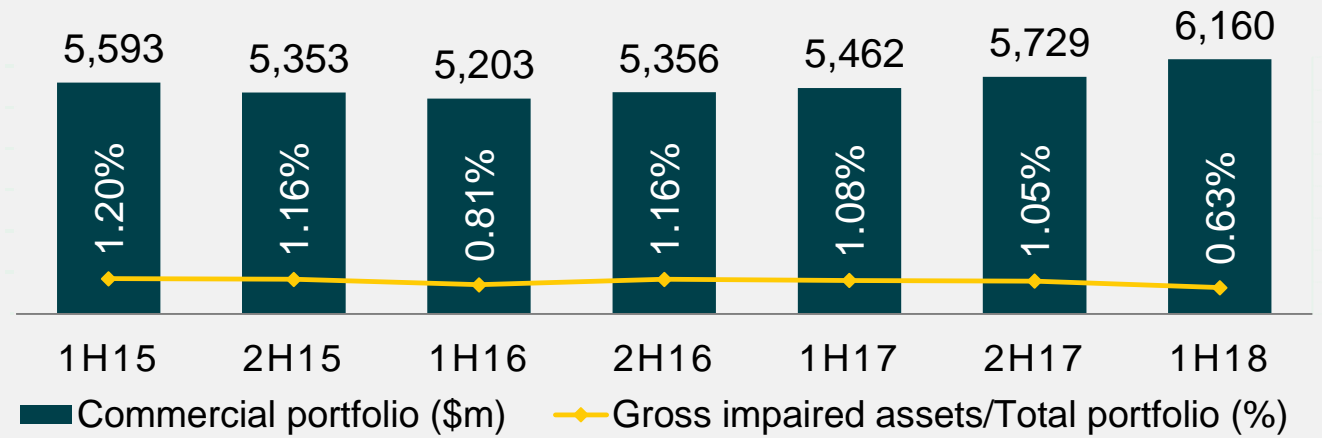


Home lending new business by LVR

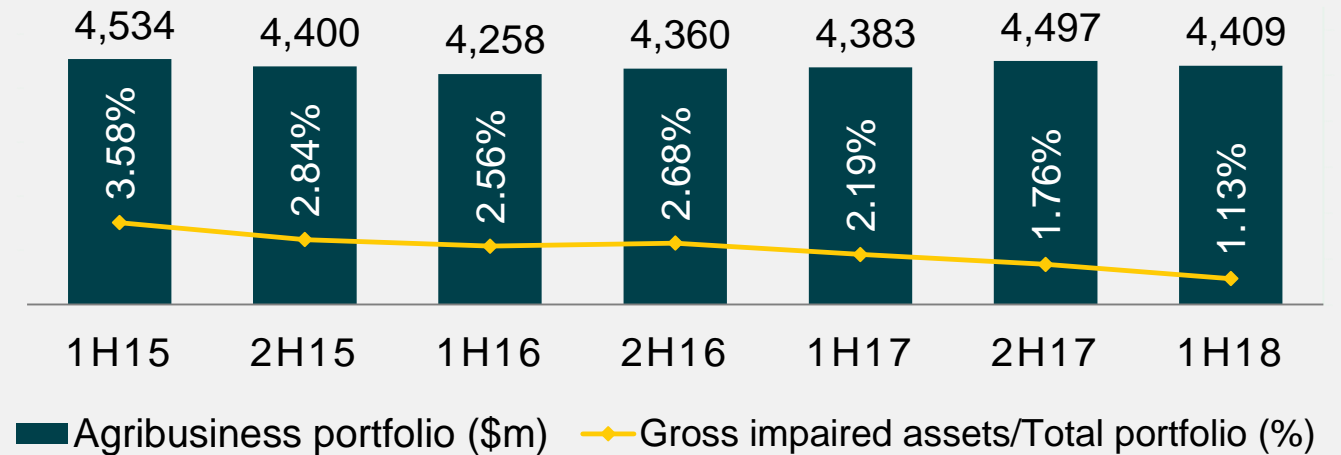


Credit quality business lending

Commercial (SME) portfolio

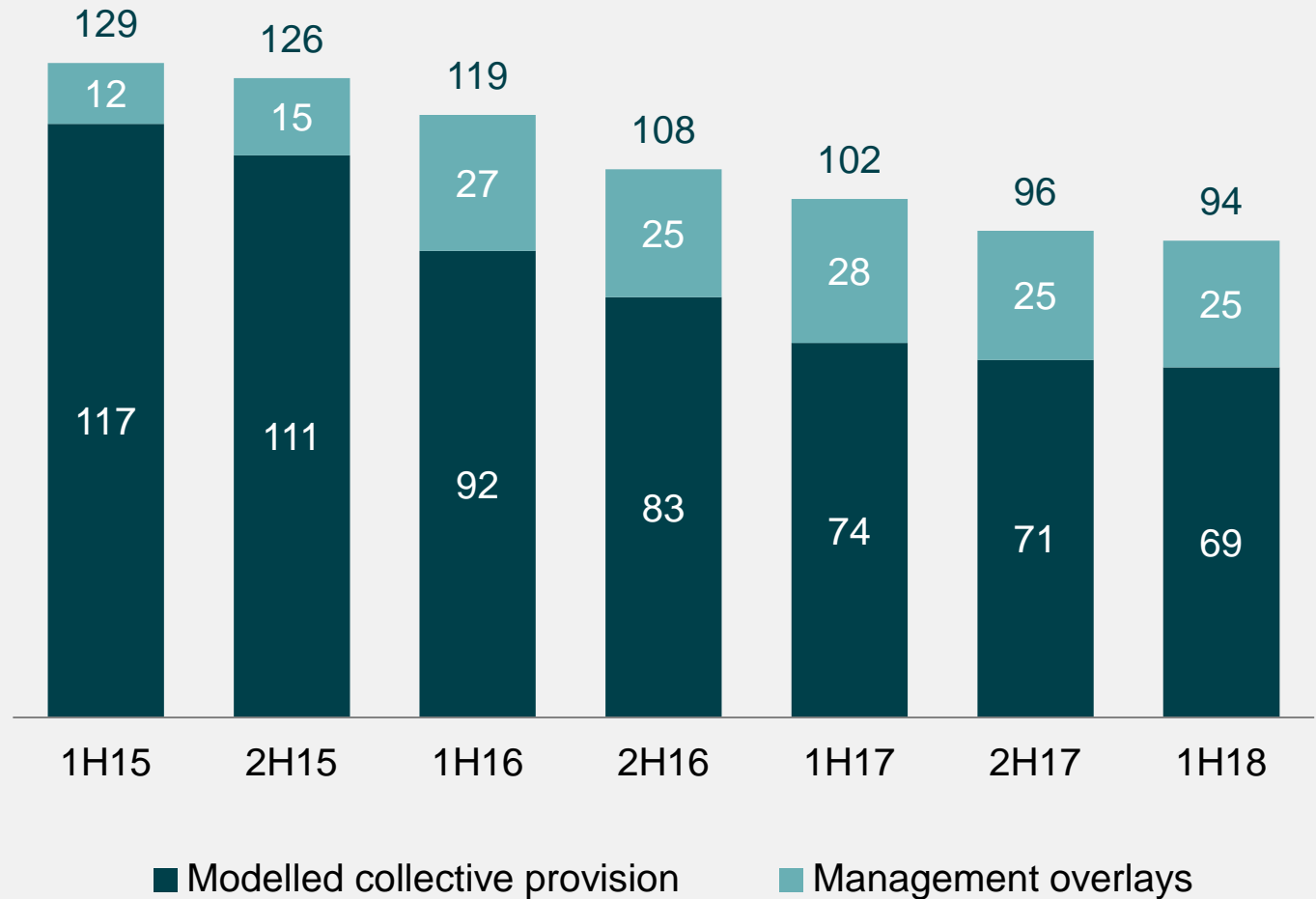


Agribusiness portfolio



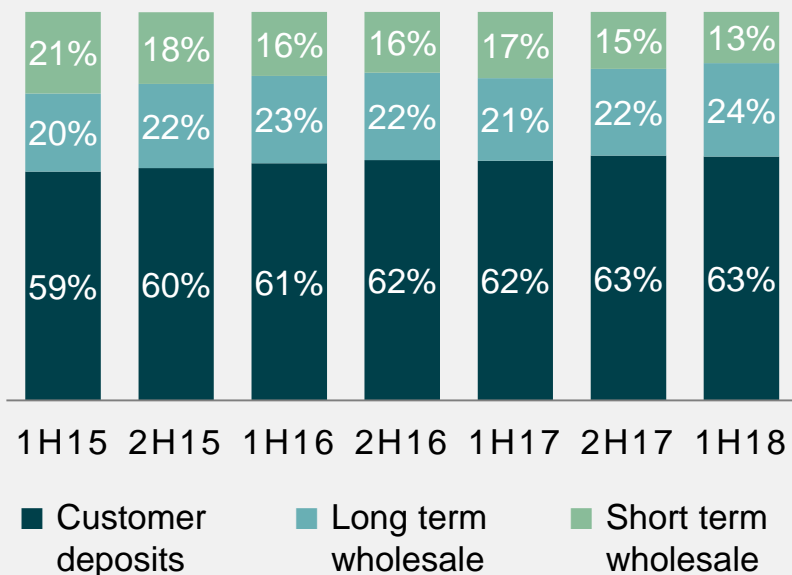
Collective provision (\$m)

- Collective provision reduced over the half primarily due to a continuing improvement in arrears for retail assets
- Modelled collective provision has decreased consistently since 1H15 due to improved risk selection and enhanced models
- Suncorp continuously reviews its management and operational overlays and is comfortable that the levels adopted are adequate

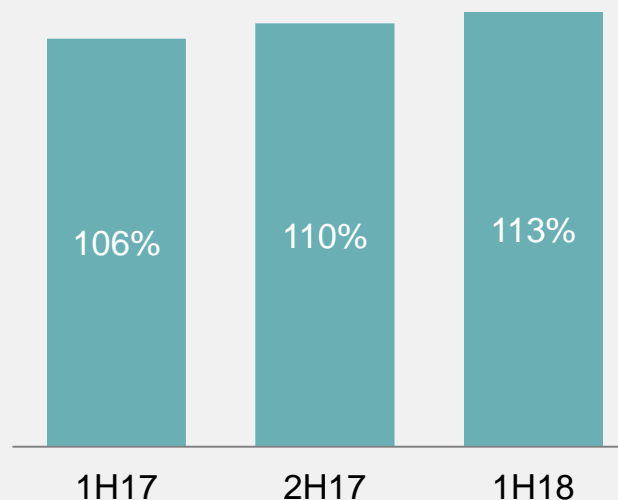


Funding mix

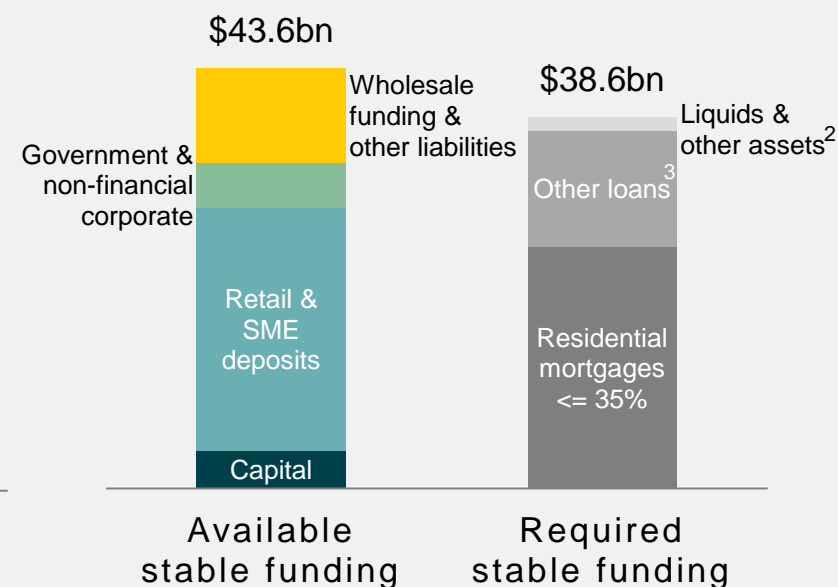
Overall funding mix



Net stable funding ratio¹



Stable funding composition



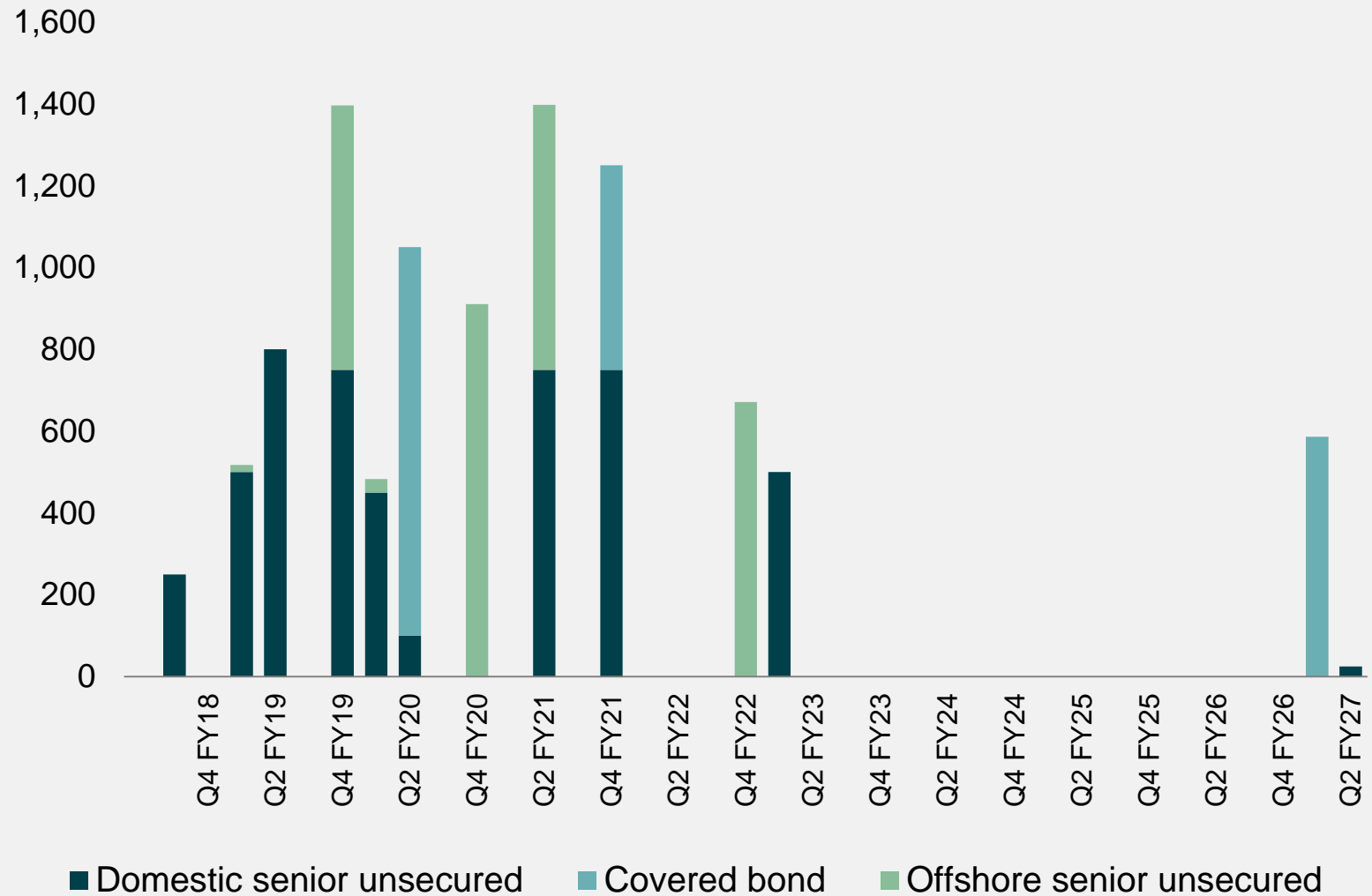
¹ Historical NSFR figures disclosed are based on regulatory instructions available at the relevant reporting dates

² Other assets includes derivatives and other assets

³ Other loans includes off balance sheet exposures and residential mortgages >35% risk weight

Long-term funding profile (\$m)

- Exercised ability to fund in a range of long-term wholesale markets during the half year, taking advantage of favourable market conditions
- Executed \$3.8 billion in term wholesale issuance over the half at a weighted average term of 3.5 years, including issuance under domestic and offshore senior unsecured, covered bond and RMBS programs
- Weighted average term remaining of the long-term wholesale portfolio is 2.8 years



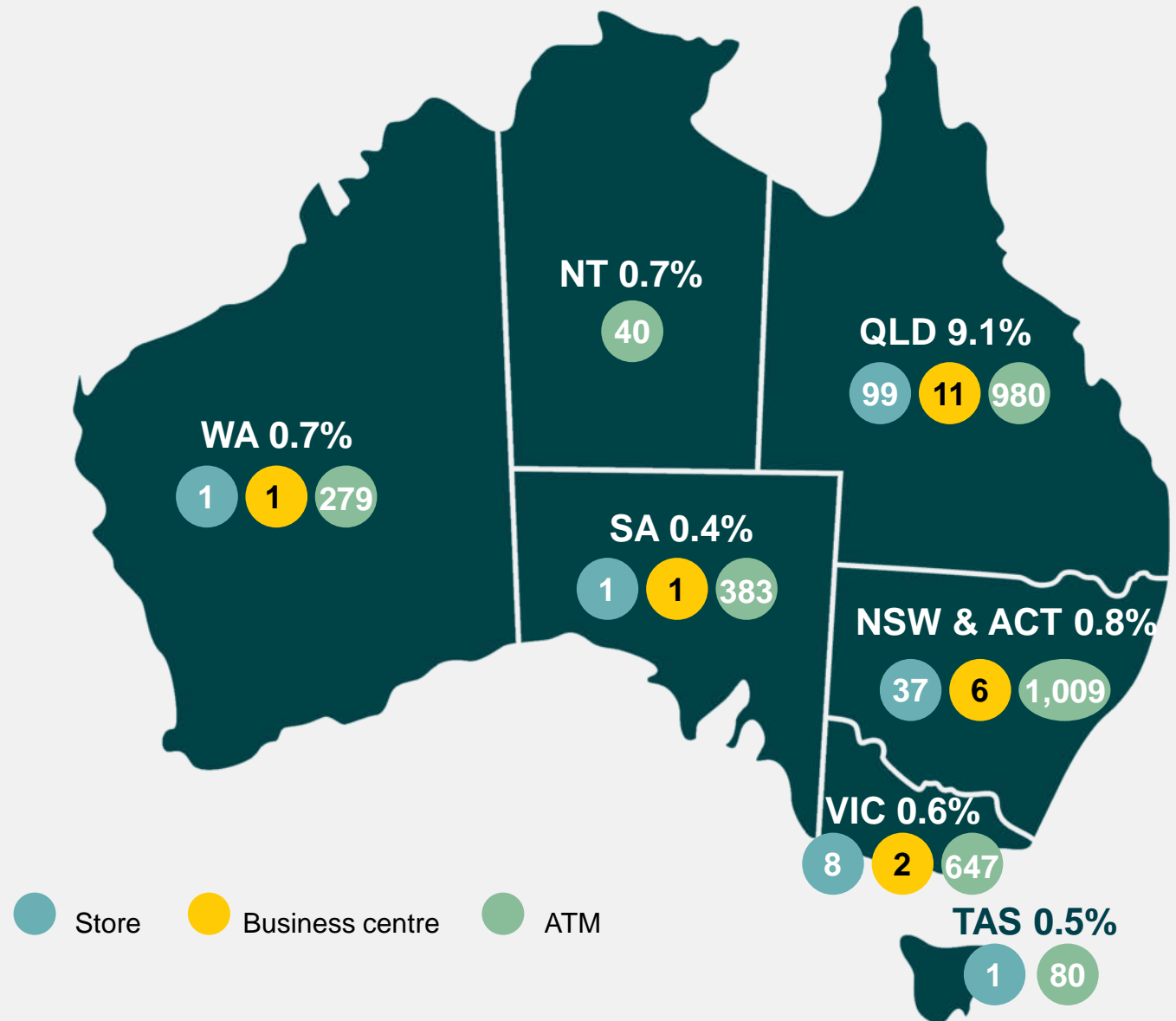
Note: maturity profile shown on a quarterly basis

Banking market share

Retail banking market share and Suncorp footprint

- Banking increased its ATM footprint across Australia with its partnership with rediATM

Market share source: Roy Morgan, November 2017
Footprint as at December 2017

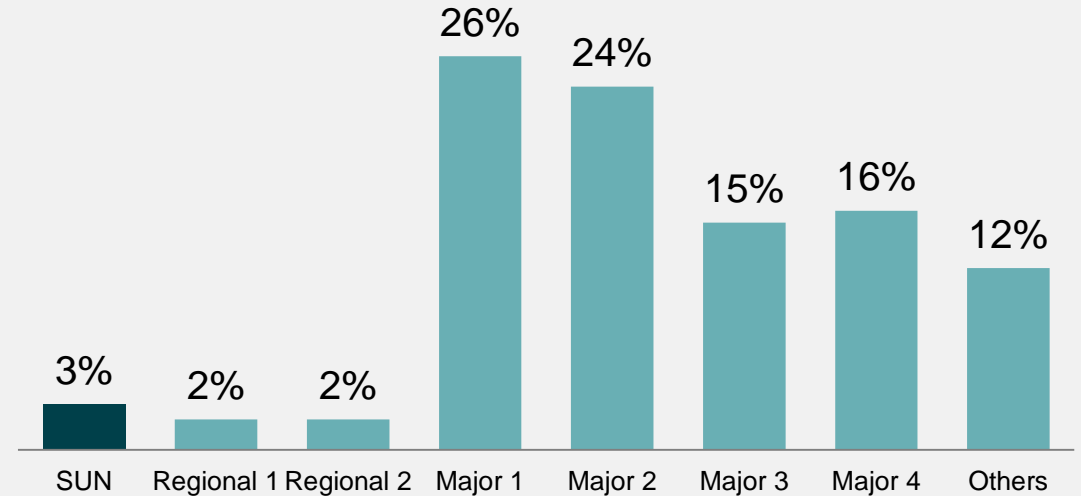


Housing lending growth vs system

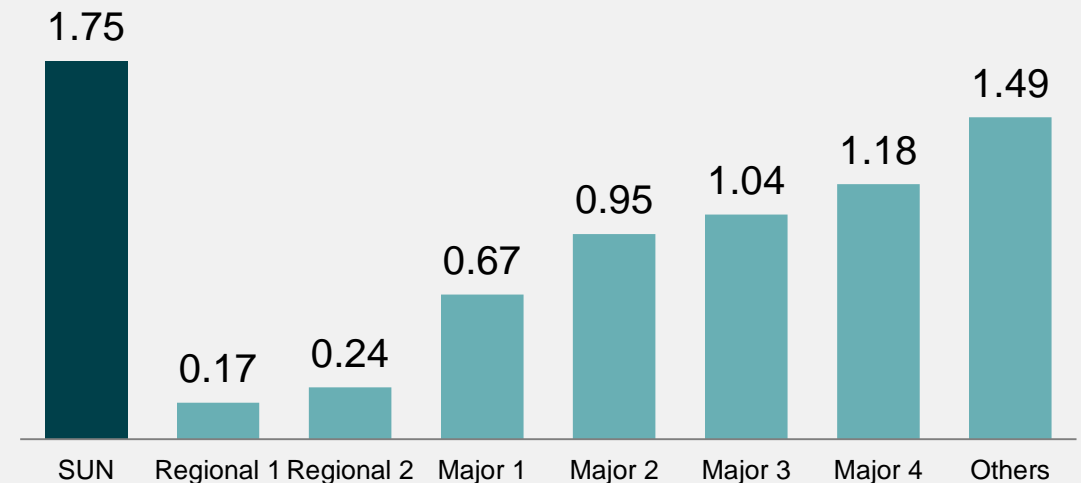
- Above system growth in the home lending portfolio was underpinned by improvements in internal processes, relationships with third parties and customer experience, as well as an increased focus on customer retention
- Focus remains on appropriate risk selection to maintain a high-quality lending portfolio
- Banking expects to deliver growth above system for the 2018 financial year

Source: APRA, December 2017

Housing lending market share



Housing lending vs system growth

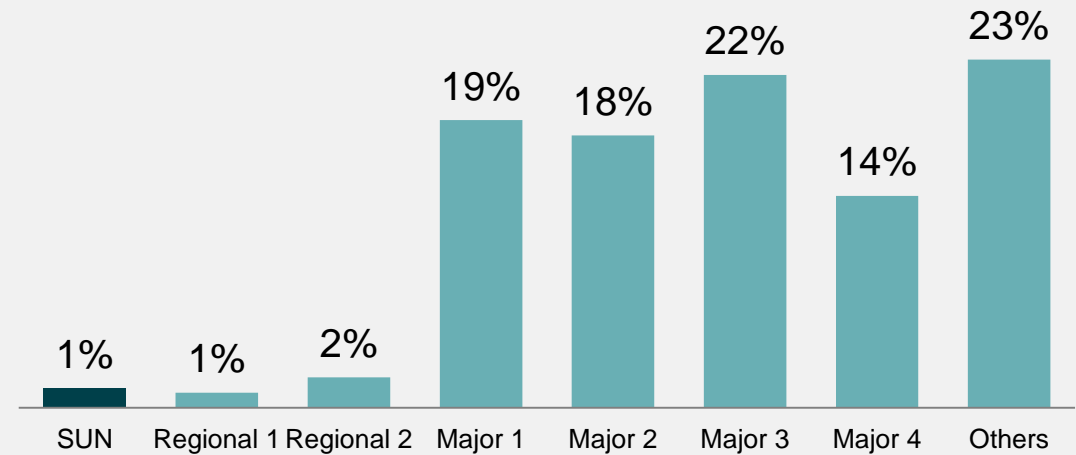


Business lending growth vs system

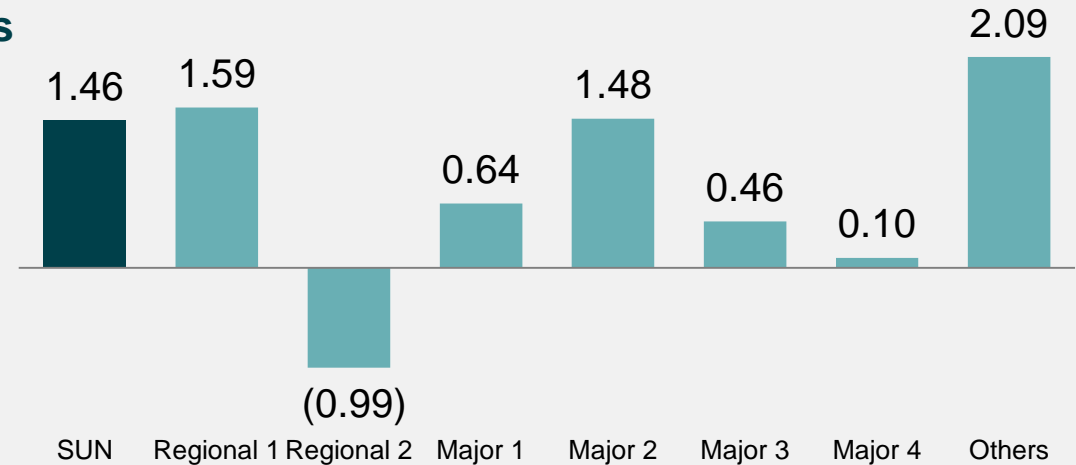
- Growth in Commercial (SME) driven by deliberate management action to achieve targeted growth within selected well-known market segments to balance total lending portfolio mix
- Low loan balances in resources and inner-city apartment development sectors were maintained
- Suncorp continues to balance growth with sound credit quality in Agribusiness, while understanding the inherent volatility of the industry

Source: APRA, December 2017

Business lending market share

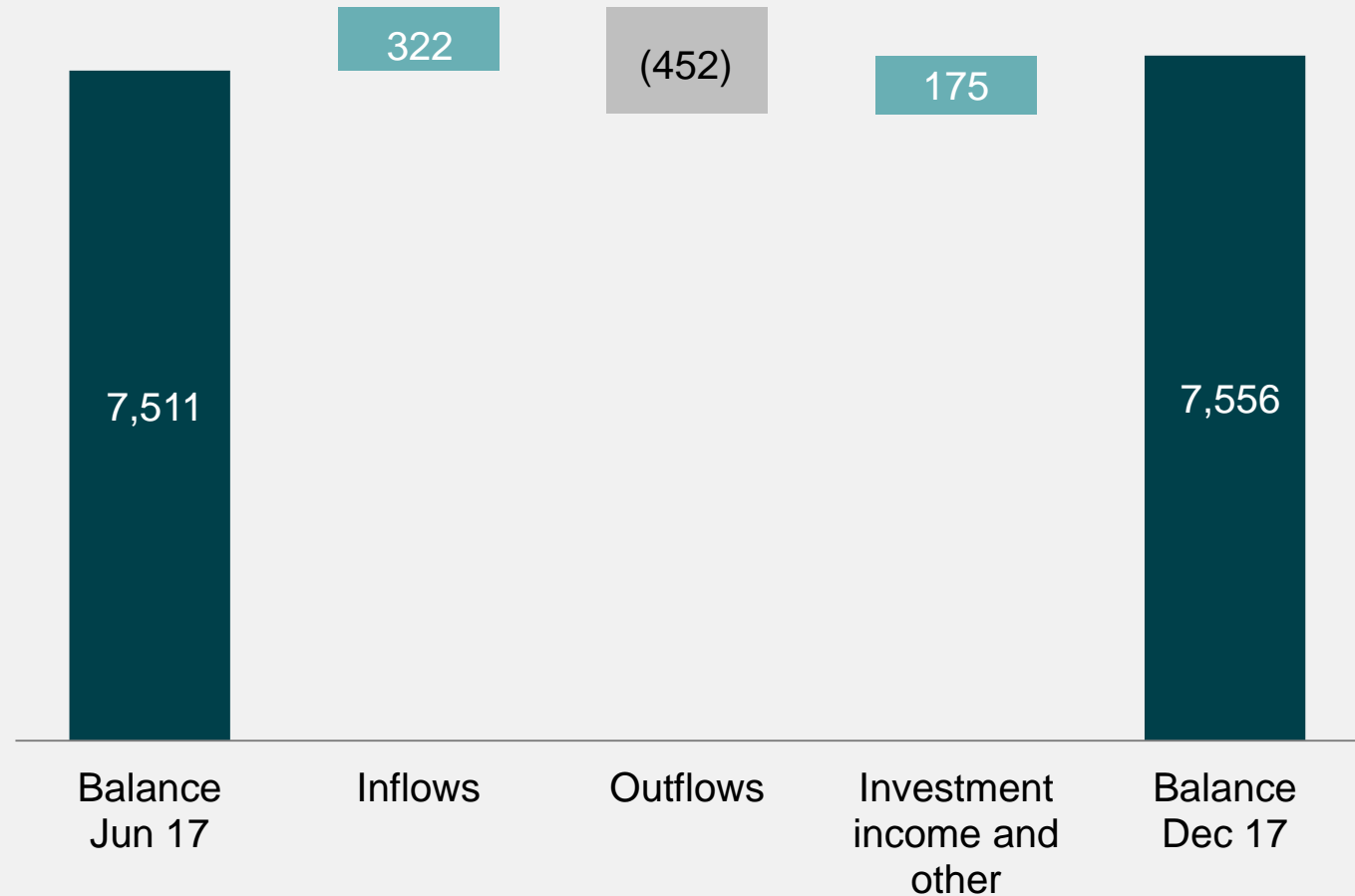


Business lending vs system growth



Funds under management and administration (\$m)

- Wealth continued to improve customer service capability through digital enhancements and self-service options for members and intermediaries
- Focused on embedding changes, stabilising the new operating model, customer retention and targeting growth through the Marketplace





New Zealand



Financial Results for the half year
ended 31 December 2017

New Zealand NPAT

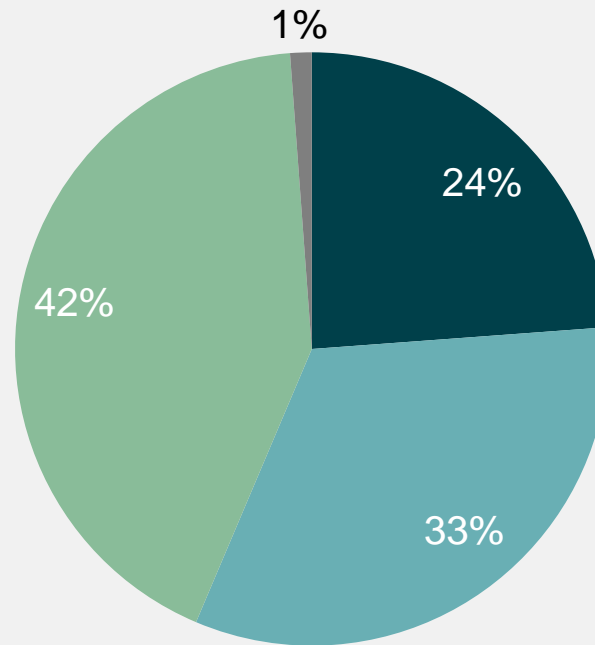
-
- Strong result driven by premium increases, unit growth, strong claims management and expense control
- GWP grew 7.6%, driven by all product classes
- Lower natural hazard costs
- New SMART centres improving claims costs

	HY18 (NZ\$m)	HY17 (NZ\$m)	Change (%)
Gross written premium	768	714	7.6
Net earned premium	616	586	5.1
Net incurred claims	(348)	(372)	(6.5)
Operating expenses	(199)	(196)	1.5
Investment income - insurance funds	7	4	75.0
Insurance trading result	76	22	245.5
General Insurance profit after tax	50	19	163.2
Life Insurance profit after tax	17	18	(5.6)
New Zealand NPAT	67	37	81.1

General Insurance Gross Written Premium

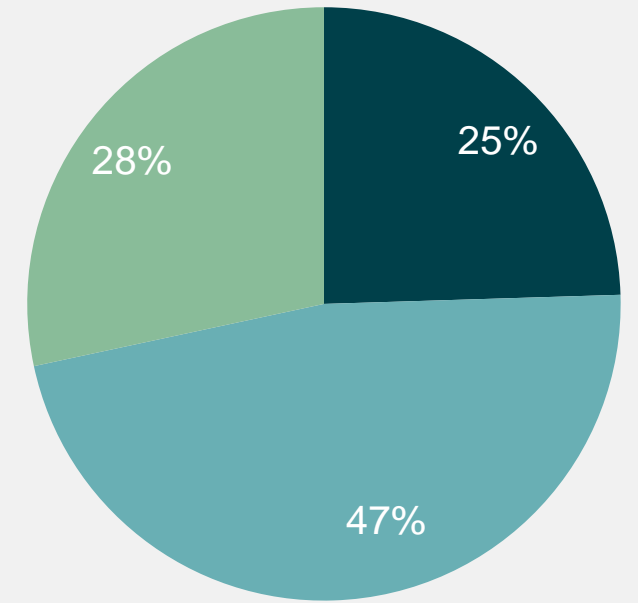
—
Total GWP of NZ\$768 million

Portfolio by product



■ Motor ■ Commercial
■ Home ■ Other

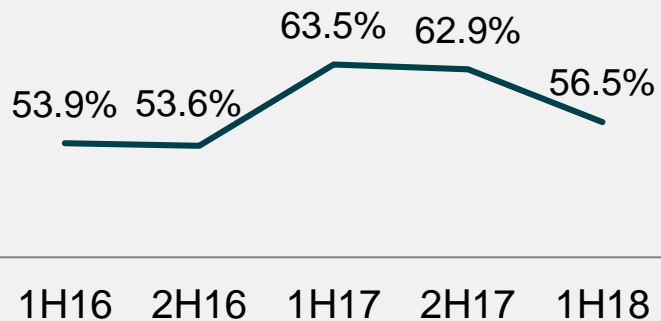
Portfolio by channel



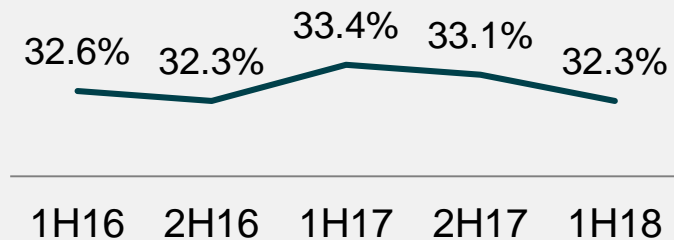
■ Direct ■ Strategic partners & financial intermediaries
■ Brokers

General Insurance key ratios

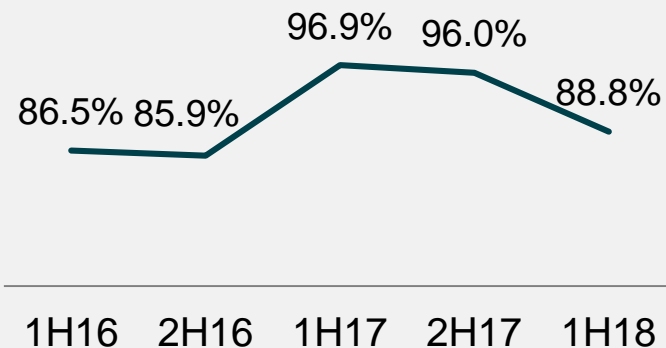
Loss ratio



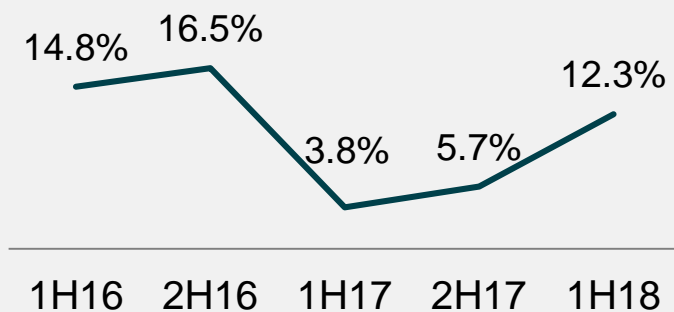
Total operating expenses ratio



Combined operating ratio



Reported ITR



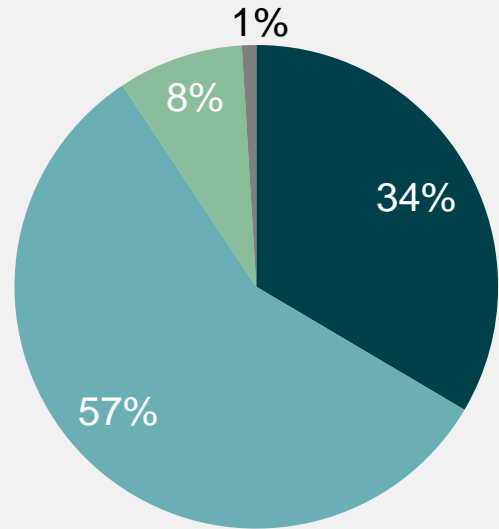
Natural hazard events

Date	Event	Net costs (NZ\$m)
Jul 17	Winter Storm	3
Jul 17	Major Storm	7
	Total events over \$2 million*	10
	Other natural hazards attritional claims	9
	Total natural hazards	19
	Less: allowance for natural hazards	(17)
	Natural hazards costs above allowance	2

* Events with a gross cost over \$2 million, shown net of recoveries from reinsurance.

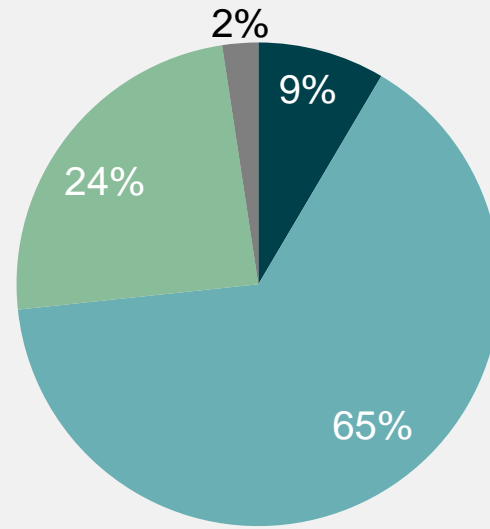
General Insurance investment asset allocation

Insurance funds
NZ\$418 million



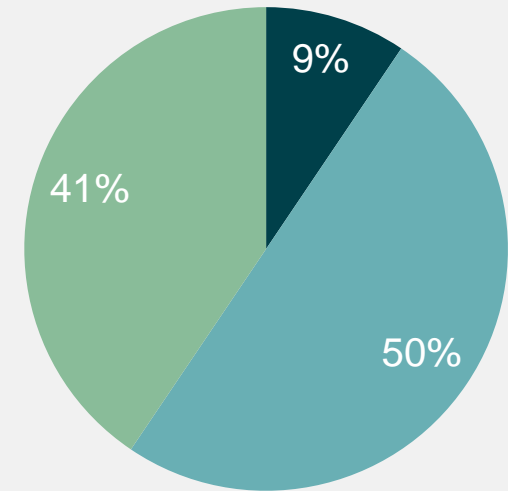
- Cash & short-term deposits
- Local government bonds
- Corporate bonds
- Government bonds

Fixed income credit quality



- AAA
- AA
- A
- BBB

Shareholders' funds
NZ\$360 million

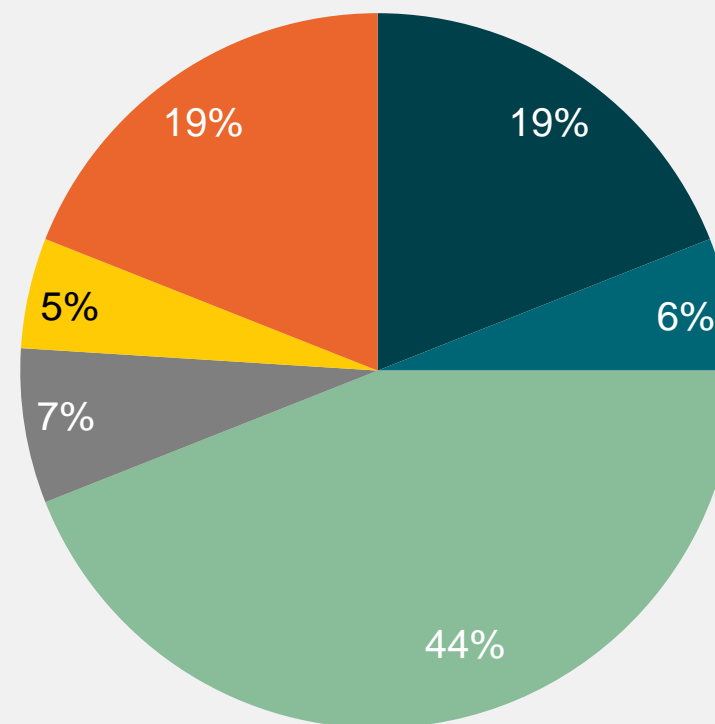


- Cash & short-term deposits
- Interest-bearing securities
- Equities

General Insurance market share

—
Total market NZ\$5.7 billion

Source: Insurance Council New Zealand, September 2017



■ Vero
(Suncorp NZ)

■ AAI
(Suncorp NZ)

■ Peer 1

■ Peer 2

■ Peer 3

■ Others

Life Insurance NPAT

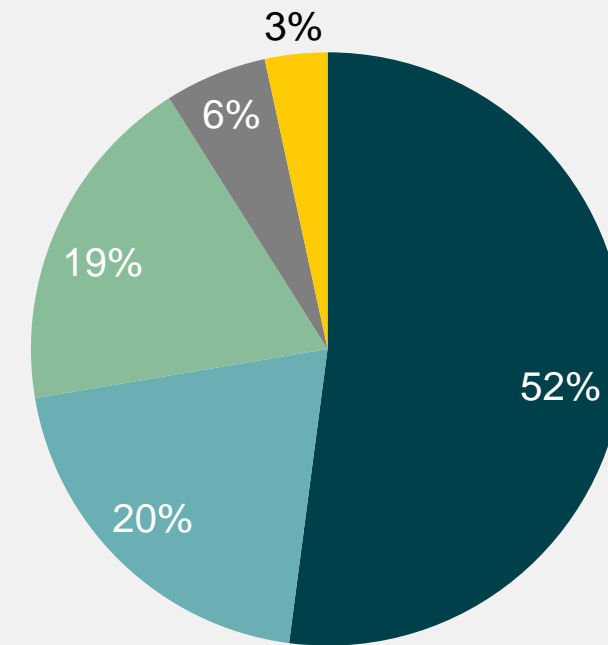
-
- Strong in-force premium growth of 5.0%, driven by new business and policy retention

	HY18 (NZ\$m)	HY17 (NZ\$m)	Change (%)
Planned profit margin	16	15	6.7
Experience	(5)	5	n/a
Other	3	4	(25.0)
Underlying profit after tax	14	24	(41.7)
Market adjustments	3	(6)	n/a
Life Insurance NPAT	17	18	(5.6)
In-force annual premium	252	240	5.0

Life Insurance in-force premium

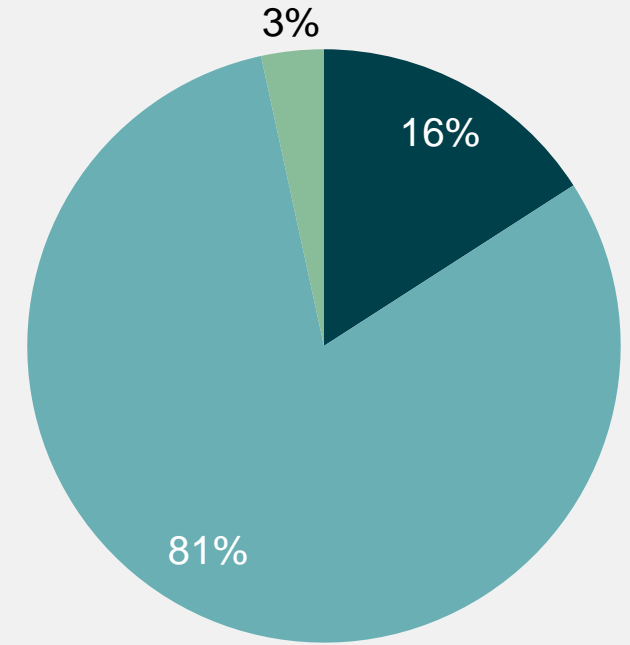
Total in-force premium of
NZ\$252 million

Premium by product



- Term & TPD
- Trauma
- Income protection
- Other
- Group

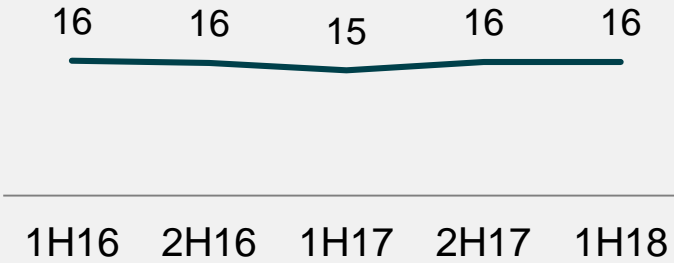
Premium by channel



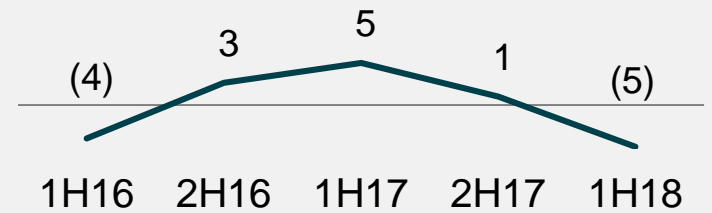
- Direct
- Advised
- Group & other

Life Insurance key metrics (NZ\$m)

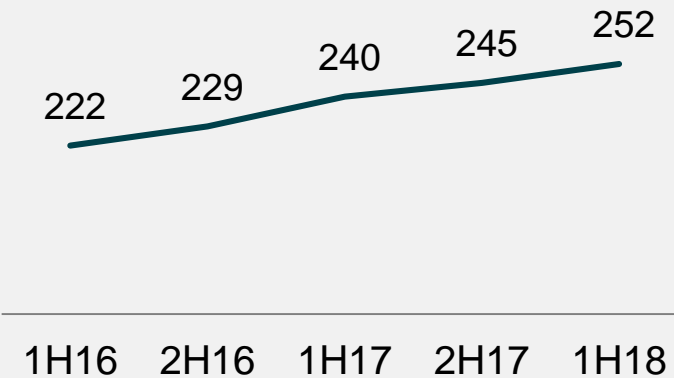
Planned margins



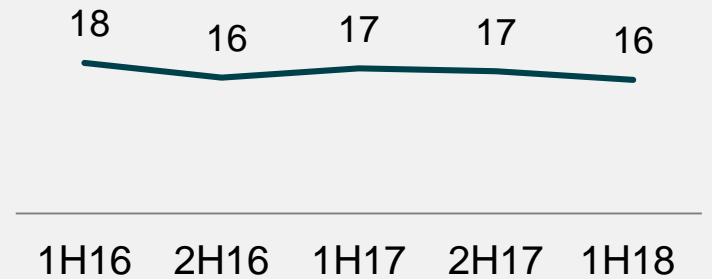
Experience



In-force premium



Operating expenses

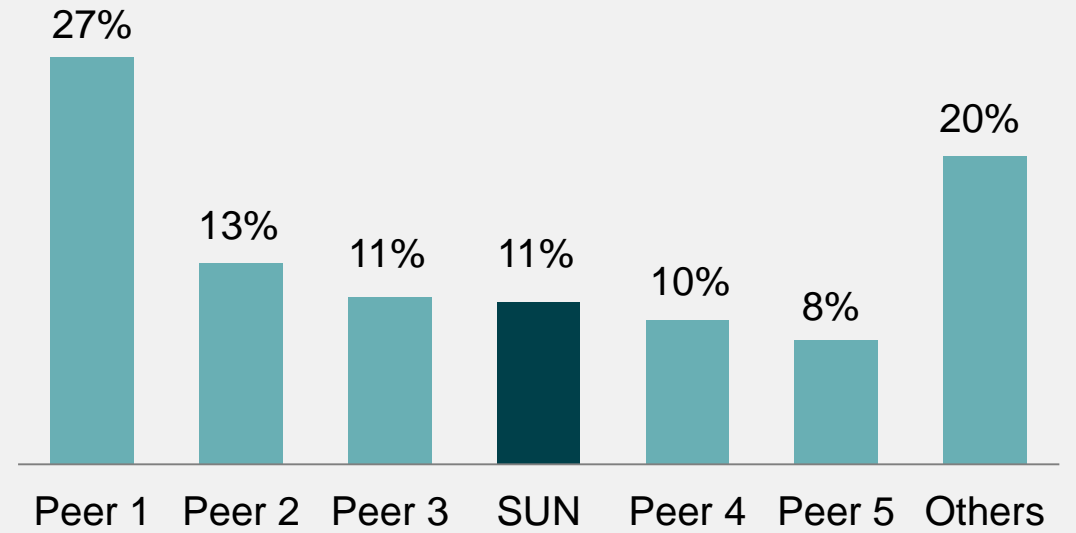


Life Insurance market share

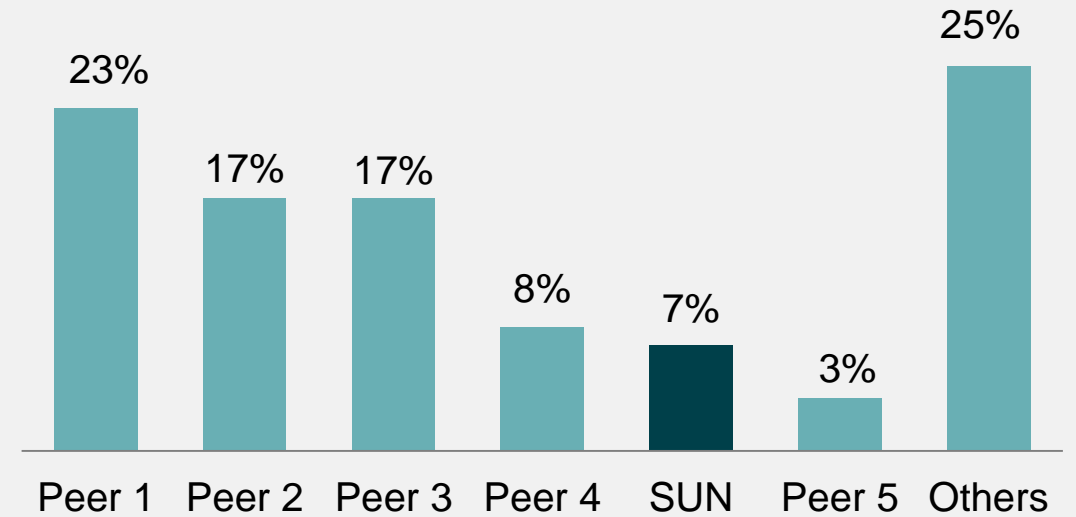
—

Individual risk

In-force
NZ\$2.2 billion



New business
NZ\$62 million



Source: Melville Jessup Weaver, September 2017
Note: excludes Group policies



Economy



Financial Results for the half year
ended 31 December 2017

Economic fundamentals

-
- Supportive fundamentals for both Australia and Queensland
- Australian economic growth has proven resilient while the labour market has strengthened
- Queensland is seeing higher interstate immigration along with improved business investment

	Australia	Queensland	Data
Population growth	1.6%	1.6%	Jun-17, annual
Economic growth	2.8%	1.8%	AUS: Sep-17 annual QLD: 2016-16 annual
Unemployment rate	5.4%	5.8%	Nov-17, trend
Inflation	1.8%	1.5%	Sep-17, annual
Budget position	\$24bn deficit (1.3% of GDP)	\$2.4bn deficit (0.7% of GSP)	2017-18 estimate
Credit rating (S&P / Moody's)	(AAA neg outlook / Aaa stable)	(AA+ stable / Aa1 stable)	Jan-18

“The most likely path for Australia doesn’t see a triggering of those new risks (China and/or housing). Rather, it sees both our national income and our national production growth gradually return to a steadier path”

Source: Deloitte Access Economics, Business Outlook, September 2017

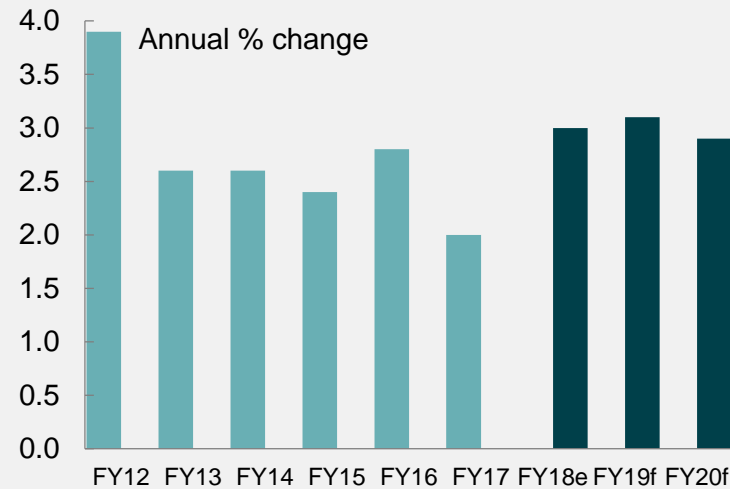
Growth outlook

- Australia’s economy continues to successfully adapt
- GDP growth has lifted, both actual and forecast
- Queensland is benefitting from improved construction, rising LNG production, affordable housing, and tourism / student inflows

“The underlying pulse of the State’s (QLD’s) economy might be better than indicated by the State’s current output growth”

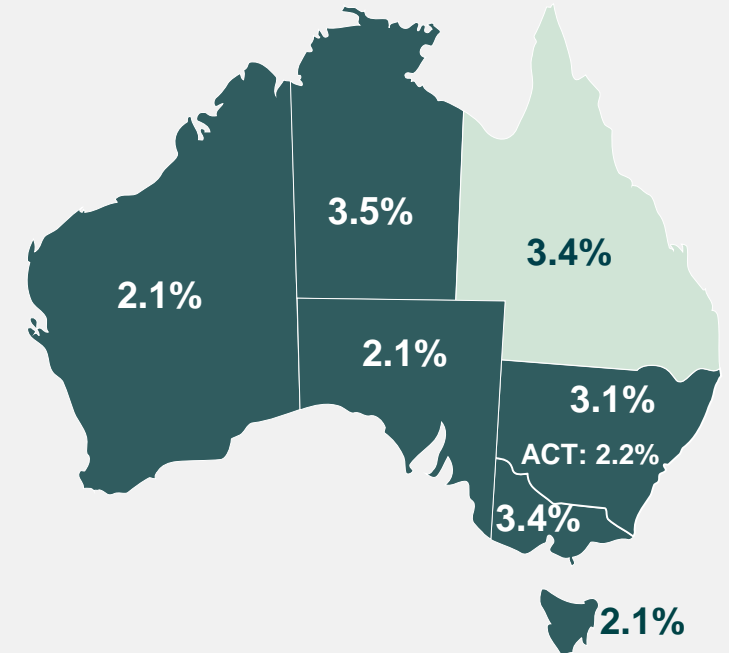
Source: Deloitte Access Economics, September 2017

GDP outlook



Source: ABS, Deloitte Access Economics, September 2017

State prospects



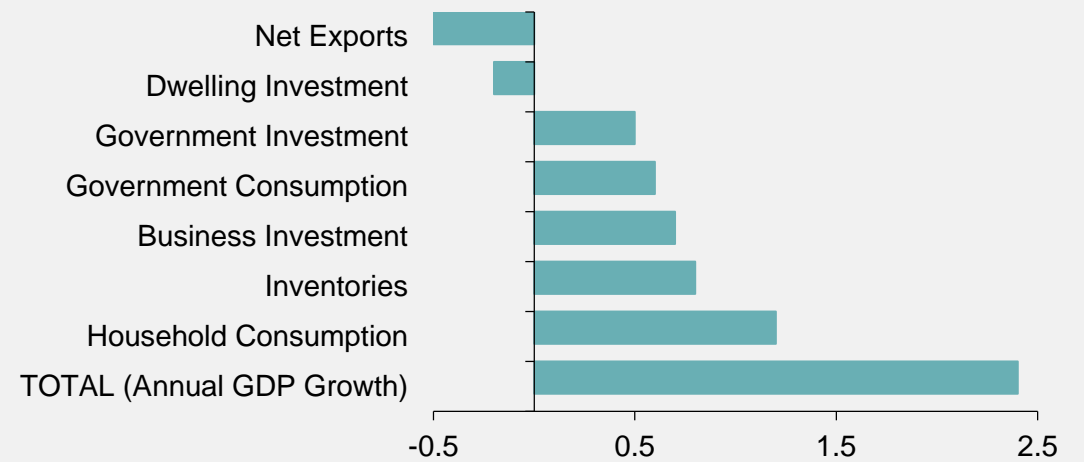
Gross State Product annual average forecast FY18-FY20
Source: Deloitte Access Economics, September 2017

Business investment

—

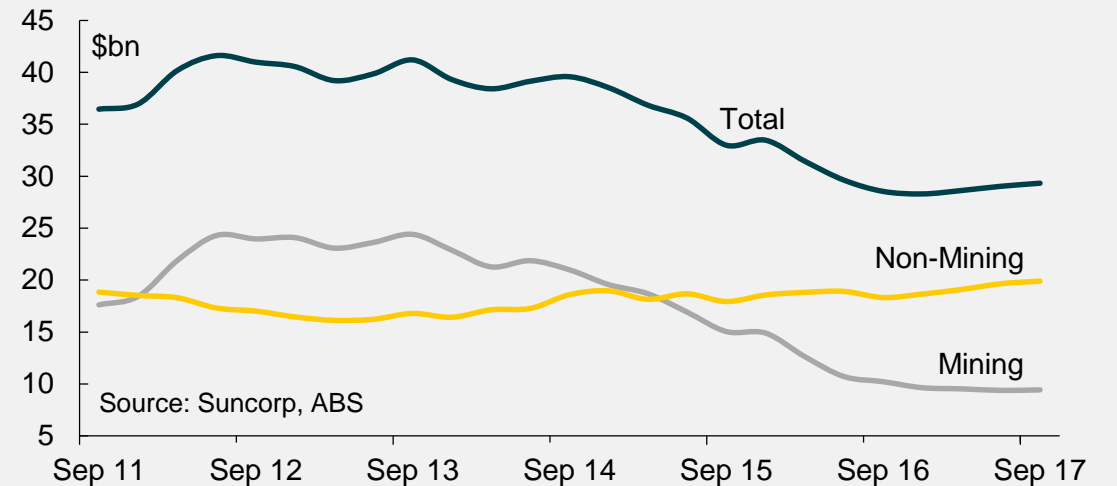
- As homebuilding slows, other sources of demand are supporting activity
- Net exports are forecast to recover, supported by stronger global growth
- Importantly, non-mining business investment is rising while mining investment has flattened out, after falling for five years

Sources of GDP growth



Percentage contribution to annual GDP growth (trend) as at September 2017
Source: ABS

Trends in business investment

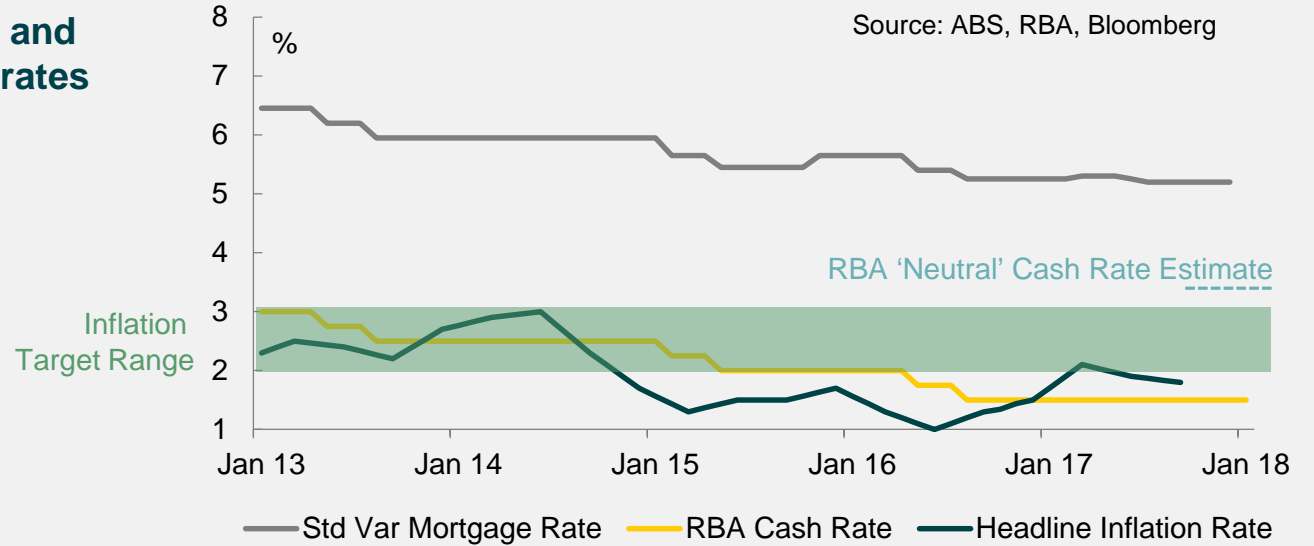


Source: Suncorp, ABS

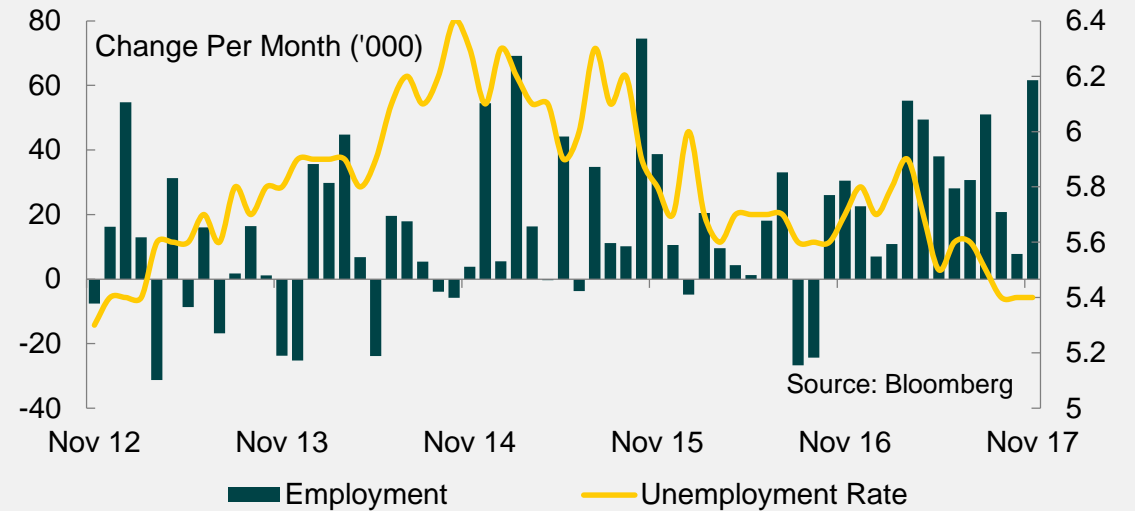
Monetary policy remains highly supportive

- With the cash rate well below 'neutral', monetary policy remains expansionary
- The labour market has been a key beneficiary, with strong job growth and unemployment at a four year low
- The RBA is expected to begin gradually lifting rates from mid-2018

Inflation and interest rates



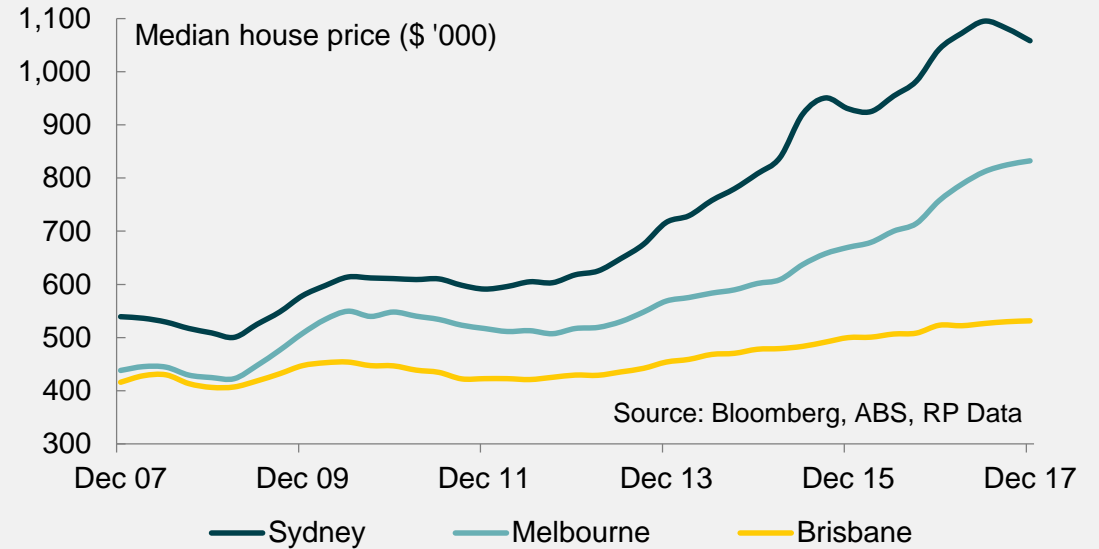
Labour market



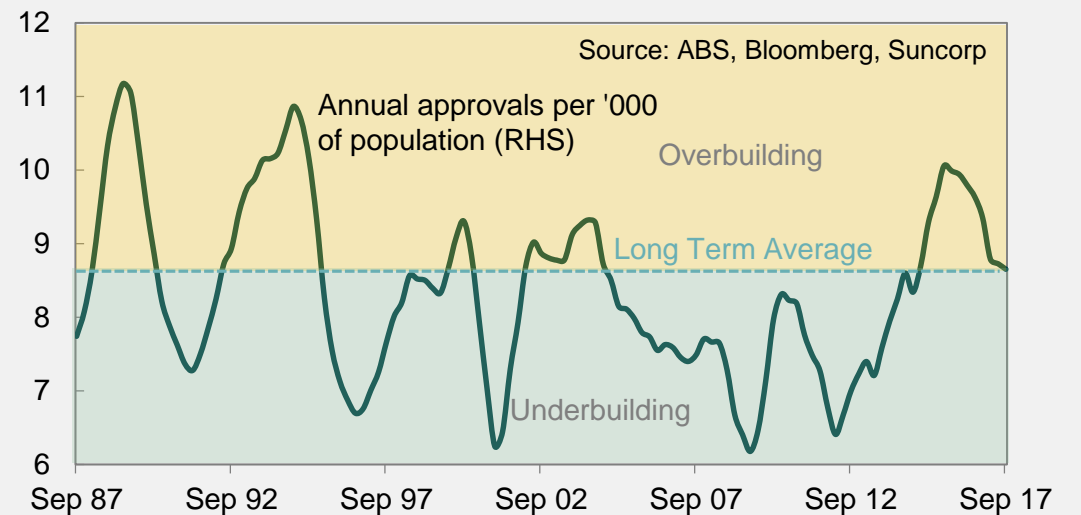
Housing has clearly slowed

- Australian housing has slowed amid increased supply, reduced offshore demand and higher rates for certain mortgage categories
- To date, the indicators are more consistent with softer activity than a sharp downturn
- Our analysis of supply suggests that while there may be pockets of oversupply, it is not a nationwide issue due to the underbuilding before 2014
- Suncorp only lends to experienced developers, with the majority of individual development finance loans under \$20 million

House prices



Dwelling supply and demand

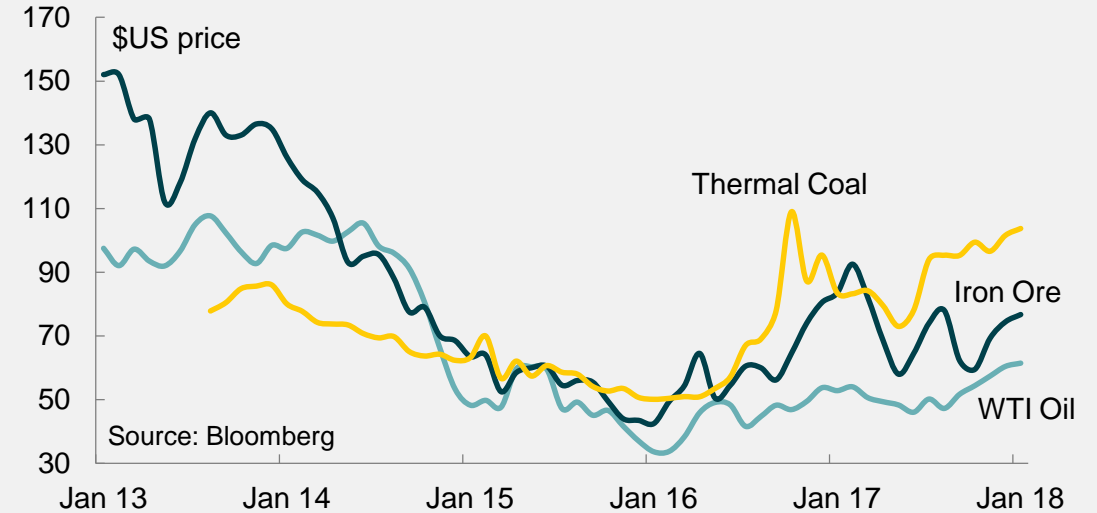


Opportunities and risks

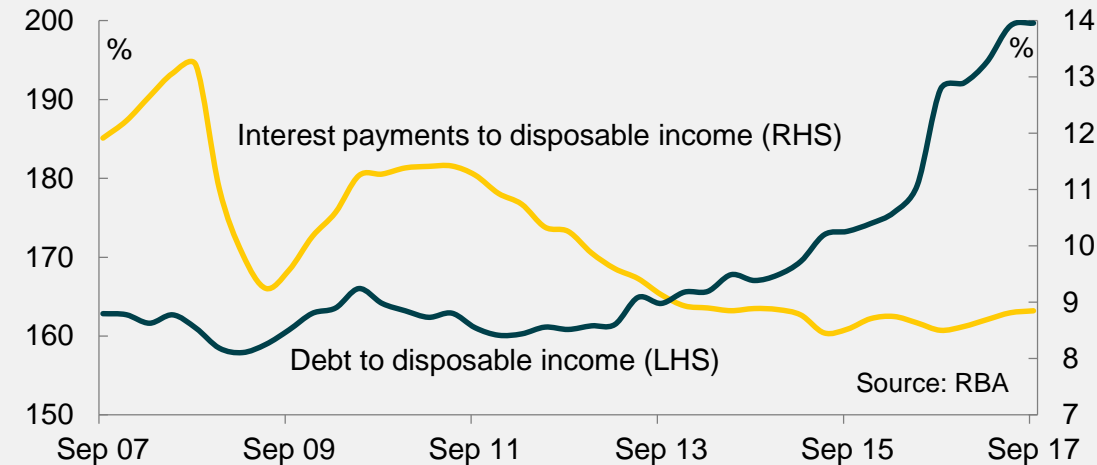
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- Stronger global activity is boosting commodity prices and Australia’s resource export outlook
- Rising fuel prices will lift inflation yet potentially impact household budgets
- Elevated household debt represents a risk. However, mortgage arrears are low and the RBA has observed that “*most indicators of household financial stress remain fairly benign*” (October 2017)

Commodity prices



Household debt & debt servicing



Glossary



Financial Results for the half year
ended 31 December 2017

Glossary

Acquisition expense ratio – general insurance	Acquisition expenses expressed as a percentage of net earned premium
Acquisition expense ratio – life insurance	Acquisition expenses, including upfront commissions, as a percentage of new business
ADI	Authorised Deposit-taking Institution
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 the Life Insurance underlying profit and recorded as annuity market adjustments
APRA	Australian Prudential Regulation Authority
Banking & Wealth function	Suncorp's Banking & Wealth business provides banking and wealth solutions to personal, small to medium enterprise and agribusiness customers
Basis points (bps)	A 'basis point' is 1/100th of a percentage point
Business Improvement Program (BIP)	A three-year, company-wide program focusing on five streams of work including digitising of customer experiences, sales and service channel optimisation, end-to-end process improvement, claims supply chain re-design and smarter procurement and streamlining the business
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition 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

Glossary

Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Commercial Insurance	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, and public liability and professional indemnity insurance
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 customers	A customer is considered to be connected if they have two or more needs met across the need categories of Home, Self, Mobility and Money, or if they hold four or more Suncorp products
Consumer Insurance	Consumer Insurance products consist of home and contents insurance, motor insurance, boat insurance, and travel insurance
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

Glossary

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) – Insurance (Australia)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Fire service levies (FSL) – New Zealand	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by Fire and Emergency New Zealand. Fire service levies were established to cover corresponding fire brigade charges
Funds under management and administration	Funds where the Wealth business, in Australia and New Zealand, receives a fee for the administration and management of an asset portfolio
General insurance businesses	General insurance businesses include Insurance (Australia)'s general insurance business and New Zealand's general insurance business. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure rather than business functions structure

Glossary

Gross earned premium	The total premium on insurance earned by an insurer during a specified period on premiums underwritten in the current and previous underwriting years
Gross non-performing loans	Gross impaired assets plus past due loans
Gross written premium	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years
Insurance (Australia) function	Suncorp's Insurance (Australia) business provides consumer, commercial, personal injury and life insurance products to the Australian market. Consumer insurance products include home and contents insurance, motor insurance and travel insurance. Commercial insurance products include commercial motor insurance, commercial property insurance, industrial special risk insurance, public liability and professional indemnity insurance. Personal injury insurance products includes CTP insurance and workers' compensation insurance
Insurance funds	Insurance funds explicitly back insurance liabilities. They are designed to match the insurance liabilities and are managed separately from shareholders' funds
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Life insurance businesses	Life insurance businesses include Insurance (Australia)'s life insurance business, the wealth business within Banking & Wealth and New Zealand's life insurance business. This term is used when describing Suncorp's capital position, statement of financial position and embedded value which are structured around the Group's legal entity structure rather than business functions structure
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

Glossary

Life planned profit margin release	It includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the reporting period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
Liquidity Coverage Ratio (LCR)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario
Loan-to-value ratio (LVR)	Ratio of a loan to the value of the asset purchased
Long-tail	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consists of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Maintenance (or renewal) expense ratio	Expenses related to servicing in-force life insurance policies, including renewal or trail commissions, policy management and claim costs, expressed as a percentage of in-force premiums

Glossary

Marketplace	Suncorp's Marketplace is a connected network of brands, solutions, partners, and channels to empower customers to improve their financial wellbeing and deliver outstanding customer experiences and deepen Suncorp's relationships with its customers. This involves building an ecosystem of partners that will provide a suite of relevant products and offers that meet the needs of the customer in the key moments that matter in their lives
Maximum Event Retention	This is an estimate of the largest accumulated property loss (from a single event) to which Suncorp will be exposed (taking into account the likelihood of this event is up to one in 200 years), after netting off any potential reinsurance recoveries
Net earned premium (NEP)	Net written premium adjusted by the change in net unearned premium for a year
Net incurred claims – Insurance (Australia)	The amount of claims incurred during an accounting period after deducting reinsurance recoveries
Net incurred claims - New Zealand	The amount of claims incurred during an accounting period after deducting reinsurance recoveries and non-reinsurance recoveries
Net interest margin (NIM)	Net interest income divided by average interest earning assets. NIM is the percentage difference between revenue earned on interest bearing assets (loans) minus the cost of interest bearing liabilities (funding)
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net profit after tax (NPAT)	Net profit after tax attributable to owners of Suncorp derived in accordance with Australian Accounting Standards
Net Stable Funding Ratio (NSFR)	The NSFR measures the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF is the amount of capital and liabilities that are expected to be a reliable source of funds over a 1-year time horizon. The amount of RSF is based on the liquidity characteristics and residual maturity of assets and off-balance sheet activities. The requirement to maintain an NSFR of at least 100% was introduced on 1 January 2018

Glossary

Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
New Zealand function	Suncorp's New Zealand business distributes consumer, commercial and life insurance products through intermediaries and corporate partners as well as directly to customers via joint ventures
Operating functions	Suncorp has three operating functions - Insurance (Australia), Banking & Wealth and New Zealand. The operating functions are responsible for product design, manufacturing, claims management and end-to-end responsibility for the statutory entities within Suncorp Group
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Outstanding claims provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Prescribed capital amount (PCA)	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk, operational risk, combined stress scenario and aggregation benefit as required by APRA
Profit after tax from functions	The net profit after tax for the Insurance (Australia), Banking & Wealth and New Zealand functions

Glossary

Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all or a share of certain claims incurred by the insurance company. Suncorp's reinsurance arrangements currently include a main catastrophe program, a 30 percent, multi-year, proportional quota share arrangement to reduce geographic concentration to the Queensland home insurance market and a natural hazards aggregate protection cover
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months
Top-line growth	Top-line growth is derived from a weighted-average calculation of underlying year-on-year growth in Suncorp Group's key business segments. Top-line growth percentage is calculated as growth in short-tail and long-tail insurance gross written premium (excluding impacts of one-off items from time to time that can distort the underlying trend, such as South Australia CTP in 1H17 in recognition of the impact of acquiring that book in 1H18) (65% weighting), growth in retail and business lending assets (weighting 25%) and growth in life insurance in-force premium (10% weighting)

Glossary

Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty
Underlying Insurance Trading Ratio (underlying ITR)	The insurance trading ratio is adjusted for reported prior year reserve releases and natural hazards claims costs above/below long-run expectations, investment income mismatch and any abnormal expenses

Important disclaimer

This report contains general information which is current as at 15 February 2018. It is information given in summary form and does not purport to be complete.

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

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

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's intent, belief or current expectations with respect to our 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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