Suncorp Group Limited ABN 66 145 290 124

Analyst Pack

Financial results
for the half year ended
31 December 2014

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 half year ended 31 December 2014 and comparatives are for the half year ended 31 December 2013, 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 (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 11 February 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).

Registered office

Level 28, 266 George Street
Brisbane Queensland 4000
Telephone: (07) 3362 1222
suncorpgroup.com.au

Investor Relations

Mark Ley
Head of Investor Relations
Telephone: 0411 139 134
mark.ley@suncorp.com.au

Table of Contents

Financial results summary

- **Group** net profit after tax (NPAT) of $631 million (HY14: $548 million), an increase of 15.1%
- Profit after tax from business lines* of $681 million (HY14: $597 million), an increase of 14.1%
- Interim dividend of 38 cents per share fully franked (HY14: 35 cents)
- The Common Equity Tier 1 (CET1) capital ratio for the Bank improved to 8.82%. The General Insurance business holds CET1 of 1.44 times the Prescribed Capital Amount (PCA)
- ROE increased to 9.4% (HY14: 7.9%)
- **General Insurance** NPAT of $419 million (HY14: $470 million)
- Gross Written Premium (GWP) excluding Fire Service Levies (FSL) reduced 0.3% to $4,288 million
- Natural hazards of $470 million, including the $250 million impact of the Brisbane Hailstorm, were $172 million above the long-run allowance
- Reserve releases of $214 million, driven from long-tail claims management and a benign inflationary environment, were $155 million above expectation of 1.5% of Net Earned Premium (NEP)
- After adjusting for natural hazards, investment markets and reserve releases, the underlying insurance trading ratio (ITR) increased to 14.8% (HY14: 14.0%)
- **Bank** NPAT of $176 million (HY14: $105 million). Bank Net Interest Margin (NIM) increased to 1.86% (HY14: 1.66%) and Gross Non-Performing Loans were down 15%
- **Life** NPAT of $86 million (HY14: $22 million), with positive claims and lapse experience. Life Embedded value increased to over $1.8 billion
- Significant contribution from the Group's New Zealand operations of around A$95 million
- Group operating expenses increased by less than 1% to $1,366 million

Operational summary

- Suncorp Group's major brands continue to sustain strong levels of customer satisfaction
- Business Intelligence program, combining the Group's data and analytical functions, builds on the Group's ability to meet the needs of its nine million customers
- An easing in growth across key markets, particularly mortgage lending, has reduced the top-line growth target to 'low single digits' (from '4% to 6%')
- Risk Based Capital models embedded across the Group, providing key insights in the review of capital targets and influencing long-term strategic decisions
- Increased demonstration of scale and technology benefits during the Brisbane Hailstorm with a record number of claims lodged in one day (10,000) and a record number of cars assessed in one day (1,500)
- Return to unit growth in the home and motor market in the December quarter
- New Zealand operations settled an historic $550 million University of Canterbury earthquake claim and have now paid over 80% of the total earthquake claims with no material increase in the net exposure
- Successful implementation of key insurance initiatives including AAMI roadside assist, AAMI Safe Driving App, Apia health insurance and a new joint venture with HomeRepair
- Successful launch of the first stage of the new banking platform project, Project Ignite, with personal loans now operating under the new system
- Increase in the Bank's CET1 target operating range by 50 basis points (bps) to 8.5% to 9.0%
- Suncorp Life rolled out the advisor value proposition 'Acclaim' focusing on building sustainable partnerships

* Refer Appendix 4 for definition of 'profit after tax from business lines' and page 12 for underlying ITR.

Result overview

Suncorp has delivered an NPAT of $631 million for the six months ended 31 December 2014, up 15.1%. Profit after tax from the business lines was $681 million, up 14.1%. This strong result was achieved despite the $250 million impact of the worst Brisbane storm in the past 30 years.

In addition to improving shareholder returns, Suncorp has continued to deliver exceptional service for its customers during the past six months. The benefits of operational efficiencies are being passed on to customers through improved service and, where possible, reduced prices. These initiatives are being reflected in improved retention rates and high levels of customer satisfaction.

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:

- General Insurance underlying ITR increasing to 14.8% from 14.0% in HY14;
- the Bank's NIM improving by 8 bps over the half to 1.86%; and
- Suncorp Life positive lapse and claims experience with the underlying NPAT improving to $52 million up 20.9% over the half.

A combination of increased market competition, a low inflationary environment and reduced reinsurance costs has resulted in an easing in top-line growth. In this environment, the Group's shareholder returns continue to improve due to the focus on efficiency-led profit growth. The Group's ongoing commitment to expense control is demonstrated by a less than 1% increase in Group operating expenses to $1,366 million for the half.

Suncorp continues to focus on maintaining a strong, de-risked balance sheet while remaining committed to returning surplus capital to shareholders. During the period, the Group increased the Bank's CET1 target ratio by 50 bps in advance of potential regulatory changes. The Group continues to hold capital well above regulatory and operating targets and has been operationalising its Risk Based Capital modelling which has confirmed the inherent diversification benefit that exists within the Group. Risk Based Capital models are now embedded in the lines of business and provide a robust framework for aligning capital targets, risk appetite and strategic decisions.

Suncorp's shareholders continue to receive improved returns with a fully franked interim ordinary dividend of 38 cents per share, up 3 cents. Suncorp's interim dividend has grown in each of the last four years, demonstrating the Group's significant improvement in capital strength and operational performance.

Suncorp has focused on optimising its strategic assets of Cost, Capital, Customer and Culture (4 C's). The development of the newly formed Business Intelligence division continues to enhance the Group's ability to meet the needs of its nine million customers.

General Insurance profit after tax was $419 million, despite the impact of the $250 million Brisbane Hailstorm. The result reflects ongoing focus on claims and expense management, with improvements in long-tail claims management resulting in reserve releases of $214 million.

Personal Insurance GWP reduced by 2.6% as the business passed on the benefits of operational efficiencies and lower reinsurance rates. As a result of a number of customer initiatives, such as AAMI roadside assist, there was improved customer retention and positive unit growth in the December quarter. Commercial Insurance GWP grew by 0.7% with a renewed focus on quality risk selection.

The reported ITR was 12.8% and the underlying ITR increased to 14.8%. The Simplification program continues to deliver increased efficiency across both claims and support functions. Suncorp is also benefiting from improved claims management following vertical integration initiatives such as SMART and ACM Parts.

Suncorp Bank delivered an after tax profit of $176 million. This significant improvement was achieved through an improved NIM, a reduced cost to income ratio, and lower impairment charges. Home Lending growth of 2.0% reflects the Bank's conservative approach and a focus on the 'below 80%' loan to valuation ratio (LVR) market.

The NIM has significantly improved to 1.86%, an increase of 8 bps. The NIM benefited from the moderation of term deposit pricing and improvements in funding composition.

The Bank Cost to Income ratio fell to 52.2% due to revenue growth, a focus on cost control and a one-off favourable $19 million legal settlement. Gross impaired assets reduced by 21.3%. Total gross non-performing loans reduced by 15.0% and credit impairment losses were $43 million, or 17 bps of gross loans.

Suncorp Life's profit after tax for the half year was $86 million. Underlying profit was $52 million up 20.9% for the half. The underlying result reflects the action taken last May to rebase the balance sheet and materially revise key valuation assumptions. Profit after tax benefited from a reduction in long-term interest rates which will unwind as rates increase.

Life's underlying profit has stabilised following the revision to key assumptions. Overall claims and lapse experience for the half was broadly in-line with expectations with a small favourable of $7 million.

Total Life in-force annual premiums are up 8.6% reflecting Life's continued focus on retention and value over volume, ensuring new business is written on a more sustainable footing.

The **Group's** balance sheet remains strong and the Board has declared a **fully franked interim dividend of 38 cents per share** representing a dividend payout ratio of 73.6% of cash earnings.

After accounting for dividend payments, the Group remains well capitalised with CET1 capital of $627 million held above Group's conservative operating targets. The General Insurance CET1 is 1.44 times PCA and the Bank CET1 is 8.82%.

The Group also has $168 million of franking credits available after the payment of the declared dividends.

Events subsequent to reporting date

On 9 February 2015, Suncorp was advised of a potential issue relating to the 2011 catastrophe reinsurance program which could impact on expected recoveries. This potential issue is contrary to Suncorp's understanding of its additional reinsurance purchases made in 2011. This issue is of a technical nature and relates to the placement of reinsurance cover after the combination of the September 2010 Christchurch earthquake, the Brisbane floods and Cyclone Yasi.

It is uncertain whether this will have any financial impact; however, Suncorp's maximum exposure will not exceed $118 million after-tax. Suncorp has not recognised any financial impact in the preparation of its results for the six months to 31 December 2014.

Suncorp will provide a further update on this issue after detailed consultation with its reinsurance brokers and advisors.

Outlook

Suncorp Group has been significantly simplified and de-risked following the successful implementation of the Building Blocks and Simplification programs. The Group's strong capital position, improved margins and increased earnings are a clear reflection of these initiatives.

Suncorp can now demonstrate a diversification of earnings that will produce stable, consistent and reliable profit for the Group. Going forward, the Group's simplified platform will assist in the provision of simple financial services products that meet the needs of the Group's nine million customers.

The ‘One Company. Many Brands’ business model enables the 4C’s. 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 - a diversification benefit confirmed by Risk Based Capital modelling;
- Customer - enhancing the value of nine million customer connections by deepening their relationships with the Group brands; and
- Culture - operating as ‘One Company. Many Brands. One Team’ and positioning Suncorp as THE place to work in Australia and New Zealand.

Suncorp’s ‘One Company. Many Brands’ business model allows the Group to maximise the benefit of the Group’s nine million customers by Business Intelligence to meet individual needs.

Suncorp will continue to prioritise stable margins which will be supported by the ongoing benefit of the Group’s Simplification program and supply chain initiatives. Simplification initiatives will deliver $225 million in cost savings in the 2015 financial year and $265 million in the 2016 financial year.

Continued delivery of Simplification and integration benefits provide the foundation for the Group's updated market commitments:

1. a combination of increased market competition, low interest rates and reduced reinsurance costs mean Group growth is now likely to be low single digits for the 2015 financial year.
2. the Group will continue to target a return on equity of at least 10% in the 2015 financial year despite the $250 million impact of the Brisbane Hailstorm;
3. ‘meet or beat’ an underlying ITR of 12% through the cycle;
4. an ordinary dividend payout ratio of 60% to 80% of cash earnings; and
5. continuing to return surplus capital to shareholders.

Suncorp General Insurance continues to benefit from the Simplification program of work. Personal Insurance will maintain its pricing discipline and focus on addressing the current growth challenge with targeted premium and marketing initiatives. The business will continue to benefit from the roll-out of its vertical integration strategy including the heavy hit repair model and the expansion into the home repair market.

Commercial Insurance Australia will maintain its emphasis on better meeting customer needs, supported by well progressed Simplification initiatives to underpin sustainable long-term earnings. With continued focus on underwriting discipline and claims management, Commercial Insurance is set to maintain long-term growth of 3% to 4% above system.

The New Zealand business continues to progress its transformation and Simplification programs which are set to deliver continued benefits over the short to medium term.

Suncorp’s General Insurance segments are all contributing sound underlying margins and with additional Simplification benefits and supply-claim initiatives being delivered, the Group expects to maintain these margins despite the competitive and economic market conditions.

Suncorp Bank will focus on customer retention and growing existing customer relationships in order to drive the number of ‘Connected Customers’ who have three or more Suncorp products. The Bank will leverage the Group’s customer insights and Business Intelligence work to improve the customer experience.

Business conditions are expected to remain challenging due to drought, low business credit and intense competition in the home lending market. However, the strength of the Bank’s balance sheet and improved risk capability supports measured growth in targeted markets. Operating targets over the medium term remain unchanged:

- return on CET1 of 12.5% to 15%;
- NIM of 1.75% to 1.85% underpinned by pricing discipline;
- disciplined cost management to drive the cost to income ratio towards 50%;

- sustainable retail lending growth of 1 to 1.3 times system; and
- retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its A+/A1 credit rating to raise diverse wholesale funding.

Suncorp Life's rebased balance sheet has allowed it to focus on creating shareholder value and putting the customer at the forefront of the business. Life continues to execute on its strategic priorities: to be number one in the Direct channel and to create sustainable adviser partnerships.

The life risk market has entered a period of unprecedented industry transformation, whilst largely anticipated, the pace and extent of the change is accelerating. The Life business is positioned to take advantage of the industry transformation in the market place having called out the need for change early and reset its assumptions to reflect the turbulent operating environment. The business will continue to focus on value driven participation in the Independent Financial Advice (IFA) market, a disciplined approach to accelerating the move into the Direct channel and embed a revitalised customer focus in our products and pricing.

Life remains confident of the profile of the revised assumptions and is on track to deliver on previously provided underlying profit guidance.

The **Group's** Risk Based Capital (RBC) modelling has strengthened the link between risk and capital and is increasingly influencing business planning, capital management and long-term strategic risk decisions.

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 operating targets.

Contribution to profit by division

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
General Insurance					
Gross written premium (including Fire Service Levies)	4,357	4,490	4,380	(3.0)	(0.5)
Gross written premium (excluding Fire Service Levies)	4,288	4,423	4,302	(3.1)	(0.3)
Net earned premium	3,947	3,861	3,865	2.2	2.1
Net incurred claims	(2,805)	(2,632)	(2,608)	6.6	7.6
Operating expenses	(902)	(877)	(899)	2.9	0.3
Investment income - insurance funds	266	306	179	(13.1)	48.6
Insurance trading result	506	658	537	(23.1)	(5.8)
Other income - managed schemes and joint venture	20	17	8	17.6	150.0
Investment income - shareholder funds	82	105	141	(21.9)	(41.8)
Capital funding	(14)	(14)	(18)	-	(22.2)
Profit before tax	594	766	668	(22.5)	(11.1)
Income tax	(175)	(226)	(198)	(22.6)	(11.6)
General Insurance profit after tax	**419**	**540**	**470**	**(22.4)**	**(10.9)**
Bank					
Net interest income	553	519	492	6.6	12.4
Net non-interest income	64	56	20	14.3	220.0
Operating expenses	(322)	(319)	(305)	0.9	5.6
Profit before impairment losses on loans and advances	295	256	207	15.2	42.5
Loss on sale of loans and advances	-	-	(13)	n/a	(100.0)
Impairment losses on loans and advances	(43)	(79)	(45)	(45.6)	(4.4)
Bank profit before tax	252	177	149	42.4	69.1
Income tax	(76)	(54)	(44)	40.7	72.7
Bank profit after tax	**176**	**123**	**105**	**43.1**	**67.6**
Life					
Underlying profit after tax	52	43	41	20.9	26.8
Market adjustments after tax	34	27	(19)	25.9	n/a
Life profit after tax (before Life write-down) (2)	**86**	**70**	**22**	**22.9**	**290.9**
Profit after tax from business lines	**681**	**733**	**597**	**(7.1)**	**14.1**
Other loss before tax (1)	(17)	(10)	(9)	70.0	88.9
Income tax	(4)	(6)	(1)	(33.3)	300.0
Other loss after tax	**(21)**	**(16)**	**(10)**	**31.3**	**110.0**
Cash earnings	**660**	**717**	**587**	**(7.9)**	**12.4**
Life Insurance write-down (after tax) (2)	-	(496)	-	(100.0)	n/a
Acquisition amortisation (after tax)	(29)	(39)	(39)	(25.6)	(25.6)
Net profit after tax	**631**	**182**	**548**	**246.7**	**15.1**

(1) 'Other' includes investment income on capital held at the Group level (Dec-14: $13 million, Jun-14: $17 million), consolidation adjustments (Dec-14: $1 million, Jun-14 loss $3 million), non-controlling interests (Dec-14: loss $5 million, Jun-14: loss $4 million) and external interest expense and transaction costs (Dec-14: $26 million, Jun-14: $20 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

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Assets					
Cash and cash equivalents	880	895	1,064	(1.7)	(17.3)
Receivables due from other banks	566	927	790	(38.9)	(28.4)
Trading securities	2,298	1,593	2,129	44.3	7.9
Derivatives	701	301	425	132.9	64.9
Investment securities	26,521	26,915	26,588	(1.5)	(0.3)
Banking loans, advances and other receivables	50,111	49,781	49,074	0.7	2.1
General Insurance assets	6,287	6,603	6,562	(4.8)	(4.2)
Life assets	722	862	584	(16.2)	23.6
Property, plant and equipment	199	205	228	(2.9)	(12.7)
Deferred tax assets	80	183	20	(56.3)	300.0
Other assets	480	444	476	8.1	0.8
Goodwill and intangible assets	5,751	5,720	6,138	0.5	(6.3)
Total assets	94,596	94,429	94,078	0.2	0.6
Liabilities					
Payables due to other banks	314	81	186	287.7	68.8
Deposits and short-term borrowings	44,630	43,579	44,192	2.4	1.0
Derivatives	591	625	554	(5.4)	6.7
Payables and other liabilities	1,547	2,331	1,605	(33.6)	(3.6)
Current tax liabilities	115	379	111	(69.7)	3.6
General Insurance liabilities	14,412	14,173	14,330	1.7	0.6
Life liabilities	6,267	6,374	6,161	(1.7)	1.7
Deferred tax liabilities	60	58	39	3.4	53.8
Managed funds units on issue	180	118	30	52.5	large
Securitisation liabilities	2,858	3,581	4,245	(20.2)	(32.7)
Debt issues	7,720	6,831	6,412	13.0	20.4
Subordinated notes	1,382	1,557	1,671	(11.2)	(17.3)
Preference shares	945	943	550	0.2	71.8
Total liabilities	81,021	80,630	80,086	0.5	1.2
Net assets	13,575	13,799	13,992	(1.6)	(3.0)
Equity					
Share capital	12,678	12,682	12,675	(0.0)	0.0
Reserves	251	206	151	21.8	66.2
Retained profits	624	885	1,154	(29.5)	(45.9)
Total equity attributable to owners of the Company	13,553	13,773	13,980	(1.6)	(3.1)
Non-controlling interests	22	26	12	(15.4)	83.3
Total equity	13,575	13,799	13,992	(1.6)	(3.0)

General Insurance

Result overview

General Insurance achieved an after tax profit of $419 million for the half year ended 31 December 2014.

The ITR was $506 million, representing an ITR ratio of 12.8%. 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 ratio has increased to 14.8% from 14.0%. This reflects ongoing benefits achieved from improving operational efficiency, risk selection and lower reinsurance costs enabling the Group to maintain strong margins in an increasingly competitive market.

Excluding Fire Service Levies (FSL), GWP reduced slightly to $4,288 million. Inclusive of FSL, GWP decreased 0.5% to $4,357 million.

As previously flagged, the Personal Insurance business implemented targeted investments in customer retention and acquisition during the half year. This has resulted in an improvement in unit momentum in both home and motor during the second quarter.

Compulsory Third Party (CTP) increased 5.1% due to Suncorp's ability to leverage the scale of its national CTP model to enter new markets. Commercial lines GWP decreased by 1.2% to $1,108 million. The business continues to maintain underwriting discipline in competitive markets.

Net incurred claims were $2,805 million, with a loss ratio of 71.1% (HY14: 67.5%). Natural hazard claims were $470 million, with experience $172 million above long run allowances primarily driven by the Brisbane Hailstorm event.

Reserve releases of $214 million were well above the expectation of 1.5% of Net Earned Premium ($59 million). This was attributable to proactive management of long-tail claims and a benign wage and super-imposed inflation environment.

Total operating expenses were flat at $902 million with the operating expense ratio decreasing to 22.9% from 23.3%.

Investment income on Insurance Funds was $266 million, with gains from reductions in risk-free rates partially offset by the relative underperformance of inflation-linked bonds. Investment income on Shareholders' Funds was $82 million again benefiting from reductions in risk-free rates.

Capital funding for the General Insurance business was $14 million.

Profit contribution including discount rate movements and FSL

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross written premium	4,357	4,490	4,380	(3.0)	(0.5)
Gross unearned premium movement	83	(102)	18	n/a	361.1
Gross earned premium	4,440	4,388	4,398	1.2	1.0
Outwards reinsurance expense	(493)	(527)	(533)	(6.5)	(7.5)
Net earned premium	3,947	3,861	3,865	2.2	2.1
Net incurred claims					
Claims expense	(3,739)	(3,312)	(3,283)	12.9	13.9
Reinsurance and other recoveries revenue	934	680	675	37.4	38.4
Net incurred claims	(2,805)	(2,632)	(2,608)	6.6	7.6
Total operating expenses					
Acquisition expenses	(563)	(542)	(521)	3.9	8.1
Other underwriting expenses	(339)	(335)	(378)	1.2	(10.3)
	(902)	(877)	(899)	2.9	0.3
Underwriting result	240	352	358	(31.8)	(33.0)
Investment income - insurance funds	266	306	179	(13.1)	48.6
Insurance trading result	506	658	537	(23.1)	(5.8)
Managed schemes net contribution	16	15	5	6.7	220.0
Joint venture and other income	4	2	3	100.0	33.3
General Insurance operational earnings	526	675	545	(22.1)	(3.5)
Investment income - shareholder funds	82	105	141	(21.9)	(41.8)
General Insurance profit before tax and capital funding	608	780	686	(22.1)	(11.4)
Capital funding	(14)	(14)	(18)	-	(22.2)
General Insurance profit before tax	594	766	668	(22.5)	(11.1)
Income tax	(175)	(226)	(198)	(22.6)	(11.6)
General Insurance profit after tax	**419**	**540**	**470**	(22.4)	(10.9)

General Insurance ratios

	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	%	%	%
Acquisition expenses ratio	14.3	14.0	13.5
Other underwriting expenses ratio	8.6	8.7	9.8
Total operating expenses ratio	22.9	22.7	23.3
Loss ratio	71.1	68.2	67.5
Combined operating ratio	94.0	90.9	90.8
Insurance trading ratio	**12.8**	**17.0**	**13.9**

	DEC-14	JUN-14	DEC-13
	$M	$M	$M
Reported ITR	**506**	**658**	**537**
Reported reserve releases (above) below long-run expectations	(155)	5	2
Natural hazards (below) above long-run allowances	172	(76)	49
Investment income mismatch	67	(41)	(85)
Other:			
Risk margin	(28)	(3)	(6)
Abnormal (Simplification/restructuring) expenses	24	25	43
LAT/DAC movement	-	-	-
Underlying ITR	**586**	**568**	**540**
Underlying ITR ratio	**14.8%**	**14.7%**	**14.0%**

Profit contribution excluding the discount rate movements and FSL

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross written premium	4,288	4,423	4,302	(3.1)	(0.3)
Gross unearned premium movement	81	(114)	(19)	n/a	n/a
Gross earned premium	4,369	4,309	4,283	1.4	2.0
Outwards reinsurance expense	(493)	(527)	(533)	(6.5)	(7.5)
Net earned premium	3,876	3,782	3,750	2.5	3.4
Net incurred claims					
Claims expense	(3,557)	(3,171)	(3,319)	12.2	7.2
Reinsurance and other recoveries revenue	934	680	675	37.4	38.4
Net incurred claims	(2,623)	(2,491)	(2,644)	5.3	(0.8)
Total operating expenses					
Acquisition expenses	(563)	(542)	(521)	3.9	8.1
Other underwriting expenses	(268)	(256)	(263)	4.7	1.9
	(831)	(798)	(784)	4.1	6.0
Underwriting result	422	493	322	(14.4)	31.1
Investment income - insurance funds	84	165	215	(49.1)	(60.9)
Insurance trading result	506	658	537	(23.1)	(5.8)
Managed schemes net contribution	16	15	5	6.7	220.0
Joint venture and other income	4	2	3	100.0	33.3
General Insurance operational earnings	526	675	545	(22.1)	(3.5)
Investment income - shareholder funds	82	105	141	(21.9)	(41.8)
General Insurance profit before tax and capital funding	608	780	686	(22.1)	(11.4)
Capital funding	(14)	(14)	(18)	-	(22.2)
General Insurance profit before tax	594	766	668	(22.5)	(11.1)
Income tax	(175)	(226)	(198)	(22.6)	(11.6)
General Insurance profit after tax	**419**	**540**	**470**	**(22.4)**	**(10.9)**

	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	%	%	%
Acquisition expenses ratio	14.5	14.3	13.9
Other underwriting expenses ratio	6.9	6.8	7.0
Total operating expenses ratio	21.4	21.1	20.9
Loss ratio	67.7	65.9	70.5
Combined operating ratio	89.1	87.0	91.4

Statement of assets and liabilities

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Assets					
Cash and cash equivalents	233	281	94	(17.1)	147.9
Investment securities	12,225	12,963	12,329	(5.7)	(0.8)
Derivatives	23	23	31	-	(25.8)
Loans, advances and other receivables	2,682	2,749	2,508	(2.4)	6.9
Reinsurance and other recoveries	2,370	2,399	2,805	(1.2)	(15.5)
Deferred insurance assets	1,235	1,455	1,249	(15.1)	(1.1)
Investments in associates and joint ventures	60	57	67	5.3	(10.4)
Due from Group entities	117	-	-	n/a	n/a
Property, plant and equipment	32	33	34	(3.0)	(5.9)
Other assets	120	115	121	4.3	(0.8)
Goodwill and intangible assets	5,097	5,091	5,125	0.1	(0.5)
Total assets	24,194	25,166	24,363	(3.9)	(0.7)
Liabilities					
Payables and other liabilities	583	1,168	587	(50.1)	(0.7)
Derivatives	193	149	91	29.5	112.1
Due to Group entities	213	392	364	(45.7)	(41.5)
Deferred tax liabilities	145	81	128	79.0	13.3
Employee benefit obligations	91	108	102	(15.7)	(10.8)
Unearned premium liabilities	4,661	4,659	4,553	0.0	2.4
Outstanding claims liabilities	9,751	9,514	9,777	2.5	(0.3)
Subordinated notes	550	727	743	(24.3)	(26.0)
Total liabilities	16,187	16,798	16,345	(3.6)	(1.0)
Net assets	**8,007**	**8,368**	**8,018**	**(4.3)**	**(0.1)**

The General Insurance net assets reduced by $361 million following dividend 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

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross written premium (including Fire Service Levies)	2,369	2,400	2,437	(1.3)	(2.8)
Gross written premium (excluding Fire Service Levies)	2,322	2,353	2,383	(1.3)	(2.6)
Net earned premium	2,171	2,150	2,202	1.0	(1.4)
Net incurred claims	(1,545)	(1,394)	(1,519)	10.8	1.7
Acquisition expenses	(243)	(251)	(246)	(3.2)	(1.2)
Other underwriting expenses	(172)	(170)	(197)	1.2	(12.7)
Total operating expenses	(415)	(421)	(443)	(1.4)	(6.3)
Underwriting result	211	335	240	(37.0)	(12.1)
Investment income - insurance funds	14	37	57	(62.2)	(75.4)
Insurance trading result	225	372	297	(39.5)	(24.2)
	%	%	%		
Ratios					
Acquisition expenses ratio	11.2	11.7	11.2		
Other underwriting expenses ratio	7.9	7.9	8.9		
Total operating expenses ratio	19.1	19.6	20.1		
Loss ratio	71.2	64.8	69.0		
Combined operating ratio	90.3	84.4	89.1		
Insurance trading ratio	10.4	17.3	13.5		

Result overview

Australian Personal Insurance continued to deliver excellent shareholder value in an increasingly competitive market. GWP was down 2.6% however the business returned to positive unit growth in the second quarter as a result of customer reinvestment initiatives. The ITR of $225 million represented a headline ITR of 10.4% with natural hazards driving lower profits. Reported margin remained very strong, despite Brisbane’s worst hailstorm for nearly 30 years.

The working claims loss ratio has improved with Motor working claims continuing to benefit from lower frequency and claims initiatives offsetting inflation. In Home, an increase in average claims size has been offset by lower frequency.

Customer satisfaction scores across Suncorp’s portfolio of brands continue to remain strong.

The total operating expense ratio remained flat reflecting continued expense discipline.

Outlook

Top line growth will remain subdued, however benefits from simplification, claims and supply chain initiatives will continue to maintain strong margins and fund reinvestment required to sustain unit growth momentum.

Personal Insurance will maintain its pricing discipline and focus on addressing the current growth challenge with targeted price and marketing initiatives. The reinvestment strategy will continue to focus on retaining profitable renewal customers. The business will leverage its portfolio of brands together with recent product initiatives such as AAMI Roadside Assistance, and the AAMI Safe Driving Telematics App to drive further new business opportunities.

Commercial Lines Australia

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross written premium (including Fire Service Levies)	1,383	1,518	1,375	(8.9)	0.6
Gross written premium (excluding Fire Service Levies)	1,361	1,497	1,351	(9.1)	0.7
Net earned premium	1,297	1,246	1,243	4.1	4.3
Net incurred claims	(1,019)	(983)	(834)	3.7	22.2
Acquisition expenses	(206)	(184)	(174)	12.0	18.4
Other underwriting expenses	(121)	(121)	(137)	-	(11.7)
Total operating expenses	(327)	(305)	(311)	7.2	5.1
Underwriting result	(49)	(42)	98	16.7	n/a
Investment income - insurance funds	239	260	121	(8.1)	97.5
Insurance trading result	190	218	219	(12.8)	(13.2)
	%	%	%		
Ratios					
Acquisition expenses ratio	15.9	14.8	14.0		
Other underwriting expenses ratio	9.3	9.7	11.0		
Total operating expenses ratio	25.2	24.5	25.0		
Loss ratio	78.6	78.9	67.1		
Combined operating ratio	103.8	103.4	92.1		
Insurance trading ratio	14.6	17.5	17.6		

Result overview

Australian Commercial Insurance GWP grew by 0.7% with continued focus on risk selection, proactive claims management and expense discipline. The ACT CTP market entry and acquisition of leading Australian retail motor insurance provider, MTA Insurance (MTAI), have demonstrated the ability to leverage core capabilities, scale in claims and breadth of distribution channels to better meet customer needs.

The strong ITR result of $190 million was driven by improved claims management processes in the long-tail personal injury business and benign inflationary pressures, offset by high natural hazards and investment market volatility.

Total operating expense ratio increased marginally to 25.2%. Acquisition expenses increased due to a greater proportion of higher commission products sourced through underwriting agencies, particularly in the Specialty channel, and the acquisition of MTAI. The increase was offset by Commercial Insurance's continued focus on expense discipline, resulting in a 1.7% improvement in the other underwriting expense ratio.

Outlook

The Australian Commercial Insurance business continues to have a positive outlook for growth, due to quality customer service, strengthening intermediary relationships, pursuing key account pipelines and capitalising on core capabilities. In a competitive market, the business will maintain its emphasis on risk selection and better meeting customer needs, supported by well progressed simplification initiatives to underpin sustainable long term earnings.

The benefits of successful claims management initiatives, coupled with benign inflation and subdued superimposed inflation, are delivering strong results, which will enable Commercial Insurance to contribute to the General Insurance business' commitment to 'meet or beat' an underlying ITR of 12%.

As Australia's largest personal injury insurer, Suncorp continues to engage with regulators and governments on the potential for private-sector underwriting of these schemes to improve efficiency and deliver better value for customers.

New Zealand

This table is shown in A$.

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross written premium	605	572	568	5.8	6.5
Net earned premium	479	465	420	3.0	14.0
Net incurred claims	(241)	(255)	(255)	(5.5)	(5.5)
Acquisition expenses	(114)	(107)	(101)	6.5	12.9
Other underwriting expenses	(46)	(44)	(44)	4.5	4.5
Total operating expenses	(160)	(151)	(145)	6.0	10.3
Underwriting result	78	59	20	32.2	290.0
Investment income - insurance funds	13	9	1	44.4	large
Insurance trading result	91	68	21	33.8	333.3
	%	%	%		
Ratios					
Acquisition expenses ratio	23.8	23.0	24.0		
Other underwriting expenses ratio	9.6	9.5	10.5		
Total operating expenses ratio	33.4	32.5	34.5		
Loss ratio	50.3	54.8	60.7		
Combined operating ratio	83.7	87.3	95.2		
Insurance trading ratio	19.0	14.6	5.0		

Result overview

New Zealand delivered an ITR of $91 million (NZ$100 million) reflecting strong business performance and a reduction in both natural hazard experience and reserve strengthening of the Canterbury earthquake costs. This has resulted in the loss ratio reducing from 60.7% to 50.3%.

GWP growth of 6.5% (NZ$ 2.8%) was achieved through both direct and intermediated distribution channels due to moderate rate increases, good unit growth and the strengthening of the New Zealand dollar which has been partially offset by the softening of commercial lines rates.

Outlook

The New Zealand businesses, Vero and AA Insurance, are well placed to continue to compete and grow above system growth rates, particularly in the personal lines market.

Vero is well advanced with a series of major projects designed to boost competitiveness through improved risk assessment and pricing, claims procurement, and restructured operations.

Service delivery and product offerings remain on track to improve. Vero's well established business partnership with both ANZ and AMP continues with both long term agreements having been renewed and are expected to deliver long term growth. Support for the AA brand continues to strengthen.

Suncorp's New Zealand operations have paid out more than NZ$4 billion, or over 80%, of its total costs toward the Canterbury Earthquake Recovery program with plans to pay out over 90% by December 2015.

Underlying margin will remain strong as benefits from Simplification projects and improved operational efficiencies are realised.

This table is shown in NZ$.

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	NZ$M	NZ$M	NZ$M	%	%
Gross written premium	663	617	645	7.5	2.8
Net earned premium	525	501	477	4.8	10.1
Net incurred claims	(264)	(274)	(290)	(3.6)	(9.0)
Acquisition expenses	(125)	(116)	(115)	7.8	8.7
Other underwriting expenses	(50)	(47)	(50)	6.4	-
Total operating expenses	(175)	(163)	(165)	7.4	6.1
Underwriting result	86	64	22	34.4	290.9
Investment income - insurance funds	14	10	1	40.0	large
Insurance trading result	100	74	23	35.1	334.8
	%	%	%		
Ratios					
Acquisition expenses ratio	23.8	23.2	24.1		
Other underwriting expenses ratio	9.5	9.4	10.5		
Total operating expenses ratio	33.3	32.5	34.6		
Loss Ratio	50.3	54.7	60.8		
Combined operating ratio	83.6	87.2	95.4		
Insurance trading ratio	19.0	14.8	4.8		

Gross written premium (GWP)

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Gross written premium by product					
Australia					
Motor	1,258	1,294	1,303	(2.8)	(3.5)
Home	1,049	1,042	1,064	0.7	(1.4)
Commercial	830	953	846	(12.9)	(1.9)
Compulsory third party	531	545	505	(2.6)	5.1
Other	15	17	16	(11.8)	(6.3)
Australia (ex FSL)	**3,683**	**3,851**	**3,734**	**(4.4)**	**(1.4)**
New Zealand					
Motor	127	123	109	3.3	16.5
Home	178	174	159	2.3	11.9
Commercial	278	255	275	9.0	1.1
Other	22	20	25	10.0	(12.0)
New Zealand	**605**	**572**	**568**	**5.8**	**6.5**
Total					
Motor	1,385	1,417	1,412	(2.3)	(1.9)
Home	1,227	1,216	1,223	0.9	0.3
Commercial	1,108	1,208	1,121	(8.3)	(1.2)
Compulsory third party	531	545	505	(2.6)	5.1
Other	37	37	41	-	(9.8)
Gross Written Premium (ex FSL)	**4,288**	**4,423**	**4,302**	**(3.1)**	**(0.3)**
Fire Service Levies	69	67	78	3.0	(11.5)
Gross Written Premium (inc FSL)	**4,357**	**4,490**	**4,380**	**(3.0)**	**(0.5)**

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Gross written premium by geography					
Queensland	1,125	1,105	1,086	1.8	3.6
New South Wales	1,199	1,276	1,272	(6.0)	(5.7)
Victoria	778	830	826	(6.3)	(5.8)
Western Australia	285	351	292	(18.8)	(2.4)
South Australia	128	125	120	2.4	6.7
Tasmania	71	71	58	-	22.4
Other	97	93	80	4.3	21.3
Total Australia	3,683	3,851	3,734	(4.4)	(1.4)
New Zealand	605	572	568	5.8	6.5
Total (ex FSL)	**4,288**	**4,423**	**4,302**	**(3.1)**	**(0.3)**
Fire Service Levies	69	67	78	3.0	(11.5)
Total (inc FSL)	**4,357**	**4,490**	**4,380**	**(3.0)**	**(0.5)**

Gross Written Premium (GWP) (continued)

Motor

In Australia, Motor GWP decreased 3.5% to $1,258 million due to targeted reductions in average written premiums and a 0.5% reduction in units in a highly competitive market. The portfolio returned to positive unit growth in the second quarter due to pricing, marketing and cross sell initiatives. A focus on renewal pricing has helped improve customer retention. Aggressive pricing and marketing from competitors has continued to impact new business opportunities.

New Zealand Motor GWP increased by 16.5% (NZ$ 12.6%) to $127 million, driven by a combination of strong unit growth, increased average written premium and the strengthening of the New Zealand dollar.

Home

In Australia, Home GWP decreased 1.4% to $1,049 million with average written premiums increasing by 0.3%. Unit loss moderated, particularly in the second quarter, following targeted premium reductions driving improved retention.

New Zealand Home GWP increased by 11.9% (NZ$ 8.5%) to $178 million. Growth was due to new business, premium increases and the strengthening of the New Zealand dollar against the Australian dollar.

Commercial Insurance

Australian commercial lines GWP was marginally below the prior corresponding period at $830 million. Suncorp maintained its disciplined approach to underwriting, with a continued focus on margin in an increasingly competitive market. Retention and new business remains solid across the commercial portfolio. Workers' Compensation premiums decreased 17% to $94 million, primarily due to a reduction in wage endorsements in Western Australia.

Vero and GIO broker satisfaction remains high due to Commercial Insurance's consistency in pricing and improved services. A combination of high retention rates and a focus on a customer-first culture are core to Commercial Insurance's ability to better meet customer needs. A multi-channel distribution strategy has seen an increase in quote volumes across all channels.

Following the completion of the MTAI acquisition on 1 September 2014, new business opportunities have emerged demonstrating the value of the enhanced product offering to the motor dealer channel.

New Zealand Commercial Insurance GWP increased by 1.1% (NZ$ decrease 2.5%) to $278 million. The small reduction in New Zealand dollar growth reflects the impact of increased aggressive pricing competition and discounting on renewals in a softening market.

Compulsory Third Party (CTP)

CTP GWP increased by 5.1% to $531 million.

Suncorp's ability to leverage the scale of its national CTP model to enter new markets continues to be demonstrated by the successful entry into the ACT CTP market, which has seen the business achieve a market share of over 12%.

Suncorp continues to show market leadership in the Queensland CTP market, underpinned by strong retention and market share growth, resulting in GWP increasing by 5.4%.

Suncorp remains a significant player in the New South Wales CTP market with growth of 3.7%. Underlying performance remains robust under a two-brand strategy. The portfolio has also benefited from growth in the regional motor dealer market.

Other

Other GWP, which includes boat insurance and direct travel insurance and other specialist New Zealand products, decreased to $37 million.

Reinsurance expense

Outwards reinsurance expense for the half year was $493 million, representing a decrease of $40 million.

The decrease is due to a reduction in reinsurance rates which has offset exposure growth across the portfolio.

As a result of exposure growth, the upper limit on Suncorp's main catastrophe program, which covers the Group's home, motor and commercial property portfolios for major events such as earthquakes, cyclones, storms, floods and bushfires, increased from $5.8 billion to $6.1 billion for the 2015 financial year.

Suncorp has a significant share of the Queensland home insurance market and, to reduce its geographical concentration, the Group has a 30%, multi-year, proportional quota share arrangement covering this portfolio.

Following the Brisbane Hailstorm event, the maximum event retention for any subsequent event to 30 June 2015 has reduced to $200 million. Additional cover is in place to reduce this retention to $50 million for a third and fourth Australian event.

Additional multi-year cover is in place to reduce the first event retention for New Zealand risks to NZ$54 million and the second and third event retentions to NZ$25 million.

Reinsurance security has been maintained for the 2015 financial year program, with over 85% of long-tail and short-tail business protected by reinsurers rated 'A+' or better.

The table below shows risk retention for the Suncorp Group for the remainder of the financial year.

	MAXIMUM SINGLE RISK RETENTION	MAXIMUM EVENT RISK RETENTION
	$M	$M
Property	10	200
General liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	10	200
Professional indemnity	5	5
Travel & Personal Accident	5	5
Marine	3	3

Net incurred claims

Net incurred claims costs increased 7.6% to $2,805 million.

Natural hazard event costs were $470 million, $172 million above long run allowance which was largely attributable to the hailstorm in Brisbane in November as well as adverse weather conditions experienced in the period.

Major natural hazard events for the half can be seen in the table below.

DATE	EVENT	NET COSTS $M
Sep 2014	Melbourne storm	18
Oct 2014	Sydney storm	25
Nov 2014	Brisbane Hailstorm	250
Dec 2014	East Coast storms	40
	Other natural hazards attritional claims	137
Total		470
	Less: allowance for natural hazards	(298)
	Natural hazards costs above allowance	172

Outstanding claims provision breakdown

The valuation of outstanding claims resulted in central estimate releases of $214 million overall, well above the Group's long-run expectation for reserve releases of $59 million (1.5% of net earned premium).

Working claims short-tail releases in Australia are primarily due to better than expected experience.

Long-tail claims reserve releases in Australia of $173 million were primarily attributable to benign wage inflation and recognition of emerging claims experience.

New Zealand had a net neutral result.

	ACTUAL $M	NET CENTRAL ESTIMATE (DISCOUNTED) $M	RISK MARGIN (90TH PERCENTILE DISCOUNTED) $M	CHANGE IN NET CENTRAL ESTIMATE [1] $M
Short-tail				
Australian short-tail and other	1,178	1,078	100	(42)
New Zealand	126	113	13	10
Long-tail				
Australia long-tail	5,869	4,976	893	(173)
New Zealand	208	180	28	(9)
Total	**7,381**	**6,347**	**1,034**	**(214)**

[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			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross outstanding claims liabilities	9,751	9,514	9,777	2.5	(0.3)
Reinsurance and other recoveries	(2,370)	(2,399)	(2,805)	(1.2)	(15.5)
Net outstanding claims liabilities	**7,381**	**7,115**	**6,972**	**3.7**	**5.9**
Expected future claims payments and claims handling expenses	6,944	6,813	6,813	1.9	1.9
Discount to present value	(597)	(714)	(825)	(16.4)	(27.6)
Risk margin	1,034	1,016	984	1.8	5.1
Net outstanding claims liabilities	**7,381**	**7,115**	**6,972**	**3.7**	**5.9**
Short-tail					
Australia short-tail and other	1,178	1,043	1,100	12.9	7.1
New Zealand	126	134	111	(6.0)	13.5
Long-tail					
Australia long-tail	5,869	5,716	5,537	2.7	6.0
New Zealand	208	222	224	(6.3)	(7.1)
Total	**7,381**	**7,115**	**6,972**	**3.7**	**5.9**

Risk margins

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

Risk margins increased $18 million during the period to $1,034 million from $1,016 million. The assets notionally backing risk margins had a net return of $46 million, after allowing for movements in the risk-free rate. The net impact was therefore $28 million, which is excluded in the underlying ITR calculation.

Operating expenses

Total operating expenses increased slightly to $902 million.

Acquisition costs were $563 million, with the acquisition expense ratio increasing to 14.3% from 13.5%, largely due to a change in the mix of products sold in the intermediary channel.

Other underwriting expenses have reduced to $339 million. This includes $24 million of Simplification project costs such as Legacy System Consolidation and the New Zealand Simplification project.

Managed schemes

Managed schemes contribution of $16 million is attributable to Suncorp's Australian Commercial Insurance business administering various governments' Workers' Compensation schemes across Australia.

In November 2014, Australian Commercial Insurance successfully secured additional business from WorkCover NSW through the NSW Managed Funds tender.

Joint venture and other income

The Group participates in a joint venture with the motoring club in Tasmania. Joint venture and other income was $4 million.

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

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Short-tail					
Gross written premium (including Fire Service Levies)	3,413	3,425	3,442	(0.4)	(0.8)
Gross written premium (excluding Fire Service Levies)	3,344	3,425	3,364	(2.4)	(0.6)
Net earned premium	2,988	2,933	2,952	1.9	1.2
Net incurred claims	(2,038)	(1,874)	(1,945)	8.8	4.8
Acquisition expenses	(441)	(415)	(395)	6.3	11.6
Other underwriting expenses	(268)	(264)	(298)	1.5	(10.1)
Total operating expenses	(709)	(679)	(693)	4.4	2.3
Underwriting result	241	380	314	(36.6)	(23.2)
Investment income - insurance funds	31	51	63	(39.2)	(50.8)
Insurance trading result	272	431	377	(36.9)	(27.9)
	%	%	%		
Ratios					
Acquisition expenses ratio	14.7	14.1	13.4		
Other underwriting expenses ratio	9.0	9.0	10.1		
Total operating expenses ratio	23.7	23.2	23.5		
Loss ratio	68.2	63.9	65.9		
Combined operating ratio	91.9	87.0	89.4		
Insurance trading ratio	9.1	14.7	12.8		

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Long-tail					
Gross written premium (including Fire Service Levies)	944	1,065	938	(11.4)	0.6
Gross written premium (excluding Fire Service Levies)	944	1,065	938	(11.4)	0.6
Net earned premium	959	928	913	3.3	5.0
Net incurred claims	(767)	(758)	(663)	1.2	15.7
Acquisition expenses	(122)	(127)	(126)	(3.9)	(3.2)
Other underwriting expenses	(71)	(71)	(80)	-	(11.3)
Total operating expenses	(193)	(198)	(206)	(2.5)	(6.3)
Underwriting result	(1)	(28)	44	(96.4)	n/a
Investment income - insurance funds	235	255	116	(7.8)	102.6
Insurance trading result	234	227	160	3.1	46.3
	%	%	%		
Ratios					
Acquisition expenses ratio	12.7	13.7	13.8		
Other underwriting expenses ratio	7.4	7.7	8.8		
Total operating expenses ratio	20.1	21.3	22.6		
Loss ratio	80.0	81.7	72.6		
Combined operating ratio	100.1	103.0	95.2		
Insurance trading ratio	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 allocations to credit 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				DEC-14	DEC-14
	DEC-14		JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	%	$M	$M	%	%
Insurance funds						
Cash and short-term deposits	100	1	80	79	25.0	26.6
Inflation-linked bonds	2,404	26	1,743	1,575	37.9	52.6
Corporate bonds	4,900	53	5,564	4,840	(11.9)	1.2
Semi-Government bonds	1,909	20	1,653	1,622	15.5	17.7
Commonwealth Government bonds	13	-	785	1,014	(98.3)	(98.7)
Total Insurance funds	**9,326**	**100**	**9,825**	**9,130**	**(5.1)**	**2.1**
Shareholders' funds						
Cash and short-term deposits	119	4	51	41	133.3	190.2
Interest-bearing securities	2,244	75	2,617	2,561	(14.3)	(12.4)
Equities	480	16	563	716	(14.7)	(33.0)
Infrastructure	139	5	-	-	n/a	n/a
Total shareholders' funds	**2,982**	**100**	**3,231**	**3,318**	**(7.7)**	**(10.1)**
Total	**12,308**		**13,056**	**12,448**	**(5.7)**	**(1.1)**

Credit quality

The average credit rating remained stable at AA.

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

Duration

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

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

Investment performance

Total investment income was $348 million representing an annualised return of 5.7% for the half year.

Investment income on Insurance Funds was $266 million including mark-to-market impacts from:

- gains of $207 million from decreases in risk-free rates;
- losses of $12 million from a widening of credit spreads; and
- losses of $66 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 $137 million, or 2.9% annualised, reflecting low risk-free rates and narrow credit spreads.

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 $182 million and led to mark-to-market gains on investment assets of $207 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 $67 million has been made to materially remove the impact of investment market volatility. This adjustment comprised of the $12 million loss from the widening of credit spreads, $66 million loss from inflation-linked bond underperformance, $25 million net gain from changes in risk-free rates and $14 million loss from the unwind of prior period risk-free rate changes.

Investment income on Shareholders' Funds was $82 million representing an annualised return of 5.3%. The portfolio benefited from mark-to-market gains from falling risk-free rates but returns were moderated by a widening of credit spreads, low running yields, both risk-free and credit, and relatively subdued equity markets.

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Investment income on insurance funds					
Cash and short-term deposits	2	1	1	100.0	100.0
Interest-bearing securities and other	264	305	178	(13.4)	48.3
Total	**266**	**306**	**179**	**(13.1)**	**48.6**
Investment income on shareholder funds					
Cash and short-term deposits	2	-	1	n/a	100.0
Interest-bearing securities	54	68	61	(20.6)	(11.5)
Equities	26	37	79	(29.7)	(67.1)
Infrastructure	-	-	-	n/a	n/a
Total	**82**	**105**	**141**	**(21.9)**	**(41.8)**
Total investment income	**348**	**411**	**320**	**(15.3)**	**8.8**

Bank

Result overview

Suncorp Bank delivered net profit after tax of $176 million, an increase of 67.6% on the prior corresponding period. The result was supported by a 20.5% increase in revenue and improved credit quality across all portfolios.

The Bank has established a stronger balance sheet over the past twelve months. Total lending assets reached $50.3 billion, an increase of 2.3% since December 2013. This period of lower growth provided the opportunity to focus on balance sheet quality, strengthen the capital position and improve the Net Interest Margin (NIM). The Bank has taken a considered approach to lending growth in a low interest rate environment.

Significant resources have been dedicated to risk management capability and culture over the past twelve months in-line with the Basel II Advanced Accreditation program. With the resulting management structures in place and lending portfolios aligned to risk appetite, the Bank is well positioned for growth in target segments.

The CET1 ratio increased by 28 bps to 8.82%, within the revised target range of 8.50% to 9.00%, further enhancing the strength of the Bank's balance sheet. This increase takes into account both Basel III changes due to be implemented in January 2016 and the broader strengthening of capital targets across the banking industry.

The Bank's NIM improved 8 bps over the half to 1.86% to sit above the target operating range of 1.75% to 1.85%. The NIM benefited from moderation of term deposit pricing and improvements in funding composition as growth in lower cost retail transaction accounts reached 14.0%. Retail deposits remain a core source of funding, with a deposit to loan ratio of 66.1%. An 'A+/A1' credit rating and access to a broad range of wholesale funding markets enables the Bank's diversified funding capability.

Net interest income grew 12.4% to $553 million as a result of the improvement in the NIM. Net non-interest income of $64 million included a one-off recovery of $19 million pre-tax.

Despite significant investment in the business, operating expenses were held flat over the half. The cost to income ratio reduced 3.3% during the half to 52.2%, including the one-off gain. The core banking system replacement, known as Project Ignite, successfully implemented the first stage of the program, with personal loans transitioning onto the new platform.

Gross non-performing loans reduced 15.0% to $656 million. Gross impaired assets decreased 21.3% to $262 million, representing 0.52% of gross loans and advances. Impairment losses on loans and advances were $43 million. Provision coverage has increased and the Bank continues to hold appropriate provisioning for stress across the agribusiness segment and will retain the drought provision raised in June 2014.

Profit contribution

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Net interest income	553	519	492	6.6	12.4
Net non-interest income					
Net banking fee income	35	30	37	16.7	(5.4)
MTM on financial instruments	10	23	(19)	(56.5)	n/a
Other income	19	3	2	large	large
Total net non-interest income	64	56	20	14.3	220.0
Total income	617	575	512	7.3	20.5
Operating expenses					
Staff expenses	(188)	(176)	(178)	6.8	5.6
Equipment and occupancy expenses	(51)	(56)	(53)	(8.9)	(3.8)
Hardware, software and dataline expenses	(20)	(21)	(21)	(4.8)	(4.8)
Advertising and promotion	(13)	(17)	(13)	(23.5)	-
Office supplies, postage and printing	(15)	(16)	(15)	(6.3)	-
Other	(35)	(33)	(25)	6.1	40.0
Total Operating expenses	(322)	(319)	(305)	0.9	5.6
Profit before impairment losses on loans and advances	295	256	207	15.2	42.5
Loss on sale of loans and advances	-	-	(13)	n/a	(100.0)
Impairment losses on loans and advances	(43)	(79)	(45)	(45.6)	(4.4)
Bank profit before tax	**252**	**177**	**149**	**42.4**	**69.1**
Income tax	(76)	(54)	(44)	40.7	72.7
Bank profit after tax	**176**	**123**	**105**	**43.1**	**67.6**

Bank ratios and key statistics

	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	%	%	%
Lending growth (annualised)	1.37	3.17	4.06
Net interest margin (interest-earning assets)	1.86	1.78	1.66
Cost to income ratio	52.19	55.48	59.57
Impairment losses to gross loans and advances (annualised)	0.17	0.32	0.18
Return on Common Equity Tier 1	12.17	8.78	7.59
Deposit to loan ratio	66.07	65.84	65.69

Statement of assets and liabilities

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Assets					
Cash and cash equivalents	521	463	810	12.5	(35.7)
Receivables due from other banks	566	927	790	(38.9)	(28.4)
Trading securities	2,298	1,593	2,129	44.3	7.9
Derivatives	710	334	451	112.6	57.4
Investment securities	6,634	6,500	6,652	2.1	(0.3)
Loans, advances and other receivables	50,111	49,781	49,074	0.7	2.1
Due from Group entities	169	147	290	15.0	(41.7)
Deferred tax assets	95	98	88	(3.1)	8.0
Other assets	223	192	213	16.1	4.7
Goodwill and intangible assets	262	262	262	-	-
Total assets	61,589	60,297	60,759	2.1	1.4
Liabilities					
Deposits and short-term borrowings	45,104	44,154	44,597	2.2	1.1
Derivatives	424	525	494	(19.2)	(14.2)
Payables due to other banks	314	81	186	287.7	68.8
Payables and other liabilities	386	457	403	(15.5)	(4.2)
Due to Group entities	152	160	-	(5.0)	n/a
Securitisation liabilities	2,872	3,598	4,267	(20.2)	(32.7)
Debt issues	7,727	6,839	6,433	13.0	20.1
Subordinated notes	742	742	840	-	(11.7)
Total liabilities	57,721	56,556	57,220	2.1	0.9
Net assets	**3,868**	**3,741**	**3,539**	**3.4**	**9.3**

Reconciliation of net equity to Common Equity Tier 1 Capital			
Net equity - Banking line of business	3,868	3,741	3,539
Additional Tier 1 capital	(450)	(450)	(450)
Goodwill allocated to Banking Business	(235)	(235)	(235)
Regulatory capital equity adjustments	12	27	37
Regulatory capital deductions	(300)	(287)	(259)
Other reserves excluded from Common Equity Tier 1 ratio	(144)	(151)	(125)
Common Equity Tier 1 Capital	**2,751**	**2,645**	**2,507**

Loans, advances and other receivables

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Housing loans	33,152	32,540	31,329	1.9	5.8
Securitised housing loans and covered bonds	6,618	6,461	6,955	2.4	(4.8)
Total housing loans	39,770	39,001	38,284	2.0	3.9
Consumer loans	403	431	452	(6.5)	(10.8)
Retail loans	40,173	39,432	38,736	1.9	3.7
Commercial (SME)	5,593	5,900	5,964	(5.2)	(6.2)
Agribusiness	4,534	4,624	4,484	(1.9)	1.1
Total Business lending	10,127	10,524	10,448	**(3.8)**	**(3.1)**
Total lending	**50,300**	**49,956**	**49,184**	**0.7**	**2.3**
Other receivables	44	51	100	(13.7)	(56.0)
Gross banking loans, advances and other receivables	50,344	50,007	49,284	0.7	2.2
Provision for impairment	(233)	(226)	(210)	3.1	11.0
Loans, advances and other receivables	**50,111**	**49,781**	**49,074**	**0.7**	**2.1**
Credit-risk weighted assets	**25,532**	**25,903**	**25,407**	**(1.4)**	**0.5**
Geographical breakdown - Total lending					
Queensland	28,565	28,748	28,448	(0.6)	0.4
New South Wales	12,168	12,095	11,777	0.6	3.3
Victoria	4,665	4,436	4,372	5.2	6.7
Western Australia	3,252	3,139	3,119	3.6	4.3
South Australia and other	1,650	1,538	1,468	7.3	12.4
Outside of Queensland loans	21,735	21,208	20,736	2.5	4.8
Total lending	**50,300**	**49,956**	**49,184**	**0.7**	**2.3**

Total Lending

Total lending receivables, including securitised assets, grew 0.7% over the half to $50.3 billion.

Retail Loans

The home lending portfolio grew 2.0% to $39.8 billion in an environment characterised by intense price competition and heightened refinancing activity. The Bank remained focused on improving the quality of the portfolio. Over 80% of new loans written during the half have a loan to valuation ratio (LVR) of less than 80%. The successful home lending campaign in October and November provides the Bank with growth momentum into the second half.

The intermediated channel is integral to the Bank's customer acquisition and portfolio diversification strategy, particularly outside Queensland. This channel has helped the Bank grow the portfolio despite the impact of subdued system growth in the Bank's traditional Queensland market. As at 31 December, 46% of the home lending portfolio was originated outside of Queensland.

Commercial (SME)

The commercial (SME) portfolio contracted 5.2% to $5.6 billion for the half, largely due to the considered exit of a large commercial exposure deemed outside of the Bank's core service proposition. In addition there has been runoff of similar residual corporate and property exposures. Subdued business confidence and heightened competitive activity remain headwinds to near term growth. Notwithstanding this, the Bank will continue to pursue diversified growth across target market segments.

The Bank's property investment assets have an average loan size of around $2 million. The portfolio is heavily weighted towards less than $5 million lending, with 98% of customer groups with loans in this range.

Commercial (SME) portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Commercial (SME) breakdown					
Property Investment	29%	4%	5%	38%	2,151
Hospitality & Accommodation	17%	1%	1%	19%	1,105
Construction & Development	8%	1%	1%	10%	546
Services (Inc. professional services)	6%	2%	1%	9%	496
Retail	4%	2%	1%	7%	393
Manufacturing & Mining	4%	1%	2%	7%	348
Other	6%	2%	2%	10%	554
Total %	74%	13%	13%	100%	
Total $M	4,175	692	726		5,593

Agribusiness

The agribusiness portfolio reduced 1.9% to $4.5 billion for the half. Given the ongoing impact of drought across Queensland and the subdued rural property market, the Bank continues to exercise care and caution with its approach to risk selection 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 Bank's target market remains family-operated farms with an average loan size of around $1.8 million.

Agribusiness portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Agribusiness breakdown					
Beef	31%	2%	0%	33%	1,490
Grain & Mixed Farming	10%	16%	2%	28%	1,252
Sheep & Mixed Livestock	5%	4%	1%	10%	458
Cotton	4%	3%	0%	7%	340
Sugar	5%	0%	0%	5%	209
Fruit	3%	0%	0%	3%	146
Other	7%	2%	5%	14%	639
Total %	65%	27%	8%	100%	
Total $M	2,948	1,220	366		4,534

Bank funding composition

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Retail funding					
Retail deposits					
Transaction	5,827	5,333	5,113	9.3	14.0
Investment	8,732	8,085	7,711	8.0	13.2
Term deposits	14,108	15,305	15,812	(7.8)	(10.8)
Total retail deposits	28,667	28,723	28,636	(0.2)	0.1
Retail treasury deposits	4,566	4,169	3,673	9.5	24.3
Total retail funding	33,233	32,892	32,309	1.0	2.9
Wholesale funding					
Domestic funding sources					
Short-term wholesale	8,406	8,551	8,602	(1.7)	(2.3)
Long-term wholesale	3,075	2,750	2,650	11.8	16.0
Covered bonds	2,647	2,197	2,196	20.5	20.5
Subordinated notes	742	742	840	-	(11.7)
	14,870	14,240	14,288	4.4	4.1
Overseas funding sources [(1)]					
Short-term wholesale	3,465	2,711	3,686	27.8	(6.0)
Long-term wholesale	2,005	1,892	1,587	6.0	26.3
	5,470	4,603	5,273	18.8	3.7
Total wholesale funding	20,340	18,843	19,561	7.9	4.0
Total funding (excluding securitisation)	**53,573**	**51,735**	**51,870**	**3.6**	**3.3**
Securitised funding					
APS 120 qualifying [(2)]	2,497	3,140	3,711	(20.5)	(32.7)
APS 120 non-qualifying	375	458	556	(18.1)	(32.6)
Total securitised funding	2,872	3,598	4,267	(20.2)	(32.7)
Total funding (including securitisation)	**56,445**	**55,333**	**56,137**	**2.0**	**0.5**
Total funding is represented on the balance sheet by:					
Deposits	33,233	32,892	32,309	1.0	2.9
Short-term borrowings	11,871	11,262	12,288	5.4	(3.4)
Securitisation liabilities	2,872	3,598	4,267	(20.2)	(32.7)
Bonds, notes and long-term borrowings	7,727	6,839	6,433	13.0	20.1
Subordinated notes	742	742	840	-	(11.7)
Total	**56,445**	**55,333**	**56,137**	**2.0**	**0.5**
Deposit to loan ratio	**66.1%**	**65.8%**	**65.7%**		

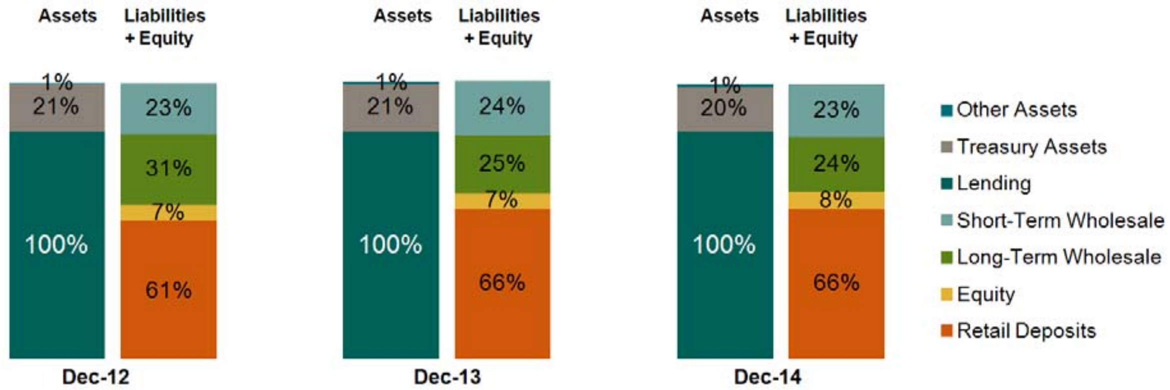
(1) Foreign currency borrowings are hedged back into Australian dollars
(2) Qualifies for capital relief under APS120

Retail funding

The Bank manages the retail deposits portfolio to support lending growth, margin and customer acquisition objectives. The retail deposit to lending ratio of 66.1% is within target operating range of 60% to 70%.

A period of lower lending growth has provided the Bank with the opportunity to drive improvement in the cost and quality of the funding mix. Transaction deposit growth of 14.0% against the prior corresponding period demonstrates the Bank's commitment to acquire transactional customer relationships. The Bank is well placed for the introduction of Basel III liquidity reforms that came into effect on 1 January 2015.

Components of balance sheet (% of total lending assets)



Wholesale funding

The Bank's funding position is strengthened by the Group's 'A+/A1' credit rating, providing access to a wide range of wholesale funding markets and the ability to execute covered bond, senior domestic and offshore debt transactions. This results in substantial funding diversification and flexibility, supporting capacity for future growth.

The Bank successfully completed a three year GBP250 million (A$466 million) senior unsecured transaction in September 2014 followed by a five year $950 million covered bond in October 2014. The GBP trade was Suncorp's first senior offering in this market since 2009 and was well received by the UK investor base.

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.

Wholesale funding instruments maturity profile[1]

	Short-term $M	Long-term $M	DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Maturity							
0 to 3 months	8,788	242	9,030	9,463	11,019	(4.6)	(18.1)
3 to 6 months	2,885	1,083	3,968	3,361	3,545	18.1	11.9
6 to 12 months	198	1,028	1,226	1,814	2,129	(32.4)	(42.4)
1 to 3 years	-	3,979	3,979	4,783	4,591	(16.8)	(13.3)
3+ years	-	5,009	5,009	3,020	2,544	65.9	96.9
Total wholesale funding instruments	11,871	11,341	23,212	22,441	23,828	3.4	(2.6)

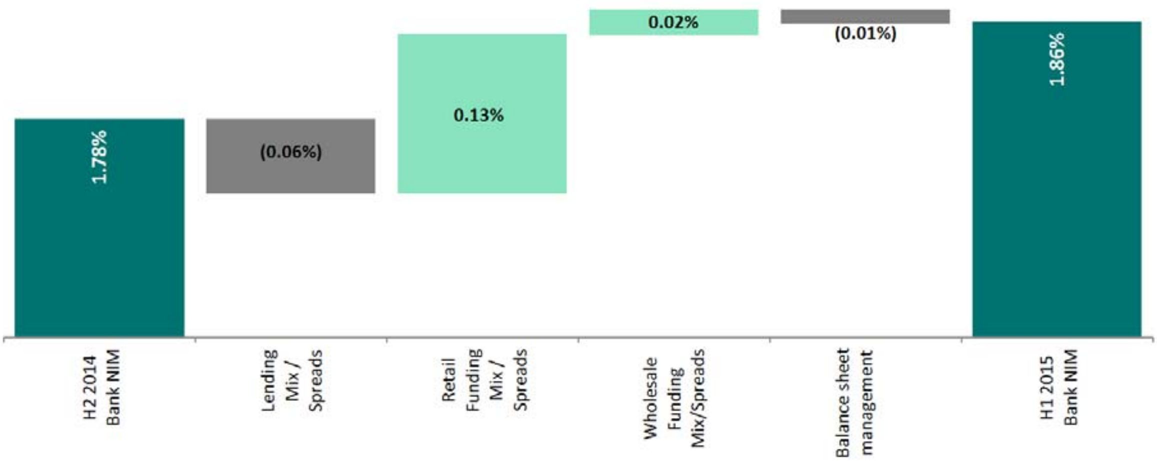
(1) Includes wholesale debt, securitisation liabilities and subordinated notes.

Net interest income

Net interest income increased to $553 million representing growth of 12.4%. The NIM improved 8 bps over the half and 20 bps against the prior corresponding period to 1.86%. It now sits above the target range of 1.75% to 1.85%. The half year result was shaped by:

- improvement in the retail funding mix with growth in transactional deposits replacing higher cost term deposits;
- moderation of term funding costs;
- the repayment of the last tranche of expensive legacy Non-core funding;
- a stable cash rate environment during the period; and
- the negative impact of price competition in lending markets which is continuing to benefit customers.

NIM movements



Average banking balance sheet

	HALF YEAR ENDED DEC-14			HALF YEAR ENDED JUN-14		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities	9,350	164	3.48	9,245	160	3.49
Gross loans, advances and other receivables	49,582	1,297	5.19	49,558	1,298	5.28
Total interest-earning assets	58,932	1,461	4.92	58,803	1,458	5.00
Non-interest earning assets						
Other assets (inc. loan provisions)	836			800		
Total non-interest earning assets	836			800		
TOTAL ASSETS	59,768			59,603		
Liabilities						
Interest-bearing liabilities						
Retail deposits	32,670	480	2.91	32,585	506	3.13
Wholesale liabilities	21,699	408	3.73	21,722	412	3.82
Debt capital	742	20	5.35	834	21	5.08
Total interest-bearing liabilities	55,111	908	3.27	55,141	939	3.43
Non-interest bearing liabilities						
Other liabilities	826			820		
Total non-interest bearing liabilities	826			820		
TOTAL LIABILITIES	55,937			55,961		
AVERAGE SHAREHOLDERS' EQUITY	3,831			3,642		
Non-Shareholder Accounting Equity	12			28		
Convertible Preference Shares	(450)			(450)		
Average Shareholders' Equity	3,393			3,220		
Goodwill allocated to Banking Business	(235)			(235)		
Average Shareholders' Equity (ex Goodwill)	3,158			2,985		
Analysis of interest margin and spread						
Interest-earning assets	58,932	1,461	4.92	58,803	1,458	5.00
Interest-bearing liabilities	55,111	908	3.27	55,141	939	3.43
Net interest spread			1.65			1.57
Net interest margin (interest-earning assets)	58,932	553	1.86	58,803	519	1.78
Net interest margin (lending assets)	49,582	553	2.21	49,558	519	2.11

Net non-interest income

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Net banking fee income	35	30	37	16.7	(5.4)
MTM on financial instruments	10	23	(19)	(56.5)	n/a
Other income	19	3	2	large	large
Total net non-interest income	64	56	20	14.3	220.0

Non-interest income was $64 million for the half year, benefiting from a one-off recovery of $19 million arising from successful litigation action.

Underlying customer fee revenue was in-line with the prior half. Fee generation from the Bank's retail products remain challenging as customer preference 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 included unrealised gains on short-term derivative positions in addition to realised gains on the sale of treasury banking book assets.

Operating expenses

Operating expenses were in-line half on half at $322 million. Revenue growth and cost control contributed to an improvement of 3.3% in the cost to income ratio to 52.2%.

The Bank is investing heavily in frontline capability, enhanced risk management processes and improved customer experience through the delivery of Project Ignite and the Basel II Advanced Accreditation programs. Significant resources remain dedicated to these two key programs across the Bank as they both approach critical project stages. Achieving productivity improvements via the Bank's distribution network is an ongoing focus with benefits being realised from branch footprint redesign and the development of electronic channels. The Bank is leveraging the Group's capability and scale in the management of occupancy, technology and procurement, with a significant real estate consolidation process undertaken during the half.

Impairment losses on loans and advances

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Collective provision for impairment	9	23	(5)	(60.9)	n/a
Specific provision for impairment	32	56	48	(42.9)	(33.3)
Actual net write-offs	2	-	2	n/a	-
	43	**79**	**45**	**(45.6)**	**(4.4)**
Impairment losses to gross loans and advances (annualised)	**0.17%**	**0.32%**	**0.18%**		

Impairment losses of $43 million, 17 bps (annualised) of gross loans and advances, were within the Bank's target operating range of 10 bps to 20 bps.

The reduction in both the specific provision and collective provision charge reflect improvements in credit quality across the Bank's lending portfolio.

Impairment losses are expected to remain at current levels given the challenging operating environment and ongoing economic uncertainty.

Impaired assets

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Retail lending	33	26	28	26.9	17.9
Agribusiness lending	162	208	182	(22.1)	(11.0)
Commercial/SME lending	67	99	206	(32.3)	(67.5)
Gross impaired assets	262	333	416	(21.3)	(37.0)
Specific provision for impairment	(104)	(106)	(113)	(1.9)	(8.0)
Net impaired assets	158	227	303	(30.4)	(47.9)
Gross impaired assets to gross loans and advances	**0.52%**	**0.67%**	**0.84%**		

Gross impaired assets decreased 21.3% on the prior half to $262 million. This represents 0.52% of gross loans and advances.

Agribusiness impaired asset volumes decreased to $162 million, 3.6% of the total agribusiness portfolio. The decrease was driven by resolution of a number of impaired assets and a reduction in new impairments.

The number of impaired loan accounts remains relatively low despite the prolonged drought impacting agribusiness. The Bank continues to closely monitor emerging issues on an individual exposure basis.

Non-performing loans

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Gross balances of individually impaired loans					
Gross impaired assets	262	333	416	(21.3)	(37.0)
Specific provision for impairment	(104)	(106)	(113)	(1.9)	(8.0)
Net impaired assets	158	227	303	(30.4)	(47.9)
Size of gross individually impaired assets					
Less than one million	29	22	34	31.8	(14.7)
Greater than one million but less than ten million	137	183	204	(25.1)	(32.8)
Greater than ten million	96	128	178	(25.0)	(46.1)
	262	333	416	(21.3)	(37.0)
Past due loans not shown as impaired assets	394	439	445	(10.3)	(11.5)
Gross non-performing loans	656	772	861	(15.0)	(23.8)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the half year	333	416	506	(20.0)	(34.2)
Recognition of new impaired assets	64	193	113	(66.8)	(43.4)
Increases in previously recognised impaired assets	4	4	1	-	300.0
Impaired assets written off/sold during the half year	(29)	(55)	(124)	(47.3)	(76.6)
Impaired assets which have been reclassed as performing assets or repaid	(110)	(225)	(80)	(51.1)	37.5
Balance at the end of the half year	**262**	**333**	**416**	**(21.3)**	**(37.0)**

Gross non-performing loans reduced 15.0% to $656 million.

Overall past due arrears have continued to improve in-line with reduced delinquency in the home lending portfolio. Realised losses from the home lending portfolio remain low reflecting the strength of underlying security and the application of Lenders Mortgage Insurance (LMI) coverage.

Provision for impairment

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Collective provision					
Balance at the beginning of the period	120	97	102	23.7	17.6
Charge against contribution to profit	9	23	(5)	(60.9)	n/a
Balance at the end of the period	129	120	97	7.5	33.0
Specific provision					
Balance at the beginning of the period	106	113	198	(6.2)	(46.5)
Charge against impairment losses	32	56	48	(42.9)	(33.3)
Write-off of impaired assets	(29)	(55)	(124)	(47.3)	(76.6)
Unwind of interest	(5)	(8)	(9)	(37.5)	(44.4)
Balance at the end of the period	104	106	113	(1.9)	(8.0)
Total provision for impairment - Banking activities	233	226	210	3.1	11.0
Equity reserve for credit loss (ERCL)					
Balance at the beginning of the period	151	125	131	20.8	15.3
Transfer (to) from retained earnings	(7)	26	(6)	n/a	16.7
Balance at the end of the period	144	151	125	(4.6)	15.2
Pre-tax equivalent coverage	206	216	179	(4.6)	15.1
Total provision for impairment and equity reserve for credit loss - Banking activities	439	442	389	(0.7)	12.9

	DEC-14	JUN-14	DEC-13
	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	49.2	36.0	23.3
Specific provision	39.7	31.8	27.2
Total provision	88.9	67.9	50.5
ERCL coverage	78.6	64.9	43.0
Total provision and ERCL coverage	167.6	132.7	93.5
Total provision and ERCL coverage expressed as a percentage of gross non-performing loans	66.9	57.3	45.2

Total provision coverage increased to 167.6% as a result of the reduction in gross impaired assets. The introduction of more conservative loss factors into the collective provision model also contributed to the increase. Provision coverage includes the additional drought overlay introduced in June 2014.

Gross non-performing loans coverage by portfolio

	Past due loans	Impaired assets	Specific provision	Collective provision	ERCL (pre-tax equivalent)	Total provision and ERCL coverage
	$M	$M	$M	$M	$M	%
Retail lending	299	33	7	31	47	26%
Agribusiness lending	37	162	61	54	76	96%
Commercial/SME lending	58	67	36	44	83	130%
Total	394	262	104	129	206	67%

Outlook

Suncorp Bank's vision is to be 'the' Bank for customers and the first choice for all their banking needs. Leveraging the strength of Suncorp Group across capital, funding, capability, customer and brand, the Bank is well supported in driving and delivering genuine connections with customers. Customer satisfaction metrics continue to outperform the major banks.

The Bank's balance sheet remains conservatively managed, as demonstrated by the strength of capital and funding ratios. The Bank is well placed to meet Basel III liquidity requirements in January 2015 and is committed to holding appropriate levels of physical and contingent liquidity.

Delivery of Project Ignite and Basel II Advanced Accreditation remain key priorities. These programs will drive superior operating efficiency and effectiveness as well as enhancing the Bank's ability to meet the changing needs of customers. Both are on track to continue to deliver against key milestones during calendar year 2015. The Basel II Advanced Accreditation program represents a comprehensive change in the way risk is measured and managed in the business. The Bank is targeting the formal regulatory submission to APRA in the second half of calendar year 2015.

Suncorp Bank supports the findings contained in the Financial Systems Inquiry (FSI) report. The need for a level playing field in the banking landscape is paramount for both customers and the stability of the banking sector. Developments in relation to the FSI recommendations on minimum capital levels and risk weightings will be monitored closely.

The home lending market will remain competitive however with sound risk management structures in place, the Bank is well positioned for growth in target segments. The short term outlook for agribusiness remains uncertain as drought conditions persist, while business lending remains highly sensitive to price competition.

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

- 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;
- retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its A+/A1 credit rating to raise diverse wholesale funding; and
- return on CET1 of 12.5% to 15%.

Life

Result overview

Suncorp Life's profit after tax for the half year was $86 million. Underlying profit was $52 million, up 20.9% for the half. The underlying result reflects the action taken in May 2014 to rebase the balance sheet and materially revise key valuation assumptions. Profit after tax benefited from a reduction in long-term interest rates which will unwind as rates increase.

The rebased balance sheet has allowed Life to focus on creating shareholder value and putting the customer at the forefront of the business. Life continues to execute on its strategic priorities – becoming number one in the Direct channel and creating sustainable advice partnerships – and the following key initiatives have been delivered:

- targeted repricing and commission changes to address product profitability for risk products;
- commenced rolling out the adviser value proposition 'Acclaim' with a focus on building sustainable partnerships;
- updating and releasing three new direct life propositions;
- putting the customer at the forefront, for example, through the introduction of tele-underwriting and tele-claims; and
- continuing to embed the customer revolution by lifting the service culture across the business.

Life's underlying profit has stabilised following the rebasing of the balance sheet. Overall claims and lapse experience was favourable $7 million.

Annual in-force premiums increased by 8.6% to $957 million as Life continued to focus on retention and value over volume, ensuring our new business is written on a more sustainable footing.

Direct in-force was up 8.0% to $149 million. Direct in-force via General Insurance brands continues to provide growth as Life unlocks the 'One Company. Many Brands' opportunity to better fulfil the holistic protection needs of Group customers.

During the half, Suncorp Life won the inaugural Plan for Life Insurance Excellence Award for Direct providing confirmation of the strong platform that has been established. The Direct business was number one in on-line sales and recognised as the fastest growing direct business. Life will maintain a disciplined approach to growing the Direct business, focusing on value creation.

Superannuation delivered strong growth with new business of $281 million driven by good growth in both Everyday Super (EDS) and WealthSmart. However this was offset by outflows from historical product offerings.

The New Zealand business once again won the Life Company of the Year Award and continued to focus on driving sustainable advice partnerships in the face of aggressive competitor activity.

Outlook

Suncorp Life's rebased balance sheet has allowed Life to focus on creating shareholder value and putting the customer at the forefront of the business. Life continues to execute on its strategic priorities: to be number one in Direct and to create sustainable advice partnerships.

The life risk market has entered a period of unprecedented industry transformation and, whilst largely anticipated, the pace and extent of the change is accelerating.

Recent regulatory reviews align with Life's position, highlighting the need for greater transparency for customers, changes to adviser remuneration practices and a greater emphasis on acting in the best interest of customers.

The Life business is positioned to take advantage of the industry transformation in the market place having called out the need for change early and reset its assumptions to reflect the turbulent operating environment. The business will continue to focus on value driven participation in the IFA market, a disciplined approach to accelerating the move into the Direct channel and embed a stronger customer focus in our products and pricing.

Life remains confident of the profile of the revised assumptions and is on track to deliver on previously provided underlying profit guidance.

Profit contribution

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Life Risk					
Planned profit margin release [1]	17	34	35	(50.0)	(51.4)
Claims experience	6	(14)	(10)	n/a	n/a
Lapse experience	1	(9)	(17)	n/a	n/a
Other experience	(5)	(4)	(3)	25.0	66.7
Underlying investment income	15	17	18	(11.8)	(16.7)
Life Risk	**34**	**24**	**23**	**41.7**	**47.8**
Superannuation	18	19	18	(5.3)	-
Total Life underlying profit after tax	**52**	**43**	**41**	**20.9**	**26.8**
Market adjustments [2]	**34**	**27**	**(19)**	**25.9**	**n/a**
Net profit after tax	**86**	**70**	**22**	**22.9**	**290.9**

(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 consists of Annuities Market Adjustments, Life Risk Policy Discount Rate changes and Investment Income Experience.

Life Risk in-force annual premium by channel

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
IFA	552	529	515	4.3	7.2
Direct	149	145	138	2.8	8.0
New Zealand	191	178	168	7.3	13.7
Total Individual	**892**	**852**	**821**	**4.7**	**8.6**
Group [1]	65	59	60	10.2	8.3
Total	**957**	**911**	**881**	**5.0**	**8.6**
Total new business [2]	**69**	**59**	**65**	**16.9**	**6.2**

(1) NZD in-force figures are Dec-14 $205 million, Jun-14 $195 million, Dec-13 $188 million. Group In-force annual premium includes NZ. The NZD Group in-force figures are Dec-14 $5 million, Jun-14 $5 million, Dec-13 $5 million.

(2) New Business includes NZ Dec-14 $12 million, Jun-14 $12 million, Dec-13 $13 million.

Funds under administration

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Funds under administration					
Opening balance at the start of the period	7,789	7,691	7,339	1.3	6.1
Net inflows (outflows)	(92)	(128)	(106)	(28.1)	(13.2)
Investment income and other	261	226	458	15.5	(43.0)
Balance at the end of the period [1]	**7,958**	**7,789**	**7,691**	**2.2**	**3.5**
New business	**281**	**217**	**185**	**29.5**	**51.9**

(1) "Net flows" and "Investment income and other" have been restated for prior periods following an update to reporting methodology. The closing balance for Jun-14 has also been updated.

Operating expenses

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Total operating expenses [1]	**142**	**153**	**150**	**(7.2)**	**(5.3)**

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

Shareholder investment income

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Shareholder investment income on invested assets	29	31	15	(6.5)	93.3
Less underlying investment income:					
Life Risk	(15)	(17)	(18)	(11.8)	(16.7)
Superannuation	(6)	(7)	(7)	(14.3)	(14.3)
Investment income experience	**8**	**7**	**(10)**	**14.3**	**n/a**

Invested shareholder assets

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Cash	337	371	401	(9.2)	(16.0)
Fixed interest securities	868	867	841	0.1	3.2
Equities	22	30	50	(26.7)	(56.0)
Property	4	5	4	(20.0)	-
Total	**1,231**	**1,273**	**1,296**	**(3.3)**	**(5.0)**

In-force premiums

IFA Australia

IFA Australia has benefited from the focus of value over volume with in-force growth of 7.2% reflecting new business and better than expected lapse rates. The focus on value has meant new business sales of $32 million are in-line with the prior period.

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

A number of pricing and product changes have been implemented to ensure products are sold on a sustainable footing creating value for customers and shareholders. Pricing changes are also being implemented by a number of competitors as product economics are addressed across the industry.

Direct Australia

In-force growth for Direct of 8.0% has resulted from the focus on Direct sold via General Insurance brands which continues to provide growth opportunities for the Group.

Direct new business sales of $17 million are in-line with the corresponding period due to lower sales in the Suncorp salaried planners channel. Both product mix and channel new business continues to diversify as the direct model evolves. During the half, Suncorp Life won the inaugural Plan for Life Insurance Excellence Award providing recognition of the strong business which Life has built.

Direct continues to represent an opportunity for Group growth and customer retention. The Life business will continue to adopt a disciplined approach, focusing on value driven growth.

Superannuation Australia

Superannuation new business increased by 51.9% against the prior corresponding period to $281 million. Performance was driven by WealthSmart through the Suncorp salaried planners channel and Suncorp Everyday Super (EDS), which continues to gain traction through the Suncorp Bank branches. As expected, net flows were impacted by outflows of legacy products.

New Zealand

New Zealand in-force increased 13.7% to $191 million with new business sales stable at $12 million. The business continues to drive the sustainability message in the New Zealand market, which is seeing some unsustainable practices entering the market as competition increases.

For the second consecutive year, the New Zealand business has won the Life Company of the Year Award.

Underlying profit after tax

Planned profit margin release

Planned margins of $17 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.

Experience

Claims and lapse experience are broadly in-line with the revised assumptions, achieving a small favourable outcome for the half.

The positive claims experience came from both the Australian and New Zealand businesses, with lower incidence in lump sum and the resolution of older outstanding claims. Disability income continues to have both high incidence and claim sizes, however continued focus on claims management and early intervention to help customers return to health sooner, is having an offsetting positive impact.

Lapse experience resulted in a small positive for the half, primarily driven by favourable lapse experience in the lump sum business. Partly offsetting the favourable lapse experience was the seasonal impact of New Zealand lapses and higher retention of unprofitable products.

Suncorp Life has further expanded its retention activities to cover the Direct business. It is also rolling out Acclaim which is expected to continue to support Suncorp Life’s better than industry lapse rates.

Expense management

Expenses are down 5.3% to $142 million as Life focuses on tight 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.

Investment income

Shareholders' Funds investment income was $29 million, an annualised pre-tax return of 6.7%, with the portfolio benefiting from mark-to-market gains from risk-free rate reductions.

As highlighted at the 30 June 2014 results, lower average shareholder assets and a decrease in Suncorp Life's overall long-term investment return assumptions resulted in a decrease in underlying shareholder investment returns to $21 million.

The long-term underlying investment assumption is based on the average of the 10-year Commonwealth Government bond rate (7-year historical and 3-year market expected) and asset class risk margins.

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 half market adjustments benefited from a reduction in long-term interest rates which will unwind as rates increase.

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Life Risk Policy Liability impact (DAC)	26	21	(12)	23.8	n/a
Investment Income Experience	8	7	(10)	14.3	n/a
Annuities market adjustments	-	(1)	3	n/a	(100.0)
Total market adjustments	**34**	**27**	**(19)**	**25.9**	**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.

During the half year ended 31 December 2014, Suncorp Life experienced significant 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.

During the half, both EV and VOYS have benefited from weakening in the Australian and New Zealand exchange rate and the decrease in the longer duration interest rates.

The components of value are shown in the table below:

Embedded Value and Value of One Year's Sales

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Adjusted net worth	**78**	**97**	**113**	**(19.6)**	**(31.0)**
Value of distributable profits	1,544	1,440	1,643	7.2	(6.0)
Value of imputation credits	223	222	250	0.5	(10.8)
Value of in-force	**1,767**	**1,662**	**1,893**	**6.3**	**(6.7)**
Traditional Embedded Value	**1,845**	**1,759**	**2,006**	**4.9**	**(8.0)**
Value of one year's new sales (VOYS)	**18**	**11**	**35**	**63.6**	**(48.6)**

Change in Embedded Value

	JUN-14 TO DEC-14
	$M
Opening Embedded Value	**1,759**
Expected return	70
Experience over HY15	
Economic	12
Claims, lapse and other	5
Future assumption changes	
Discount rate / Economic	19
Other	4
Value Added from new business	13
Closing Embedded Value prior to	**1,882**
Dividends/transfers [1]	(28)
Release of franking credits	(9)
Closing Embedded Value	**1,845**

[1] Dividends/transfers includes 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 forecast new business and acquisition costs for FY15. 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.

	DEC-14		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)	2.9	4.0	3.6	5.0
Cash	2.9	4.1	3.7	5.0
Fixed interest	3.4	4.0	4.2	4.8
Australian equities (inc. allowance for franking credits) [(1)]	7.9	8.2	8.7	9.0
International equities	6.9	7.2	7.7	8.0
Property	5.4	6.2	6.2	7.0
Investment returns (net of tax)	**2.8**	**2.9**	**3.3**	**3.5**
Inflation				
Expense Inflation	2.0	2.5	2.0	2.5
Risk discount rate	**6.9**	**7.8**	**7.6**	**8.5**

(1) New Zealand assumption covers Australasian equities.

	AS AT	
	DEC-14	JUN-14
	$M	$M
Base Embedded Value	**1,845**	**1,759**
Embedded Value assuming		
Discount rate and returns 1% higher	1,796	1,722
Discount rate and returns 1% lower	1,897	1,800
Discontinuance rates 10% lower	2,023	1,925
Renewal expenses 10% lower	1,898	1,806
Claims 10% lower [(1)]	2,044	1,929
Base value of one year's new business	**18**	**11**
Value of one year's new business assuming		
Discount rate and returns 1% higher	13	6
Discount rate and returns 1% lower	24	17
Discontinuance rates 10% lower	41	25
Acquisition expenses 10% lower	35	21
Claims 10% lower [(1)]	54	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 DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Total assets					
Assets					
Invested assets	5,088	5,159	4,813	(1.4)	5.7
Assets backing annuity policies	139	135	129	3.0	7.8
Assets backing participating policies	2,233	2,139	2,595	4.4	(13.9)
Deferred tax assets	1	22	-	(95.5)	n/a
Reinsurance ceded	485	512	293	(5.3)	65.5
Other assets	303	394	333	(23.1)	(9.0)
Goodwill and intangible assets	228	229	628	(0.4)	(63.7)
	8,477	**8,590**	**8,791**	**(1.3)**	**(3.6)**
Liabilities					
Payables	193	275	210	(29.8)	(8.1)
Subordinated Debt	100	100	100	-	-
Outstanding claims liabilities	267	260	228	2.7	17.1
Deferred tax liabilities	45	42	169	7.1	(73.4)
Policy liabilities	5,635	5,781	5,418	(2.5)	4.0
Unvested policyholder benefits [(1)]	361	326	429	10.7	(15.9)
	6,601	**6,784**	**6,554**	**(2.7)**	**0.7**
Total net assets	**1,876**	**1,806**	**2,237**	**3.9**	**(16.1)**
Policyholder assets					
Invested assets	3,857	3,886	3,517	(0.7)	9.7
Assets backing annuity policies	139	135	129	3.0	7.8
Assets backing participating policies	2,233	2,139	2,595	4.4	(13.9)
Other assets	49	135	57	(63.7)	(14.0)
	6,278	**6,295**	**6,298**	**(0.3)**	**(0.3)**
Liabilities					
Policy liabilities	5,917	5,969	5,869	(0.9)	0.8
Unvested policyholder benefits [(1)]	361	326	429	10.7	(15.9)
	6,278	**6,295**	**6,298**	**(0.3)**	**(0.3)**
Policyholder net assets	**-**	**-**	**-**	**n/a**	**n/a**
Shareholder assets					
Assets					
Invested assets	1,231	1,273	1,296	(3.3)	(5.0)
Deferred tax assets	1	22	-	(95.5)	n/a
Reinsurance ceded	485	512	293	(5.3)	65.5
Other assets	254	259	276	(1.9)	(8.0)
Goodwill and intangible assets	228	229	628	(0.4)	(63.7)
	2,199	**2,295**	**2,493**	**(4.2)**	**(11.8)**
Liabilities					
Payables	193	275	210	(29.8)	(8.1)
Subordinated Debt	100	100	100	-	-
Outstanding claims liabilities	267	260	228	2.7	17.1
Deferred tax liabilities	45	42	169	7.1	(73.4)
Policy liabilities	(282)	(188)	(451)	50.0	(37.5)
	323	**489**	**256**	**(33.9)**	**26.2**
Shareholder net assets	**1,876**	**1,806**	**2,237**	**3.9**	**(16.1)**

(1) Includes participating business policyholder retained profits.

Group Capital

The capital management strategy of the Suncorp Group is to optimise shareholder value by managing the level, mix and use of capital resources. The primary objective is to ensure there are sufficient capital resources to maintain and grow the business, in accordance with risk appetite. 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 internal and external 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. Suncorp Group is subject to, and in compliance with, external capital requirements set and monitored by APRA and the Reserve Bank of New Zealand. The ICAAP is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the capital needs and risk profile of the Group. 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 Capital comprising accounting equity with adjustments for intangible assets and regulatory reserves;
- Tier 1 Capital comprising CET1 Capital 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
- the sum of Tier 1 Capital and Tier 2 Capital is called Total Capital.

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

The Group's capital management, together with strong business profitability, has resulted in a significant increase in dividends over the past four years. This has continued in this result with the declaration of a fully franked interim dividend of 38 cents per share, up 3 cents per share (8.6%) on the FY14 interim dividend.

Risk Based Capital (RBC)

The Group's priority for capital management continues to be on strengthening and refining the use of Risk Based Capital in the Group's ICAAP, particularly in the areas of risk appetite, capital targets and triggers and reinsurance. Group-wide RBC models were first implemented in 2013, and significant development work was undertaken to complete '2nd generation' models in 2014. In particular, the models:

- have confirmed, from a Group perspective, the diversification benefit that is inherent in the conglomerate structure given the different primary risks affecting each business unit;
- are an important input into reviews of capital targets and triggers for individual business units and the Group;
- enable enhanced articulation of risk appetite; and
- will be a key influence on the Group's long term strategic risk decisions, such as strategic asset allocation and setting optimal reinsurance programs.

Conglomerate regulation

APRA has released its standards for the supervision of conglomerate groups, although has not yet set an implementation date. Suncorp Group has been operating under a non-operating holding company (NOHC) structure since 2010, with associated NOHC conditions from APRA having much in common with the proposed Level 3 standards. The Group is well placed to implement the requirements and does not expect material changes to the ICAAP as a result.

Capital position at 31 December 2014

In the current period:

- $183 million of Tier 2 subordinated notes in the GI business were redeemed. These notes were subject to transitional treatment under the LAGIC standards.
- the Bank has concluded an extensive review of its capital targets, following on from the Group review earlier in 2014. This has resulted in a 0.5% increase in the Bank's 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.

The table below summarises both the CET1 and Total Capital positions, adjusted to reflect the payment of declared dividends, as at 31 December 2014.

	AS AT 31 DECEMBER 2014					
	GENERAL INSURANCE	BANKING (2)	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	TOTAL 30 JUNE 2014
	$M	$M	$M	$M	$M	$M
CET1	3,040	2,754	412	488	6,694	7,182
CET1 Target	2,323	2,732	334	189	5,578	5,450
Excess to CET1 Target (pre div)	717	22	78	299	1,116	1,732
Group Dividend					(489)	(901)
Group Excess to CET1 Target (ex div)					627	831
CET1 Coverage Ratio (1)	1.44x	8.82%	1.54x			
Total Capital	4,076	4,188	512	488	9,264	9,793
Total Target Capital	3,062	3,825	434	177	7,498	7,599
Excess to Target (pre div)	1,014	363	78	311	1,766	2,194
Group Dividend					(489)	(901)
Group Excess to Target (ex div)					1,277	1,293
Capital Coverage Ratio (1)	1.93x	13.41%	1.92x			

(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 CET1 target is shown as the midpoint of its target operating range. Although no change was made to the Bank's Total Capital Target operating range, for consistency the Total Capital Target shown above represents the mid-point of the target operating range (12.25%). In prior disclosures the top of the target operating range (12.5%) was used.

In terms of the CET1 positions across the Group:

- the General Insurance business CET1 Capital position was 1.44 times the PCA, well above its target of 1.10 times PCA;
- the Bank's CET1 Ratio was 8.82%, towards the upper end of its target operating range of 8.5% - 9.0%; and
- Suncorp Life's excess CET1 Capital to Target was $78 million.

The Group maintains a very strong capital position with all businesses holding CET1 capital in excess of targets. The Group's excess to CET1 targets is $627 million after adjusting for the interim dividend and the $156 million impact of the increase in the Bank CET1 target.

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, liability duration-matched 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.

Investment markets commentary

Investment markets were mixed over the half. Bond markets were buoyant, underpinned by stimulatory policies from the world's major central banks. The Australian cash rate remained steady at 2.50%, the yield on 3-year Government Bonds decreased by 48 bps to 2.13% and breakeven inflation fell by 21 bps. Volatility in the second quarter trimmed earlier advances in Australian equities which ended the period largely flat and saw credit spreads widen 15 bps. International equities closed the period up 3% in local currency terms.

Looking forward, it is reasonable to assume that investment returns over the medium term will be lower than longer term averages. Over the past two and a half years credit spreads on Australian 'AA' rated corporate bonds have narrowed by 112 bps, from 209 bps to 97 bps and semi-government spreads have narrowed by 75 bps, from 113 bps to 38 bps. The implication for assets backing liabilities is that the spread earned in excess of the unwind of the liabilities (at the risk-free rate) will be modest. Further, prospects for mark-to-market gains from credit spread contractions have diminished.

Suncorp Group Limited

Suncorp Group Limited's investment portfolio supports the Group NOHC structure and distributions to shareholders. Investment assets were $645 million at 31 December 2014 and comprised 53% cash and 47% 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 $13 million, representing an annualised return of 3.8%.

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
(Pre-tax)	**$M**	**$M**	**$M**	**%**	**%**
Investment income					
Cash and short-term deposits	4	4	3	-	33.3
Interest-bearing securities and other	9	13	8	(30.8)	12.5
Total	**13**	**17**	**11**	**(23.5)**	**18.2**

Dividends

The interim dividend of 38 cents per share will be fully franked and paid on 1 April 2015. The ex-dividend date is 18 February 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. The Group's improved earnings profile is expected to increase the franking credit balance over coming years.

	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	$M	$M	$M
Franking credits			
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	**168**	**215**	**252**

Income tax

	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	$M	$M	$M
Profit before income tax expense	938	356	819
Income tax using the domestic corporation tax rate of 30%	281	107	246
Effect of tax rates in foreign jurisdictions	(3)	(2)	(1)
Increase in income tax expense due to:			
Non-deductible expenses	8	11	6
Imputation gross-up on dividends received	4	1	3
Statutory funds	17	5	20
Income tax offsets and credits	(12)	(4)	(11)
Life intangible assets write-down	-	51	-
Amortisation of acquisition intangible assets	3	3	4
Other	8	-	2
	306	172	269
Over provision in prior years	(4)	(2)	(1)
Income tax expense on pre-tax net profit	**302**	**170**	**268**
Effective tax rate	**32.2%**	**47.7%**	**32.7%**
Income tax expense (benefit) by business unit			
General Insurance	175	226	198
Banking	76	54	44
Life	54	33	37
Other	(3)	(143)	(11)
Total income tax expense	**302**	**170**	**268**

The effective tax rate was slightly lower at 32.2% compared to the December 2013 rate of 32.7%. Income tax expense adjustments have primarily arisen from:

- the life insurance statutory funds adjustment resulting in a $17 million (December 2013: $20 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 $7 million (December 2013: $4 million).

Appendix 1 – Consolidated statement of comprehensive income and financial position

Consolidated statement of comprehensive income

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

	HALF YEAR ENDED DEC-14 $M	JUN-14 $M	DEC-13 $M	DEC-14 vs JUN-14 %	DEC-14 vs DEC-13 %
Revenue					
Insurance premium income	4,917	4,849	4,858	1.4	1.2
Reinsurance and other recoveries income	1,052	790	787	33.2	33.7
Banking interest income	1,461	1,459	1,513	0.1	(3.4)
Investment revenue	733	742	827	(1.2)	(11.4)
Other income	301	276	269	9.1	11.9
Total revenue	8,464	8,116	8,254	4.3	2.5
Expenses					
General insurance claims expense	(3,739)	(3,312)	(3,283)	12.9	13.9
Life insurance claims expense and movement in policyowners liabilities	(430)	(581)	(869)	(26.0)	(50.5)
Outwards reinsurance premium expense	(633)	(676)	(448)	(6.4)	41.3
Interest expense	(946)	(973)	(1,056)	(2.8)	(10.4)
Fees and commissions expense	(415)	(383)	(373)	8.4	11.3
Operating expenses	(1,320)	(1,409)	(1,348)	(6.3)	(2.1)
Losses on Banking loans, advances and other receivables	(43)	(79)	(58)	(45.6)	(25.9)
Impairment loss on goodwill and intangible assets	-	(347)	-	(100.0)	n/a
Total expenses	(7,526)	(7,760)	(7,435)	(3.0)	1.2
Profit before income tax	938	356	819	163.5	14.5
Income tax expense	(302)	(170)	(268)	77.6	12.7
Profit for the period	**636**	**186**	**551**	**241.9**	**15.4**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of cash flow hedges	25	15	32	66.7	(21.9)
Net change in fair value of available-for-sale financial assets	3	11	12	(72.7)	(75.0)
Exchange differences on translation of foreign operations	31	10	88	210.0	(64.8)
Income tax expense	(7)	(7)	(15)	-	(53.3)
	52	29	117	79.3	(55.6)
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains on defined benefit plans	-	31	-	(100.0)	n/a
Income tax on other comprehensive income	-	(9)	-	(100.0)	n/a
	-	22	-	(100.0)	n/a
Total Other comprehensive income net of income tax	52	51	117	2.0	(55.6)
Total comprehensive income for the period	**688**	**237**	**668**	**190.3**	**3.0**
Profit for the period attributable to:					
Owners of the Company	631	182	548	246.7	15.1
Non-controlling interests	5	4	3	25.0	66.7
Profit for the period	**636**	**186**	**551**	**241.9**	**15.4**
Total comprehensive income for the period attributable to:					
Owners of the Company	683	233	665	193.1	2.7
Non-controlling interests	5	4	3	25.0	66.7
Total comprehensive income for the period	**688**	**237**	**668**	**190.3**	**3.0**

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

Consolidated statement of financial position

	GENERAL INSURANCE	BANKING	LIFE	CORPORATE	ELIMINATIONS	CONSOLIDATION
	DEC-14	DEC-14	DEC-14	DEC-14	DEC-14	DEC-14
	$M	$M	$M	$M	$M	$M
Assets						
Cash and cash equivalents	233	521	563	37	(474)	880
Receivables due from other banks	-	566	-	-	-	566
Trading securities	-	2,298	-	-	-	2,298
Derivatives	23	710	10	-	(42)	701
Investment securities	12,225	6,634	8,241	14,421	(15,000)	26,521
Banking loans, advances and other receivables	-	50,111	-	-	-	50,111
General Insurance assets	6,287	-	-	-	-	6,287
Life assets	-	-	722	-	-	722
Due from Group entities	117	169	22	1,274	(1,582)	-
Property, plant and equipment	32	-	4	163	-	199
Deferred tax assets	-	95	1	114	(130)	80
Other assets	180	223	54	43	(20)	480
Goodwill and intangible assets	5,097	262	228	164	-	5,751
Total assets	24,194	61,589	9,845	16,216	(17,248)	**94,596**
Liabilities						
Payables due to other banks	-	314	-	-	-	314
Deposits and short-term borrowings	-	45,104	-	-	(474)	44,630
Derivatives	193	424	15	1	(42)	591
Payables and other liabilities	637	386	147	386	(9)	1,547
Current tax liabilities	37	-	-	92	(14)	115
Due to Group entities	213	152	26	410	(801)	-
General Insurance liabilities	14,412	-	-	-	-	14,412
Life liabilities	-	-	6,267	-	-	6,267
Deferred tax liabilities	145	-	45	-	(130)	60
Managed funds units on issue	-	-	1,369	-	(1,189)	180
Securitisation liabilities	-	2,872	-	-	(14)	2,858
Debt issues	-	7,727	-	-	(7)	7,720
Subordinated notes	550	742	100	760	(770)	1,382
Preference shares	-	-	-	945	-	945
Total liabilities	16,187	57,721	7,969	2,594	(3,450)	81,021
Net assets	8,007	3,868	1,876	13,622	(13,798)	**13,575**
Equity						
Share capital						12,678
Reserves						251
Retained profits						624
Total equity attributable to owners of the Company						13,553
Non-controlling interests						22
Total equity						**13,575**

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

SGL Statement of financial position

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Current assets					
Cash and cash equivalents	4	2	3	100.0	33.3
Investment securities	640	687	636	(6.8)	0.6
Due from Group entities	198	432	410	(54.2)	(51.7)
Other assets	4	20	8	(80.0)	(50.0)
Total current assets	**846**	**1,141**	**1,057**	**(25.9)**	**(20.0)**
Non-current assets					
Investment in subsidiaries	13,852	14,056	14,099	(1.5)	(1.8)
Due from Group entities	770	770	770	-	-
Deferred tax assets	4	5	4	(20.0)	-
Other assets	74	67	70	10.4	5.7
Total non-current assets	**14,700**	**14,898**	**14,943**	**(1.3)**	**(1.6)**
Total assets	**15,546**	**16,039**	**16,000**	**(3.1)**	**(2.8)**
Current liabilities					
Payables and other liabilities	9	8	6	12.5	50.0
Current tax liabilities	91	370	108	(75.4)	(15.7)
Due to Group entities	43	13	248	230.8	(82.7)
Total current liabilities	**143**	**391**	**362**	**(63.4)**	**(60.5)**
Non-current liabilities					
Subordinated notes	760	758	758	0.3	0.3
Preference shares	945	943	550	0.2	71.8
Total non-current liabilities	**1,705**	**1,701**	**1,308**	**0.2**	**30.4**
Total liabilities	**1,848**	**2,092**	**1,670**	(11.7)	10.7
Net assets	**13,698**	**13,947**	**14,330**	**(1.8)**	**(4.4)**
Equity					
Share capital	12,770	12,766	12,764	0.0	0.0
Reserves	-	987	987	(100.0)	(100.0)
Retained profits	928	194	579	378.4	60.3
Total equity	**13,698**	**13,947**	**14,330**	**(1.8)**	**(4.4)**

SGL Profit contribution

	HALF YEAR ENDED			DEC-14	DEC-14
	DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
	$M	$M	$M	%	%
Revenue					
Dividend and interest income from subsidiaries	685	413	445	65.9	53.9
Other investment revenue	14	18	11	(22.2)	27.3
Other income	1	1	2	-	(50.0)
Total revenue	700	432	458	62.0	52.8
Expenses					
Impairment loss on investment in subsidiaries	-	(319)	-	(100.0)	n/a
Interest expense	(48)	(40)	(39)	20.0	23.1
Operating expenses	(1)	(2)	(2)	(50.0)	(50.0)
Total expenses	(49)	(361)	(41)	(86.4)	19.5
Profit before income tax	651	71	417	large	56.1
Income tax benefit (expense)	(3)	(6)	1	(50.0)	n/a
Profit for the period	**648**	**65**	**418**	**large**	**55.0**

Appendix 2 – Ratio calculations

Ratios and statistics

		HALF YEAR ENDED			DEC-14	DEC-14
		DEC-14	JUN-14	DEC-13	vs JUN-14	vs DEC-13
					%	%
Performance ratios						
Earnings per share [(1)]						
Basic	(cents)	49.35	14.23	42.88	246.8	15.1
Diluted	(cents)	48.44	14.23	42.49	240.4	14.0
Cash earnings per share [(1)]						
Basic	(cents)	51.61	56.08	45.93	(8.0)	12.4
Diluted	(cents)	50.59	55.20	45.44	(8.4)	11.3
Return on average shareholders' equity [(1)]	(%)	9.4	2.6	7.9		
Cash return on average shareholders' equity [(1)]	(%)	9.8	10.4	8.4		
Return on average total assets	(%)	1.32	0.39	1.14		
Insurance trading ratio	(%)	12.8	17.0	13.9		
Underlying insurance trading ratio	(%)	14.8	14.7	14.0		
Bank net interest margin (interest-earning assets)	(%)	1.86	1.78	1.66		
Shareholder summary						
Ordinary dividends per ordinary share	(cents)	38.0	40.0	35.0	(5.0)	8.6
Special dividends per ordinary share	(cents)	-	30.0	-	(100.0)	-
Payout ratio (excluding special dividend) [(1)]						
Net profit after tax	(%)	77.0	281.1	81.7		
Cash earnings	(%)	73.6	71.3	76.2		
Payout ratio (including special dividend) [(1)]						
Net profit after tax	(%)	77.0	491.9	81.7		
Cash earnings	(%)	73.6	124.9	76.2		
Weighted average number of shares						
Basic	(million)	1,278.7	1,278.6	1,277.9	0.0	0.1
Diluted	(million)	1,348.0	1,278.6	1,322.7	5.4	1.9
Number of shares at end of period	(million)	1,278.5	1,278.9	1,278.4	(0.0)	0.0
Net tangible asset backing per share	($)	6.12	6.32	6.14	(3.2)	(0.3)
Share price at end of period	($)	14.06	13.54	13.10	3.8	7.3
Productivity						
General Insurance expense ratio	(%)	22.9	22.7	23.3		
Bank cost to income ratio	(%)	52.2	55.5	59.6		
Financial position						
Total assets	($ million)	94,596	94,429	94,078	0.2	0.6
Net tangible assets	($ million)	7,824	8,079	7,854	(3.2)	(0.4)
Net assets	($ million)	13,575	13,799	13,992	(1.6)	(3.0)
Average Shareholders' Equity	($ million)	13,361	13,914	13,822	(4.0)	(3.3)
Capital						
General Insurance Group PCA coverage	(times)	1.93	2.16	1.96		
Bank capital adequacy ratio - Total	(%)	13.41	13.15	13.06		
Bank Common Equity Tier 1 ratio	(%)	8.82	8.54	8.25		
Suncorp Life total capital	($ million)	512	555	617	(7.7)	(17.0)
Additional capital held by Suncorp Group Limited	($ million)	488	555	512	(12.1)	(4.7)

(1) Refer to Appendix 4 for definitions.

Appendix 2 – Ratio calculations (continued)

Earnings per share

Numerator	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	$M	$M	$M
Earnings:			
Earnings used in calculating basic earnings per share	631	182	548
Interest expense on convertible preference shares (net of tax)	22	-	14
Earnings used in calculating diluted earnings per share	653	182	562

Denominator	HALF YEAR ENDED		
	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	1,278,748,714	1,278,612,315	1,277,933,749
Effect of conversion of convertible preference shares	69,293,393	-	44,748,091
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,348,042,107	1,278,612,315	1,322,681,840

Cash earnings per share

Numerator	HALF YEAR ENDED		
	DEC-14	JUN-14	DEC-13
	$M	$M	$M
Earnings:			
Earnings used in calculating basic earnings per share	660	717	587
Interest expense on convertible preference shares (net of tax)	22	17	14
Earnings used in calculating diluted earnings per share	682	734	601

Denominator	HALF YEAR ENDED		
	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	1,278,748,714	1,278,612,315	1,277,933,749
Effect of conversion of convertible preference shares	69,293,393	51,135,494	44,748,091
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,348,042,107	1,329,747,809	1,322,681,840

Appendix 2 – Ratio calculations (continued)

ASX listed securities

	HALF YEAR ENDED		
	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
Dividend declared for the period (cents per share)	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
Dividend declared for the period ($ per share) (1)	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	-
Dividend declared for the period ($ per share) (1)	2.13	0.47	-
Subordinated Notes (SUNPD)			
Number at the end of the period	7,700,000	7,700,000	7,700,000.00
Interest per note	2.80	2.71	2.77
Floating Rate Capital Notes (SBKHB)			
Number at the end of the period	715,383	715,383	1,698,008
Interest per note	1.72	1.66	1.75
Reset preference shares (SBKPA) each fully paid			
Number at the end of the period	-	-	-
Dividend declared for the period ($ per share) (1)	-	-	2.15

(1) Classified as interest expense

Appendix 3 – Group capital

Group capital position

	AS AT 31 DECEMBER 2014					
	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	3,788	1,970	(13,133)	-	-
Reserves	35	(973)	324	790	176	135
Retained profits and non-controlling interests	80	474	(418)	510	646	911
Insurance liabilities in excess of liability valuation	601	-	-	-	601	710
Goodwill and other intangible assets	(5,045)	(427)	(232)	(189)	(5,893)	(5,844)
Net deferred tax liabilities/(assets) (1)	-	(88)	47	(113)	(154)	(168)
Policy liability adjustment (2)	-	-	(1,279)	-	(1,279)	(1,163)
Other Tier 1 deductions	(6)	(20)	-	(94)	(120)	(116)
Common Equity Tier 1 Capital	**3,040**	**2,754**	**412**	**488**	**6,694**	**7,182**
Additional Tier 1 Capital						
Eligible hybrid capital	510	450	-	-	960	960
Additional Tier 1 Capital	**510**	**450**	**-**	**-**	**960**	**960**
Tier 1 Capital	**3,550**	**3,204**	**412**	**488**	**7,654**	**8,142**
Tier 2 Capital						
General reserve for credit losses	-	242	-	-	242	237
Eligible Subordinated notes	-	670	100	-	770	770
Transitional Subordinated notes	526	72	-	-	598	644
Tier 2 Capital	**526**	**984**	**100**	**-**	**1,610**	**1,651**
Total Capital	**4,076**	**4,188**	**512**	**488**	**9,264**	**9,793**
Represented by:						
Capital in Australian regulated entities	3,438	4,185	342	-	7,965	8,456
Capital in New Zealand regulated entities	487	-	110	-	597	558
Capital in unregulated entities (3)	151	3	60	488	702	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.

(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)

Group capital position

	AS AT 31 DECEMBER 2014					
	GENERAL INSURANCE	BANKING	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	AS AT 30 JUNE 2014 TOTAL
	$M	$M	$M	$M	$M	$M
Reconciliation of Total Capital to Net Assets						
Net Assets	8,007	3,868	1,876	(176)	13,575	13,799
Equity items not eligible for inclusion in capital for APRA purposes						
Reserves	(8)	14	-	8	14	30
Additional items allowable for capital for APRA purposes						
Eligible hybrid capital	-	-	-	960	960	960
Eligible Subordinated notes	-	670	100	-	770	770
Transitional Subordinated notes	526	72	-	-	598	644
Insurance liabilities in excess of liability valuation	601	-	-	-	601	710
Eligible collective provision	-	99	-	-	99	86
Net deferred tax liabilities (NZ)	-	-	47	-	47	44
Other items, adjustments	1	-	-	(2)	(1)	1
Deductions from capital for APRA purposes						
Goodwill, brands	(5,037)	(262)	(232)	-	(5,531)	(5,521)
Software assets	(5)	-	-	(164)	(169)	(141)
Deductible capitalised expenses	(3)	(165)	-	(25)	(193)	(182)
Net deferred tax assets	-	(88)	-	(113)	(201)	(212)
Policy liability adjustment	-	-	(1,279)	-	(1,279)	(1,163)
Other assets excluded from regulatory capital	(6)	(20)	-	-	(26)	(32)
Total Capital	**4,076**	**4,188**	**512**	**488**	**9,264**	**9,793**

Appendix 3 – Group capital (continued)

General Insurance Prescribed Capital Amount

	GI GROUP [1] DEC-14 $M	GI GROUP [1] JUN-14 $M
Common Equity Tier 1 Capital		
Ordinary share capital	7,375	7,575
Reserves	35	13
Retained profits and non-controlling interests	80	266
Insurance liabilities in excess of liability valuation	601	710
Goodwill and other intangible assets	(5,045)	(5,035)
Net deferred tax assets	-	-
Other Tier 1 deductions	(6)	(5)
Common Equity Tier 1 Capital	**3,040**	**3,524**
Additional Tier 1 Capital	510	510
Tier 1 Capital	**3,550**	**4,034**
Tier 2 Capital		
Transitional Subordinated notes	526	572
Tier 2 Capital	**526**	**572**
Total Capital	**4,076**	**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	224	250
Asset risk charge	586	675
Asset concentration risk charge	-	-
Operational risk charge	280	269
Aggregation benefit	(377)	(419)
Total Prescribed Capital Amount (PCA)	**2,112**	**2,129**
Common Equity Tier 1 Coverage Ratio	**1.44**	**1.66**
Capital Coverage Ratio	**1.93**	**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
	DEC-14	DEC-14	DEC-14	JUN-14
	$M	$M	$M	$M
Common Equity Tier 1 Capital				
Ordinary share capital	2,566	1,222	3,788	3,787
Reserves	14	(987)	(973)	(975)
Retained profits	471	3	474	359
Goodwill and other intangible assets	(192)	(235)	(427)	(412)
Net deferred tax assets	(88)	-	(88)	(85)
Other Tier 1 deductions	(20)	-	(20)	(26)
Common Equity Tier 1 Capital	**2,751**	**3**	**2,754**	**2,648**
Additional Tier 1 Capital				
Eligible hybrid capital	450	-	450	450
Additional Tier 1 Capital	**450**	**-**	**450**	**450**
Tier 1 Capital	**3,201**	**3**	**3,204**	**3,098**
Tier 2 Capital				
General reserve for credit losses	242	-	242	237
Eligible Subordinated notes	670	-	670	670
Transitional Subordinated notes	72	-	72	72
Tier 2 Capital	**984**	**-**	**984**	**979**
Total Capital	**4,185**	**3**	**4,188**	**4,077**
Risk Weighted Assets				
Credit risk	27,660	-	27,660	27,399
Market risk	284	-	284	333
Operational risk	3,282	-	3,282	3,265
Total Risk Weighted Assets	**31,226**	**-**	**31,226**	**30,997**
Common Equity Tier 1 Ratio	**8.81%**		**8.82%**	**8.54%**
Total Capital Ratio	**13.40%**		**13.41%**	**13.15%**

Appendix 3 – Group capital (continued)

Life Prescribed Capital Amount

	LIFE CO AUSTRALIA DEC-14 $M	LIFE CO NEW ZEALAND [1] DEC-14 $M	OTHER ENTITIES [2] DEC-14 $M	TOTAL LIFE GROUP DEC-14 $M	TOTAL LIFE GROUP JUN-14 $M
Common Equity Tier 1 Capital					
Ordinary share capital	664	204	1,102	1,970	1,970
Reserves	-	40	284	324	311
Retained profits and non-controlling interests	500	156	(1,074)	(418)	(475)
Goodwill and other intangible assets	-	-	(232)	(232)	(231)
Net deferred tax liabilities [3]	-	47	-	47	44
Policy liability adjustment [4]	(943)	(336)	-	(1,279)	(1,163)
Other Tier 1 deductions	-	-	-	-	(1)
Common Equity Tier 1 Capital	**221**	**111**	**80**	**412**	**455**
Tier 1 Capital	**221**	**111**	**80**	**412**	**455**
Tier 2 Capital					
Eligible Subordinated notes	100	-	-	100	100
Tier 2 Capital	100	-	-	100	100
Total Capital	**321**	**111**	**80**	**512**	**555**
Prescribed Capital Amount					
Insurance risk charge	55	31	-	86	84
Asset risk charge	72	36	-	108	109
Operational risk charge	37	-	-	37	37
Aggregation benefit	(28)	-	-	(28)	(28)
Combined stress scenario adjustment	43	-	-	43	61
Other regulatory requirements	-	-	21	21	27
Total Prescribed Capital Amount (PCA) [5]	**179**	**67**	**21**	**267**	**290**
Common Equity Tier 1 Coverage Ratio	**1.23**	**1.66**	**3.81**	**1.54**	**1.57**
Capital Coverage Ratio	**1.79**	**1.66**	**3.81**	**1.92**	**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	31 DECEMBER 2014 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	121	-	-	-	121	121
	70 bps	Sept 2015	Sept 2005	77	-	-	-	77	77
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				**552**	**742**	**100**	**-**	**1,394**	**1,368**
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				**1,062**	**1,192**	**100**	**-**	**2,354**	**2,328**

	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
	100bps	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 increase 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	Common Equity Tier 1 Capital (CET1) comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by total assessed risk
Complete Customer	A Suncorp Bank customer that holds three or more Suncorp branded products
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

Appendix 4 – Definitions (continued)

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
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

Appendix 4 – Definitions (continued)

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 key dates [1]

Ordinary shares (SUN)

Half year results announcement	**11 February 2015**
Ex-dividend date	18 February 2015
Dividend payment	1 April 2015
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**

Convertible Preference Shares 2 (SUNPC)

Ex-dividend date	5 March 2015
Dividend payment	17 March 2015
Ex-dividend date	5 June 2015
Dividend payment	17 June 2015
Ex-dividend date	8 September 2015
Dividend payment	17 September 2015
Ex-dividend date	8 December 2015
Dividend payment	17 December 2015

Convertible Preference Shares 3 (SUNPE)

Ex-dividend date	27 February 2015
Dividend payment	17 March 2015
Ex-dividend date	29 May 2015
Dividend payment	17 June 2015
Ex-dividend date	1 September 2015
Dividend payment	17 September 2015
Ex-dividend date	1 December 2015
Dividend payment	17 December 2015

Subordinated Notes (SUNPD)

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

Floating Rate Capital Notes (SBKHB)

Ex interest date	12 February 2015
Interest payment	3 March 2015
Ex interest date	13 May 2015
Interest payment	1 June 2015
Ex interest date	13 August 2015
Interest payment	1 September 2015
Ex interest date	12 November 2015
Interest payment	1 December 2015

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