Suncorp Group Limited ABN 66 145 290 124

Analyst Pack

Financial results for the FULL YEAR ENDED 30 JUNE 2016

Basis of preparation

Suncorp Group ('Group', 'the Group', 'the Company' or 'Suncorp') is comprised of 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. Profit after tax from business lines, associated ratios and key statistics represent the segment reporting disclosures. All figures have been quoted in Australian dollars rounded to the nearest million unless otherwise denoted. All figures relate to the full year ended 30 June 2016 and comparatives are for the full year ended 30 June 2015, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology.

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

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

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

Disclaimer

This report contains general information which is current as at 4 August 2016. It is information given in summary form and does not purport to be complete.

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

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

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

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

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Financial results summary

- **Group** net profit after tax (NPAT) of $1,038 million (FY15: $1,133 million)
- Profit after tax from business lines* of $1,159 million (FY15: $1,235 million)
- Group growth of 2.9% was driven by growth across all three business lines
- Total operating expenses, excluding the one-off restructuring charge, reduced by $41 million to $2,669 million
- Cash Return on Average Shareholders' Equity (ROE) of 8.2% (FY15: 8.9%). Statutory ROE of 7.8% (FY15: 8.5%)
- Total ordinary dividends of 68 cents per share fully franked (FY15: 76 cents)
- The Bank Common Equity Tier 1 (CET1) capital ratio improved to 9.21% and General Insurance holds CET1 of 1.21 times the Prescribed Capital Amount (PCA), both above the top end of their target ranges
- **General Insurance** NPAT of $624 million (FY15: $756 million) with natural hazards of $730 million, $60 million above the full year allowance
- Reserve releases of $347 million were well above the long-run expectation of 1.5% of net earned premium (NEP), driven by improved long-tail claims management and a benign inflationary environment
- After adjusting for natural hazards, investment market volatility and reserve releases, the underlying insurance trading ratio (ITR)* was 10.6% (FY15:14.7%)
- Gross written premium (GWP) up 1.8% to $9,031 million (FY15: $8,872 million)
- **Bank** NPAT increased by 11% to $393 million (FY15: $354 million)
- Bank lending growth of 4.5% reflected a focus on quality, lower risk lending as demonstrated by the reduction in impairment losses, down 72.4% to $16 million, or 3 basis points of gross loans and advances
- **Life** NPAT increased by 14% to $142 million (FY15: $125 million). Underlying profit increased to $124 million (FY15: $113 million) due to higher planned margins and $21 million of positive claims and lapse experience
- Life Embedded Value (EV) increased to $2,014 million (FY15: $1,870 million)
- Suncorp's New Zealand operations, across General and Life Insurance, continued to provide strong earnings diversification with an after tax contribution of A$182 million

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

Operational summary

- Suncorp's purpose is to 'Create a better today' for its customers, shareholders, employees and communities with the 'One Suncorp' business model. The Group has refined its strategy to drive growth and increase resilience to volatility
- Key priorities are to maintain stability and momentum, elevate the customer and recalibrate costs
- Suncorp is focused on delivering solutions that meet its customers' needs and providing its customers with access to all its products, services and brands through any medium or channel, through the Suncorp marketplace
- The Group organisational restructure was completed on 4 July 2016, with operating structures confirmed across all functions. The restructure will remove constraints and influence behaviours to drive the customer strategy. It will also deliver an ongoing benefit of at least $80 million per annum, at an upfront charge of $55 million
- Suncorp has put in place a Natural Hazard Aggregate cover for FY17 which provides $300 million of protection after the retained portion of natural hazard events greater than $5 million reaches a total of $460 million
- A number of measures have been implemented to restore Suncorp's personal insurance claims management capability. In Motor this includes improving SMART shop capacity utilisation and motor assessment processes. In Home this includes increasing resourcing and rigour around claims processing in order to reduce the number of outstanding claims
- Personal Insurance has successfully implemented a number of key initiatives including further expansion of SMART sites and the introduction of the Roadside Assist offering to multiple brands
- The *Protecting the North* initiative has continued, rewarding North Queensland residents by reducing premiums for improving the protection of their homes
- Suncorp successfully launched into the South Australian CTP market which commenced on 1 July 2016
- Good progress continues to be made in New Zealand with the Christchurch earthquake settlements. Over NZ$4.9 billion (92%) of total expected costs have been paid
- Vero New Zealand was awarded Intermediated Insurance Company of the Year and AA Insurance was recognised as Direct Insurer of the Year at the New Zealand Insurance Industry Awards
- The Group's core operating subsidiaries have retained an issuer credit rating of 'A+/A1' with a stable outlook. Standard and Poor's upgraded the Suncorp Bank stand-alone credit profile to 'a-' from 'bbb+'
- Suncorp Bank won the 2016 MFAA Non Major Lender Award and Money Magazine's 2016 Business Bank of the Year
- Suncorp Bank's new core banking platform is now in place, providing agility and reduced time-to-market for new products and offerings. The new platform now supports customer, collateral, collections and loan origination processes, with deposits and transaction banking to follow early in FY17
- Key operational metrics within the Bank improved, with NIM at 1.86%, Cost to Income ratio improving to 52.5%, and the agribusiness and commercial portfolios returning to growth in the June half
- Detailed review with APRA of Basel II Advanced Accreditation is continuing. The Bank is operating as an Advanced Bank, with strong risk management and advanced models resulting in improved credit quality
- Suncorp Life released the MyStyle proposition, bridging the gap between traditional direct and advised offerings and Brighter Super, a superannuation proposition on a new administration platform
- Suncorp Life has simplified the business by exiting the self-employed aligned channel and revising its wealth corporate structure

Result overview

For the financial year ended 30 June 2016, Suncorp Group delivered an NPAT of $1,038 million.

Suncorp Bank, Suncorp Life and the New Zealand operations delivered solid underlying performances demonstrating the value of operating a diversified business model with multiple earnings streams.

General Insurance delivered higher underlying margins for the second half of the year, however, compared to the prior year, underlying margins were lower as a result of claims cost issues and lower investment returns. Remediating claims cost issues has been the Group's top priority and progress has been made throughout the year, with operational indicators progressively improving.

Suncorp Group remains focused on delivering exceptional service and increasing value for customers, which combined with competitive pricing have resulted in:

- General Insurance underlying ITR of 10.6%;
- Suncorp Bank net profit after tax growth of 11.0%; and
- Suncorp Life net profit after tax growth of 13.6%

General Insurance NPAT was $624 million. Reported ITR of 9.9% and underlying ITR of 10.6% reflect the increased cost of settling claims and lower investment returns. Reported ITR benefited from continued prior year long-tail reserve releases. Total GWP increased by 1.8% to over $9 billion.

Personal Insurance GWP improved as a result of targeted premium increases and high levels of customer retention. Additional resources allocated to home and motor claims assistance and assessment have driven an improvement in underlying margins over the second half. Commercial Insurance GWP was flat with 1.7% growth in Australia offset by a 4.9% decline in New Zealand.

Compulsory Third Party (CTP) GWP grew 9.2% with Suncorp leveraging the scale of its national CTP model to continue expansion into the ACT market.

New Zealand GWP was up 1.9% (in $A terms) due to growth in personal lines through both the direct and intermediated channels.

Suncorp Bank delivered NPAT of $393 million, up 11.0%. The result was driven by continued home lending growth, improved net interest margins and ongoing improvement in credit quality. Home lending growth of 5.9% reflects the success of the Bank's product offering whilst also maintaining conservative lending standards.

The net interest margin (NIM) improved to 1.86%, as an increase in the deposit mix and spreads offset heightened lending competition and the impact of cash rate reductions.

The Bank's cost to income ratio improved to 52.5% as a continued focus on cost discipline led to a reduction in operating expenses.

Impairment losses reduced to $16 million, or 3 basis points of gross loans and advances, remaining well below the expected range of 10 to 20 basis points. Gross impaired assets reduced by 5.5%.

Suncorp Life's NPAT was $142 million, up 13.6%. Underlying profit was $124 million, up 9.7%. Underlying profit included positive lapse and claims experience of $21 million. Market adjustments, primarily due to falling discount rates, resulted in an $18 million benefit to NPAT.

Suncorp Life has continued to focus on sustainable growth with annual in-force premiums increasing to $1,032 million. The Value of One Year's Sales was unchanged at $25 million.

After accounting for the dividend payment, the Group remains well capitalised with $346 million in CET1 capital held above its operating targets. The General Insurance CET1 ratio is 1.21 times PCA and the Bank CET1 ratio is 9.21%.

The Board has determined a fully franked final dividend of 38 cents per share. This brings total ordinary dividends for the 2016 financial year to 68 cents per share which represents a dividend payout ratio of 80% of cash earnings, and a yield of 5.6% based on Suncorp's share price of $12.18 (at 30 June 2016) before taking into account the benefit of franking credits. The franking credit balance after the payment of dividends is $146 million.

Outlook

Australian economic growth is expected to remain subdued as the economy transitions from mining-led growth to a more broad-based expansion. The low yield environment persists, with interest rates at historical lows creating challenges for product pricing and investment management. Competition, regulatory and political reform are ongoing headwinds to the financial services sector, while emerging fintech companies are driving change and disruption to traditional business models.

In this context, the Suncorp Group has refined its strategy to drive growth and increase resilience to volatility. The Group is well capitalised and has a diversified earnings base that provides a strong foundation to create value for customers, shareholders, employees and communities with the 'One Suncorp' business model. By maximising its strategic assets of cost, capital and culture, the Group will create greater value for customers, leading to higher customer retention and revenues.

Key priorities for the Group are to maintain stability and momentum, elevate the customer, and recalibrate costs.

Maintaining stability and momentum in Suncorp's existing businesses will be achieved through execution of key programs such as working claims remediation, the core banking system, Super Simplification and Optimisation.

Suncorp's priority to elevate the customer is focused on broadening relationships with existing customers. A new operating model is now in place which places customers at the centre of the Group. All customers are now considered Group customers and the next phase of Suncorp's strategy centres on creating more Connected Customers. A core element of the refined strategy is the creation of the Suncorp marketplace. The marketplace will help customers navigate complexity, make better choices and allow them to interact with the Group in any way they choose, through both digital and physical channels.

As part of the process of reorganising the Group, progress has been made towards recalibrating costs to create a leaner and more resilient organisation.

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

- Broadening of customer relationships
- Flat cost base in FY17 and FY18
- Improving underlying NPAT
- Sustainable ROE of at least 10%, which implies an underlying ITR of at least 12%
- Maintaining a dividend payout ratio of 60% to 80% of cash earnings

Suncorp General Insurance is focused on rectifying claims costs issues in the Personal Insurance business, which together with other initiatives will drive ongoing improvement in underlying insurance margins.

Personal Insurance lines are expected to achieve low single digit GWP growth, reflective of input costs increasing across the industry. New business is likely to remain challenging, however retention levels should remain high as a result of strong ongoing customer satisfaction levels. Continued focus on expense management, improved working claims costs and additional benefits from vertical supply chain initiatives will support further improvement to underlying ITR.

Commercial Insurance lines continue to pursue profitable growth through targeted repricing and entry into new markets. Entry into the SA CTP market from 1 July 2016 represents an opportunity for Suncorp to further cement its position as Australia's largest personal injury insurer. Low investment yields create an ongoing challenge for margins, however benefits from improved long-tail claims processes and the low inflation environment should see reserve releases continue above long-run expectations in the short to medium term.

The New Zealand business is expected to deliver profitable growth in both personal and commercial classes. The business will continue to replicate the success of the Australian simplification program and vertical integration to drive greater efficiency.

Suncorp Bank is well positioned to continue growing at 1 to 1.3 times system supported by its diversified funding base, "A+/A1" credit ratings, and strong capital position, as well as leveraging its significant investment in technology and capability.

Completion of the Ignite platform is delivering a simplified and resilient core banking infrastructure that provides agility and reduced time-to-market for new products and offerings. The decommissioning of legacy systems throughout the 2017 financial year will drive the Bank's cost to income ratio below 50%.

The Bank also continues to engage with APRA on the Basel II Advanced Accreditation program. The Bank is currently operating as an advanced bank and has implemented advanced risk management practices, supporting sustainable, profitable growth.

Suncorp Life is well placed to deliver stable growth through both independent financial advisor (IFA) and direct distribution channels. The Suncorp marketplace presents an exciting opportunity for Direct Life, as Suncorp begins to offer more comprehensive, unique and integrated propositions to the Group's nine million customers. The IFA channel also remains an important segment for Suncorp Life. Despite the delay to regulatory reform, the advisor market appears to have stabilised.

Suncorp Group continues to optimise the level, mix and use of capital in accordance with risk appetite, ensuring there are sufficient resources to maintain and grow the business. Taking into account the Group's business model and growth outlook, Suncorp continues to target an ordinary dividend payout ratio of 60% to 80% of cash earnings.

Contribution to profit by division

	FULL YEAR ENDED JUN-16 $M	FULL YEAR ENDED JUN-15 $M	JUN-16 vs JUN-15 %
General Insurance			
Gross written premium	9,031	8,872	1.8
Net earned premium	7,938	7,865	0.9
Net incurred claims	(5,661)	(5,587)	1.3
Operating expenses	(1,749)	(1,783)	(1.9)
Investment income - insurance funds	254	399	(36.3)
Insurance trading result	782	894	(12.5)
Other income - managed schemes and joint venture	19	29	(34.5)
Investment income - shareholder funds	101	163	(38.0)
Capital funding	(27)	(26)	3.8
Profit before tax	875	1,060	(17.5)
Income tax	(251)	(304)	(17.4)
General Insurance profit after tax	**624**	**756**	**(17.5)**
Bank			
Net interest income	1,129	1,103	2.4
Net non-interest income	88	107	(17.8)
Operating expenses	(639)	(646)	(1.1)
Profit before impairment losses on loans and advances	578	564	2.5
Impairment losses on loans and advances	(16)	(58)	(72.4)
Bank profit before tax	562	506	11.1
Income tax	(169)	(152)	11.2
Bank profit after tax	**393**	**354**	**11.0**
Life			
Underlying profit after tax	124	113	9.7
Market adjustments after tax	18	12	50.0
Life profit after tax	**142**	**125**	**13.6**
Profit after tax from business lines	**1,159**	**1,235**	**(6.2)**
Other loss before tax (1)	(76)	(37)	105.4
Income tax	6	(7)	n/a
Other loss after tax	**(70)**	**(44)**	**59.1**
Cash earnings	**1,089**	**1,191**	**(8.6)**
Acquisition amortisation (after tax)	(51)	(58)	(12.1)
Net profit after tax	**1,038**	**1,133**	**(8.4)**

(1) 'Other' includes investment income on capital held at the Group level (Jun-16: $18 million, Jun-15: $24 million), consolidation adjustments (Jun-16: loss $1 million, Jun-15: loss $2 million), recognition of deferred consideration on Tyndall disposal (Jun-16: $19 million, Jun-15: nil), non-controlling interests (Jun-16: loss $7 million, Jun-15: loss $7 million), external interest expense and transaction costs (Jun-16: $50 million, Jun-15: $52 million) and Operating model restructuring costs (Jun-16: $55 million, Jun-15: nil).

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
General Insurance						
Gross written premium	4,614	4,417	4,515	4,357	4.5	2.2
Net earned premium	3,946	3,992	3,918	3,947	(1.2)	0.7
Net incurred claims	(2,839)	(2,822)	(2,782)	(2,805)	0.6	2.0
Operating expenses	(857)	(892)	(881)	(902)	(3.9)	(2.7)
Investment income - insurance funds	155	99	133	266	56.6	16.5
Insurance trading result	405	377	388	506	7.4	4.4
Other income - managed schemes and joint venture	6	13	9	20	(53.8)	(33.3)
Investment income - shareholder funds	67	34	81	82	97.1	(17.3)
Capital funding	(15)	(12)	(12)	(14)	25.0	25.0
Profit before tax	463	412	466	594	12.4	(0.6)
Income tax	(136)	(115)	(129)	(175)	18.3	5.4
General Insurance profit after tax	**327**	**297**	**337**	**419**	**10.1**	**(3.0)**
Bank						
Net interest income	563	566	550	553	(0.5)	2.4
Net non-interest income	39	49	43	64	(20.4)	(9.3)
Operating expenses	(313)	(326)	(324)	(322)	(4.0)	(3.4)
Profit before impairment losses on loans and advances	289	289	269	295	-	7.4
Impairment losses on loans and advances	(5)	(11)	(15)	(43)	(54.5)	(66.7)
Bank profit before tax	284	278	254	252	2.2	11.8
Income tax	(85)	(84)	(76)	(76)	1.2	11.8
Bank profit after tax	**199**	**194**	**178**	**176**	**2.6**	**11.8**
Life						
Underlying profit after tax	66	58	61	52	13.8	8.2
Market adjustments after tax	23	(5)	(22)	34	n/a	n/a
Life profit after tax	**89**	**53**	**39**	**86**	**67.9**	**128.2**
Profit after tax from business lines	**615**	**544**	**554**	**681**	**13.1**	**11.0**
Other loss before tax [(1)]	(106)	30	(20)	(17)	n/a	430.0
Income tax	24	(18)	(3)	(4)	n/a	n/a
Other loss after tax	**(82)**	**12**	**(23)**	**(21)**	**n/a**	**256.5**
Cash earnings	**533**	**556**	**531**	**660**	**(4.1)**	**0.4**
Acquisition amortisation (after tax)	(25)	(26)	(29)	(29)	(3.8)	(13.8)
Net profit after tax	**508**	**530**	**502**	**631**	**(4.2)**	**1.2**

(1) 'Other' includes investment income on capital held at the Group level (Jun-16: $11 million, Dec-15: $7 million), consolidation adjustments (Jun-16: loss $3 million, Dec-15: $2 million), recognition of deferred consideration on Tyndall disposal (Jun-16: $10 million, Dec-15: $9 million), Group short-term incentive adjustment (Jun-16: loss $40 million, Dec-15: $40 million), non-controlling interests (Jun-16: loss $4 million, Dec-15: loss $3 million), external interest expense and transaction costs (Jun-16: $25 million, Dec-15: $25 million) and Operating model restructuring costs (Jun-16: $55 million, Dec-15: nil).

Statement of financial position

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Assets						
Cash and cash equivalents	1,798	1,203	1,216	880	49.5	47.9
Receivables due from other banks	552	464	595	566	19.0	(7.2)
Trading securities	1,497	1,119	1,384	2,298	33.8	8.2
Derivatives	676	691	659	701	(2.2)	2.6
Investment securities	23,384	25,025	26,130	26,521	(6.6)	(10.5)
Loans and advances	54,134	52,673	51,735	50,111	2.8	4.6
Premiums outstanding	2,522	2,366	2,493	2,414	6.6	1.2
Reinsurance and other recoveries	1,900	2,204	2,413	2,494	(13.8)	(21.3)
Deferred reinsurance assets	858	582	813	520	47.4	5.5
Deferred acquisition costs	678	656	661	648	3.4	2.6
Gross policy liabilities ceded under reinsurance	461	419	476	485	10.0	(3.2)
Property, plant and equipment	183	180	191	199	1.7	(4.2)
Deferred tax assets	205	176	197	80	16.5	4.1
Goodwill and other intangible assets	5,878	5,845	5,783	5,751	0.6	1.6
Other assets	1,022	842	905	928	21.4	12.9
Total assets	95,748	94,445	95,651	94,596	1.4	0.1
Liabilities						
Payables due to other banks	332	401	297	314	(17.2)	11.8
Deposits and short-term borrowings	44,889	43,504	43,899	44,630	3.2	2.3
Derivatives	628	478	536	591	31.4	17.2
Amounts due to reinsurers	745	366	707	274	103.6	5.4
Payables and other liabilities	1,843	1,362	1,599	1,273	35.3	15.3
Current tax liabilities	65	14	278	115	364.3	(76.6)
Unearned premium liabilities	4,870	4,687	4,708	4,668	3.9	3.4
Outstanding claims liabilities	9,734	9,713	9,998	10,015	0.2	(2.6)
Gross policy liabilities	2,912	5,699	5,924	5,996	(48.9)	(50.8)
Deferred tax liabilities	110	109	93	60	0.9	18.3
Managed funds units on issue	1,334	279	233	180	378.1	472.5
Securitisation liabilities	2,535	3,144	3,639	2,858	(19.4)	(30.3)
Debt issues	9,841	8,871	7,869	7,720	10.9	25.1
Subordinated notes	1,389	1,423	1,406	1,382	(2.4)	(1.2)
Preference shares	951	949	947	945	0.2	0.4
Total liabilities	82,178	80,999	82,133	81,021	1.5	0.1
Net assets	13,570	13,446	13,518	13,575	0.9	0.4
Equity						
Share capital	12,679	12,675	12,684	12,678	-	-
Reserves	198	185	167	251	7.0	18.6
Retained profits	684	570	632	624	20.0	8.2
Total equity attributable to owners of the Company	13,561	13,430	13,483	13,553	1.0	0.6
Non-controlling interests	9	16	35	22	(43.8)	(74.3)
Total equity	13,570	13,446	13,518	13,575	0.9	0.4

General Insurance

Result overview

General Insurance achieved an after tax profit of $624 million for the year ended 30 June 2016 with GWP increasing 1.8%.

The insurance trading result was $782 million, representing an ITR of 9.9%. The underlying ITR for the full year was 10.6%. General Insurance has focused on delivering lower working claims costs over the second half of the financial year which, together with other initiatives, have driven a higher underlying ITR for the second half. The result compared to the prior year was negatively impacted by working claims costs in Personal Insurance, large Commercial claims, an increase in the natural hazard allowance and lower investment yields.

Personal Insurance GWP increased by 1.6% to $4,787 million as a result of targeted price increases. Retention rates have been maintained as Suncorp continues to focus on improving product offerings and service standards.

Commercial Insurance has maintained its strong position in a competitive market due to its diverse portfolio, commitment to underwriting discipline and long-tail claims management.

CTP GWP grew 9.2%, successfully leveraging the Group's national CTP model. The success of this model is further demonstrated by entry into the South Australian privatised CTP scheme from 1 July 2016.

Net incurred claims were $5,661 million with natural hazard claims of $730 million, $60 million over the allowance for the year.

Reserve releases of $347 million continue to be above expectations of 1.5% of net earned premium (NEP). This was primarily attributable to the proactive management of long-tail claims and a benign wage and super-imposed inflation environment.

Total operating expenses decreased 1.9% to $1,749 million, with the operating expense ratio improving to 22.0% as a result of a continued focus on expense management.

Overall investment income has decreased. Income on Insurance Funds was $254 million, with losses from widening credit spreads and the relative underperformance of inflation-linked bonds, partially offset by mark-to-market gains from a reduction in risk-free rates. Investment income on Shareholders' Funds of $101 million was impacted by the widening of credit spread yields and lower than expected returns from equities.

General Insurance

Outlook

Personal Insurance (now referred to as the Consumer Insurance division) will focus on meeting customers' needs to deliver low single digit GWP growth in a competitive market. A continued focus on expense management, improved working claims outcomes following the rectification work and the benefits from vertical supply chain integration will enable the Consumer Insurance business to contribute to an improvement in the underlying ITR margin.

Commercial Insurance continues to target profitable growth through pricing actions, continued focus on meeting customer and broker needs, and successfully entering new markets. Margin pressure persists as a result of low investment yields and a soft pricing environment. The business continues to focus on underwriting discipline and claims management which will contribute to delivering underlying ITR margins of at least 12%. Continued benign inflation should see reserve releases remain above long-run expectations in the short to medium term.

Suncorp continues to benefit from the scale of its national CTP model. Entry into the SA CTP market from 1 July 2016 represents an opportunity for Suncorp to further cement its position as Australia's largest personal injury insurer. Suncorp is actively engaged in industry reform in NSW and the implementation of the National Injury Insurance Scheme in Queensland.

New Zealand continues to build a balanced multi-channel business across both personal and commercial classes and is positioned for above system growth in a competitive and challenging market. Reducing expenses and claims costs through productivity efficiencies is an ongoing focus. Progress in settling Christchurch earthquake claims continues and Suncorp remains protected against further significant deterioration in earthquake costs due to the original catastrophe reinsurance and the additional adverse development cover purchased for the February 2011 event.

Profit contribution including discount rate movements and FSL

	FULL YEAR ENDED JUN-16 $M	FULL YEAR ENDED JUN-15 $M	JUN-16 vs JUN-15 %	HALF YEAR ENDED JUN-16 $M	HALF YEAR ENDED DEC-15 $M	HALF YEAR ENDED JUN-15 $M	HALF YEAR ENDED DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Gross written premium	9,031	8,872	1.8	4,614	4,417	4,515	4,357	4.5	2.2
Gross unearned premium movement	(123)	3	n/a	(174)	51	(80)	83	n/a	117.5
Gross earned premium	8,908	8,875	0.4	4,440	4,468	4,435	4,440	(0.6)	0.1
Outwards reinsurance expense	(970)	(1,010)	(4.0)	(494)	(476)	(517)	(493)	3.8	(4.4)
Net earned premium	7,938	7,865	0.9	3,946	3,992	3,918	3,947	(1.2)	0.7
Net incurred claims									
Claims expense	(7,000)	(7,581)	(7.7)	(3,505)	(3,495)	(3,842)	(3,739)	0.3	(8.8)
Reinsurance and other recoveries revenue	1,339	1,994	(32.8)	666	673	1,060	934	(1.0)	(37.2)
Net incurred claims	(5,661)	(5,587)	1.3	(2,839)	(2,822)	(2,782)	(2,805)	0.6	2.0
Total operating expenses									
Acquisition expenses	(1,146)	(1,127)	1.7	(572)	(574)	(564)	(563)	(0.3)	1.4
Other underwriting expenses	(603)	(656)	(8.1)	(285)	(318)	(317)	(339)	(10.4)	(10.1)
	(1,749)	(1,783)	(1.9)	(857)	(892)	(881)	(902)	(3.9)	(2.7)
Underwriting result	528	495	6.7	250	278	255	240	(10.1)	(2.0)
Investment income - insurance funds	254	399	(36.3)	155	99	133	266	56.6	16.5
Insurance trading result	782	894	(12.5)	405	377	388	506	7.4	4.4
Managed schemes net contribution	17	23	(26.1)	7	10	7	16	(30.0)	-
Joint venture and other income	2	6	(66.7)	(1)	3	2	4	n/a	n/a
General Insurance operational earnings	801	923	(13.2)	411	390	397	526	5.4	3.5
Investment income - shareholder funds	101	163	(38.0)	67	34	81	82	97.1	(17.3)
General Insurance profit before tax and capital funding	902	1,086	(16.9)	478	424	478	608	12.7	-
Capital funding	(27)	(26)	3.8	(15)	(12)	(12)	(14)	25.0	25.0
General Insurance profit before tax	875	1,060	(17.5)	463	412	466	594	12.4	(0.6)
Income tax	(251)	(304)	(17.4)	(136)	(115)	(129)	(175)	18.3	5.4
General Insurance profit after tax	**624**	**756**	**(17.5)**	**327**	**297**	**337**	**419**	**10.1**	**(3.0)**

General Insurance ratios

	FULL YEAR ENDED JUN-16 %	FULL YEAR ENDED JUN-15 %	HALF YEAR ENDED JUN-16 %	HALF YEAR ENDED DEC-15 %	HALF YEAR ENDED JUN-15 %	HALF YEAR ENDED DEC-14 %
Acquisition expenses ratio	14.4	14.3	14.5	14.4	14.4	14.3
Other underwriting expenses ratio	7.6	8.3	7.2	8.0	8.1	8.6
Total operating expenses ratio	22.0	22.6	21.7	22.4	22.5	22.9
Loss ratio	71.3	71.0	71.9	70.7	71.0	71.1
Combined operating ratio	93.3	93.6	93.6	93.1	93.5	94.0
Insurance trading ratio	**9.9**	**11.4**	**10.3**	**9.4**	**9.9**	**12.8**

	JUN-16 $M	JUN-15 $M	JUN-14 $M
Reported ITR	**782**	**894**	**1,195**
Reported reserve releases (above) below long-run expectations	(228)	(309)	7
Natural hazards above (below) long-run allowances	60	473	(27)
Investment income mismatch	207	85	(126)
Other:			
Risk margin	(50)	(26)	(9)
Abnormal (Simplification/restructuring) expenses	67	41	68
	-	-	-
Underlying ITR	**838**	**1,158**	**1,108**
Underlying ITR ratio	**10.6%**	**14.7%**	**14.3%**

Profit contribution excluding discount rate movements and FSL

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,871	8,731	1.6	4,533	4,338	4,443	4,288	4.5	2.0
Gross unearned premium movement	(112)	5	n/a	(169)	57	(76)	81	n/a	122.4
Gross earned premium	8,759	8,736	0.3	4,364	4,395	4,367	4,369	(0.7)	(0.1)
Outwards reinsurance expense	(970)	(1,010)	(4.0)	(494)	(476)	(517)	(493)	3.8	(4.4)
Net earned premium	7,789	7,726	0.8	3,870	3,919	3,850	3,876	(1.3)	0.5
Net incurred claims									
Claims expense	(6,800)	(7,430)	(8.5)	(3,334)	(3,466)	(3,873)	(3,557)	(3.8)	(13.9)
Reinsurance and other recoveries revenue	1,339	1,994	(32.8)	666	673	1,060	934	(1.0)	(37.2)
Net incurred claims	(5,461)	(5,436)	0.5	(2,668)	(2,793)	(2,813)	(2,623)	(4.5)	(5.2)
Total operating expenses									
Acquisition expenses	(1,146)	(1,127)	1.7	(572)	(574)	(564)	(563)	(0.3)	1.4
Other underwriting expenses	(454)	(517)	(12.2)	(209)	(245)	(249)	(268)	(14.7)	(16.1)
	(1,600)	(1,644)	(2.7)	(781)	(819)	(813)	(831)	(4.6)	(3.9)
Underwriting result	728	646	12.7	421	307	224	422	37.1	87.9
Investment income - insurance funds	54	248	(78.2)	(16)	70	164	84	n/a	n/a
Insurance trading result	782	894	(12.5)	405	377	388	506	7.4	4.4
Managed schemes net contribution	17	23	(26.1)	7	10	7	16	(30.0)	-
Joint venture and other income	2	6	(66.7)	(1)	3	2	4	n/a	n/a
General Insurance operational earnings	801	923	(13.2)	411	390	397	526	5.4	3.5
Investment income - shareholder funds	101	163	(38.0)	67	34	81	82	97.1	(17.3)
General Insurance profit before tax and capital funding	902	1,086	(16.9)	478	424	478	608	12.7	-
Capital funding	(27)	(26)	3.8	(15)	(12)	(12)	(14)	25.0	25.0
General Insurance profit before tax	875	1,060	(17.5)	463	412	466	594	12.4	(0.6)
Income tax	(251)	(304)	(17.4)	(136)	(115)	(129)	(175)	18.3	5.4
General Insurance profit after tax	**624**	**756**	**(17.5)**	**327**	**297**	**337**	**419**	**10.1**	**(3.0)**

General Insurance ratios

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-16	JUN-15	JUN-16	DEC-15	JUN-15	DEC-14
	%	%	%	%	%	%
Acquisition expenses ratio	14.7	14.6	14.8	14.6	14.6	14.5
Other underwriting expenses ratio	5.8	6.7	5.4	6.3	6.5	6.9
Total operating expenses ratio	20.5	21.3	20.2	20.9	21.1	21.4
Loss ratio	70.1	70.4	68.9	72.7	73.1	67.7
Combined operating ratio	90.6	91.7	89.1	93.6	94.2	89.1

Statement of assets and liabilities

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Assets						
Cash and cash equivalents	444	285	419	233	55.8	6.0
Investment securities	12,536	12,086	12,273	12,225	3.7	2.1
Derivatives	28	37	24	23	(24.3)	16.7
Loans and advances	2,971	2,612	2,785	2,682	13.7	6.7
Reinsurance and other recoveries	1,714	2,035	2,282	2,370	(15.8)	(24.9)
Deferred insurance assets	1,614	1,312	1,540	1,235	23.0	4.8
Due from related parties	180	165	164	117	9.1	9.8
Property, plant and equipment	46	38	33	32	21.1	39.4
Other assets	169	164	188	180	3.0	(10.1)
Goodwill and intangible assets	5,036	5,061	5,051	5,097	(0.5)	(0.3)
Total assets	24,738	23,795	24,759	24,194	4.0	(0.1)
Liabilities						
Payables and other liabilities	1,494	828	1,249	674	80.4	19.6
Derivatives	177	139	154	193	27.3	14.9
Due to related parties	299	182	345	213	64.3	(13.3)
Deferred tax liabilities	14	34	68	145	(58.8)	(79.4)
Unearned premium liabilities	4,864	4,681	4,697	4,661	3.9	3.6
Outstanding claims liabilities	9,425	9,479	9,735	9,751	(0.6)	(3.2)
Subordinated notes	552	588	572	550	(6.1)	(3.5)
Total liabilities	16,825	15,931	16,820	16,187	5.6	0.0
Net assets	**7,913**	**7,864**	**7,939**	**8,007**	**0.6**	**(0.3)**

Reconciliation of Net assets to Common Equity Tier 1 Capital

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M
Net assets	**7,913**	**7,864**	**7,939**	**8,007**
Insurance liabilities in excess of liability valuation	495	505	658	601
Reserves excluded from regulatory capital	(11)	(11)	(8)	(8)
Additional Tier 1 capital	(510)	(510)	(510)	(510)
Goodwill allocated to GI Business	(4,465)	(4,461)	(4,450)	(4,464)
Other Intangibles (including software assets)	(590)	(586)	(555)	(581)
Other Tier 1 Deductions	(5)	(4)	(5)	(5)
Common Equity Tier 1 Capital	**2,827**	**2,797**	**3,069**	**3,040**

General Insurance's net assets increased by $49 million over the second half, reflecting profit for the six months offset by dividend payments.

Personal Insurance

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	4,787	4,713	1.6	2,404	2,383	2,344	2,369	0.9	2.6
Net earned premium	4,242	4,275	(0.8)	2,098	2,144	2,104	2,171	(2.1)	(0.3)
Net incurred claims	(3,219)	(3,253)	(1.0)	(1,609)	(1,610)	(1,708)	(1,545)	(0.1)	(5.8)
Acquisition expenses	(487)	(479)	1.7	(244)	(243)	(236)	(243)	0.4	3.4
Other underwriting expenses	(278)	(327)	(15.0)	(125)	(153)	(155)	(172)	(18.3)	(19.4)
Total operating expenses	(765)	(806)	(5.1)	(369)	(396)	(391)	(415)	(6.8)	(5.6)
Underwriting result	258	216	19.4	120	138	5	211	(13.0)	large
Investment income - insurance funds	(1)	53	n/a	(12)	11	39	14	n/a	n/a
Insurance trading result	**257**	**269**	**(4.5)**	**108**	**149**	**44**	**225**	**(27.5)**	**145.5**
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	11.5	11.2		11.6	11.3	11.2	11.2		
Other underwriting expenses ratio	6.6	7.6		6.0	7.1	7.4	7.9		
Total operating expenses ratio	18.1	18.8		17.6	18.4	18.6	19.1		
Loss ratio	75.9	76.1		76.7	75.1	81.2	71.2		
Combined operating ratio	94.0	94.9		94.3	93.5	99.8	90.3		
Insurance trading ratio	6.1	6.3		5.1	6.9	2.1	10.4		

Result overview

Personal Insurance delivered an insurance trading result of $257 million, representing a decreased headline ITR ratio of 6.1%, mainly as a result of lower investment income compared to the previous year. Underlying margins reduced as a result of higher working claims costs and an increase in the natural hazard allowance.

GWP growth of 1.6% was delivered in a competitive market as a result of premium increases of 2.7% partly offset by a 1.1% decline in units. Direct channels performed well with flat unit growth while intermediated volumes declined. Retention rates have remained stable as single digit price increases have been implemented across the portfolio.

Claims costs reduced due to lower natural hazards, offset by increases in home and motor working claims costs. To rectify the increase in working claims costs, additional resources have been deployed within the motor and home businesses to reduce the number of active claims and place greater focus on cost management.

Total operating expenses ratio has improved to 18.1% as the business continues to recalibrate costs.

Commercial Insurance

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	3,016	2,954	2.1	1,603	1,413	1,571	1,383	13.4	2.0
Net earned premium	2,651	2,620	1.2	1,315	1,336	1,323	1,297	(1.6)	(0.6)
Net incurred claims	(1,880)	(1,810)	3.9	(944)	(936)	(791)	(1,019)	0.9	19.3
Acquisition expenses	(419)	(415)	1.0	(208)	(211)	(209)	(206)	(1.4)	(0.5)
Other underwriting expenses	(227)	(238)	(4.6)	(110)	(117)	(117)	(121)	(6.0)	(6.0)
Total operating expenses	(646)	(653)	(1.1)	(318)	(328)	(326)	(327)	(3.0)	(2.5)
Underwriting result	125	157	(20.4)	53	72	206	(49)	(26.4)	(74.3)
Investment income - insurance funds	237	321	(26.2)	155	82	82	239	89.0	89.0
Insurance trading result	**362**	**478**	**(24.3)**	**208**	**154**	**288**	**190**	**35.1**	**(27.8)**
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	15.8	15.8		15.8	15.8	15.8	15.9		
Other underwriting expenses ratio	8.6	9.1		8.4	8.8	8.8	9.3		
Total operating expenses ratio	24.4	24.9		24.2	24.6	24.6	25.2		
Loss ratio	70.9	69.1		71.8	70.1	59.8	78.6		
Combined operating ratio	95.3	94.0		96.0	94.7	84.4	103.8		
Insurance trading ratio	13.7	18.2		15.8	11.5	21.8	14.6		

Result overview

The insurance trading result for Commercial Insurance of $362 million was achieved through maintaining a focus on underwriting and claims management processes, together with a continued benign inflation environment.

GWP growth of 2.1% reflects disciplined growth in selected product lines. Suncorp's national CTP model has delivered strong growth, most notably in NSW and ACT.

The benefits of the diverse portfolio and strong business fundamentals continue, albeit offset by higher natural hazard experience and lower investment returns primarily due to the underperformance of inflation-linked bonds.

The total operating expenses ratio improved to 24.4% as a result of an ongoing focus on cost management.

New Zealand

This table is shown in A$.

	FULL YEAR ENDED JUN-16	FULL YEAR ENDED JUN-15	JUN-16 vs JUN-15	HALF YEAR ENDED JUN-16	HALF YEAR ENDED DEC-15	HALF YEAR ENDED JUN-15	HALF YEAR ENDED DEC-14	JUN-16 vs DEC-15	JUN-16 vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	1,228	1,205	1.9	607	621	600	605	(2.3)	1.2
Net earned premium	1,045	970	7.7	533	512	491	479	4.1	8.6
Net incurred claims	(562)	(524)	7.3	(286)	(276)	(283)	(241)	3.6	1.1
Acquisition expenses	(240)	(233)	3.0	(120)	(120)	(119)	(114)	-	0.8
Other underwriting expenses	(98)	(91)	7.7	(50)	(48)	(45)	(46)	4.2	11.1
Total operating expenses	(338)	(324)	4.3	(170)	(168)	(164)	(160)	1.2	3.7
Underwriting result	145	122	18.9	77	68	44	78	13.2	75.0
Investment income - insurance funds	18	25	(28.0)	12	6	12	13	100.0	-
Insurance trading result	**163**	**147**	**10.9**	**89**	**74**	**56**	**91**	**20.3**	**58.9**
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	23.0	24.0		22.5	23.4	24.2	23.8		
Other underwriting expenses ratio	9.4	9.4		9.4	9.4	9.2	9.6		
Total operating expenses ratio	32.4	33.4		31.9	32.8	33.4	33.4		
Loss ratio	53.8	54.0		53.7	53.9	57.6	50.3		
Combined operating ratio	86.2	87.4		85.6	86.7	91.0	83.7		
Insurance trading ratio	15.6	15.2		16.7	14.5	11.4	19.0		

Result overview

New Zealand delivered an insurance trading result of $163 million (NZ$178 million) in a competitive commercial market and with a strengthening Australian dollar.

GWP growth of 1.9% (NZ$ 3.2%) was a result of strong growth across both direct and intermediated distribution channels. A shift in business mix away from Corporate Property to Motor has resulted in higher NEP growth due to differing reinsurance arrangements.

The loss ratio decreased to 53.8% from 54.0% including an $11 million increase in the risk margin associated with earthquake claims incurred in the first half. Natural hazards have been benign in the current year compared with the previous year.

The total operating expenses ratio improved to 32.4%, largely attributable to lower acquisition costs relative to NEP and management focus on operational efficiencies, offset by investments in simplification projects.

General Insurance

This table is shown in NZ$.

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium	1,339	1,298	3.2	658	681	635	663	(3.4)	3.6
Net earned premium	1,139	1,042	9.3	577	562	517	525	2.7	11.6
Net incurred claims	(612)	(562)	8.9	(309)	(303)	(298)	(264)	2.0	3.7
Acquisition expenses	(263)	(250)	5.2	(132)	(131)	(125)	(125)	0.8	5.6
Other underwriting expenses	(106)	(98)	8.2	(54)	(52)	(48)	(50)	3.8	12.5
Total operating expenses	(369)	(348)	6.0	(186)	(183)	(173)	(175)	1.6	7.5
Underwriting result	158	132	19.7	82	76	46	86	7.9	78.3
Investment income - insurance funds	20	27	(25.9)	13	7	13	14	85.7	-
Insurance trading result	**178**	**159**	**11.9**	**95**	**83**	**59**	**100**	**14.5**	**61.0**
	%	%			%	%	%		
Ratios									
Acquisition expenses ratio	23.1	24.0		22.9	23.3	24.2	23.8		
Other underwriting expenses ratio	9.3	9.4		9.4	9.3	9.3	9.5		
Total operating expenses ratio	32.4	33.4		32.3	32.6	33.5	33.3		
Loss Ratio	53.7	53.9		53.6	53.9	57.6	50.3		
Combined operating ratio	86.1	87.3		85.9	86.5	91.1	83.6		
Insurance trading ratio	15.6	15.3		16.5	14.8	11.4	19.0		

Gross Written Premium (GWP)

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Australia									
Motor	2,568	2,516	2.1	1,295	1,273	1,254	1,262	1.7	3.3
Home	2,193	2,169	1.1	1,096	1,097	1,077	1,092	(0.1)	1.8
Commercial	1,577	1,551	1.7	793	784	792	759	1.1	0.1
Compulsory third party	1,215	1,113	9.2	648	567	582	531	14.3	11.3
Workers compensation and other	250	318	(21.4)	175	75	210	108	133.3	(16.7)
Australia	**7,803**	**7,667**	**1.8**	**4,007**	**3,796**	**3,915**	**3,752**	**5.6**	**2.3**
New Zealand									
Motor	290	262	10.7	150	140	135	127	7.1	11.1
Home	392	370	5.9	202	190	192	178	6.3	5.2
Commercial	502	528	(4.9)	233	269	250	278	(13.4)	(6.8)
Other	44	45	(2.2)	22	22	23	22	-	(4.3)
New Zealand	**1,228**	**1,205**	**1.9**	**607**	**621**	**600**	**605**	**(2.3)**	**1.2**
Total									
Motor	2,858	2,778	2.9	1,445	1,413	1,389	1,389	2.3	4.0
Home	2,585	2,539	1.8	1,298	1,287	1,269	1,270	0.9	2.3
Commercial	2,079	2,079	-	1,026	1,053	1,042	1,037	(2.6)	(1.5)
Compulsory third party	1,215	1,113	9.2	648	567	582	531	14.3	11.3
Workers compensation and other	294	363	(19.0)	197	97	233	130	103.1	(15.5)
Gross Written Premium	**9,031**	**8,872**	**1.8**	**4,614**	**4,417**	**4,515**	**4,357**	**4.5**	**2.2**

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography									
Queensland	2,236	2,224	0.5	1,116	1,120	1,099	1,125	(0.4)	1.5
New South Wales	2,618	2,572	1.8	1,364	1,254	1,305	1,267	8.8	4.5
Victoria	1,687	1,584	6.5	863	824	806	778	4.7	7.1
Western Australia	562	640	(12.2)	312	250	355	285	24.8	(12.1)
South Australia	257	254	1.2	128	129	126	128	(0.8)	1.6
Tasmania	162	151	7.3	81	81	79	72	-	2.5
Other	281	242	16.1	143	138	145	97	3.6	(1.4)
Total Australia	**7,803**	**7,667**	**1.8**	**4,007**	**3,796**	**3,915**	**3,752**	**5.6**	**2.3**
New Zealand	1,228	1,205	1.9	607	621	600	605	(2.3)	1.2
Total	**9,031**	**8,872**	**1.8**	**4,614**	**4,417**	**4,515**	**4,357**	**4.5**	**2.2**

Gross Written Premium (GWP) (continued)

Motor

In Australia, Motor GWP grew 2.1% to $2,568 million. Low single digit price increases have been achieved with retention rates remaining stable. Product enhancement continues with Roadside Assist being launched during the year for Suncorp and GIO customers. Growth in the specialist brands of Bingle, Shannons and CIL has been strong, with Bingle expanding its product offering to include third party only cover.

New Zealand Motor GWP increased 10.7% (NZ$ 12.3%) to $290 million, driven by strong unit growth underpinned by favourable market conditions and expansion into new channels.

Home

In Australia, overall Home GWP growth improved by 1.1% to $2,193 million, with direct channel growth of 3.7% achieved through low to mid single digit premium increases while maintaining strong retention rates. AAMI, Shannons and Terri Scheer had particularly strong growth and APIA launched a pilot Home Assist option providing customers with access to a network of qualified tradespeople.

New Zealand Home GWP increased 5.9% (NZ$ 7.4%) to $392 million. Growth was due to a combination of increases in new business, stable retention and premium increases as a result of improved product offerings.

Commercial

Australian commercial lines GWP increased 1.7% as the business maintained a disciplined approach to underwriting, with a focus on margin in a market that continues to be competitive.

Broker relationships continue to be strong due to Commercial Insurance's focus on service levels. A combination of excellent claims service and a focus on a customer-first culture are core to Commercial Insurance's ability to better meet customer needs.

New Zealand commercial lines GWP decreased 4.9% (NZ$ 4.0%) to $502 million. The reduction was due to continued underwriting discipline in a competitive market for existing and new business.

Compulsory Third Party (CTP)

CTP GWP increased 9.2% to $1,215 million.

Suncorp's market share in the ACT CTP has continued to grow, reaching 40% after entering the market in 2013.

In the Queensland CTP market Suncorp has around 50% market share and continues to achieve strong underwriting results.

Suncorp is a significant participant in the NSW CTP market (23% market share), with new business growth resulting from the two-brand strategy and successful motor dealer channel initiatives.

Workers Compensation and other

The Workers Compensation and other portfolio reduced 19.0% to $294 million. Workers Compensation policy retention remains high, however the ongoing reduction in wages, improved claims experience and the continuation of a soft market cycle has resulted in lower premium levels. Other GWP includes boat insurance, direct travel insurance and other specialist New Zealand products.

Reinsurance

Outwards reinsurance expense for the 2016 financial year was $970 million, a decrease of $40 million which included an increased limit on the main catastrophe program and fully placing the aggregate dropdowns.

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 in place until 30 June 2018.

The upper limit on Suncorp's main catastrophe program, which covers the Group's Home, Motor and Commercial Property portfolios for major events will remain unchanged at $6.9 billion for the 2017 financial year.

The maximum event retention is $250 million. Additional cover has been purchased to reduce this retention to $200 million for a second Australian event and to $50 million for third and fourth events.

For New Zealand risks, multi-year cover is in place which reduces the first event retention to NZ$50 million and the second and third event retentions to NZ$25 million.

For the 2017 financial year, Suncorp has purchased a Natural Hazards Aggregate cover. This provides $300 million of cover once the retained portion of natural hazard events greater than $5 million exceeds a total of $460 million.

The enhancements to the reinsurance program for the 2017 financial year have resulted in a net reduction in the natural hazard allowance.

Reinsurance security has been maintained for the 2017 financial year program, with over 85% of business protected by reinsurers rated 'A+' or better.

Net incurred claims

Net incurred claims costs increased 1.3% to $5,661 million.

Natural hazard event costs were $730 million, $60 million over the allowance.

Major natural hazard events are shown in the table below.

DATE	EVENT	NET COSTS $M
Aug 2015	South Coast NSW and Sydney Storms	29
Sep 2015	NSW Central Coast Hail	21
Oct 2015	Fernvale Chinchilla Hail	41
Nov 2015	Sunnybank Hail	15
Nov 2015	Darling Downs Storms	23
Dec 2015	Kurnell Tornado	57
Dec 2015	Great Ocean Road Bushfire	34
Jan 2016	Newcastle and Hunter Heavy Rain	12
Jan 2016	South Sydney Storms	26
Jan 2016	East Australia Storms	74
Jun 2016	East Coast Low #1	109
Jun 2016	East Coast Low #2	9
	Other natural hazards attritional claims (Australia)	270
	Other natural hazards attritional claims (New Zealand)	10
Total		730
	Less: allowance for natural hazards	(670)
	Natural hazards costs above allowance	60

In Personal Insurance, Motor repair costs increased due to rising cost of motor vehicle parts combined with operational issues. Home claim costs have also increased due to escalated costs of fire and water damage claims, which tend to be highly complex.

Suncorp has prioritised the rectification of active working claims to reduce the total volume of claims as well as lowering the average claim cost.

In Motor insurance, additional resources have been deployed to refine critical repair and assessment processes while continuing to deliver high levels of customer satisfaction. A number of key operating metrics have improved, including the number of active motor vehicle claims which have steadily reduced. SMART shop capacity utilisation has increased due to revised processes, which will ultimately contribute to a reduction in average claims costs. Recoveries and settlements have also improved.

Home insurance has also employed additional resources in claims assessment with a focus on reducing the number of active claims. As a result of revised processes, the number of outstanding claims has reduced. Shorter claims duration and tighter controls for cash settlements have contributed to an improvement in average claims costs.

In Commercial Insurance, current year experience has been impacted by a number of large claims. NSW CTP portfolio small-claims frequency has stabilised after seeing some increase in the first half. The NSW CTP claims frequency issue continues to be a focus for the industry and the Regulator. Profitability remains well within target ranges and Suncorp's claims performance remains ahead of the industry.

Outstanding claims provision breakdown

The valuation of outstanding claims resulted in central estimate releases of $347 million, well above the Group's long-run expectation for reserve releases of 1.5% of net earned premium.

Short-tail strengthening was primarily due to an increase in average claims size cost in the Home portfolio as well as losses in the commercial portfolio.

Long-tail claims reserve releases were primarily attributable to favourable claims experience. The majority of the Australian release relates to the CTP portfolios and includes the impact of benign wage inflation. The benign inflationary environment also resulted in a reduction in wage inflation assumptions for the 2017 and 2018 financial years, which contributed $35 million to the prior year releases.

	ACTUAL	NET CENTRAL ESTIMATE (DISCOUNTED)	RISK MARGIN (90TH PERCENTILE DISCOUNTED)	CHANGE IN NET CENTRAL ESTIMATE [1]
	$M	$M	$M	$M
Short-tail				
Australian short-tail and other	1,709	1,559	150	68
New Zealand	118	103	15	9
Long-tail				
Australia long-tail	5,731	4,873	858	(416)
New Zealand	153	125	28	(8)
Total	**7,711**	**6,660**	**1,051**	**(347)**

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

Outstanding claims provisions over time

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

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	9,425	9,479	9,735	9,751	(0.6)	(3.2)
Reinsurance and other recoveries	(1,714)	(2,035)	(2,282)	(2,370)	(15.8)	(24.9)
Net outstanding claims liabilities	**7,711**	**7,444**	**7,453**	**7,381**	**3.6**	**3.5**
Expected future claims payments and claims handling expenses	7,136	6,962	7,010	6,944	2.5	1.8
Discount to present value	(476)	(567)	(594)	(597)	(16.0)	(19.9)
Risk margin	1,051	1,049	1,037	1,034	0.2	1.4
Net outstanding claims liabilities	**7,711**	**7,444**	**7,453**	**7,381**	**3.6**	**3.5**
Short-tail						
Australia short-tail and other	1,709	1,490	1,472	1,178	14.7	16.1
New Zealand	118	113	116	126	4.4	1.7
Long-tail						
Australia long-tail	5,731	5,686	5,695	5,869	0.8	0.6
New Zealand	153	155	170	208	(1.3)	(10.0)
Total	**7,711**	**7,444**	**7,453**	**7,381**	**3.6**	**3.5**

Risk margins

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

Risk margins increased $14 million during the period to $1,051 million. The assets notionally backing risk margins had a net return of $64 million. The net impact was therefore $50 million, which is excluded in the underlying ITR calculation.

Operating expenses

The total operating expenses ratio improved to 22.0%, with total operating expenses of $1,749 million demonstrating Suncorp's continued focus on recalibrating costs and the benefits of Simplification and Optimisation.

Other underwriting expenses reduced 8.1% to $603 million. Acquisition costs were $1,146 million, with the acquisition expense ratio increased to 14.4%.

Managed schemes

Managed schemes contribution of $17 million is attributable to Suncorp's Australian Commercial Insurance business administering various governments' Worker's Compensation schemes.

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

Joint venture and other income

The Group participates in a joint venture with the motoring club in Tasmania. Joint venture income was partially offset by the amortisation of intangibles and other net income.

Investment income

General Insurance's investment portfolio includes Insurance Funds that explicitly back insurance liabilities and Shareholders' Funds that further support the capital position. Insurance Funds are designed to match the insurance liabilities and are managed separately from Shareholders' Funds.

Asset allocation

In the Insurance Funds, Suncorp continues to invest in line with the Group's risk appetite while implementing a manager diversification strategy.

In the Shareholders' Funds, to increase asset class diversification and reduce risk, additional investments to infrastructure and commercial property were made. Further modest asset class diversification is planned over the near future.

	HALF YEAR ENDED					JUN-16	JUN-16
	JUN-16		DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	%	$M	$M	$M	%	%
Insurance funds							
Cash and short-term deposits	367	4	254	247	100	44.5	48.6
Inflation-linked bonds	1,816	18	2,190	2,299	2,404	(17.1)	(21.0)
Corporate bonds	6,904	70	5,896	5,643	4,900	17.1	22.3
Semi-Government bonds	685	7	841	1,286	1,909	(18.5)	(46.7)
Commonwealth Government bonds	72	1	5	5	13	large	large
Total Insurance funds	**9,844**	**100**	**9,186**	**9,480**	**9,326**	**7.2**	**3.8**
Shareholders' funds							
Cash and short-term deposits	282	10	125	188	119	125.6	50.0
Interest-bearing securities	1,930	67	2,250	2,356	2,244	(14.2)	(18.1)
Equities	419	15	443	518	480	(5.4)	(19.1)
Infrastructure & property	219	8	173	138	139	26.6	58.7
Total shareholders' funds	**2,850**	**100**	**2,991**	**3,200**	**2,982**	**(4.7)**	**(10.9)**
Total	**12,694**		**12,177**	**12,680**	**12,308**	**4.2**	**0.1**

Credit quality

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

AVERAGE	JUN-16 %	DEC-15 %	JUN-15 %	DEC-14 %
AAA	35.8	39.1	39.3	39.7
AA	28.0	25.0	29.8	32.9
A	28.8	28.1	25.6	23.1
BBB	7.4	7.8	5.3	4.3
	100.0	**100.0**	**100.0**	**100.0**

Duration

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

	JUN-16	DEC-15	JUN-15	DEC-14
Insurance funds				
Interest rate duration (Yrs)	2.3	2.7	2.6	2.6
Credit spread duration (Yrs)	1.5	1.2	1.2	1.2
Shareholders' funds				
Interest rate duration (Yrs)	2.1	1.9	2.4	1.1
Credit spread duration (Yrs)	2.5	2.8	2.9	2.9

Investment performance

Total investment income was $355 million representing an annualised return of 2.8% for the full year.

Investment income on Insurance Funds was $254 million including mark-to-market impacts from:

- gains of $228 million from a decrease in risk-free rates;
- losses of $46 million from a widening of credit spreads; and
- losses of $181 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 $253 million, or 2.7% annualised.

Investment income on Insurance Funds is reported as part of the ITR along with changes in the value of outstanding claims. The decrease in risk-free rates increased the value of outstanding claims by $200 million and led to mark-to-market gains on investment assets of $228 million. The net impact of risk-free rate changes was $28 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 $207 million has been made to materially remove the impact of investment market volatility. This unrealised accounting adjustment unwinds mark-to-market volatility aspects:

- $46 million loss from the widening of credit spreads;
- $181 million loss from inflation-linked bond underperformance;
- $28 million net gain (reduction) from changes in risk-free rates and;
- a timing adjustment of $8 million from the unwind of prior risk-free changes on assets backing unearned premium.

Investment income on Shareholders' Funds was $101 million representing an annualised return of 3.4%. The portfolio was impacted by volatile equity markets and widening credit spreads, slightly offset by improving returns from a growing infrastructure and property portfolio.

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	4	2	100.0	2	2	-	2	-	n/a
Interest-bearing securities and other	250	397	(37.0)	153	97	133	264	57.7	15.0
Total	**254**	**399**	**(36.3)**	**155**	**99**	**133**	**266**	**56.6**	**16.5**
Investment income on shareholder funds									
Cash and short-term deposits	2	3	(33.3)	1	1	1	2	-	-
Interest-bearing securities	79	112	(29.5)	60	19	58	54	215.8	3.4
Equities	6	46	(87.0)	1	5	20	26	(80.0)	(95.0)
Infrastructure & property	14	2	large	5	9	2	-	(44.4)	150.0
Total	**101**	**163**	**(38.0)**	**67**	**34**	**81**	**82**	**97.1**	**(17.3)**
Total investment income	**355**	**562**	**(36.8)**	**222**	**133**	**214**	**348**	**66.9**	**3.7**

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

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	6,966	6,831	2.0	3,494	3,472	3,418	3,413	0.6	2.2
Net earned premium	6,006	5,945	1.0	2,996	3,010	2,957	2,988	(0.5)	1.3
Net incurred claims	(4,360)	(4,390)	(0.7)	(2,163)	(2,197)	(2,352)	(2,038)	(1.5)	(8.0)
Acquisition expenses	(907)	(882)	2.8	(459)	(448)	(441)	(441)	2.5	4.1
Other underwriting expenses	(483)	(523)	(7.6)	(228)	(255)	(255)	(268)	(10.6)	(10.6)
Total operating expenses	(1,390)	(1,405)	(1.1)	(687)	(703)	(696)	(709)	(2.3)	(1.3)
Underwriting result	256	150	70.7	146	110	(91)	241	32.7	n/a
Investment income - insurance funds	28	87	(67.8)	8	20	56	31	(60.0)	(85.7)
Insurance trading result	**284**	**237**	**19.8**	**154**	**130**	**(35)**	**272**	**18.5**	**n/a**
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	15.1	14.8		15.3	14.9	14.9	14.7		
Other underwriting expenses ratio	8.0	8.8		7.6	8.5	8.6	9.0		
Total operating expenses ratio	23.1	23.6		22.9	23.4	23.5	23.7		
Loss ratio	72.6	73.8		72.2	73.0	79.5	68.2		
Combined operating ratio	95.7	97.4		95.2	96.4	103.0	91.9		
Insurance trading ratio	4.7	4.0		5.1	4.3	(1.2)	9.1		

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	2,065	2,041	1.2	1,120	945	1,097	944	18.5	2.1
Net earned premium	1,932	1,920	0.6	950	982	961	959	(3.3)	(1.1)
Net incurred claims	(1,301)	(1,197)	8.7	(676)	(625)	(430)	(767)	8.2	57.2
Acquisition expenses	(239)	(245)	(2.4)	(113)	(126)	(123)	(122)	(10.3)	(8.1)
Other underwriting expenses	(120)	(133)	(9.8)	(57)	(63)	(62)	(71)	(9.5)	(8.1)
Total operating expenses	(359)	(378)	(5.0)	(170)	(189)	(185)	(193)	(10.1)	(8.1)
Underwriting result	272	345	(21.2)	104	168	346	(1)	(38.1)	(69.9)
Investment income - insurance funds	226	312	(27.6)	147	79	77	235	86.1	90.9
Insurance trading result	**498**	**657**	**(24.2)**	**251**	**247**	**423**	**234**	**1.6**	**(40.7)**
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	12.4	12.8		11.9	12.8	12.8	12.7		
Other underwriting expenses ratio	6.2	6.9		6.0	6.4	6.5	7.4		
Total operating expenses ratio	18.6	19.7		17.9	19.2	19.3	20.1		
Loss ratio	67.3	62.3		71.2	63.7	44.7	80.0		
Combined operating ratio	85.9	82.0		89.1	82.9	64.0	100.1		
Insurance trading ratio	25.8	34.2		26.4	25.2	44.0	24.4		

Bank

Result overview

Suncorp Bank delivered a strong net profit after tax of $393 million, up 11.0% compared with the prior corresponding period. The Bank has established a solid platform for growth through a continued focus on high quality lending supported by a resilient balance sheet and a robust capital position. During the year the Bank won the 2016 Mortgage and Finance Association of Australia (MFAA) Non Major Lender Award and Money Magazine's 2016 Business Bank of the Year, while the Bank's standalone credit profile from Standard & Poors was upgraded to 'a-'.

A focus on high quality profitable growth resulted in total lending assets growing by 4.5% or $2.4 billion, with home lending growth of 5.9% broadly in-line with system growth and management aspirations. The business lending portfolio grew $255 million in the second half as the Bank pursued growth in target market segments whilst achieving managed reduction in others.

Net interest income of $1.1 billion represented an increase of 2.4%, supported by an increase in the Net interest margin (NIM) to 1.86%. Challenging market conditions prevailed through much of the year and are continuing as a result of reductions to the RBA cash rate, competition, and emerging wholesale and retail funding cost pressures.

Disciplined cost management resulted in reduced operating expenses from the prior corresponding period. A cost-to-income ratio of 52.5% was achieved after absorbing ongoing investment into key strategic initiatives.

Through maintaining a strong focus on credit quality and risk management, the Bank benefited from a further reduction in gross impaired assets. Impairment losses of $16 million, or 3 basis points of gross loans and advances, were historically low and significantly favourable to the Bank's through the cycle expected operating range of 10 to 20 basis points.

The Bank has taken a cautious approach to investment lending and property development, and has limited exposure to inner city apartment markets. In agribusiness, conditions stabilised as relieving rains were received by many districts, which together with commodity prices improving in local currency terms led to improved operating conditions. The Bank continues to support agribusiness customers and communities affected by drought.

Domestic and offshore long-term funding markets were successfully accessed during the period. Strong Bank long-term issuer ratings of 'A+/A1/A+' and a well-diversified wholesale funding position create a genuine competitive advantage. Periods of heightened volatility highlight the benefit of access to a range of funding instruments in both domestic and offshore markets.

The Common Equity Tier 1 (CET1) capital ratio increased to 9.21% and remains above the target range of 8.5% to 9.0%. Return on CET1 capital improved to 13.2%, to be within the target range of 12.5% to 15.0%.

The Bank has continued on its transformational journey during the period and is responding to changes in the competitive landscape with continued investment in its core banking system, digital and channel capabilities, products, risk management, and people. The core banking platform is now in place and supports the Bank across lending, broker channel, customer, collateral and collections. The decommissioning of the Bank's legacy collections, personal lending origination and collateral systems are now complete.

The detailed review process with APRA regarding Basel II Advanced Accreditation is continuing. The Bank is operating as an Advanced Bank, with strong risk management and advanced models in use across the business.

Outlook

The business is focused on sustainable profitable growth, through leveraging its significant investments in technology and capability, whilst simplifying the business through improved efficiencies and risk outcomes. Together with the strength of the balance sheet and funding flexibility, the Bank is well placed to succeed in an industry facing challenging market conditions.

The strength of the Suncorp Group and its organisational realignment centred on elevating the customer will enable the Group to broaden and deepen relationships and create more value for customers. This will complement the Bank's existing focus on customer retention and a net promoter score that continues to outperform the major banks.

The new core banking platform has delivered a simplified and resilient technology infrastructure. It provides agility and decreased time-to-market for new products and offerings, including the delivery of innovative and digitised banking services. This ensures the Bank is well positioned to participate in disruption and develop propositions that increase customer value. The delivery of the new platform lays the foundation to accelerate the Group's customer strategy. Building new digital services and accelerating investment in internet banking and mobile applications will enable the Group to rationalise and modernise its network of stores.

The Bank expects the cost to income ratio to reduce to its target of below 50% towards the end of the 2017 financial year as efficiencies from process and technology improvements, and the Group operating model changes are realised. A reduction in the cost to income ratio is contingent upon external economic and regulatory factors. The RBA cash rate change in May 2016 and retail and wholesale spread movements during the second half of the year will exert pressure on margins in the coming period. The Bank is actively managing both sides of the balance sheet with a sharp focus on risk based pricing.

The Bank's enhanced risk and capital management, aided by the Basel II Advanced Accreditation program, is improving risk selection and pricing for risk. The benefits of these capabilities continue to be realised through strategic management of the business and improved performance driving the sustainable return on CET1 capital towards 15%, the upper end of its target range.

The regulatory landscape continues to change through the introduction of the Net Stable Funding Ratio (NSFR) requirements. The Bank is on track to be compliant with the requirements before their introduction in January 2018. The Bank is focused on increasing stable sources of funding towards lower Basel III run-off deposits and lengthening the duration of wholesale liabilities to reinforce the resilience of the funding profile.

Sustainable profitable growth will continue to be underpinned by prudent, disciplined risk selection and management. The recalibration of costs, operational efficiencies and the Group's investment in the Suncorp Marketplace will support the Bank's medium-term operating targets of:

- NIM of 1.75% to 1.85%;
- disciplined cost management and ongoing investment in strategic programs to support a cost to income ratio of below 50%, contingent upon external economic and regulatory factors;
- sustainable retail lending growth of 1 to 1.3 times system;
- a retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its 'A+/A1/A+' credit ratings to raise diverse wholesale funding; and
- a return on CET1 capital of 12.5% to 15.0%.

Profit contribution

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Net interest income	1,129	1,103	2.4	563	566	550	553	(0.5)	2.4
Net non-interest income									
Net banking fee income and commission	67	69	(2.9)	32	35	34	35	(8.6)	(5.9)
Gain on derivative and other financial instruments	4	10	(60.0)	2	2	-	10	-	n/a
Other revenue	17	28	(39.3)	5	12	9	19	(58.3)	(44.4)
Total net non-interest income	88	107	(17.8)	39	49	43	64	(20.4)	(9.3)
Total income	1,217	1,210	0.6	602	615	593	617	(2.1)	1.5
Operating expenses									
Wages, salaries and other staff costs	(352)	(367)	(4.1)	(171)	(181)	(179)	(188)	(5.5)	(4.5)
Equipment and occupancy expenses	(101)	(109)	(7.3)	(49)	(52)	(58)	(51)	(5.8)	(15.5)
Hardware, software and dataline expenses	(47)	(42)	11.9	(26)	(21)	(22)	(20)	23.8	18.2
Advertising and promotion	(26)	(30)	(13.3)	(12)	(14)	(17)	(13)	(14.3)	(29.4)
Office supplies, postage and printing	(32)	(30)	6.7	(17)	(15)	(15)	(15)	13.3	13.3
Other	(81)	(68)	19.1	(38)	(43)	(33)	(35)	(11.6)	15.2
Total Operating expenses	(639)	(646)	(1.1)	(313)	(326)	(324)	(322)	(4.0)	(3.4)
Profit before impairment losses on loans and advances	578	564	2.5	289	289	269	295	-	7.4
Impairment loss on loans and advances	(16)	(58)	(72.4)	(5)	(11)	(15)	(43)	(54.5)	(66.7)
Bank profit before tax	**562**	**506**	**11.1**	**284**	**278**	**254**	**252**	**2.2**	**11.8**
Income tax	(169)	(152)	11.2	(85)	(84)	(76)	(76)	1.2	11.8
Bank profit after tax	**393**	**354**	**11.0**	**199**	**194**	**178**	**176**	**2.6**	**11.8**

Bank ratios and key statistics

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-16	JUN-15	JUN-16	DEC-15	JUN-15	DEC-14
	%	%	%	%	%	%
Lending growth (annualised)	4.55	3.93	5.43	3.58	6.49	1.37
Net interest margin (interest-earning assets)	1.86	1.85	1.86	1.85	1.83	1.86
Cost to income ratio	52.51	53.39	51.99	53.01	54.64	52.19
Impairment losses to gross loans and advances (annualised)	0.03	0.11	0.02	0.04	0.06	0.17
Common Equity Tier 1	9.21	9.15	9.21	9.45	9.15	8.82
Return on Common Equity Tier 1	13.2	12.2	13.3	13.1	12.2	12.1
Deposit to loan ratio	66.7	65.8	66.7	66.1	65.8	66.6

Statement of assets and liabilities

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Assets						
Cash and cash equivalents	1,028	765	591	521	34.4	73.9
Receivables due from other banks	552	464	595	566	19.0	(7.2)
Trading securities	1,497	1,119	1,384	2,298	33.8	8.2
Derivatives	675	663	651	710	1.8	3.7
Investment securities	5,225	5,520	6,245	6,634	(5.3)	(16.3)
Loans and advances	54,134	52,673	51,735	50,111	2.8	4.6
Due from related parties	295	268	226	169	10.1	30.5
Deferred tax assets	44	47	81	95	(6.4)	(45.7)
Other assets	145	190	182	223	(23.7)	(20.3)
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	63,857	61,971	61,952	61,589	3.0	3.1
Liabilities						
Deposits and short-term borrowings	45,421	44,022	44,431	45,104	3.2	2.2
Derivatives	498	358	401	424	39.1	24.2
Payables due to other banks	332	401	297	314	(17.2)	11.8
Payables and other liabilities	346	323	400	386	7.1	(13.5)
Due to related parties	135	99	199	152	36.4	(32.2)
Securitisation liabilities	2,544	3,154	3,651	2,872	(19.3)	(30.3)
Debt issues	9,860	8,891	7,876	7,727	10.9	25.2
Subordinated notes	742	742	742	742	-	-
Total liabilities	59,878	57,990	57,997	57,721	3.3	3.2
Net assets	**3,979**	**3,981**	**3,955**	**3,868**	**(0.1)**	**0.6**

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M
Reconciliation of net equity to Common Equity Tier 1 Capital				
Net equity - Banking line of business	3,979	3,981	3,955	3,868
Additional Tier 1 capital	(450)	(450)	(450)	(450)
Goodwill allocated to Banking Business	(240)	(240)	(240)	(235)
Regulatory capital equity adjustments	(29)	(23)	(4)	12
Regulatory capital adjustments	(295)	(299)	(320)	(300)
Other reserves excluded from Common Equity Tier 1 ratio	(85)	(96)	(146)	(144)
Common Equity Tier 1 Capital	**2,880**	**2,873**	**2,795**	**2,751**

Loans and advances

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Housing loans	37,704	36,691	34,977	33,152	2.8	7.8
Securitised housing loans and covered bonds	6,548	6,355	6,808	6,618	3.0	(3.8)
Total housing loans	44,252	43,046	41,785	39,770	2.8	5.9
Consumer loans	312	345	380	403	(9.6)	(17.9)
Retail loans	44,564	43,391	42,165	40,173	2.7	5.7
Commercial (SME)	5,356	5,203	5,353	5,593	2.9	0.1
Agribusiness	4,360	4,258	4,400	4,534	2.4	(0.9)
Total Business loans	9,716	9,461	9,753	10,127	2.7	(0.4)
Total lending	**54,280**	**52,852**	**51,918**	**50,300**	**2.7**	**4.5**
Other lending	18	-	25	44	n/a	(28.0)
Gross loans and advances	54,298	52,852	51,943	50,344	2.7	4.5
Provision for impairment	(164)	(179)	(208)	(233)	(8.4)	(21.2)
Total loans and advances	**54,134**	**52,673**	**51,735**	**50,111**	**2.8**	**4.6**
Credit-risk weighted assets	**26,444**	**25,613**	**25,487**	**25,532**	**3.2**	**3.8**
Geographical breakdown - Total lending						
Queensland	29,132	28,735	28,792	28,565	1.4	1.2
New South Wales	13,808	13,162	12,773	12,168	4.9	8.1
Victoria	5,499	5,295	5,012	4,665	3.9	9.7
Western Australia	3,747	3,660	3,468	3,252	2.4	8.0
South Australia and other	2,094	2,000	1,873	1,650	4.7	11.8
Outside of Queensland loans	25,148	24,117	23,126	21,735	4.3	8.7
Total lending	**54,280**	**52,852**	**51,918**	**50,300**	**2.7**	**4.5**

Total lending

Total lending receivables, including securitised assets, grew 4.5% to $54.3 billion.

Retail loans

The Bank delivered total home lending growth of 5.9%, to $44.3 billion during the period, which was broadly in-line with system growth.

The competitive landscape for home lending was shaped by repricing across both investor and owner-occupier segments as the industry responded to regulatory guidance and a historically low cash rate. Competition in this segment remains high, however, the Bank is resolute in its pursuit of quality and profitable growth.

The Bank continued to improve the quality of its lending portfolio through a range of measures including serviceability, credit quality and loan to value ratio (LVR), with over 86% of new loans written with an LVR less than 80%. Strong relationships with intermediaries remain integral to building a presence outside traditional Queensland markets, with approximately 50% of the home lending portfolio now interstate.

Commercial (SME)

The commercial portfolio was held flat over the year following selective run-off in the first half and a return to growth in the second half. In a market characterised by aggressive pricing and competition, the Bank continues to focus on acquiring higher quality lending firmly within its risk appetite.

The Bank is focused on strong credit quality whilst ensuring there is an appropriate reward for the level of risk taken. The portfolio is heavily weighted towards less than $5 million lending, with 98% of customer groups with loans within this range.

The concentration of exposure to inner-city apartments is low, well controlled and closely monitored. The Bank has an exposure to inner-city development finance of less than 1% of the total business lending portfolio and this is limited to select long-term customers where the pre-sale levels are high and construction is well advanced.

The Bank has very limited exposure to the resources sector. There have been a small number of immaterial downstream impacts to the portfolio from the industry slowdown and lower commodity prices.

Commercial (SME) portfolio breakdown [1]

	QLD %	NSW %	Other %	Total %	Total $M
Commercial (SME) breakdown					
Property Investment	27%	4%	4%	35%	1,875
Hospitality & Accommodation	14%	1%	0%	15%	803
Construction & Development	7%	0%	1%	8%	428
Services (Inc. professional services)	10%	5%	3%	18%	964
Retail	5%	1%	1%	7%	375
Manufacturing & Mining	3%	1%	1%	5%	268
Other	9%	2%	1%	12%	643
Total %	**75%**	**14%**	**11%**	**100%**	
Total $M	**4,017**	**750**	**589**		**5,356**

(1) The methodology for the breakdown above has been amended to include newly available enhanced data from source systems.

Agribusiness

The agribusiness portfolio was held flat during the year, with second half growth of $102 million. Pursuit of growth in the portfolio is balanced with loan quality and economic conditions.

The Bank acknowledges the challenges facing drought affected regions and continues to exercise a prudent and sensitive approach in this sector. Suncorp Bank has a long heritage in agribusiness, a collaborative customer approach and remains committed to supporting customers, employees and communities in drought affected regions through a broad range of initiatives.

The Bank has a very low exposure to the Dairy industry at approximately 1% of the total business lending portfolio. The Bank will continue to pursue diversified growth across regions and industries, targeting family operated farms. A clear risk appetite continues to guide decisions around new business.

Agribusiness portfolio breakdown [(1)]

	QLD %	NSW %	Other %	Total %	Total $M
Agribusiness breakdown					
Beef	27%	2%	0%	29%	1,302
Grain & Mixed Farming	11%	17%	3%	31%	1,340
Sheep & Mixed Livestock	5%	4%	1%	10%	431
Cotton	4%	4%	0%	8%	344
Sugar	3%	0%	0%	3%	133
Fruit	3%	0%	0%	3%	131
Other	8%	2%	6%	16%	679
Total %	**61%**	**29%**	**10%**	**100%**	
Total $M	**2,663**	**1,271**	**426**		**4,360**

(1) The methodology for the breakdown above has been amended to include newly available enhanced data from source systems.

Bank funding composition

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Customer funding						
Customer deposits						
At-call deposits	17,758	18,109	16,583	14,938	(1.9)	7.1
Term deposits	18,471	16,809	17,592	18,542	9.9	5.0
Total customer funding	36,229	34,918	34,175	33,480	3.8	6.0
Wholesale funding						
Domestic funding						
Short-term wholesale	6,511	6,571	7,480	8,159	(0.9)	(13.0)
Long-term wholesale	3,588	3,592	2,392	3,065	(0.1)	50.0
Covered bonds	3,149	2,648	2,648	2,647	18.9	18.9
Subordinated notes	742	742	742	742	-	-
Total domestic funding	13,990	13,553	13,262	14,613	3.2	5.5
Overseas funding[1]						
Short-term wholesale	2,681	2,533	2,776	3,465	5.8	(3.4)
Long-term wholesale	3,123	2,651	2,836	2,015	17.8	10.1
Total overseas funding	5,804	5,184	5,612	5,480	12.0	3.4
Total wholesale funding	19,794	18,737	18,874	20,093	5.6	4.9
Total funding (excluding securitisation)	**56,023**	**53,655**	**53,049**	**53,573**	**4.4**	**5.6**
Securitisation						
APS 120 qualifying[2]	2,345	2,911	3,344	2,497	(19.4)	(29.9)
APS 120 non-qualifying	199	243	307	375	(18.1)	(35.2)
Total securitisation	2,544	3,154	3,651	2,872	(19.3)	(30.3)
Total funding (including securitisation)	**58,567**	**56,809**	**56,700**	**56,445**	**3.1**	**3.3**
Total funding is represented on the balance sheet by:						
Deposits	36,229	34,918	34,175	33,480	3.8	6.0
Short-term borrowings	9,192	9,104	10,256	11,624	1.0	(10.4)
Securitisation	2,544	3,154	3,651	2,872	(19.3)	(30.3)
Debt issues	9,860	8,891	7,876	7,727	10.9	25.2
Subordinated notes	742	742	742	742	-	-
Total funding	**58,567**	**56,809**	**56,700**	**56,445**	**3.1**	**3.3**
Deposit to loan ratio	**66.7%**	**66.1%**	**65.8%**	**66.6%**		

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

Funding

The Bank adopted a conservative approach to managing funding and liquidity risk aimed at ensuring a strong and sustainable funding profile that supports balance sheet growth. The Bank's key funding and liquidity management strategies include:

- increasing stable deposits coupled with an appropriate deposit to lending ratio;
- reducing reliance on and improving the quality of short-term wholesale funding;
- lengthening the weighted average duration of long-term wholesale funding;
- ensuring ongoing access to wholesale funding markets by maintaining various programs across multiple jurisdictions;
- managing high quality liquid assets comfortably above net cash outflows under various stress scenarios; and
- planning to be above the minimum Net Stable Funding Ratio (NSFR) requirements by January 2018.

Customer funding

The Bank's deposit-to-loan ratio of 66.7% is within the target operating range. Total customer funding growth of 6.0% during the financial year demonstrated the Bank's ability to grow high quality customer deposits, and its commitment to driving the ratio towards the top end of the target range. At-call deposit growth for the year was 7.1%. Growth reduced during the second half of the year consistent with seasonal patterns, increased competition and higher term deposit pricing.

Liquidity Coverage Ratio (LCR)

The Bank has a tiered management limit structure for the LCR to ensure that an adequate buffer to the APRA prudential limit of 100% is held. The LCR is managed to market conditions and has been maintained comfortably above the 100% prudential minimum since being introduced in January 2015. The LCR averaged over 120% during the period, ending the year at 130%.

APRA has allowed locally incorporated Authorised Deposit-Taking Institutions (ADIs) to establish a Committed Liquidity Facility (CLF) with the RBA. The Bank received approval from APRA for a CLF of $4.2 billion for the 2016 calendar year, down from $4.8 billion the prior year.

Net Stable Funding Ratio (NSFR)

APRA is proposing to release a revised draft *Prudential Standard APS 210 Liquidity* and expects to finalise its position on NSFR in the first half of the 2017 financial year. The Bank is progressing its plan to exceed the 100% minimum expected NSFR requirement before January 2018. The Bank's estimated NSFR at the end of the period is just over 100%.

Wholesale funding

The Bank maintains a number of wholesale funding programs to ensure access to multiple markets and a diverse range of investors, both domestically and offshore. During 2016, the Bank demonstrated its ability to execute across multiple markets by completing $3.6 billion in term wholesale issuance. This included a US$500 million three year senior unsecured debt issuance in May 2016, two five year $750 million senior unsecured debt transactions in October 2015 and April 2016 and a five year $500 million covered bond transaction in June 2016. All transactions were over-subscribed, attracting a diverse group of investors across funds, insurance, corporate and pension market sectors.

These transactions demonstrated the Bank's ability to lengthen the duration of wholesale funding to promote the longer term resilience of the funding profile and meet the requirements of the NSFR. As part of the Bank's strategy for managing US money market reform changes which take effect in October 2016, the Bank had a higher than normal amount of 0 to 3 month funding held towards the end of the financial year. Whilst there will be an initial transition period within the US, the Bank does not believe the changes will materially impact its funding programs in any way. The weighted average maturity of long term wholesale funding raised during the period was approximately 3.6 years. The weighted average remaining maturity of the Bank's long-term wholesale portfolio is 2.7 years.

Wholesale funding instruments maturity profile[1]

	Short-term	Long-term	JUN-16	DEC-15	JUN-15	DEC-14	JUN-16 vs DEC-15	JUN-16 vs JUN-15
	$M	$M	$M	$M	$M	$M	%	%
Maturity								
0 to 3 months	7,233	830	8,063	7,230	7,025	8,783	11.5	14.8
3 to 6 months	1,924	1,412	3,336	3,481	4,169	3,968	(4.2)	(20.0)
6 to 12 months	35	1,797	1,832	2,232	1,857	1,225	(17.9)	(1.3)
1 to 3 years	-	4,459	4,459	4,695	5,112	5,676	(5.0)	(12.8)
3+ years	-	4,648	4,648	4,253	4,362	3,313	9.3	6.6
Total wholesale funding instruments	**9,192**	**13,146**	**22,338**	**21,891**	**22,525**	**22,965**	**2.0**	**(0.8)**

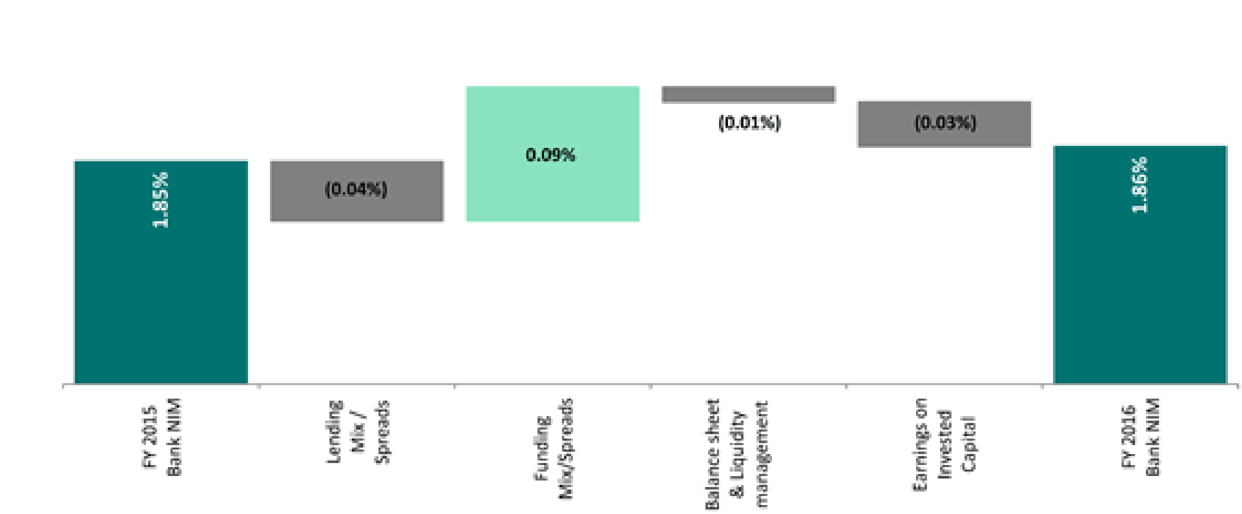
(1) Includes wholesale debt, securitisation liabilities and subordinated notes. The prior period comparatives in the table above have been restated.

Net interest income

Net interest income of $1.1 billion represented an increase of 2.4%. The NIM finished the period at 1.86% and sits slightly above the top end of the target range of 1.75% to 1.85%. The full year result was shaped by:

- changes in lending portfolio mix and spreads reduced margin as the impact of price competition and a proportionately higher housing loan portfolio exceeded repricing initiatives;
- retail funding mix improvements increased margin;
- after initially supporting margin expansion, retail and wholesale funding costs increased during the latter part of the year;
- balance sheet and liquidity management decreased margin with lower balance sheet management returns being largely offset by benefits of lower average holdings of liquid assets; and
- earnings on invested capital and margin compression on low cost deposits decreased margin as a result of RBA cash rate decreases in 2015 and 2016.

NIM movements



Average banking balance sheet

	FULL YEAR ENDED JUN-16			HALF YEAR ENDED JUN-16		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities[1]	8,131	246	3.03	7,846	119	3.05
Gross loans and advances	52,691	2,398	4.55	52,898	1,190	4.52
Total interest-earning assets	60,822	2,644	4.35	60,744	1,309	4.33
Non-interest earning assets						
Other assets (inc. loan provisions)	1,010			1,056		
Total non-interest earning assets	1,010			1,056		
TOTAL ASSETS	61,832			61,800		
Liabilities						
Interest-bearing liabilities						
Customer deposits	34,527	775	2.24	34,749	380	2.20
Wholesale liabilities	21,864	704	3.22	21,591	348	3.24
Subordinated loans	742	36	4.85	742	18	4.88
Total interest-bearing liabilities	57,133	1,515	2.65	57,082	746	2.63
Non-interest bearing liabilities						
Other liabilities	726			730		
Total non-interest bearing liabilities	726			730		
TOTAL LIABILITIES	57,859			57,812		
AVERAGE SHAREHOLDERS' EQUITY	3,973			3,988		
Non-Shareholder Accounting Equity	(4)			(13)		
Convertible Preference Shares	(450)			(450)		
Average Shareholders' Equity	3,519			3,525		
Goodwill allocated to Banking Business	(240)			(240)		
Average Shareholders' Equity (ex Goodwill)	3,279			3,285		
Analysis of interest margin and spread						
Interest-earning assets	60,822	2,644	4.35	60,744	1,309	4.33
Interest-bearing liabilities	57,133	1,515	2.65	57,082	746	2.63
Net interest spread			1.70			1.70
Net interest margin (interest-earning assets)	60,822	1,129	1.86	60,744	563	1.86
Net interest margin (lending assets)	52,691	1,129	2.14	52,898	563	2.14

(1) Includes interest on cash and receivables due from other banks.

Net non-interest income

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income and commission	67	69	(2.9)	32	35	34	35	(8.6)	(5.9)
Gain on derivative and other financial instruments	4	10	(60.0)	2	2	-	10	-	n/a
Other revenue	17	28	(39.3)	5	12	9	19	(58.3)	(44.4)
Total net non-interest income	**88**	**107**	**(17.8)**	**39**	**49**	**43**	**64**	**(20.4)**	**(9.3)**

Net non-interest income was $88 million, down $19 million from the previous year. Underlying customer fee revenue decreased 2.9% year on year. Fee generation from the Bank's retail products remains challenging as customer appetite for low fee and/or fee-free banking products remains high. Other revenue was lower than the prior year, which benefited from a one-off successful litigation recovery of $19 million. The Bank's non-interest income result also included higher commissions paid to intermediaries, consistent with lending volumes delivered by this channel.

The net gain on financial instruments included unrealised gains on short-term derivative positions and realised gains on the sale of treasury banking book assets.

Operating expenses

Operating expenses were $639 million for the year. Disciplined cost management continues, notwithstanding extensive transformational investment, encompassing organisational restructures and capability enhancements associated with Ignite implementation. The Bank is actively repositioning its footprint to align to customer needs.

Ignite continued to achieve major milestones during the period with all personal lending, collateral and collections management systems in everyday use across the business. Home lending functionality has also been expanded to include broader product sets. The decommissioning of the Bank's legacy collections, personal lending origination and collateral systems are now complete. The full benefits of Ignite will be realised in future periods with further data migration, process decentralisation and additional legacy system decommissioning.

Of total project costs for Ignite of $330 million, capitalised costs amount to $290 million.

The Bank has also undertaken the re-alignment of customer support teams to optimise the implementation of Ignite and Basel II Advanced Accreditation and redesigned distribution teams across personal and business customers.

The Bank's focus on simplification continues to deliver cost efficiencies, enabling improvement in customer connections, simplified systems and development of business intelligence.

Impairment losses on loans and advances

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	(18)	6	(400.0)	(11)	(7)	(3)	9	57.1	266.7
Specific provision for impairment	32	46	(30.4)	16	16	14	32	-	14.3
Actual net write-offs	2	6	(66.7)	-	2	4	2	(100.0)	(100.0)
Impairment losses	**16**	**58**	**(72.4)**	**5**	**11**	**15**	**43**	**(54.5)**	**(66.7)**
Impairment losses to gross loans and advances (annualised)	**0.03%**	**0.11%**		**0.02%**	**0.04%**	**0.06%**	**0.17%**		

Impairment losses of $16 million representing 3 basis points of gross loans and advances, is below the Bank's through the cycle expected operating range of 10 to 20 basis points.

The total collective provision has decreased over the period, driven by changes in the modelled collective provision, quality of origination and the exiting of existing problem loans. Consistent with the Bank's continued conservative provisioning stance, management overlays represented over 30% of modelled collective provision. The Bank continues to actively assess exposures on an individual and portfolio basis and close attention is being paid to industries which are impacted by fluctuating economic conditions and commodity price conditions.

The reduction in both the collective provision and the specific provision charges reflect improvement in the credit quality of the Bank's lending portfolio. Both the agribusiness and commercial portfolios have seen a reduction in the collective provision held, which reflect improved risk selection in line with risk appetite.

The levels of arrears and hardship applications continue to be managed and monitored closely.

Impaired assets

	JUN-16	DEC-15	JUN-15	DEC-14	JUN-16 vs DEC-15	JUN-16 vs JUN-15
	$M	$M	$M	$M	%	%
Retail lending	27	25	31	33	8.0	(12.9)
Agribusiness lending	117	109	125	162	7.3	(6.4)
Commercial/SME lending	62	42	62	67	47.6	-
Gross impaired assets	206	176	218	262	17.0	(5.5)
Specific provision for impairment	(56)	(60)	(82)	(104)	(6.7)	(31.7)
Net impaired assets	**150**	**116**	**136**	**158**	**29.3**	**10.3**
Gross impaired assets to gross loans and advances	**0.38%**	**0.33%**	**0.42%**	**0.52%**		

Gross impaired assets decreased by 5.5% to $206 million, representing 38 basis points of gross loans and advances. Whilst this has increased compared to the half year, there was considerable improvement from the prior year.

The Bank has undertaken analysis of specific segments of the portfolio and areas affected by recent high profile corporate collapses. As a result, the Bank is confident there has been no material change to underlying arrears performance.

The coverage of specific provision to gross impaired assets has reduced during FY16 from 38% to 27%, in part due to the finalisation and write off of three mid-size exposures totalling $19.9 million (net of interest not brought to account), all with high specific provision coverage ratios. Coverage remains appropriate.

Non-performing loans

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Gross balances of individually impaired loans						
Gross impaired assets	206	176	218	262	17.0	(5.5)
Specific provision for impairment	(56)	(60)	(82)	(104)	(6.7)	(31.7)
Net impaired assets	150	116	136	158	29.3	10.3
Size of gross individually impaired assets						
Less than one million	22	20	21	29	10.0	4.8
Greater than one million but less than ten million	117	100	115	137	17.0	1.7
Greater than ten million	67	56	82	96	19.6	(18.3)
	206	176	218	262	17.0	(5.5)
Past due loans not shown as impaired assets	404	381	399	394	6.0	1.3
Gross non-performing loans	610	557	617	656	9.5	(1.1)
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	176	218	262	333	(19.3)	(32.8)
Recognition of new impaired assets	86	48	59	64	79.2	45.8
Increases in previously recognised impaired assets	4	2	4	4	100.0	-
Impaired assets written off/sold during the half year	(18)	(35)	(32)	(29)	(48.6)	(43.8)
Impaired assets which have been reclassed as performing assets or repaid	(42)	(57)	(75)	(110)	(26.3)	(44.0)
Balance at the end of the half year	**206**	**176**	**218**	**262**	**17.0**	**(5.5)**

Past due loans increased by 1.3% to $404 million. This was impacted by the implementation of the new loan collections system late in 2015, impacting retail loans which represent 89% or $358 million of total past due loans. The underlying trend in retail past due loans has not materially changed.

Overall, gross non-performing loans decreased by 1.1% to $610 million, representing 112 basis points of gross loans and advances.

Provision for impairment

	JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Collective provision						
Balance at the beginning of the period	119	126	129	120	(5.6)	(7.8)
Charge against impairment losses	(11)	(7)	(3)	9	57.1	266.7
Balance at the end of the period	108	119	126	129	(9.2)	(14.3)
Specific provision						
Balance at the beginning of the period	60	82	104	106	(26.8)	(42.3)
Charge against impairment losses	16	16	14	32	-	14.3
Impairment provision written off	(18)	(35)	(32)	(29)	(48.6)	(43.8)
Unwind of discount	(2)	(3)	(4)	(5)	(33.3)	(50.0)
Balance at the end of the period	56	60	82	104	(6.7)	(31.7)
Total provision for impairment - Banking activities	164	179	208	233	(8.4)	(21.2)
Equity reserve for credit loss (ERCL)						
Balance at the beginning of the period	96	146	144	151	(34.2)	(33.3)
Transfer (to) from retained earnings	(11)	(50)	2	(7)	(78.0)	n/a
Balance at the end of the period	85	96	146	144	(11.5)	(41.8)
Pre-tax equivalent coverage	121	137	209	206	(11.7)	(42.1)
Total provision for impairment and equity reserve for credit loss - Banking activities	**285**	**316**	**417**	**439**	**(9.8)**	**(31.7)**

	%	%	%	%
Specific provision for impairment expressed as a percentage of gross impaired assets	27.2	34.1	37.6	39.7
Provision for impairment expressed as a percentage of gross loans and advances are as follows:				
Collective provision	0.20	0.23	0.24	0.26
Specific provision	0.10	0.11	0.16	0.21
Total provision	0.30	0.34	0.40	0.47
ERCL coverage	0.22	0.26	0.40	0.41
Total provision and ERCL coverage	0.52	0.60	0.80	0.87

Total provision and ERCL coverage was 52 basis points of gross loans and advances.

Following completion of Basel II Advanced Accreditation modelling, a new collective provision model was implemented allowing a more granular and comprehensive view of the differentiation of risk in the Bank’s portfolio. This has informed better quality risk selection over time, both for new business and portfolio management. The Bank undertakes on-going monitoring of the performance and outcomes of the model.

The specific provision decreased $4 million over the second half. A small number of new loans were provided for with limited material additions above $1 million. As a result of improved conditions and favourable voluntary sales being completed, there was a material decrease in agribusiness specific provisioning.

The Bank remains cognisant of a potential deterioration in economic conditions and collective and specific provisioning levels are considered appropriate for the current assessed level of risk and immediate term outlook.

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	358	27	10	43	47	26%
Agribusiness lending	12	117	27	36	25	68%
Commercial/SME lending	34	62	19	29	49	101%
Total	404	206	56	108	121	47%

Collective provisioning for retail has increased $12 million since June 2015. This includes an overlay as a contingency whilst the Bank implements and embeds changes to the lending and collections systems and processes. This is in line with the Bank's adoption of a cautious, prudent approach to system implementation.

Life

Result overview

Suncorp Life's profit after tax for the year was $142 million. Underlying profit was $124 million, up 9.7%. The business's underlying profit included positive insurance experience of $21 million.

Suncorp Life continues to drive sustainable growth across the portfolio with a focus on value over volume. Total in-force premium increased to $1,032 million, an increase of 6.4%.

- Direct in-force premiums for products sold through General Insurance continue to show strong growth increasing by 14.3%. New business sales outperformed system
- IFA risk in-force growth was impacted by new business sales volumes trending below prior periods as a result of industry reform and increases in Suncorp pricing. Better than expected retention has benefited in-force premium levels
- The New Zealand business has grown its in-force portfolio to $219 million through its continued investment in value-adding and sustainable intermediary relationships and a market leading customer retention strategy

Superannuation funds under administration of $8.2 billion reflected new business growth from WealthSmart and Suncorp Everyday Super. Super volumes are down compared to the prior year where there were strong pension sales ahead of regulatory change. Volumes were also impacted by changes to the aligned distribution channel.

During the period Suncorp Life revised a number of assumptions, reflecting an updated view of future expected experience in lapses and claims. This includes the implementation of new industry claims tables for income protection and a net reduction in lapse assumptions. In aggregate, the assumption changes have had a minimal impact on profit and capital.

Recent volatility in financial markets have impacted the financials. Whilst profit and loss, VOYS & EV have benefited from the lower interest rates, capital has been negatively impacted, however, has remained within normal operating range.

The Suncorp Life business has delivered a number of key initiatives through the period whilst successfully integrating into the new operating model:

- Simplified Suncorp Life's wealth corporate structure, including technology and business process partnering and over $5.2 billion of assets restructured
- Released a new superannuation proposition (Brighter Super) to the market on a new administration platform
- Suncorp MyStyle was released, which bridges the gap between traditional direct and advised products
- Direct life risk released a "Needs Assessment Tool" to help customers understand their protection needs
- A number of initiatives were released in the advised market, including the introduction of wholesale rates
- Exited the self-employed aligned distribution channel to simplify Suncorp Life's distribution footprint.

Outlook

The new operating model creates an exciting opportunity for the Life business to create unique and integrated propositions for customers, through both Direct and Intermediated channels.

The Australian advised market continues to show signs that it has stabilised despite the delay in the implementation of the industry reforms. Suncorp continues to recognise the need for a greater customer focus across the industry.

The advised and broker segments across Australia and New Zealand are key distribution channels across the Suncorp Group. Creation of the Customer Platform function has led to the amalgamation of these channels which will help Suncorp work more effectively with advisers to help meet customer needs.

The Direct segment is likely to accelerate its evolution to offer more comprehensive Life Company propositions. Suncorp MyStyle is driving the transition through the existing Direct Channel.

The Wealth business will continue to focus on simplification. This work will largely be completed over FY17, the result being a more efficient and scalable business.

Profit contribution

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Life Risk									
Planned profit margin release [1]	45	38	18.4	23	22	21	17	4.5	9.5
Claims experience	6	8	(25.0)	3	3	2	6	-	50.0
Lapse experience	15	7	114.3	10	5	6	1	100.0	66.7
Other	(10)	(8)	25.0	(4)	(6)	(3)	(5)	(33.3)	33.3
Underlying investment income	31	31	-	15	16	16	15	(6.3)	(6.3)
Life Risk	**87**	**76**	**14.5**	**47**	**40**	**42**	**34**	**17.5**	**11.9**
Superannuation	37	37	-	19	18	19	18	5.6	-
Total Life underlying profit after tax	**124**	**113**	**9.7**	**66**	**58**	**61**	**52**	**13.8**	**8.2**
Market adjustments [2]	**18**	**12**	**50.0**	**23**	**(5)**	**(22)**	**34**	**n/a**	**n/a**
Net profit after tax	**142**	**125**	**13.6**	**89**	**53**	**39**	**86**	**67.9**	**128.2**

(1) Planned profit margin release includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time.

(2) Market adjustments consist of life risk policy discount rate changes, investment income experience and annuities market adjustments.

Life Risk in-force annual premium by channel

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
Advised	652	642	631	621	1.6	3.3
Direct via General Insurance brands	64	60	56	50	6.7	14.3
New Zealand [1]	219	209	189	196	4.8	15.9
Group and other	97	96	94	90	1.0	3.2
Total [2]	**1,032**	**1,007**	**970**	**957**	**2.5**	**6.4**
Total new business	**47**	**50**	**55**	**69**	**(6.0)**	**(14.5)**

(1) NZ$ in-force figures are Jun-16 $230 million, Dec-15 $223 million, Jun-15 $213 million. NZ in-force annual premium includes NZ Group. The NZ$ Group in-force figures are Jun-16 $6 million, Dec-15 $6 million, Jun-15 $6 million.

(2) Total individual in-force premiums were Jun-16 $957 million, Dec-15 $934 million, Jun-15 $900 million.

Funds under administration

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
Funds under administration						
Opening balance at the start of the period	8,128	8,076	7,958	7,789	0.6	2.1
Net inflows (outflows)	(90)	(45)	(68)	(92)	100.0	32.4
Investment income and other	125	97	186	261	28.9	(32.8)
Balance at the end of the period	**8,163**	**8,128**	**8,076**	**7,958**	**0.4**	**1.1**
New business	**172**	**213**	**215**	**281**	**(19.2)**	**(20.0)**

Operating expenses

	FULL YEAR ENDED JUN-16 $M	JUN-15 $M	JUN-16 vs JUN-15 %	HALF YEAR ENDED JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Total operating expenses (1)	**281**	**281**	**-**	**139**	**142**	**139**	**142**	**(2.1)**	**-**

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

Shareholder investment income

	FULL YEAR ENDED JUN-16 $M	JUN-15 $M	JUN-16 vs JUN-15 %	HALF YEAR ENDED JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Shareholder investment income on invested assets	25	32	(21.9)	12	13	3	29	(7.7)	300.0
Less underlying investment income:									
Life Risk	(31)	(31)	-	(15)	(16)	(16)	(15)	(6.3)	(6.3)
Superannuation	(11)	(11)	-	(4)	(7)	(5)	(6)	(42.9)	(20.0)
Investment income experience	**(17)**	**(10)**	**70.0**	**(7)**	**(10)**	**(18)**	**8**	**(30.0)**	**(61.1)**

Invested shareholder assets

	HALF YEAR ENDED JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Cash	526	431	414	337	22.0	27.1
Fixed interest securities	924	987	890	868	(6.4)	3.8
Equities	31	18	24	22	72.2	29.2
Property	10	9	5	4	11.1	100.0
Total	**1,491**	**1,445**	**1,333**	**1,231**	**3.2**	**11.9**

In-force premiums

Advised

In-force growth of 3.3% was driven by new business and lower lapse rates. New business was subdued continuing a trend from the prior year and lower system growth reflecting the recent press concerning adviser behaviour and product definitions.

The segment remains important for Suncorp Life and its customers. Suncorp will continue to support the industry through reform. The announcements at the half year demonstrated Suncorp Life's commitment:

- being the first to guarantee no price increases during the two year claw back period;
- the introduction of wholesale rates; and
- the early availability of the new commission rates to help advisers transition.

These initiatives provide advisers with greater flexibility and control over their businesses as they transition through the industry reforms.

During the first half of the year Suncorp Life announced the simplification of its distribution footprint, exiting the aligned self-employed adviser channel. Suncorp Life has worked with advisers during the period to assist them in finding a new licence and has closed the channel to new business.

Direct Australia

Suncorp MyStyle was launched during the second half of the year, a new proposition which fills the gap between traditional Direct and Adviser propositions. This included the launch of a new "needs assessment tool," which helps customers better understand their protection needs.

Direct sold via General Insurance brands experienced in-force growth of 14.3%. New business sales of $16 million were down against the prior year, reflecting a reduction in the overall market growth levels. Suncorp new business sales growth outperformed system.

New Zealand

New Zealand in-force premium increased 15.9% to $219 million (up 8.0% in local currency) with new business stable at $23 million. The New Zealand market continues to see elements of unsustainable sales practices, particularly in high upfront commissions. Suncorp Life through the Asteron Life Brand continues to promote sustainable market practices and provides innovative solutions for IFAs to help them create long-term value for customers. A promotion on sustainable commission options was launched in November, which has resulted in over half of new business across the past six months being sold on more sustainable commission terms.

Superannuation Australia

Superannuation funds under administration (FUA) of $8.2 billion reflected new business of $385 million. The new business decrease was primarily due to strong pension sales in FY15 due to the changes in pension rules.

The Superannuation business has continued to create a more simplified scalable business. Restructuring of assets and the introduction of a new product proposition into the market demonstrate the progress being made in this segment.

Of the $5.2 billion of assets that have been restructured, $2.6 billion have been transferred from SLSL into the Suncorp Master Trust (SMT). As SMT is not consolidated into the Life Balance Sheet, assets and liabilities have reduced by this amount, however, there is no impact to the overall Suncorp Group profit results.

Underlying profit after tax

Planned profit margin release

Planned margins of $45 million increased against prior periods representing in-force growth and the benefits of repricing.

Experience

Overall claims and lapse experience were favourable for the year.

The positive lapse experience was primarily driven by favourable experience in the lump sum business.

During the period Suncorp Life has undertaken a review of assumptions. New income protection industry claims tables have been implemented, along with an aggregate reduction in the overall lapse assumptions. These changes may impact future reported experience.

Expense management

Operating expenses remained in line with the prior year at $281 million. Cost management has been a key focus whilst allowing for investment at the front end of the business including super simplification and the launch of MyStyle in Direct. Costs associated with the decision to exit the aligned self-employed adviser channel have also been absorbed.

Investment income

Shareholders' Funds investment income was $25 million, representing an average annualised pre-tax return of 2.5%.

Market Adjustments

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

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Life risk policy liability impact (DAC)	36	21	71.4	31	5	(5)	26	large	n/a
Investment income experience	(17)	(10)	70.0	(7)	(10)	(18)	8	(30.0)	(61.1)
Annuities market adjustments	(1)	1	n/a	(1)	-	1	-	n/a	n/a
Total market adjustments	**18**	**12**	**50.0**	**23**	**(5)**	**(22)**	**34**	**n/a**	**n/a**

Life Risk policy liability impact (DAC)

Risk-free rates are used to discount Life Risk policy liabilities. Due to deferred acquisition costs (DAC) there are net negative policy liabilities (an asset). An increase in discount rates leads to a loss while a decrease leads to a gain. This volatility represents the impact of an accounting revaluation adjustment to reflect the movements of interest rates and the impact on the DAC. This impact was $36 million.

Investment income experience

Investment income experience represents the difference between Suncorp Life's longer term investment return assumption and actual market rates.

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.

There has been a change to the capital assumptions, resulting in a slower run-off pattern and therefore a reduced EV. This negative impact has been offset by the favourable impact of lower interest rates.

The components of value are shown in the table below:

Embedded Value and Value of One Year's Sales

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
Adjusted net worth	**78**	**85**	**104**	**78**	**(8.2)**	**(25.0)**
Value of distributable profits	1,689	1,623	1,554	1,544	4.1	8.7
Value of imputation credits	247	228	212	223	8.3	16.5
Value of in-force	**1,936**	**1,851**	**1,766**	**1,767**	**4.6**	**9.6**
Traditional Embedded Value	**2,014**	**1,936**	**1,870**	**1,845**	**4.0**	**7.7**
Value of One Year's Sales (VOYS)	**25**	**23**	**25**	**18**	**8.7**	**-**

Change in Embedded Value

	JUN-15 TO JUN-16
	$M
Opening Embedded Value	**1,870**
Expected return	131
Experience and future assumption changes	
Discount rate and FX	130
Other [(1)]	(58)
Closing Embedded Value prior to	**2,073**
Dividends / transfers [(2)]	(39)
Release of franking credits	(20)
Closing Embedded Value	**2,014**

(1) Other include assumption changes and new business.

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

Assumptions

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

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

VOYS calculations are based on forecast new business volumes and acquisition costs.

	JUN-16		JUN-15	
	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)	2.0	3.2	3.2	5.5
Cash	2.0	2.7	3.2	4.0
Fixed interest	2.5	2.7	3.7	4.0
Australian equities (inc. allowance for franking credits) (1)	6.0	6.9	7.2	8.2
International equities	6.0	5.9	7.2	7.2
Property	4.5	4.9	5.7	6.2
Investment returns (net of tax)	**2.3**	**2.0**	**2.9**	**2.9**
Inflation				
Expense Inflation	2.5	2.3	2.0	2.3
Risk discount rate	**6.0**	**6.3**	**7.2**	**7.5**

(1) New Zealand assumption covers Australasian equities.

	AS AT	
	JUN-16	JUN-15
	$M	$M
Base Embedded Value	**2,014**	**1,870**
Embedded Value assuming		
Discount rate and returns 1% higher	1,955	1,822
Discount rate and returns 1% lower	2,081	1,912
Lapse rates 10% lower	2,224	2,039
Renewal expenses 10% lower	2,066	1,916
Claims 10% lower	2,177	2,045
Base value of one year's new business	**25**	**25**
Value of one year's new business assuming		
Discount rate and returns 1% higher	19	20
Discount rate and returns 1% lower	32	31
Lapse rates 10% lower	35	41
Acquisition expenses 10% lower	32	35
Claims 10% lower	39	45

Statement of assets and liabilities

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
Total assets						
Assets						
Invested assets [1]	2,206	4,957	5,074	5,088	(55.5)	(56.5)
Assets backing annuity policies	140	130	131	139	7.7	6.9
Assets backing participating policies	2,314	2,247	2,289	2,233	3.0	1.1
Deferred tax assets	33	53	42	1	(37.7)	(21.4)
Reinsurance ceded	461	419	476	485	10.0	(3.2)
Other assets	345	271	289	303	27.3	19.4
Goodwill and intangible assets	223	223	225	228	-	(0.9)
	5,722	**8,300**	**8,526**	**8,477**	**(31.1)**	**(32.9)**
Liabilities						
Payables	287	257	277	193	11.7	3.6
Subordinated Debt	100	100	100	100	-	-
Outstanding claims liabilities	309	234	263	267	32.1	17.5
Deferred tax liabilities	95	91	81	45	4.4	17.3
Policy liabilities [1]	2,651	5,381	5,635	5,635	(50.7)	(53.0)
Unvested policyholder benefits [2]	261	318	289	361	(17.9)	(9.7)
	3,703	**6,381**	**6,645**	**6,601**	**(42.0)**	**(44.3)**
Total net assets	**2,019**	**1,919**	**1,881**	**1,876**	**5.2**	**7.3**
Policyholder assets						
Invested assets [1]	715	3,512	3,741	3,857	(79.6)	(80.9)
Assets backing annuity policies	140	130	131	139	7.7	6.9
Assets backing participating policies	2,314	2,247	2,289	2,233	3.0	1.1
Other assets	43	65	50	49	(33.8)	(14.0)
	3,212	**5,954**	**6,211**	**6,278**	**(46.1)**	**(48.3)**
Liabilities						
Payables	-	-	-	-	n/a	n/a
Policy liabilities [1]	2,951	5,636	5,922	5,917	(47.6)	(50.2)
Unvested policyholder benefits [2]	261	318	289	361	(17.9)	(9.7)
	3,212	**5,954**	**6,211**	**6,278**	**(46.1)**	**(48.3)**
Policyholder net assets	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Shareholder assets						
Assets						
Invested assets	1,491	1,445	1,333	1,231	3.2	11.9
Deferred tax assets	33	53	42	1	(37.7)	(21.4)
Reinsurance ceded	461	419	476	485	10.0	(3.2)
Other assets	302	206	239	254	46.6	26.4
Goodwill and intangible assets	223	223	225	228	-	(0.9)
	2,510	**2,346**	**2,315**	**2,199**	**7.0**	**8.4**
Liabilities						
Payables	287	257	277	193	11.7	3.6
Subordinated Debt	100	100	100	100	-	-
Outstanding claims liabilities	309	234	263	267	32.1	17.5
Deferred tax liabilities	95	91	81	45	4.4	17.3
Policy liabilities	(300)	(255)	(287)	(282)	17.6	4.5
	491	**427**	**434**	**323**	**15.0**	**13.1**
Shareholder net assets	**2,019**	**1,919**	**1,881**	**1,876**	**5.2**	**7.3**

Reconciliation of net equity to Common Equity Tier 1 Capital				
Net equity - Life line of business	2,019	1,919	1,881	1,876
Goodwill & intangibles	(223)	(223)	(225)	(228)
Policy liability adjustment and Deferred tax	(1,328)	(1,254)	(1,217)	(1,234)
Other Tier 1 Deductions	(1)	(1)	(1)	(2)
Common Equity Tier 1 Capital	**467**	**441**	**438**	**412**

(1) The large movements reflect restructuring in the Wealth corporate structure.

(2) Includes participating business policyholder retained profits.

Group Capital

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

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

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

A range of instruments and methodologies are used to effectively manage capital including share issues, reinsurance, dividend policies and Tier 1 and Tier 2 instruments. Capital targets are structured according to risk appetite, the business line regulatory framework and APRA's Non-Operating Holding Company conditions.

For regulatory purposes, capital is classified as follows:

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

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

The Group aims to pay annual dividends based on a target payout ratio of 60% to 80% of cash earnings.

The Group's profit result over the year has led to a fully franked dividend of 38 cents per share, maintaining the same payout as the FY15 final dividend. This brings total ordinary dividends to 68 cents per share, down 8 cents per share. Given the Group's robust earnings outlook and strong capital position, the Board is comfortable adopting a payout ratio of 91.2% of cash earnings for the half, bringing the full year cash earnings payout ratio of 80%, the upper end of the target payout ratio range.

Review of Capital Targets

The Group reviews its capital targets annually utilising both the Group's Risk Based Capital models and capital stress testing. As a result of the annual review of capital targets:

- the CET1 and Total Capital target operating ranges for the General Insurance business are unchanged at 0.95 – 1.15 times the Prescribed Capital Amount (PCA) and 1.4 – 1.6 times PCA;
- the Bank CET1 target operating range is unchanged at 8.5% - 9.0% of Risk Weighted Assets;
- the capital targets for the Life business have been adjusted to reflect the interaction of the different levels of capital; and
- the SGL and Corporate Services capital targets have been reduced by $100 million.

Capital position at 30 June 2016

The table below summarises both the CET1 and Total Capital positions, adjusted to reflect the payment of the final dividend, as at 30 June 2016.

Over the year the Group's Excess CET1 (ex dividend) reduced to $346 million. Excluding NPAT and dividend payments, the main drivers of the reduction in the Group's excess capital position have been:

- a reduction in excess technical provisions driven by working claims, softer premium rates in commercial classes and yield curve movements;
- an increase in the deduction for Life DAC due to new business growth and the reduction in government bond yields;
- an increase in General Insurance PCA driven by increases in both Insurance Risk and Asset Risk charges;
- an increase in Bank PCA Risk Weighted Assets;
- project and other capitalised expenditure across the Group; and
- this has been offset by a reduction in the SGL and Corporate Services Target.

	AS AT 30 JUNE 2016					
	GENERAL INSURANCE (2)	BANKING (2)	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	TOTAL 30 JUNE 2015
	$M	$M	$M	$M	$M	$M
CET1	2,827	2,896	467	148	6,338	6,629
CET1 Target	2,445	2,753	357	(3)	5,552	5,416
Excess to CET1 Target (pre div)	382	143	110	151	786	1,213
Group Dividend (3)					(440)	(643)
Group Excess to CET1 Target (ex div)					346	570
CET1 Coverage Ratio (1)	1.21x	9.21%	1.80x			
Total Capital	3,890	4,255	567	148	8,860	9,176
Total Target Capital	3,492	3,854	419	(22)	7,743	7,555
Excess to Target (pre div)	398	401	148	170	1,117	1,621
Group Dividend (3)					(440)	(643)
Group Excess to Target (ex div)					677	978
Capital Coverage Ratio (1)	1.67x	13.53%	2.18x			

(1) Capital ratios are expressed as coverage of the PCA for General Insurance and Life, and as a percentage of Risk Weighted Assets for the Bank.
(2) The Bank and General Insurance targets are shown as the midpoint of the target operating ranges.
(3) Group dividend net of expected shares issued under the Dividend Reinvestment Plan

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

- the General Insurance business's CET1 position was 1.21 times the PCA, above its target operating range of 0.95 - 1.15 times PCA;
- the Bank's CET1 Ratio was 9.21%, above its target operating range of 8.5% - 9.0%;
- Suncorp Life's excess CET1 to Target was $110 million; and
- an additional $151 million of excess CET1 was held at the SGL and Corporate Services level.

The Group maintains a strong capital position with all three businesses holding CET1 in excess of targets. The Group's excess to CET1 target is $346 million after adjusting for the final dividend.

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 Life, this process inherently has regard to the insurance liabilities and capital that the investment assets are supporting and seeks to substantially offset the associated interest rate and claims inflation risks. High quality fixed interest securities and inflation-linked bonds play a central role in achieving this objective.

The Suncorp Group Investments team provides investment strategy advice, external investment manager research and monitoring, investment implementation and investment risk management services to the Group. Significant progress continues to be made towards the Group's strategy of diversifying investment manager exposure. This has facilitated the diversification of investment and business risks and exposure to new asset classes.

Investment markets commentary

Investment returns for FY16 reflected the combination of low equity returns yet solid infrastructure and bond performances. The year was also characterised by significant investment volatility as a range of global developments impacted markets.

Early in FY16, the Greek financial crisis returned to centre stage while, by August, volatility in Chinese equities was being felt across developed share markets. In January and February, a renewed bout of market nervousness was caused by further uncertainty over the Chinese economy, global banking concerns, and the outlook for US monetary policy whilst in June the surprise 'Brexit' result precipitated record low global government bond yields and further equity market volatility.

To summarise, three key developments were apparent across investment markets: i) volatility and soft returns for equities, ii) new historic lows for bond yields (providing capital gains yet lower running yields going forward), and iii) falling inflation expectations (as reflected in the breakeven inflation rate).

The key market metrics for the year are in the table below:

Investment Variables	JUN-16	JUN-15	JUN-16 VS JUN-15
3 year bond yield	1.55	2.02	-47bp
10 year bond yield	1.98	3.01	-103bp
10 year breakeven inflation rate	1.57	2.30	-73bp
AA 3 year credit spreads	119	96	+23bp
Semi-government spreads	35	47	-12bp
Australian fixed interest (Bloomberg composite index)	8,987	8,397	+7.0%
Australian equities (total return)	48,872	48,602	+0.6%
International equities (hedged total return)	1,235	1,253	-1.4%

Looking forward, we anticipate growth assets to outperform fixed interest securities. Nevertheless, given the low level of yields, portfolio returns are expected to remain subdued relative to historical levels.

Suncorp Group Limited

Suncorp Group Limited's investment portfolio supports the Group NOHC structure and distributions to shareholders. Investment assets were $520 million at 30 June 2016 and comprised 42% cash and 58% high quality fixed income securities, with an interest rate duration of 0.9 years, credit spread duration of 1.4 years and an average credit rating of 'A'. Investment income was $18 million, representing an annualised return of 3.2%.

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
(Pre-tax)	**$M**	**$M**	**%**	**$M**	**$M**	**$M**	**$M**	**%**	**%**
Investment income									
Cash and short-term deposits	6	9	(33.3)	3	3	5	4	-	(40.0)
Interest-bearing securities and other	12	15	(20.0)	8	4	6	9	100.0	33.3
Total	**18**	**24**	**(25.0)**	**11**	**7**	**11**	**13**	**57.1**	**-**

Dividends

The final ordinary dividend of 38 cents per share will be fully franked and paid on 21 September 2016. The ex-dividend date is 12 August 2016.

The Group's franking credit balance is set out below.

	HALF YEAR ENDED		
	JUN-16	DEC-15	JUN-15
	$M	**$M**	**$M**
Franking credits			
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	**146**	**156**	**152**

Income tax

	JUN-16 $M	JUN-15 $M	JUN-16 vs JUN-15 %
Reconciliation of prima facie income tax expense to actual tax expnse:			
Profit before tax	1,507	1,662	(9.3)
Prima facie domestic corporation tax rate of 30% (2015: 30%)	452	499	(9.4)
Effect of tax rates in foreign jurisdiction	(5)	(5)	-
Effect of income taxed at non-corporate tax rate - Life	4	1	300.0
Tax effect of amounts not deductible (assessable) in calculating taxable income:			
Non-deductible expenses	14	16	(12.5)
Non-deductible expenses - Life	11	63	(82.5)
Amortisation of intangible assets	6	6	-
Dividend adjustments	9	6	50.0
Tax exempt revenues	(2)	(15)	(86.7)
Current year rebates and credits	(31)	(31)	-
Prior year under/over provision	(3)	(4)	(25.0)
Other	7	(14)	n/a
Total income tax expense (Credit) on pre-tax profit	462	522	(11.5)
Effective tax rate	30.7%	31.4%	(2.4)
Income tax expense recognised in profit consists of:			
Current tax expense			
Current tax movement	523	549	(4.7)
Current year rebates and credits	(31)	(31)	-
Adjustments for prior financial years	(33)	(6)	450.0
Total current tax expense	459	512	(10.4)
Deferred tax expense			
Origination and reversal of temporary differences	(27)	8	n/a
Adjustments for prior financial years	30	2	large
Total deferred tax expense	3	10	(70.0)
Total income tax expense	462	522	(11.5)
Income tax expense (benefit) by business unit			
General Insurance	251	304	(17.4)
Banking	169	152	11.2
Life	61	72	(15.3)
Other	(19)	(6)	216.7
Total income tax expense	**462**	**522**	**(11.5)**

The effective tax rate was lower at 30.7% compared to the June 2015 rate of 31.4%.

Prima facie income tax at 30% is affected by the following adjustments:

- Non-deductible interest paid in respect of preference shares increased income tax expense by $13 million (June 2015: $14 million).
- The effect of statutory income tax rates applicable to the life business which differ from the prima facie corporate rate, being annuity income and pension business (exempt) and superannuation business (15%).

Appendix 1 – Consolidated statement of comprehensive income and financial position

Consolidated statement of comprehensive income

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

	FULL YEAR ENDED JUN-16 $M	JUN-15 $M	JUN-16 vs JUN-15 %	HALF YEAR ENDED JUN-16 $M	DEC-15 $M	JUN-15 $M	DEC-14 $M	JUN-16 vs DEC-15 %	JUN-16 vs JUN-15 %
Revenue									
Insurance premium income	9,899	9,837	0.6	4,937	4,962	4,920	4,917	(0.5)	0.3
Reinsurance and other recoveries income	1,621	2,234	(27.4)	829	792	1,182	1,052	4.7	(29.9)
Interest income on				-					
- financial assets not at fair value through profit or loss	2,622	2,809	(6.7)	1,298	1,324	1,372	1,437	(2.0)	(5.4)
- financial assets at fair value through profit or loss	606	691	(12.3)	308	298	335	356	3.4	(8.1)
Net gains on financial assets or liabilities at fair value through profit or loss	-	428	(100.0)	-	-	104	324	n/a	(100.0)
Dividend and trust distribution income	171	141	21.3	50	121	64	77	(58.7)	(21.9)
Fees and other income	568	582	(2.4)	268	300	281	301	(10.7)	(4.6)
Total revenue	15,487	16,722	(7.4)	7,690	7,797	8,258	8,464	(1.4)	(6.9)
Expenses									
Claims expense and movement in policyowner liabilities	(7,561)	(8,434)	(10.4)	(3,737)	(3,824)	(4,265)	(4,169)	(2.3)	(12.4)
Outwards reinsurance premium expense	(1,220)	(1,284)	(5.0)	(631)	(589)	(651)	(633)	7.1	(3.1)
Underwriting and policy maintenance expenses	(2,334)	(2,427)	(3.8)	(1,139)	(1,195)	(1,218)	(1,209)	(4.7)	(6.5)
Interest expense on									
- financial liabilities not at fair value through profit or loss	(1,493)	(1,721)	(13.2)	(737)	(756)	(832)	(889)	(2.5)	(11.4)
- financial liabilities at fair value through profit or loss	(94)	(95)	(1.1)	(46)	(48)	(38)	(57)	(4.2)	21.1
Net losses on financial assets and liabilities not at fair value through profit or loss	(160)	-	n/a	(27)	(133)	-	-	(79.7)	n/a
Impairment loss on loans and advances	(16)	(58)	(72.4)	(5)	(11)	(15)	(43)	(54.5)	(66.7)
Amortisation and depreciation expense	(165)	(155)	6.5	(94)	(71)	(76)	(79)	32.4	23.7
Fees, overheads and other expenses	(937)	(886)	5.8	(526)	(411)	(439)	(447)	28.0	19.8
Total expenses	(13,980)	(15,060)	(7.2)	(6,942)	(7,038)	(7,534)	(7,526)	(1.4)	(7.9)
Profit before tax	1,507	1,662	(9.3)	748	759	724	938	(1.4)	3.3
Income tax expense	(462)	(522)	(11.5)	(236)	(226)	(220)	(302)	4.4	7.3
Profit for the period	**1,045**	**1,140**	**(8.3)**	**512**	**533**	**504**	**636**	**(3.9)**	**1.6**
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	26	37	(29.7)	5	21	12	25	(76.2)	(58.3)
Net change in fair value of available-for-sale financial assets	(2)	(8)	(75.0)	1	(3)	(11)	3	n/a	n/a
Exchange differences on translation of foreign operations	75	(54)	n/a	19	56	(85)	31	(66.1)	n/a
Income tax expense	(7)	(9)	(22.2)	(1)	(6)	(2)	(7)	(83.3)	(50.0)
	92	(34)	(370.6)	24	68	(86)	52	(64.7)	n/a
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains/(losses) on defined benefit plans	(10)	(1)	large	(10)	-	(1)	-	n/a	large
Income tax on other comprehensive income	3	-	n/a	3	-	-	-	n/a	n/a
	(7)	(1)	large	(7)	-	(1)	-	n/a	large
Total Other comprehensive income	85	(35)	n/a	17	68	(87)	52	(75.0)	n/a
Total comprehensive income for the period	**1,130**	**1,105**	**2.3**	**529**	**601**	**417**	**688**	**(12.0)**	**26.9**
Profit for the period attributable to:									
Owners of the Company	1,038	1,133	(8.4)	508	530	502	631	(4.2)	1.2
Non-controlling interests	7	7	-	4	3	2	5	33.3	100.0
Profit for the period	**1,045**	**1,140**	**(8.3)**	**512**	**533**	**504**	**636**	**(3.9)**	**1.6**
Total comprehensive income for the period attributable to:									
Owners of the Company	1,123	1,098	2.3	525	598	415	683	(12.2)	26.5
Non-controlling interests	7	7	-	4	3	2	5	33.3	100.0
Total comprehensive income for the period	**1,130**	**1,105**	**2.3**	**529**	**601**	**417**	**688**	**(12.0)**	**26.9**

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

Consolidated statement of financial position

	GENERAL INSURANCE	BANKING	LIFE	CORPORATE	ELIMINATIONS	CONSOLIDATION
	JUN-16	JUN-16	JUN-16	JUN-16	JUN-16	JUN-16
	$M	$M	$M	$M	$M	$M
Assets						
Cash and cash equivalents	444	1,028	833	26	(533)	1,798
Receivables due from other banks	-	552	-	-	-	552
Trading securities	-	1,497	-	-	-	1,497
Derivatives	28	675	38	-	(65)	676
Investment securities	12,536	5,225	6,629	14,385	(15,391)	23,384
Loans and advances	-	54,134	-	-	-	54,134
Premiums outstanding	2,498	-	24	-	-	2,522
Reinsurance and other recoveries	1,714	-	186	-	-	1,900
Deferred reinsurance assets	858	-	-	-	-	858
Deferred acquisition costs	673	-	5	-	-	678
Gross policy liabilities ceded under reinsurance	-	-	461	-	-	461
Property, plant and equipment	46	-	3	134	-	183
Deferred tax assets	17	44	33	111	-	205
Goodwill and other intangible assets	5,036	262	223	357	-	5,878
Other assets	708	145	112	57	-	1,022
Due from related parties	180	295	15	1,273	(1,763)	-
Total assets	24,738	63,857	8,562	16,343	(17,752)	**95,748**
Liabilities						
Payables due to other banks	-	332	-	-	-	332
Deposits and short-term borrowings	-	45,421	-	-	(532)	44,889
Derivatives	177	498	15	-	(62)	628
Amounts due to reinsurers	726	-	19	-	-	745
Payables and other liabilities	763	346	239	496	(1)	1,843
Current tax liabilities	5	-	-	60	-	65
Unearned premium liabilities	4,864	-	6	-	-	4,870
Outstanding claims liabilities	9,425	-	309	-	-	9,734
Gross policy liabilities	-	-	2,912	-	-	2,912
Deferred tax liabilities	14	-	95	3	(2)	110
Managed funds units on issue	-	-	2,825	-	(1,491)	1,334
Securitisation liabilities	-	2,544	-	-	(9)	2,535
Debt issues	-	9,860	-	-	(19)	9,841
Subordinated notes	552	742	100	765	(770)	1,389
Preference shares	-	-	-	951	-	951
Due to related parties	299	135	23	528	(985)	-
Total liabilities	16,825	59,878	6,543	2,803	(3,871)	82,178
Net assets	7,913	3,979	2,019	13,540	(13,881)	**13,570**
Equity						
Share capital						12,679
Reserves						198
Retained profits						684
Total equity attributable to owners of the Company						13,561
Non-controlling interests						9
Total equity						**13,570**

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

SGL statement of financial position

	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	$M	$M	%	%
Current assets						
Cash and cash equivalents	2	2	3	4	-	(33.3)
Financial assets designated at fair value through profit and loss	520	510	620	640	2.0	(16.1)
Due from related parties	140	84	338	198	66.7	(58.6)
Other assets	3	5	5	4	(40.0)	(40.0)
Total current assets	**665**	**601**	**966**	**846**	**10.6**	**(31.2)**
Non-current assets						
Investment in subsidiaries	13,909	13,905	13,889	13,852	0.0	0.1
Due from related parties	770	770	770	770	-	-
Deferred tax assets	6	6	6	4	-	-
Other assets	79	83	71	74	(4.8)	11.3
Total non-current assets	**14,764**	**14,764**	**14,736**	**14,700**	**-**	**0.2**
Total assets	**15,429**	**15,365**	**15,702**	**15,546**	**0.4**	**(1.7)**
Current liabilities						
Payables and other liabilities	7	9	9	9	(22.2)	(22.2)
Current tax liabilities	62	13	275	91	376.9	(77.5)
Due to related parties	31	20	13	43	55.0	138.5
Total current liabilities	**100**	**42**	**297**	**143**	**138.1**	**(66.3)**
Non-current liabilities						
Subordinated notes	765	763	762	760	0.3	0.4
Preference shares	951	949	947	945	0.2	0.4
Total non-current liabilities	**1,716**	**1,712**	**1,709**	**1,705**	**0.2**	**0.4**
Total liabilities	**1,816**	**1,754**	**2,006**	**1,848**	**3.5**	**(9.5)**
Net assets	**13,613**	**13,611**	**13,696**	**13,698**	**-**	**(0.6)**
Equity						
Share capital	12,776	12,775	12,773	12,770	-	0.0
Reserves	-	-	-	-	n/a	n/a
Retained profits	837	836	923	928	0.1	(9.3)
Total equity	**13,613**	**13,611**	**13,696**	**13,698**	**-**	**(0.6)**

SGL profit contribution

	FULL YEAR ENDED		JUN-16	HALF YEAR ENDED				JUN-16	JUN-16
	JUN-16	JUN-15	vs JUN-15	JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Dividend and interest income from subsidiaries	1,019	1,209	(15.7)	425	594	524	685	(28.5)	(18.9)
Interest and trust distribution income on financial assets at fair value through profit or loss	18	24	(25.0)	11	7	10	14	57.1	10.0
Other income	4	2	100.0	2	2	1	1	-	100.0
Total revenue	1,041	1,235	(15.7)	438	603	535	700	(27.4)	(18.1)
Expenses									
Interest expense on financial liabilities at amortised cost	(89)	(93)	(4.3)	(45)	(44)	(45)	(48)	2.3	-
Operating expenses	(5)	(4)	25.0	(3)	(2)	(3)	(1)	50.0	-
Total expenses	(94)	(97)	(3.1)	(48)	(46)	(48)	(49)	4.3	-
Profit before income tax	947	1,138	(16.8)	390	557	487	651	(30.0)	(19.9)
Income tax expense	(4)	(6)	(33.3)	(2)	(2)	(3)	(3)	-	(33.3)
Profit for the period	**943**	**1,132**	**(16.7)**	388	**555**	**484**	**648**	**(30.1)**	**(19.8)**

Appendix 2 – Ratios and calculations

Ratios and statistics

		FULL YEAR ENDED JUN-16	JUN-15	JUN-16 vs JUN-15 %
Performance ratios				
Earnings per share [(1)]				
Basic	(cents)	81.41	88.61	(8.1)
Diluted	(cents)	79.80	87.21	(8.5)
Cash earnings per share [(1)]				
Basic	(cents)	85.41	93.14	(8.3)
Diluted	(cents)	83.56	91.50	(8.7)
Return on average shareholders' equity [(1)]	(%)	7.8	8.5	
Cash return on average shareholders' equity [(1)]	(%)	8.2	8.9	
Return on average total assets	(%)	1.08	1.19	
Insurance trading ratio	(%)	9.9	11.4	
Underlying insurance trading ratio	(%)	10.6	14.7	
Bank net interest margin (interest-earning assets)	(%)	1.86	1.85	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	68.0	76.0	(10.5)
Special dividends per ordinary share	(cents)	-	12.0	(100.0)
Payout ratio (excluding special dividend) [(1)]				
Net profit after tax	(%)	83.8	85.8	
Cash earnings	(%)	79.8	81.6	
Payout ratio (including special dividend) [(1)]				
Net profit after tax	(%)	83.8	99.3	
Cash earnings	(%)	79.8	94.5	
Weighted average number of shares				
Basic	(million)	1,275.0	1,278.7	(0.2)
Diluted	(million)	1,354.7	1,350.8	0.3
Number of shares at end of period	(million)	1,278.7	1,278.8	-
Net tangible asset backing per share	($)	6.02	6.05	(0.5)
Share price at end of period	($)	12.18	13.43	(9.3)
Productivity				
General Insurance expense ratio	(%)	22.0	22.6	
Bank cost to income ratio	(%)	52.5	53.4	
Financial position				
Total assets	($ million)	95,748	95,651	0.1
Net tangible assets	($ million)	7,692	7,735	(0.6)
Net assets	($ million)	13,570	13,518	0.4
Average Shareholders' Equity	($ million)	13,282	13,345	(0.5)
Capital				
General Insurance Group PCA coverage	(times)	1.67	1.86	
Bank capital adequacy ratio - Total	(%)	13.53	13.85	
Bank Common Equity Tier 1 ratio	(%)	9.21	9.15	
Suncorp Life total capital	($ million)	567	538	5.4
Additional capital held by Suncorp Group Limited	($ million)	148	320	(53.8)

(1) Refer to Appendix 4 for definitions.

Appendix 2 – Ratio calculations (continued)

Ratios and statistics

		HALF YEAR ENDED				JUN-16	JUN-16
		JUN-16	DEC-15	JUN-15	DEC-14	vs DEC-15	vs JUN-15
						%	%
Performance ratios							
Earnings per share [1]							
Basic	(cents)	39.73	41.45	39.26	49.35	(4.1)	1.2
Diluted	(cents)	39.02	40.56	38.87	48.44	(3.8)	0.4
Cash earnings per share [1]							
Basic	(cents)	41.69	43.49	41.53	51.61	(4.1)	0.4
Diluted	(cents)	40.86	42.47	41.01	50.59	(3.8)	(0.4)
Return on average shareholders' equity [1]	(%)	7.7	7.9	7.6	9.4		
Cash return on average shareholders' equity [1]	(%)	8.1	8.3	8.0	9.8		
Return on average total assets	(%)	1.07	1.11	1.06	1.32		
Insurance trading ratio	(%)	10.3	9.4	9.9	12.8		
Underlying insurance trading ratio	(%)	11.0	10.1	14.6	14.8		
Bank net interest margin (interest-earning assets)	(%)	1.86	1.85	1.83	1.86		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	38.0	30.0	38.0	38.0	26.7	-
Special dividends per ordinary share	(cents)	-	-	12.0	-	-	(100.0)
Payout ratio (excluding special dividend) [1]							
Net profit after tax	(%)	95.7	72.4	96.8	77.0		
Cash earnings	(%)	91.2	69.0	91.5	73.6		
Payout ratio (including special dividend) [1]							
Net profit after tax	(%)	95.7	72.4	127.4	77.0		
Cash earnings	(%)	91.2	69.0	120.4	73.6		
Weighted average number of shares							
Basic	(million)	1,278.6	1,278.5	1,278.6	1,278.7	-	(0.0)
Diluted	(million)	1,358.2	1,358.5	1,350.8	1,348.0	-	0.5
Number of shares at end of period	(million)	1,278.7	1,278.3	1,278.8	1,278.5	-	-
Net tangible asset backing per share	($)	6.02	5.95	6.05	6.12	1.2	(0.5)
Share price at end of period	($)	12.18	12.14	13.43	14.06	0.3	(9.3)
Productivity							
General Insurance expense ratio	(%)	21.7	22.4	22.5	22.9		
Bank cost to income ratio	(%)	52.0	53.0	54.6	52.2		
Financial position							
Total assets	($ million)	95,748	94,445	95,651	94,596	1.4	0.1
Net tangible assets	($ million)	7,692	7,601	7,735	7,824	1.2	(0.6)
Net assets	($ million)	13,570	13,446	13,518	13,575	0.9	0.4
Average Shareholders' Equity	($ million)	13,303	13,261	13,328	13,361	0.3	(0.2)
Capital							
General Insurance Group PCA coverage	(times)	1.67	1.73	1.86	1.93		
Bank capital adequacy ratio - Total	(%)	13.53	13.97	13.85	13.41		
Bank Common Equity Tier 1 ratio	(%)	9.21	9.45	9.15	8.82		
Suncorp Life total capital	($ million)	567	541	538	512	4.8	5.4
Additional capital held by Suncorp Group Limited	($ million)	148	243	320	488	(39.1)	(53.8)

[1] Refer to Appendix 4 for definitions

Appendix 2 – Ratio calculations (continued)

Earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-16	JUN-15	JUN-16	DEC-15	JUN-15	DEC-14
	$M	$M	$M	$M	$M	$M
Earnings:						
Profit attributable to ordinary equity holders of the company (basic)	1,038	1,133	508	530	502	631
Interest expense on convertible preference shares (net of tax)	43	45	22	21	23	22
Profit attributable to ordinary equity holders of the company (diluted)	1,081	1,178	530	551	525	653

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-16 NO. OF SHARES	JUN-15 NO. OF SHARES	JUN-16 NO. OF SHARES	DEC-15 NO. OF SHARES	JUN-15 NO. OF SHARES	DEC-14 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,275,048,695	1,278,680,915	1,278,551,701	1,278,526,717	1,278,611,992	1,278,748,714
Effect of conversion of convertible preference shares	79,666,795	72,147,105	79,666,795	79,932,669	72,147,105	69,293,393
Weighted average number of ordinary shares (diluted)	1,354,715,490	1,350,828,020	1,358,218,496	1,358,459,386	1,350,759,097	1,348,042,107

Cash earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-16	JUN-15	JUN-16	DEC-15	JUN-15	DEC-14
	$M	$M	$M	$M	$M	$M
Earnings:						
Cash Profit attributable to ordinary equity holders of the company (basic)	1,089	1,191	533	556	531	660
Interest expense on convertible preference shares (net of tax)	43	45	22	21	23	22
Cash Profit attributable to ordinary equity holders of the company (diluted)	1,132	1,236	555	577	554	682

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-16 NO. OF SHARES	JUN-15 NO. OF SHARES	JUN-16 NO. OF SHARES	DEC-15 NO. OF SHARES	JUN-15 NO. OF SHARES	DEC-14 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,275,048,695	1,278,680,915	1,278,551,701	1,278,526,717	1,278,611,992	1,278,748,714
Effect of conversion of convertible preference shares	79,666,795	72,147,105	79,666,795	79,932,669	72,147,105	69,293,393
Weighted average number of ordinary shares (diluted)	1,354,715,490	1,350,828,020	1,358,218,496	1,358,459,386	1,350,759,097	1,348,042,107

Appendix 2 – Ratio calculations (continued)

ASX listed securities

	HALF YEAR ENDED			
	JUN-16	DEC-15	JUN-15	DEC-14
Ordinary shares (SUN) each fully paid				
Number at the end of the period	1,286,600,980	1,286,600,980	1,286,600,980	1,286,600,980
Dividend declared for the period (cents per share)	38	30	50	38
Convertible preference shares (SUNPC) each fully paid				
Number at the end of the period	5,600,000	5,600,000	5,600,000	5,600,000
Dividend declared for the period ($ per share) (1)	2.42	2.41	2.51	2.57
Convertible preference shares (SUNPE) each fully paid				
Number at the end of the period	4,000,000	4,000,000	4,000,000	4,000,000
Dividend declared for the period ($ per share) (1)	1.98	1.98	2.07	2.13
Subordinated Notes (SUNPD)				
Number at the end of the period	7,700,000	7,700,000	7,700,000	7,700,000
Interest per note	2.48	2.51	2.53	2.80
Floating Rate Capital Notes (SBKHB)				
Number at the end of the period	715,383	715,383	715,383	715,383
Interest per note	1.44	1.48	1.64	1.72

(1) Classified as interest expense.

Appendix 3 – Group capital

Group capital position

	AS AT 30 JUNE 2016					
	GENERAL INSURANCE	BANKING	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	AS AT 30 JUNE 2015 TOTAL
	$M	$M	$M	$M	$M	$M
Common Equity Tier 1 Capital						
Ordinary share capital	-	-	-	12,717	12,717	12,717
Subsidiary share capital (eliminated upon consolidation)	7,375	3,870	1,970	(13,215)	-	-
Reserves	26	(982)	320	799	163	83
Retained profits and non-controlling interests	(9)	543	(271)	430	693	669
Insurance liabilities in excess of liability valuation	495	-	-	-	495	658
Goodwill and other intangible assets	(4,995)	(480)	(223)	(372)	(6,070)	(5,957)
Net deferred tax liabilities/(assets) [1]	(60)	(50)	94	(110)	(126)	(128)
Policy liability adjustment [2]	-	-	(1,422)	-	(1,422)	(1,298)
Other Tier 1 deductions	(5)	(5)	(1)	(101)	(112)	(115)
Common Equity Tier 1 Capital	**2,827**	**2,896**	**467**	**148**	**6,338**	**6,629**
Additional Tier 1 Capital						
Eligible hybrid capital	510	450	-	-	960	960
Additional Tier 1 Capital	**510**	**450**	**-**	**-**	**960**	**960**
Tier 1 Capital	**3,337**	**3,346**	**467**	**148**	**7,298**	**7,589**
Tier 2 Capital						
General reserve for credit losses	-	167	-	-	167	245
Eligible Subordinated notes	225	670	100	-	995	770
Transitional Subordinated notes	328	72	-	-	400	572
Tier 2 Capital	**553**	**909**	**100**	**-**	**1,562**	**1,587**
Total Capital	**3,890**	**4,255**	**567**	**148**	**8,860**	**9,176**
Represented by:						
Capital in Australian regulated entities	3,387	4,239	401	-	8,027	8,065
Capital in New Zealand regulated entities	423	-	110	-	533	610
Capital in unregulated entities [3]	80	16	56	148	300	501

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

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

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

Appendix 3 – Group capital (continued)

General Insurance capital

	GI GROUP (1) JUN-16 $M	GI GROUP (1) JUN-15 $M
Common Equity Tier 1 Capital		
Ordinary share capital	7,375	7,375
Reserves	26	(21)
Retained profits and non-controlling interests	(9)	67
Insurance liabilities in excess of liability valuation	495	658
Goodwill and other intangible assets	(4,995)	(5,005)
Net deferred tax assets	(60)	-
Other Tier 1 deductions	(5)	(5)
Common Equity Tier 1 Capital	**2,827**	**3,069**
Additional Tier 1 Capital	510	510
Tier 1 Capital	**3,337**	**3,579**
Tier 2 Capital		
Eligible subordinated notes	225	500
Transitional subordinated notes	328	
Tier 2 Capital	**553**	**500**
Total Capital	**3,890**	**4,079**
Prescribed Capital Amount		
Outstanding claims risk charge	917	893
Premium liabilities risk charge	556	506
Total insurance risk charge	1,473	1,399
Insurance concentration risk charge	250	250
Asset risk charge	782	684
Operational risk charge	298	281
Aggregation benefit	(475)	(426)
Total Prescribed Capital Amount (PCA)	**2,328**	**2,188**
Common Equity Tier 1 Coverage Ratio	**1.21**	**1.40**
Capital Coverage Ratio	**1.67**	**1.86**

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

Appendix 3 – Group capital (continued)

Bank capital

	REGULATORY BANKING GROUP	OTHER ENTITIES	STATUTORY BANKING GROUP	STATUTORY BANKING GROUP
	JUN-16	JUN-16	JUN-16	JUN-15
	$M	$M	$M	$M
Common Equity Tier 1 Capital				
Ordinary share capital	2,648	1,222	3,870	3,870
Reserves	5	(987)	(982)	(981)
Retained profits	522	21	543	473
Goodwill and other intangible assets	(240)	(240)	(480)	(459)
Net deferred tax assets	(50)	-	(50)	(79)
Other Tier 1 deductions	(5)	-	(5)	(22)
Common Equity Tier 1 Capital	**2,880**	**16**	**2,896**	**2,802**
Additional Tier 1 Capital				
Eligible hybrid capital	450	-	450	450
Additional Tier 1 Capital	**450**	**-**	**450**	**450**
Tier 1 Capital	**3,330**	**16**	**3,346**	**3,252**
Tier 2 Capital				
General reserve for credit losses	167	-	167	245
Eligible Subordinated notes	670	-	670	670
Transitional Subordinated notes	72	-	72	72
Tier 2 Capital	**909**	**-**	**909**	**987**
Total Capital	**4,239**	**16**	**4,255**	**4,239**
Risk-Weighted Assets				
Credit risk	28,000	-	28,000	27,160
Market risk	108	-	108	172
Operational risk	3,351	-	3,351	3,278
Total Risk-Weighted Assets	**31,459**	**-**	**31,459**	**30,610**
Common Equity Tier 1 Ratio	**9.15%**		**9.21%**	**9.15%**
Total Capital Ratio	**13.47%**		**13.53%**	**13.85%**

Appendix 3 – Group capital (continued)

Life capital

	LIFE CO AUSTRALIA JUN-16 $M	LIFE CO NEW ZEALAND [1] JUN-16 $M	OTHER ENTITIES [2] JUN-16 $M	TOTAL LIFE GROUP JUN-16 $M	TOTAL LIFE GROUP JUN-15 $M
Common Equity Tier 1 Capital					
Ordinary share capital	730	204	1,036	1,970	1,970
Reserves	-	37	283	320	290
Retained profits and non-controlling interests	616	151	(1,038)	(271)	(379)
Goodwill and other intangible assets	-	-	(223)	(223)	(225)
Net deferred tax liabilities [3]	-	96	(2)	94	81
Policy liability adjustment [4]	(1,045)	(377)	-	(1,422)	(1,298)
Other Tier 1 deductions	-	(1)	-	(1)	(1)
Common Equity Tier 1 Capital	**301**	**110**	**56**	**467**	**438**
Additional Tier 1 Capital	-	-	-	-	-
Tier 1 Capital	**301**	**110**	**56**	**467**	**438**
Tier 2 Capital					
Eligible Subordinated notes	100	-	-	100	100
Tier 2 Capital	**100**	**-**	**-**	**100**	**100**
Total Capital	**401**	**110**	**56**	**567**	**538**
Prescribed Capital Amount					
Insurance risk charge	22	37	-	59	76
Asset risk charge	75	44	-	119	97
Operational risk charge	37	-	-	37	38
Aggregation benefit	(15)	-	-	(15)	(24)
Combined stress scenario adjustment	41	-	-	41	46
Other regulatory requirements	-	-	19	19	14
Total Prescribed Capital Amount (PCA) [5]	**160**	**81**	**19**	**260**	**247**
Common Equity Tier 1 Coverage Ratio	**1.88**	**1.36**	**2.95**	**1.80**	**1.77**
Capital Coverage Ratio	**2.51**	**1.36**	**2.95**	**2.18**	**2.18**

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

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

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

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

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

Appendix 3 – Group capital (continued)

Capital Instruments

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 JUNE 2016 GI $M	Bank $M	Life $M	SGL $M	Total Balance $M	Regulatory Capital $M
AAIL Subordinated Debt [1]	330 bps	Nov 2020	Nov 2015	225	-	-	-	225	225
AAIL Subordinated Debt	6.75%	Oct 2016	Oct 2006	101	-	-	-	101	108
AAIL Subordinated Debt [2]	-	June 2017	Oct 2007	229	-	-	-	229	220
SGL Subordinated Debt [1] [3]	285 bps	Nov 2018	May 2013	-	670	100	-	770	770
SML FRCN	75 bps	Perpetual	Dec 1998	-	72	-	-	72	72
Total subordinated debt				**555**	**742**	**100**	**-**	**1,397**	**1,395**
SGL CPS2 [1] [3]	465 bps	Dec 2017	Nov 2012	110	450	-	-	560	560
SGL CPS3 [1] [3]	340 bps	June 2020	May 2014	400	-	-	-	400	400
Total Additional Tier 1 Capital				**510**	**450**	**-**	**-**	**960**	**960**
Total				**1,065**	**1,192**	**100**	**-**	**2,357**	**2,355**

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 JUNE 2015 GI $M	Bank $M	Life $M	SGL $M	Total Balance $M	Regulatory Capital $M
AAIL Subordinated Debt [1]	6.15%	Sept 2015	Sept 2005	122	-	-	-	122	105
	70 bps	Sept 2015	Sept 2005	77	-	-	-	77	67
AAIL Subordinated Debt	6.75%	Oct 2016	Oct 2006	103	-	-	-	103	108
AAIL Subordinated Debt [2]	-	June 2017	Oct 2007	272	-	-	-	272	220
SGL Subordinated Debt [1] [3]	285 bps	Nov 2018	May 2013	-	670	100	-	770	770
SML FRCN	75 bps	Perpetual	Dec 1998	-	72	-	-	72	72
Total Subordinated Debt				**574**	**742**	**100**	**-**	**1,416**	**1,342**
SGL CPS2 [1] [3]	465 bps	Dec 2017	Nov 2012	110	450	-	-	560	560
SGL CPS3 [1] [3]	340 bps	June 2020	May 2014	400	-	-	-	400	400
Total Additional Tier 1 Capital				**510**	**450**	**-**	**-**	**960**	**960**
Total				**1,084**	**1,192**	**100**	**-**	**2,376**	**2,302**

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

(3) 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 Institution
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from 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
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, the profit or loss on divestments and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Common Equity Tier 1 (CET1)	Common Equity Tier 1 Capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 Ratio	Common Equity Tier 1 divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank
Connected Customer	Connected customers represent customers with two or more needs met across the following need categories: Home / Property; Self; Mobility and Money
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk-weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods
Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 Earnings per Share
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded Value is equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Fire service levies (FSL)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Funds under administration (FUA)	Funds where the Superannuation Australia business receives a fee for the administration of an asset portfolio

Appendix 4 – Definitions (continued)

General Insurance – Commercial	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, public liability and professional indemnity insurance 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 reporting period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
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 the ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Profit after tax from business lines	The net profit after tax for the General Insurance, 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 on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio	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
Value of one year's sales (VOYS)	An estimate of the present value of all distributable profits expected from the new policies sold in a given year

Appendix 5 – 2016/17 key dates [1]

Ordinary shares (SUN)

Full year results and final dividend announcement	**4 August 2016**
Ex-dividend date	12 August 2016
Dividend payment	21 September 2016
Annual General Meeting	**22 September 2016**
Half year results announcement	**9 February 2017**
Ex-dividend date	21 February 2017
Dividend payment	3 April 2017

Convertible Preference Shares 2 (SUNPC)

Ex-dividend date	9 September 2016
Dividend payment	19 September 2016
Ex-dividend date	9 December 2016
Dividend payment	19 December 2016
Ex-dividend date	9 March 2017
Dividend payment	17 March 2017
Ex-dividend date	8 June 2017
Dividend payment	19 June 2017

Convertible Preference Shares 3 (SUNPE)

Ex-dividend date	2 September 2016
Dividend payment	19 September 2016
Ex-dividend date	2 December 2016
Dividend payment	19 December 2016
Ex-dividend date	2 March 2017
Dividend payment	17 March 2017
Ex-dividend date	1 June 2017
Dividend payment	19 June 2017

Subordinated Notes (SUNPD)

Ex-interest date	12 August 2016
Interest payment	22 August 2016
Ex-interest date	11 November 2016
Interest payment	22 November 2016
Ex-interest date	13 February 2017
Interest payment	22 February 2017
Ex-interest date	11 May 2017
Interest payment	22 May 2017

Floating Rate Capital Notes (SBKHB)

Ex-interest date	12 August 2016
Interest payment	30 August 2016
Ex-interest date	14 November 2016
Interest payment	30 November 2016
Ex-interest date	14 February 2017
Interest payment	2 March 2017
Ex-interest date	12 May 2017
Interest payment	30 May 2017

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