Suncorp Group Limited ABN 66 145 290 124

Analyst Pack

Financial results for the full year ended 30 June 2014

One Company
Many Brands

Basis of preparation

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

Net profit after tax (NPAT) for the Group is measured in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars rounded to the nearest million unless otherwise denoted. All figures relate to the year ended 30 June 2014 and comparatives are for the year ended 30 June 2013, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology.

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

This report has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with the Group's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards. In the context of ASIC's Regulatory Guide 230, this report contains information that is 'non-IFRS financial information', such as the General Insurance Underlying Insurance Trading Ratio (UITR) and the Life underlying profit after tax. The calculation of these metrics is outlined in the report and they are shown as they are being 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 13 August 2014. It is information given in summary form and does not purport to be complete.

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

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

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

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

Registered office

Level 28, 266 George Street,
Brisbane Queensland 4000
Telephone: (07) 3835 5769
www.suncorpgroup.com.au

Investor Relations

Mark Ley
Head of Investor Relations
Telephone: (02) 8121 1221
mark.ley@suncorp.com.au

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Financial results summary

- Net profit after tax (NPAT) for the Group of $730 million (FY13: $491 million)
- Profit after tax from business lines* of $1,330 million
- Cash earnings of $1,304 million
- Final ordinary dividend of 40 cents per share, fully franked (FY13: 30 cents)
- Special dividend of 30 cents per share, fully franked (FY13: 20 cents)
- The Common Equity Tier 1 (CET1) Capital ratio for the Bank improved to 8.54%. The General Insurance business holds CET1 of 1.66 times the Prescribed Capital Amount (PCA). After allowance for proposed dividends the Group's excess to CET1 capital target is $831 million
- General Insurance NPAT of $1,010 million (FY13: $883 million)
- Reported Insurance Trading Result of $1,195 million representing an Insurance Trading Ratio (ITR) of 15.5% (FY13: 13.1%). Underlying ITR* increased to 14.3% (FY13: 13.5%)
- Adjusting for the impact of Fire Service Levies (FSL), Gross Written Premium (GWP) increased 5.1% to $8,725 million. Reported GWP is up 3.3% to $8,870 million
- Natural hazard claims of $538 million were $27 million below long run allowances
- Bank NPAT of $228 million (FY13: loss after tax $343 million)
- Bank Net Interest Margin (NIM) of 1.72% (FY13: 1.64%). NIM for the six months to 30 June 2014 increased to 1.78% to be back in the target range six months ahead of schedule
- Bank gross non-performing loans reduced by $168 million, or 17.9%, to $772 million
- Suncorp Life NPAT of $92 million (FY13: $60 million) with an underlying NPAT of $84 million (FY13: $120 million)
- Suncorp Life $496 million write-down of intangible assets and policy adjustments due to material revision of lapse and claims assumptions did not impact on cash earnings
- Suncorp Life has increased reinsurance coverage resulting in a reduction in required capital of $207 million and contributing to the $535 million of capital returned to the Group over the past 12 months

Operational summary

- Measured growth between 5% and 8% across Suncorp's business lines in FY14 with a revised growth target of between 4% and 6% for FY15
- Simplification projects on track and expected to deliver $225 million in annualised benefits in the 2015 financial year and $265 million in the 2016 financial year
- All mass-market General Insurance brands now operating on a single underwriting platform
- New Zealand operations continue to make good progress in resolving Canterbury earthquake claims with over 75% now paid
- Suncorp employee engagement and enablement scores both improved to at or above global high-performing norms
- Across the Group, '2nd generation' Risk-Based Capital models have demonstrated the potential for a diversification benefit from the diversified financial services business model
- Business Intelligence program launched bringing together an 850-strong team of data analysts, modellers and technology specialists from across the business into a world-class shared services function utilising a single data warehouse
- On track to deliver the Return on Equity (RoE) target of at least 10% in 2015 financial year

* Refer Appendix 4 for definition of 'profit after tax from business lines' and page 18 for underlying ITR.

Result overview

Suncorp has delivered a full year NPAT of $730 million. This result includes a $496 million non-cash write-down of Suncorp Life intangible assets following the material revision of claims and lapse assumptions.

Profit after tax from the business lines was $1,330 million. This strong result has been achieved by prioritising margins ahead of growth, a disciplined approach to risk management and delivering operational efficiencies.

Suncorp has continued to focus on strengthening its balance sheet during the year with a number of initiatives, including increased Life reinsurance arrangements, issuance of preference shares and subordinated debt and good progress on the Group's Risk-Based Capital (RBC) project. These initiatives support the Group's commitment to maintain a significantly de-risked balance sheet while continuing to deliver high yield and above system growth.

Suncorp shareholders continue to receive improved returns with a final ordinary dividend of 40 cents, up 10 cents. Total ordinary dividends are 75 cents per share, an increase of 20 cents. A special dividend of 30 cents has also been declared, an increase of 10 cents. Total dividends paid for the 2014 financial year will be $1.05 per share, or over $1.3 billion in total payments, representing a yield of 7.4% based on the SUN closing share price of $14.12 on 12 August 2014.

The Group's financial performance demonstrates the success of the transformation strategy, under the 'One Company. Many Brands' business model. A continued focus on building a simple, low-risk financial services group through operational efficiencies and cost control is evident across all business lines.

Measured growth has been delivered across all business lines with:

- General Insurance GWP, excluding the impact of FSL, up 5.1% to $8.7 billion
- Suncorp Bank retail and business lending up 5.0% to $49.8 billion; and
- Life risk individual in-force premiums up 8.5% to $852 million.

General Insurance profit after tax was $1,010 million. The key drivers were premium growth, favourable natural hazard and investment experience and a continued focus on claims and expense management.

FSL were removed from policies in Victoria during the period. Excluding FSL, GWP increased by 5.1% to $8,725 million with all product lines achieving growth. In Personal Lines, Home (up 6.3%) and Motor (up 2.6%) growth was due to increased average written premiums and the strengthening New Zealand dollar. In Commercial Insurance, GWP increased by 6.8% with growth across all major product lines as a result of an increased breadth of products, as well as improvements in retention.

The Simplification program of work continues, delivering increased efficiency across both claims and support functions. Suncorp is also benefiting from improved claims management following vertical integration initiatives such as SMART and Q-Plus.

The reported ITR was 15.5% and the underlying ITR increased to 14.3%, well above Suncorp's commitment to 'meet or beat' an underlying ITR of 12% through the cycle.

Suncorp Bank delivered an after tax profit of $228 million. The 2014 financial year was one of transition for Suncorp Bank as it consolidates operations and addresses legacy funding and cost positions related to the former 'Non-core' portfolio. The Bank's CET1 position improved to 8.54%.

Home Lending growth of 5.0% reflects the Bank's conservative approach and a focus on the 'below 80%' Loan to Value Ratio (LVR) market.

The NIM has significantly improved over the year to 1.72%. The second half NIM of 1.78% delivers on a commitment to return to the target of 1.75% to 1.85% six months earlier than expected.

Impaired assets reduced by 34.2% and total gross non-performing loans reduced by 17.9%. Credit impairment losses of $124 million, or 25 basis points of gross loans, reflected the continued drought-related stress in the Agribusiness portfolio.

Suncorp Life profit after tax was $92 million. Underlying profit after tax of $84 million was down 30% primarily due to the lower planned profit margins following the revision of assumptions and increased reinsurance arrangements. The result also included $50 million of claims and lapse experience losses.

Total Life in-force annual premiums are up 8.5%. Direct new business sales were flat for the year due to the in-house transition for Direct policies. In the second half there was good momentum in Direct life policies sold via General Insurance Brands with growth of 11% half-on-half.

During the year, the financial profile of the Life business was transformed with net assets reducing by circa $900 million. The reduction reflected the capital initiatives announced in the first half, which resulted in $535 million of capital being released to the Group, and the impact of the reset assumptions announced in May.

The **Group's** strengthened its balance sheet over the year and the Board has declared a **fully franked final ordinary dividend of 40 cents and a special dividend of 30 cents per share.**

The Group's CET1 capital position remains strong with $831 million of additional capital held above the Group's revised operating targets, after accounting for dividend payments and an increase in the Bank's target of 0.25% to 8.25%.

The Group also has $215 million of franking credits available after the payment of the declared dividends.

Outlook

The transformation of the Suncorp Group is evidenced in the strength of the balance sheet, reduced complexity of operations and the performance of the business lines.

In May 2014, Suncorp revised its growth target for the 2015 financial year to between 4% and 6%. This decision reflects the reduced need to increase insurance premiums following a reduction in reinsurance costs, lower natural hazards and improved investment returns. Suncorp will continue to prioritise stable margins and will be supported by the ongoing benefit of the Group's Simplification program and supply chain initiatives. Simplification initiatives will continue to deliver benefits and are expected to deliver $225 million in annualised cost savings in the 2015 financial year and $265 million in the 2016 financial year.

Simplification provides the foundation for delivering the Group's key market commitments of:

- Group growth of 4% to 6% in the 2015 financial year
- 'meet or beat' an underlying ITR of 12% through the cycle
- Group RoE of at least 10% in the 2015 financial year
- an ordinary dividend payout ratio of 60% to 80% of cash earnings; and
- continuing to return surplus capital.

These key commitments will position the Group to further capitalise on the 'One Company. Many Brands' business model and its strategic assets, known as the 4Cs: Cost, Capital, Customer and Culture.

Across the Group, the 4Cs will drive benefits including:

- Cost - lowering the unit cost of procurement by leveraging the Group's scale, buying power and supplier relationships
- Capital - demonstrating a diversification benefit through Risk-Based Capital modelling
- Customer - enhancing the value of nine million customer connections by deepening their relationships with the Group brands
- Culture - operating as 'One Company. Many Brands. One Team' and positioning Suncorp as THE place to work in Australia and New Zealand.

Suncorp General Insurance continues to benefit from the Simplification program of work, with all mass market brands now on a single underwriting platform. Personal Insurance will continue to focus on the balance between price and volume growth. Commercial Insurance's multi-channel approach will allow the business to attract quality risks and maintain long-term growth of 3% to 4% above system. The Vero New Zealand business continues to exceed system growth and its transformation program means it is well placed to achieve its target NPAT of at least NZ$100 million over the medium term.

With all General Insurance lines performing well, the Group expects to remain well ahead of its long-term commitment to 'meet or beat' a 12% underlying ITR. Suncorp will also seek to capitalise on market disruption following the consolidation of a key competitor.

Suncorp Bank will continue to refocus growth efforts in its home state of Queensland. The Bank will continue to target middle Australia by differentiating itself from competitors, offering 'big bank capability and the customer connection of a small bank'.

Despite the challenges, the Bank is well placed to perform in the current environment. Operating targets over the medium term remain unchanged:

- return on CET1 of 12.5% to 15%
- NIM of 1.75% to 1.85% underpinned by pricing discipline
- disciplined cost management and ongoing investment in strategic programs to drive the cost to income ratio towards 50%
- sustainable lending growth of 1 to 1.3 times system through measured expansion in housing and business markets supported by positive conversion of new customers to 'complete' customers; and
- retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its A+/A1 credit rating to raise diverse wholesale funding.

Suncorp Life is executing against its strategic agenda and managing the areas within its control. The Life business model has been comprehensively reorganised around the customer, with a focus on product (design and economics) and optimising distribution (growth in Direct and value driven partnerships in IFA). Whilst there remains a need for industry wide action to address the structural challenges, Suncorp Life is confident in delivering against its committed course of action.

Reflecting the transformation in the financial profile of the business following the capital initiatives and intangible asset write-down, Life's underlying profit after tax for the 2015 financial year is expected to increase moderately and be in the range of $90 million to $100 million.

The **Group's** Risk-Based Capital (RBC) project is further strengthening the link between risk and capital and has the potential to greatly assist the business planning process. RBC preliminary results have been finalised and they confirm that there is a potential diversification benefit inherent in the Group's structure.

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

Contribution to profit by division

	FULL YEAR ENDED		JUN-14
	JUN-14	JUN-13	vs JUN-13
	$M	$M	%
General Insurance			
Gross written premium (including Fire Service Levies)	8,870	8,589	3.3
Gross written premium (excluding Fire Service Levies)	8,725	8,302	5.1
Net earned premium	7,726	7,298	5.9
Net incurred claims	(5,240)	(4,919)	6.5
Operating expenses	(1,776)	(1,753)	1.3
Investment income - insurance funds	485	333	45.6
Insurance trading result	1,195	959	24.6
Other income - managed schemes and joint venture	25	35	(28.6)
Investment income - shareholder funds	246	288	(14.6)
Capital funding	(32)	(33)	(3.0)
Profit before tax	1,434	1,249	14.8
Income tax	(424)	(366)	15.8
General Insurance profit after tax	**1,010**	**883**	**14.4**
Bank			
Net interest income	1,011	986	2.5
Net non-interest income	76	60	26.7
Operating expenses	(624)	(619)	0.8
Profit before impairment losses on loans and advances	463	427	8.4
Loss on sale of loans and advances	(13)	(527)	(97.5)
Impairment losses on loans and advances	(124)	(375)	(66.9)
Bank profit before tax	326	(475)	n/a
Income tax	(98)	132	n/a
Bank profit (loss) after tax	**228**	**(343)**	**n/a**
Life			
Underlying profit after tax	84	120	(30.0)
Market adjustments after tax	8	(60)	n/a
Life profit after tax (before Life write-down) [(2)]	**92**	**60**	**53.3**
Profit after tax from business lines	**1,330**	**600**	**121.7**
Other loss before tax [(1)]	(19)	(12)	58.3
Income tax	(7)	(12)	(41.7)
Other loss after tax	**(26)**	**(24)**	**8.3**
Cash earnings	**1,304**	**576**	**126.4**
Life Insurance write-down (after tax) [(2)]	(496)	-	n/a
Acquisition amortisation (after tax)	(78)	(85)	(8.2)
Net profit after tax	**730**	**491**	**48.7**

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

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

Contribution to profit by division

	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
General Insurance						
Gross written premium (including Fire Service Levies)	4,490	4,380	4,364	4,225	2.5	2.9
Gross written premium (excluding Fire Service Levies)	4,423	4,302	4,265	4,037	2.8	3.7
Net earned premium	3,861	3,865	3,697	3,601	(0.1)	4.4
Net incurred claims	(2,632)	(2,608)	(2,614)	(2,305)	0.9	0.7
Operating expenses	(877)	(899)	(871)	(882)	(2.4)	0.7
Investment income - insurance funds	306	179	78	255	70.9	292.3
Insurance trading result	658	537	290	669	22.5	126.9
Other income - managed schemes and joint venture	17	8	38	(3)	112.5	(55.3)
Investment income - shareholder funds	105	141	128	160	(25.5)	(18.0)
Capital funding	(14)	(18)	(9)	(24)	(22.2)	55.6
Profit before tax	766	668	447	802	14.7	71.4
Income tax	(226)	(198)	(128)	(238)	14.1	76.6
General Insurance profit after tax	**540**	**470**	**319**	**564**	**14.9**	**69.3**
Bank						
Net interest income	519	492	502	484	5.5	3.4
Net non-interest income	56	20	13	47	180.0	330.8
Operating expenses	(319)	(305)	(316)	(303)	4.6	0.9
Profit before impairment losses on loans and advances	256	207	199	228	23.7	28.6
Loss on sale of loans and advances	-	(13)	(506)	(21)	(100.0)	(100.0)
Impairment losses on loans and advances	(79)	(45)	(181)	(194)	75.6	(56.4)
Bank profit before tax	177	149	(488)	13	18.8	n/a
Income tax	(54)	(44)	141	(9)	22.7	n/a
Bank profit (loss) after tax	**123**	**105**	**(347)**	**4**	**17.1**	**n/a**
Life						
Underlying profit after tax	43	41	59	61	4.9	(27.1)
Market adjustments after tax	27	(19)	(50)	(10)	n/a	n/a
Life profit after tax (before Life write-down) (2)	**70**	**22**	**9**	**51**	**218.2**	**large**
Profit (Loss) after tax from business lines	**733**	**597**	**(19)**	**619**	**22.8**	**large**
Other profit (loss) before tax (1)	(10)	(9)	(19)	7	11.1	(47.4)
Income tax	(6)	(1)	(2)	(10)	large	200.0
Other loss after tax	**(16)**	**(10)**	**(21)**	**(3)**	**60.0**	**(23.8)**
Cash earnings	**717**	**587**	**(40)**	**616**	**22.1**	**large**
Life Insurance write-down (after tax) (2)	(496)	-	-	-	n/a	n/a
Acquisition amortisation (after tax)	(39)	(39)	(43)	(42)	-	(9.3)
Net profit (loss) after tax	**182**	**548**	**(83)**	**574**	**(66.8)**	**n/a**

(1) 'Other' includes investment income on capital held at the Group level (Jun-14: $17 million, Dec-13: $11 million), consolidation adjustments (Jun-14 loss $3 million, Dec-13 profit $1 million), non-controlling interests (Jun-14: loss $4 million, Dec-13: loss $3 million) and external interest expense and transaction costs (Jun-14: $20 million, Dec-13: $18 million).

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

Statement of financial position

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Assets						
Cash and cash equivalents	895	1,064	1,394	595	(15.9)	(35.8)
Receivables due from other banks	927	790	1,460	1,031	17.3	(36.5)
Trading securities	1,593	2,129	3,462	4,077	(25.2)	(54.0)
Derivatives	301	425	627	382	(29.2)	(52.0)
Investment securities	26,915	26,588	26,183	24,046	1.2	2.8
Banking loans, advances and other receivables	49,781	49,074	47,999	48,756	1.4	3.7
General Insurance assets	6,603	6,562	7,158	6,862	0.6	(7.8)
Life assets	862	584	666	624	47.6	29.4
Property, plant and equipment	205	228	212	209	(10.1)	(3.3)
Deferred tax assets	183	-	64	56	n/a	185.9
Other assets	444	476	512	617	(6.7)	(13.3)
Goodwill and intangible assets	5,720	6,138	6,168	6,207	(6.8)	(7.3)
Total assets	94,429	94,058	95,905	93,462	0.4	(1.5)
Liabilities						
Payables due to other banks	81	186	213	46	(56.5)	(62.0)
Deposits and short-term borrowings	43,579	44,192	43,547	41,046	(1.4)	0.1
Derivatives	625	554	1,039	1,331	12.8	(39.8)
Payables and other liabilities	2,331	1,605	2,478	1,831	45.2	(5.9)
Current tax liabilities	379	111	2	102	241.4	large
General Insurance liabilities	14,173	14,330	14,496	14,351	(1.1)	(2.2)
Life liabilities	6,374	6,087	5,799	5,622	4.7	9.9
Deferred tax liabilities	58	93	47	43	(37.6)	23.4
Managed funds units on issue	118	30	8	1	293.3	large
Securitisation liabilities	3,581	4,245	4,777	4,305	(15.6)	(25.0)
Debt issues	6,831	6,412	7,291	8,206	6.5	(6.3)
Subordinated notes	1,557	1,671	1,646	978	(6.8)	(5.4)
Preference shares	943	550	579	1,311	71.5	62.9
Total liabilities	80,630	80,066	81,922	79,173	0.7	(1.6)
Net assets	13,799	13,992	13,983	14,289	(1.4)	(1.3)
Equity						
Share capital	12,682	12,675	12,682	12,677	0.1	-
Reserves	206	151	40	(38)	36.4	415.0
Retained profits	885	1,154	1,245	1,636	(23.3)	(28.9)
Total equity attributable to owners of the Company	13,773	13,980	13,967	14,275	(1.5)	(1.4)
Non-controlling interests	26	12	16	14	116.7	62.5
Total equity	13,799	13,992	13,983	14,289	(1.4)	(1.3)

Ratios and statistics

		FULL YEAR ENDED JUN-14	JUN-13	JUN-14 vs JUN-13 %
Performance ratios				
Earnings per share [1]				
Basic	(cents)	57.11	38.42	48.6
Diluted	(cents)	57.11	38.42	48.6
Cash earnings per share [1]				
Basic	(cents)	102.01	45.08	126.3
Diluted	(cents)	100.76	45.08	123.5
Return on average shareholders' equity [1]	(%)	5.3	3.5	
Cash return on average shareholders' equity [1]	(%)	9.4	4.1	
Return on average total assets	(%)	0.77	0.51	
Insurance trading ratio	(%)	15.5	13.1	
Underlying insurance trading ratio	(%)	14.3	13.5	
Bank net interest margin (interest-earning assets)	(%)	1.72	1.64	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	75.0	55.0	36.4
Special dividends per ordinary share	(cents)	30.0	20.0	50.0
Payout ratio (excluding special dividend) [1]				
Net profit after tax	(%)	131.4	143.2	
Cash earnings	(%)	73.6	122.0	
Payout ratio (including special dividend) [1]				
Net profit after tax	(%)	183.9	195.2	
Cash earnings	(%)	103.0	166.4	
Weighted average number of shares [1]				
Basic	(million)	1,278.3	1,277.9	0.0
Diluted	(million)	1,278.3	1,277.9	0.0
Number of shares at end of period	(million)	1,278.9	1,278.2	0.1
Net tangible asset backing per share	($)	6.32	6.11	3.3
Share price at end of period	($)	13.54	11.92	13.6
Productivity				
General Insurance expense ratio	(%)	23.0	24.0	
Bank cost to income ratio	(%)	57.4	59.2	
Financial position				
Total assets	($ million)	94,429	95,905	(1.5)
Net tangible assets	($ million)	8,079	7,815	3.4
Net assets	($ million)	13,799	13,983	(1.3)
Average shareholders' equity	($ million)	13,868	14,118	(1.8)
Capital				
General Insurance Group PCA coverage	(times)	2.16	1.96	
Bank capital adequacy ratio - Total	(%)	13.15	12.61	
Bank Common Equity Tier 1 ratio	(%)	8.54	7.68	
Suncorp Life total capital	($ million)	555	752	(26.2)
Additional capital held by Suncorp Group Limited	($ million)	555	224	147.8

[1] Refer to Appendix 4 for definitions.

Ratios and statistics

		HALF YEAR ENDED				JUN-14 vs DEC-13	JUN-14 vs JUN-13
		JUN-14	DEC-13	JUN-13	DEC-12	%	%
Performance ratios							
Earnings per share [1]							
Basic	(cents)	14.23	42.88	(6.49)	44.93	(66.8)	n/a
Diluted	(cents)	14.23	42.49	(6.49)	43.37	(66.5)	n/a
Cash earnings per share [1]							
Basic	(cents)	56.08	45.93	(3.13)	48.21	22.1	n/a
Diluted	(cents)	55.20	45.44	(3.13)	46.42	21.5	n/a
Return on average shareholders' equity [1]	(%)	2.6	7.9	(1.2)	8.1		
Cash return on average shareholders' equity [1]	(%)	10.4	8.4	(0.6)	8.7		
Return on average total assets	(%)	0.39	1.14	(0.18)	1.20		
Insurance trading ratio	(%)	17.0	13.9	7.8	18.6		
Underlying insurance trading ratio	(%)	14.7	14.0	13.6	13.4		
Bank net interest margin (interest-earning assets)	(%)	1.78	1.66	1.67	1.60		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	40.0	35.0	30.0	25.0	14.3	33.3
Special dividends per ordinary share	(cents)	30.0	-	20.0	-	n/a	50.0
Payout ratio (excluding special dividend) [1]							
Net profit after tax	(%)	281.1	81.7	n/a	55.7		
Cash earnings	(%)	71.3	76.2	n/a	51.9		
Payout ratio (including special dividend) [1]							
Net profit after tax	(%)	491.9	81.7	n/a	55.7		
Cash earnings	(%)	124.9	76.2	n/a	51.9		
Weighted average number of shares [1]							
Basic	(million)	1,278.6	1,277.9	1,278.1	1,277.6	0.1	0.0
Diluted	(million)	1,278.6	1,322.7	1,278.1	1,374.2	(3.3)	0.0
Number of shares at end of period	(million)	1,278.9	1,278.4	1,278.2	1,278.0	0.0	0.1
Net tangible asset backing per share	($)	6.32	6.14	6.11	6.32	2.8	3.3
Share price at end of period	($)	13.54	13.10	11.92	10.17	3.4	13.6
Productivity							
General Insurance expense ratio	(%)	22.7	23.3	23.6	24.5		
Bank cost to income ratio	(%)	55.5	59.6	61.4	57.1		
Financial position							
Total assets	($ million)	94,429	94,058	95,905	93,462	0.4	(1.5)
Net tangible assets	($ million)	8,079	7,854	7,815	8,082	2.9	3.4
Net assets	($ million)	13,799	13,992	13,983	14,289	(1.4)	(1.3)
Average shareholders' equity	($ million)	13,914	13,822	14,109	14,128	0.7	(1.4)
Capital							
General Insurance Group PCA/MCR coverage	(times)	2.16	1.96	1.96	1.70		
Bank capital adequacy ratio - Total	(%)	13.15	13.06	12.61	12.60		
Bank Common Equity Tier 1 ratio	(%)	8.54	8.25	7.68	7.61		
Suncorp Life total capital	($ million)	555	617	752	2,054	(10.0)	(26.2)
Additional capital held by Suncorp Group Limited	($ million)	555	512	224	776	8.4	147.8

[1] Refer to Appendix 4 for definitions.

Group Capital

The capital management strategy of the Suncorp Group is to optimise shareholder value by managing the level, mix and use of capital resources. The primary objective is to ensure there are sufficient capital resources to maintain and grow the business, in accordance with risk appetite. The Group's Internal Capital Adequacy Assessment Process (ICAAP) provides the framework to ensure that the Group as a whole, and each regulated entity, is capitalised to meet internal and external requirements. The Non-Operating Holding Company (NOHC), Suncorp Group Limited, also holds capital in respect of the corporate services companies and a portion of the Group's target capital in respect of the General Insurance and Life Insurance businesses.

A range of instruments and methodologies are used to effectively manage capital including share issues, reinsurance, dividend policies and Tier 1 hybrid and Tier 2 subordinated note issues. Suncorp Group is subject to, and in compliance with, externally imposed capital requirements set and monitored by the Australian Prudential Regulation Authority (APRA) and the Reserve Bank of New Zealand. The ICAAP is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the capital needs, and risk profile of, the Group. Capital targets are structured according to both the business line regulatory framework and to APRA's draft standards for the supervision of conglomerates.

For regulatory purposes, capital is classified as follows:

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

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

Over the course of the year, the Group continued to execute its capital strategy and improve RoE for shareholders by implementing the following initiatives:

- execution of a Life quota share reinsurance arrangement that reduces the risk profile of the Life business and has contributed to the return of $535 million of CET1 Capital from the Life business to the NOHC
- deployment of $100 million of Tier 2 subordinated debt from the NOHC to the Life business in August 2013
- deployment of $110 million of Tier 1 Convertible Preference Shares from the NOHC to the General Insurance business in February 2014. This is the balance of the $560 million Convertible Preference Shares (SUNPC) issuance from the NOHC in November 2012, of which $450 million was deployed to the Bank
- issuance of $400 million of Tier 1 Convertible Preference Shares (SUNPE) from the NOHC in May 2014 and deployment to the General Insurance business in June 2014,
- completion of an off-market buy-back of $98 million Unsecured Perpetual Floating Rate Subordinated Notes (58% of the Notes outstanding) issued by the Bank, reducing the Tier 2 Capital that is surplus to the Group's needs
- reviewing the optimal strategic asset allocations for various investment portfolios across the Group, resulting in reduced regulatory capital charges, in the Life and General Insurance businesses, of approximately $65 million
- declaring total ordinary dividends of 75 cents per share fully franked, up 20 cents (36%), representing a payout ratio of 73.6% of cash earnings; and
- declaring a special dividend of 30 cents per share fully franked.

Risk-Based Capital (RBC)

Across the Group, '2nd generation' RBC models were implemented in 2014, having been introduced in 2013. RBC has the potential to play an increasingly important role in the Group's ICAAP, and strengthen the link between risk, capital management and business planning. In particular, the models can:

- enable enhanced articulation of risk appetite, particularly in relation to capital sufficiency and earnings volatility
- be a key influence on the Group's long-term strategic and risk decisions, such as strategic asset allocation and setting optimal reinsurance programs; and
- influence future reviews of capital targets.

Importantly, from a consolidated Group perspective, preliminary outputs from RBC have confirmed there is a potential capital diversification benefit inherent in the conglomerate structure, given the different primary risks affecting each business unit. Discussions are ongoing with regulators and rating agencies regarding the appropriate approach to reflect this in capital management decisions.

Conglomerate Regulation

APRA's Conglomerate (Level 3) Standards covering risk management, governance and capital requirements are expected to come into effect in 2015. Suncorp Group has been operating under a NOHC structure since 2010, with associated NOHC conditions from APRA having much in common with the proposed Level 3 Standards. The Group is well placed to implement the requirements and does not expect material changes to capital targets as a result.

Capital position at 30 June 2014

The Group has recently reviewed its capital targets, effective 30 June 2014. This has resulted in:

- a 0.25% increase in the Bank's CET1 target operating range, to 8.0%–8.5% of RWA, strengthening the target capital for the Bank
- a decrease of $19 million in the Life business target, resulting from revisions to strategic asset allocations and lower insurance risk via the quota share reinsurance arrangement noted earlier.

The table below summarises both the CET1 Capital and Total Capital positions after the payment of declared dividends at 30 June 2014. For the purpose of the table below, the Bank's CET1 target is taken to be 8.25% of RWA being the mid-point of its revised target operating range.

	AS AT 30 JUNE 2014					
	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M	AS AT 30 JUNE 2013 TOTAL[1]
CET 1	3,524	2,648	455	555	7,182	6,753
CET1 Target	2,342	2,557	358	193	5,450	5,309
Excess to CET 1 Target (pre div)	1,182	91	97	362	1,732	1,444
Group Dividend					(901)	(643)
Group Excess to CET1 Target (ex div)					831	801
CET 1 Coverage Ratio	1.66	8.54%	1.57			
Total Capital	4,606	4,077	555	555	9,793	9,008
Total Capital Target	3,087	3,875	458	179	7,599	7,518
Excess to Target (pre div)	1,519	202	97	376	2,194	1,490
Group Dividend					(901)	(643)
Group Excess to Target (ex div)					1,293	847
Capital Coverage Ratio	2.16	13.15%	1.91			

(1) The 30 June 2013 comparative is based on the pro-forma position as disclosed in the 30 June 2013 Financial results. This pro-forma reflected various items, such as the sale of the Non-core portfolio and the reduction in the Life CET1 target due to the deployment of $100m of subordinated debt to the Life business.

In terms of the CET1 capital positions across the Group:

- the General Insurance business CET1 Capital position was 1.66 times the PCA, above its target of 1.10 times PCA
- the Bank's Capital Adequacy Ratio (CAR) was 8.54%, slightly above its revised target operating range of 8.0%–8.5%; and
- Suncorp Life's excess CET1 Capital to target was $97 million.

After adjustment for the declared dividend and revised targets, the Group's excess to CET1 Capital target was $831 million and the excess to Total Capital target was $1,293 million. The Group remains committed to returning excess capital to shareholders in a prudent and measured way that balances the needs of all stakeholders. This will take into account matters such as:

- embedding of RBC, which will assist in further understanding the Group's risk profile, reviewing risk appetite and setting the appropriate capital targets for the Group
- the requirements of ratings agencies, such that the Group maintains its target credit ratings
- finalisation of APRA's standards for the supervision of Conglomerates; and
- potential economic and natural hazard risks.

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

Dividends

The final ordinary dividend of 40 cents per share and the special dividend of 30 cents per share will both be fully franked and paid on 1 October 2014. The ex-dividend date is 20 August 2014.

The Group's franking credit balance has reduced over the past three years as a result of the payment of special dividends and the impact on earnings of the resolution of the Non-core Bank. The Group's improved earnings profile is expected to increase the franking credit balance over coming years.

	HALF YEAR ENDED		
	JUN-14	DEC-13	JUN-13
	$M	$M	$M
Franking credits			
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	**215**	**252**	**275**

Income tax

	JUN-14	JUN-13	JUN-14 vs JUN-13
	$M	$M	%
Profit before income tax expense	1,175	766	53.4
Income tax using the domestic corporation tax rate of 30%	353	230	53.5
Effect of tax rates in foreign jurisdictions	(3)	(4)	(25.0)
Increase in income tax expense due to:			
Non-assessable income	-	(3)	(100.0)
Non-deductible expenses	17	21	(19.0)
Imputation gross-up on dividends received	4	4	-
Statutory funds	25	21	19.0
Income tax offsets and credits	(15)	(14)	7.1
Life intangible assets write-down	51	-	n/a
Amortisation of acquisition intangible assets	7	7	-
Other items	2	11	(81.8)
	441	273	61.5
Over-provision in prior years	(3)	(3)	-
Income tax expense on pre-tax net profit	438	270	62.2
Effective tax rate	**37.3%**	**35.2%**	
Income tax expense (benefit) by business unit			
General Insurance	424	366	15.8
Banking	98	(132)	n/a
Life	70	50	40.0
Other	(154)	(14)	large
Total income tax expense	438	270	62.2

Income tax expense adjustments have primarily arisen from:

- the life insurance statutory funds adjustment resulting in a $25 million income tax expense
- non-deductible write-down of life goodwill and intangible assets increased income tax expense by $51 million; and
- non-deductible interest paid in respect of convertible preference shares increased income tax expense by $9 million.

General Insurance

Result overview

General Insurance achieved an after tax profit of $1,010 million.

The Insurance Trading Result was $1,195 million, representing an ITR ratio of 15.5%. The result was driven by premium growth, favourable natural hazard and investment experience, and a continued focus on claims and expense management.

On an underlying basis, the ITR ratio increased to 14.3% from 13.5%. This reflects the benefits achieved from improving operational efficiency and the Group's Simplification projects, enabling the Group to improve margins in an increasingly competitive market.

Excluding FSL, GWP increased 5.1% to $8,725 million. Inclusive of FSL, GWP increased 3.3% to $8,870 million.

Personal lines GWP, excluding FSL, increased across both Home (up 6.3%) and Motor (up 2.6%), primarily driven by increases in average written premiums.

Commercial lines GWP increased 6.8% to $2,329 million. Retention rates have remained strong as intermediaries and customers see value in the broad product offering.

CTP increased 7.4% following further growth in both the Queensland and New South Wales markets and the entry of Suncorp into the Australian Capital Territory CTP market.

Net incurred claims were $5,240 million, with a loss ratio of 67.8% (FY13: 67.4%). Natural hazard claims were $538 million, $27 million below long run allowances. Reserve releases of $109 million were primarily attributable to a benign wage inflation environment and proactive management of long-tail claims, offset by strengthening in the estimation of the February 2011 Canterbury earthquake claims costs.

Total operating expenses remained relatively stable at $1,776 million. The operating expense ratio decreased to 23.0% from 24.0%.

Investment income on Insurance Funds was $485 million. Gains from narrowing credit spreads offset the impact of sustained lower risk-free and credit spread yields. Investment income on Shareholder Funds of $246 million was supported by narrowing credit spreads and improved returns from equity investments.

Capital funding or interest expenses for the General Insurance business remained flat at $32 million.

Profit contribution including discount rate movements and FSL

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,870	8,589	3.3	4,490	4,380	4,364	4,225	2.5	2.9
Gross unearned premium movement	(84)	(265)	(68.3)	(102)	18	(139)	(126)	large	(26.6)
Gross earned premium	8,786	8,324	5.6	4,388	4,398	4,225	4,099	(0.2)	3.9
Outwards reinsurance expense	(1,060)	(1,026)	3.3	(527)	(533)	(528)	(498)	(1.1)	(0.2)
Net earned premium	7,726	7,298	5.9	3,861	3,865	3,697	3,601	(0.1)	4.4
Net incurred claims									
Claims expense	(6,595)	(6,264)	5.3	(3,312)	(3,283)	(3,334)	(2,930)	0.9	(0.7)
Reinsurance and other recoveries revenue	1,355	1,345	0.7	680	675	720	625	0.7	(5.6)
Net incurred claims	(5,240)	(4,919)	6.5	(2,632)	(2,608)	(2,614)	(2,305)	0.9	0.7
Total operating expenses									
Acquisition expenses	(1,063)	(936)	13.6	(542)	(521)	(443)	(493)	4.0	22.3
Other underwriting expenses	(713)	(817)	(12.7)	(335)	(378)	(428)	(389)	(11.4)	(21.7)
	(1,776)	(1,753)	1.3	(877)	(899)	(871)	(882)	(2.4)	0.7
Underwriting result	710	626	13.4	352	358	212	414	(1.7)	66.0
Investment income - insurance funds	485	333	45.6	306	179	78	255	70.9	292.3
Insurance trading result	1,195	959	24.6	658	537	290	669	22.5	126.9
Managed schemes net contribution	20	25	(20.0)	15	5	29	(4)	200.0	(48.3)
Joint venture and other income	5	10	(50.0)	2	3	9	1	(33.3)	(77.8)
General Insurance operational earnings	1,220	994	22.7	675	545	328	666	23.9	105.8
Investment income - shareholder funds	246	288	(14.6)	105	141	128	160	(25.5)	(18.0)
General Insurance profit before tax and capital funding	1,466	1,282	14.4	780	686	456	826	13.7	71.1
Capital funding	(32)	(33)	(3.0)	(14)	(18)	(9)	(24)	(22.2)	55.6
General Insurance profit before tax	1,434	1,249	14.8	766	668	447	802	14.7	71.4
Income tax	(424)	(366)	15.8	(226)	(198)	(128)	(238)	14.1	76.6
General Insurance profit after tax	**1,010**	**883**	**14.4**	**540**	**470**	**319**	**564**	**14.9**	**69.3**

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14	JUN -13	JUN-14	DEC-13	JUN-13	DEC-12
	%	%	%	%	%	%
Acquisition expenses ratio	13.8	12.8	14.0	13.5	12.0	13.7
Other underwriting expenses ratio	9.2	11.2	8.7	9.8	11.6	10.8
Total operating expenses ratio	23.0	24.0	22.7	23.3	23.6	24.5
Loss ratio	67.8	67.4	68.2	67.5	70.7	64.0
Combined operating ratio	90.8	91.4	90.9	90.8	94.3	88.5
Insurance trading ratio	**15.5**	**13.1**	**17.0**	**13.9**	**7.8**	**18.6**

	JUN-14	JUN-13	JUN-12
	$M	$M	$M
Reported ITR	**1,195**	**959**	**511**
Reported reserve releases (above) below long-run expectations (page 24)	7	4	(64)
Natural hazards (below) above long-run allowances (page 24)	(27)	75	278
Investment income mismatch (page 27)	(126)	(102)	197
Other:			
Risk margin (page 25)	(9)	(24)	(97)
Abnormal (Simplification/restructuring) expenses (page 25)	68	94	11
LAT/DAC movement	-	(21)	(14)
Underlying ITR	**1,108**	**985**	**822**
Underlying ITR ratio	**14.3%**	**13.5%**	**12.1%**

Profit contribution excluding the discount rate movements and FSL

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,725	8,302	5.1	4,423	4,302	4,265	4,037	2.8	3.7
Gross unearned premium movement	(133)	(301)	(55.8)	(114)	(19)	(201)	(100)	large	(43.3)
Gross earned premium	8,592	8,001	7.4	4,309	4,283	4,064	3,937	0.6	6.0
Outwards reinsurance expense	(1,060)	(1,026)	3.3	(527)	(533)	(528)	(498)	(1.1)	(0.2)
Net earned premium	7,532	6,975	8.0	3,782	3,750	3,536	3,439	0.9	7.0
Net incurred claims									
Claims expense	(6,490)	(6,390)	1.6	(3,171)	(3,319)	(3,389)	(3,001)	(4.5)	(6.4)
Reinsurance and other recoveries revenue	1,355	1,345	0.7	680	675	720	625	0.7	(5.6)
Net incurred claims	(5,135)	(5,045)	1.8	(2,491)	(2,644)	(2,669)	(2,376)	(5.8)	(6.7)
Total operating expenses									
Acquisition expenses	(1,063)	(936)	13.6	(542)	(521)	(443)	(493)	4.0	22.3
Other underwriting expenses	(519)	(494)	5.1	(256)	(263)	(267)	(227)	(2.7)	(4.1)
	(1,582)	(1,430)	10.6	(798)	(784)	(710)	(720)	1.8	12.4
Underwriting result	815	500	63.0	493	322	157	343	53.1	214.0
Investment income - insurance funds	380	459	(17.2)	165	215	133	326	(23.3)	24.1
Insurance trading result	1,195	959	24.6	658	537	290	669	22.5	126.9
Managed schemes net contribution	20	25	(20.0)	15	5	29	(4)	200.0	(48.3)
Joint venture and other income	5	10	(50.0)	2	3	9	1	(33.3)	(77.8)
General Insurance operational earnings	**1,220**	**994**	**22.7**	**675**	**545**	**328**	**666**	**23.9**	**105.8**
Investment income - shareholder funds	246	288	(14.6)	105	141	128	160	(25.5)	(18.0)
General Insurance profit before tax and capital funding	1,466	1,282	14.4	780	686	456	826	13.7	71.1
Capital funding	(32)	(33)	(3.0)	(14)	(18)	(9)	(24)	(22.2)	55.6
General Insurance profit before tax	1,434	1,249	14.8	766	668	447	802	14.7	71.4
Income tax	(424)	(366)	15.8	(226)	(198)	(128)	(238)	14.1	76.6
General Insurance profit after tax	**1,010**	**883**	**14.4**	**540**	**470**	**319**	**564**	**14.9**	**69.3**

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14	JUN -13	JUN-14	DEC-13	JUN-13	DEC-12
	%	%	%	%	%	%
Acquisition expenses ratio	14.1	13.4	14.3	13.9	12.5	14.3
Other underwriting expenses ratio	6.9	7.1	6.8	7.0	7.6	6.6
Total operating expenses ratio	21.0	20.5	21.1	20.9	20.1	20.9
Loss ratio	68.2	72.3	65.9	70.5	75.5	69.1
Combined operating ratio	89.2	92.8	87.0	91.4	95.6	90.0

Statement of assets and liabilities

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Assets						
Cash and cash equivalents	281	94	146	94	198.9	92.5
Investment securities	12,963	12,329	12,305	11,825	5.1	5.3
Derivatives	23	31	39	44	(25.8)	(41.0)
Loans, advances and other receivables	2,749	2,508	2,537	2,351	9.6	8.4
Reinsurance and other recoveries	2,399	2,805	3,082	3,252	(14.5)	(22.2)
Deferred insurance assets	1,455	1,249	1,539	1,259	16.5	(5.5)
Investments in associates and joint ventures	57	67	57	56	(14.9)	-
Due from Group entities	-	-	-	28	n/a	n/a
Investment property	-	-	-	75	n/a	n/a
Property, plant and equipment	33	34	34	27	(2.9)	(2.9)
Other assets	115	121	119	121	(5.0)	(3.4)
Goodwill and intangible assets	5,091	5,125	5,145	5,177	(0.7)	(1.0)
Total assets	25,166	24,363	25,003	24,309	3.3	0.7
Liabilities						
Payables and other liabilities	1,168	587	1,202	742	99.0	(2.8)
Derivatives	149	91	116	130	63.7	28.4
Due to Group entities	392	364	269	-	7.7	45.7
Deferred tax liabilities	81	128	112	142	(36.7)	(27.7)
Employee benefit obligations	108	102	133	131	5.9	(18.8)
Unearned premium liabilities	4,659	4,553	4,524	4,360	2.3	3.0
Outstanding claims liabilities	9,514	9,777	9,972	9,991	(2.7)	(4.6)
Subordinated notes	727	743	720	711	(2.2)	1.0
Total liabilities	16,798	16,345	17,048	16,207	2.8	(1.5)
Net assets	**8,368**	**8,018**	**7,955**	**8,102**	**4.4**	**5.2**

Net assets have increased to $8,368 million, a movement of $413 million. This is attributable to current year retained earnings and the allocated proceeds of capital raising.

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

Gross Written Premium (GWP)

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Australia									
Motor	2,597	2,576	0.8	1,294	1,303	1,314	1,262	(0.7)	(1.5)
Home	2,106	2,049	2.8	1,042	1,064	1,044	1,005	(2.1)	(0.2)
Commercial [1]	1,799	1,716	4.8	953	846	898	818	12.6	6.1
Compulsory Third Party	1,050	978	7.4	545	505	511	467	7.9	6.7
Other [2]	33	39	(15.4)	17	16	18	21	6.3	(5.6)
Australia (ex Fire Service Levies)	**7,585**	**7,358**	**3.1**	**3,851**	**3,734**	**3,785**	**3,573**	**3.1**	**1.7**
New Zealand									
Motor	232	180	28.9	123	109	95	85	12.8	29.5
Home	333	246	35.4	174	159	130	116	9.4	33.8
Commercial	530	464	14.2	255	275	227	237	(7.3)	12.3
Other	45	54	(16.7)	20	25	28	26	(20.0)	(28.6)
New Zealand	**1,140**	**944**	**20.8**	**572**	**568**	**480**	**464**	**0.7**	**19.2**
Total									
Motor	2,829	2,756	2.6	1,417	1,412	1,409	1,347	0.4	0.6
Home	2,439	2,295	6.3	1,216	1,223	1,174	1,121	(0.6)	3.6
Commercial [1]	2,329	2,180	6.8	1,208	1,121	1,125	1,055	7.8	7.4
Compulsory Third Party	1,050	978	7.4	545	505	511	467	7.9	6.7
Other [2]	78	93	(16.1)	37	41	46	47	(9.8)	(19.6)
Gross Written Premium (ex Fire Service Levies)	**8,725**	**8,302**	**5.1**	**4,423**	**4,302**	**4,265**	**4,037**	**2.8**	**3.7**
Fire Service Levies	145	287	(49.5)	67	78	99	188	(14.1)	(32.3)
Gross Written Premium (inc Fire Service Levies)	**8,870**	**8,589**	**3.3**	**4,490**	**4,380**	**4,364**	**4,225**	**2.5**	**2.9**

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN-13	vs JUN-13	JUN-14	DEC-13 [3]	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography									
New South Wales	2,548	2,462	3.5	1,276	1,272	1,241	1,221	0.3	2.8
Queensland	2,191	2,178	0.6	1,105	1,086	1,106	1,072	1.7	(0.1)
Victoria	1,656	1,604	3.2	830	826	832	772	0.5	(0.2)
Western Australia	643	605	6.3	351	292	333	272	20.2	5.4
South Australia	245	269	(8.9)	125	120	141	128	4.2	(11.3)
Tasmania	129	131	(1.5)	71	58	73	58	22.4	(2.7)
Other	173	109	58.7	93	80	59	50	16.3	57.6
Total Australia	**7,585**	**7,358**	**3.1**	**3,851**	**3,734**	**3,785**	**3,573**	**3.1**	**1.7**
New Zealand	1,140	944	20.8	572	568	480	464	0.7	19.2
Total (ex Fire Service Levies)	**8,725**	**8,302**	**5.1**	**4,423**	**4,302**	**4,265**	**4,037**	**2.8**	**3.7**
Fire Service Levies	145	287	(49.5)	67	78	99	188	(14.1)	(32.3)
Total (inc Fire Service Levies)	**8,870**	**8,589**	**3.3**	**4,490**	**4,380**	**4,364**	**4,225**	**2.5**	**2.9**

(1) 'Commercial' includes Workers' Compensation previously reported in "Workers' Compensation and Other'. Prior periods have been restated accordingly.

(2) 'Other' includes Boat, previously reported in 'Home'. Prior periods have been restated accordingly

(3) Half year ended Dec-13 has been restated to reflect the correct GWP by state.

Gross Written Premium (GWP) (continued)

Motor

Australian Motor GWP increased 0.8% to $2,597 million due to a small increase in average written premiums offset by a marginal reduction in unit growth in an increasingly competitive market.

Fewer new business opportunities were the primary driver of unit losses in the second half. Retention remains strong in Apia, Shannons and Bingle, demonstrating the benefit of Suncorp's portfolio of brands. Across the portfolio, the business maintained pricing discipline despite aggressive competitor pricing and marketing.

New Zealand Motor GWP increased 28.9% (14.4% in New Zealand dollar terms – NZ$ terms) to $232 million, driven by a combination of strong unit growth, increased average written premium and the impact of the strengthening of the New Zealand dollar against the Australian dollar over the period.

Home

In Australia, Home GWP increased 2.8% to $2,106 million, with average written premiums increasing 6.2%. Increased competition was the primary driver of unit losses and impacted both retention rates and new business opportunities.

Premium increases continued to moderate during the year with average premium increases dropping from 8% in the first half to 4% in the second half of the year.

New Zealand Home GWP increased by 35.4% (20.2% in NZ$ terms) to $333 million. Growth was due to new business, rate increases, retention and the impact of the strengthening of the NZ dollar against the Australian dollar.

Commercial Insurance

Commercial Insurance GWP increased 6.8% to $2,329 million.

Australian Commercial Insurance GWP increased 4.8% to $1,799 million. After adjusting for the exit from crop insurance, growth was 5.6%. While competitive pressure on rates has impacted growth across the industry, Suncorp continues to maintain underwriting discipline and prioritise margin over growth.

Workers' Compensation GWP increased 10.5% to $315 million, due to a combination of strong retention and new business wins in Western Australia.

Commercial Insurance continues to achieve strong retention rates and high levels of customer satisfaction as a result of on-going customer focus and service improvements. These satisfaction levels have been core to Commercial Insurance's ability to grow above system.

A multi-channel distribution strategy has delivered growth across all channels, allowing the business to cater for changes in customer preferences. Excellent relationships with brokers and other intermediaries have continued to improve, while direct offerings appeal to a growing number of smaller businesses.

New Zealand Commercial Insurance GWP increased by 14.2% (1.3% in NZ$ terms) to $530 million, largely due to the impact of the strengthening of the NZ dollar against the Australian dollar over the period. The flat NZ dollar growth reflects the impact of increased competition and moderated reinsurance costs following several years of significant premium increases.

Compulsory Third Party (CTP)

CTP GWP increased by 7.4% to $1,050 million.

Suncorp remains the largest CTP provider in Queensland underpinned by a continued focus on customer and risk selection. Suncorp also benefited from the recent exit of a competitor from the Queensland CTP market. Combined with strong retention, GWP growth over the period was 5.7%.

Suncorp is the second largest CTP provider in New South Wales and continues to perform well under a two-brand strategy. The portfolio has benefited from successful cross-selling activities, achieving a growth rate of 6.2% over the period.

The business has also been successful in its entry into the ACT CTP market, with over 35,000 policies written to date. This has further strengthened business scale and demonstrates the success of the national model.

Other

Other GWP, which includes boat insurance, direct travel insurance and other specialist New Zealand products, decreased to $78 million. This decrease was largely due to the exit of the New Zealand travel insurance market.

Reinsurance expense

Outwards reinsurance expense for the year was $1,060 million, an increase of $34 million.

The main factors behind the increase were the purchase of the third and fourth event covers and natural growth across the portfolio offset by a softening in reinsurance rates.

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. The quota-share arrangement is in place until at least 30 June 2018.

For the 2015 financial year, as a result of exposure growth, the upper limit on Suncorp's main catastrophe program, which covers the Group's Home, Motor and Commercial Property portfolios for major events such as earthquakes, cyclones, storms, floods and bushfires, has increased from $5.8 billion to $6.1 billion.

The maximum event retention is $250 million. Additional cover was purchased to reduce this retention to $200 million for a second Australian event and to $50 million for third and fourth events. Additional multi-year cover has also been purchased to reduce the first event retention for New Zealand risks to NZ$50 million and the second and third event retentions to NZ$25 million.

Reinsurance security has been maintained for the 2015 financial year program, with over 85% of long-tail and short-tail business protected by reinsurers rated 'A+' or better. The table below shows risk retention for the Suncorp Group:

	MAXIMUM SINGLE RISK RETENTION JUN-14 $M	MAXIMUM EVENT RISK RETENTION JUN-14 $M
Property [1]	10	250
General liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor [1]	10	250
Professional Indemnity	5	5
Travel & Personal Accident	5	5
Marine	3	3

(1) $250 million is the maximum retention. 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. Additional multi-year cover has also been purchased to reduce the first event retention for New Zealand risks to NZ$50 million and the second and third event retentions to NZ$25 million.

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Net incurred claims

Net incurred claims costs increased 6.5% to $5,240 million.

Natural hazard event costs were $538 million, $27 million below long run allowances. Major natural hazard events are shown in the table below:

DATE	EVENT	NET COSTS $M
Sep 2013	NZ Canterbury storms	15
Oct 2013	VIC wind	10
Oct 2013	NSW bushfires	63
Oct 2013	NSW Central Coast hail	24
Nov 2013	NSW QLD storms	79
Nov 2013	Gold Coast hail	37
Feb 2014	VIC bushfires	15
Mar 2014	NSW QLD storms	16
Apr 2014	Cyclone Ita	7
Apr 2014	NZ wind and rain	9
Jun 2014	Southern weather	17
	Other natural hazards attritional claims (Australia)	224
	Other natural hazards attritional claims (New Zealand)	22
Total		538
Less: allowance for natural hazards		(565)
Natural hazards costs below allowance		(27)

Working claims have benefited from lower frequencies due to continued focus on risk selection and higher excesses. Benefits from vertical integration, claims initiatives and savings in procurement continue to keep increases in working claims costs below underlying inflation.

The valuation of outstanding claims resulted in a central estimate release of $109 million, compared to the Group's long run expectation for reserve releases of $116 million (1.5% of net earned premium).

Long-tail claims reserve releases in Australia of $162 million were primarily attributable to favourable claims experience and claims management initiatives. There was a prior year strengthening in the New Zealand portfolio largely attributable to the deterioration in the net outstanding claims estimates for the February 2011 Canterbury earthquake.

	ACTUAL $M	NET CENTRAL ESTIMATE (DISCOUNTED) $M	RISK MARGIN (90TH PERCENTILE DISCOUNTED) $M	CHANGE IN NET CENTRAL ESTIMATE [(1)] $M
Short-tail				
Australian short-tail and other	1,043	936	107	14
New Zealand	134	120	14	18
Long-tail				
Australia long-tail	5,716	4,851	865	(162)
New Zealand	222	192	30	21
Total	**7,115**	**6,099**	**1,016**	**(109)**

(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 movements 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-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	9,514	9,777	9,972	9,991	(2.7)	(4.6)
Reinsurance and other recoveries	(2,399)	(2,805)	(3,082)	(3,252)	(14.5)	(22.2)
Net outstanding claims liabilities	**7,115**	**6,972**	**6,890**	**6,739**	**2.1**	**3.3**
Expected future claims payments and claims handling expenses	6,813	6,813	6,651	6,416	-	2.4
Discount to present value	(714)	(825)	(743)	(666)	(13.5)	(3.9)
Risk margin	1,016	984	982	989	3.3	3.5
Net outstanding claims liabilities	**7,115**	**6,972**	**6,890**	**6,739**	**2.1**	**3.3**
Short-tail						
Australia short-tail and other	1,043	1,100	1,107	1,038	(5.2)	(5.8)
New Zealand	134	111	101	79	20.7	32.7
Long-tail						
Australia long-tail	5,716	5,537	5,503	5,468	3.2	3.9
New Zealand	222	224	179	154	(0.9)	24.0
Total	**7,115**	**6,972**	**6,890**	**6,739**	**2.1**	**3.3**

Risk margins

Risk margins represent approximately 17% of outstanding claims reserves giving an approximate level of confidence of 90%.

Risk margins increased $34 million during the period to $1,016 million from $982 million. The assets notionally backing risk margins had a net return of $43 million, after allowing for movements in the risk-free rate. The net impact was therefore $9 million, which is excluded in the underlying ITR calculation.

Operating expenses

Total operating expenses marginally increased to $1,776 million from $1,753 million. Excluding FSL, the total operating expense ratio increased 0.5% to 21%. Total operating expenses were impacted by exchange rates and deferred acquisition costs.

Acquisition costs were $1,063 million, with the acquisition expense ratio increasing to 13.8% from 12.8% with commission costs increasing in line with GWP growth. Prior year acquisition costs benefited from a $21 million Liability Adequacy Test (LAT) reversal, with no adjustment in the current year.

Other underwriting expenses have reduced to $713 million. This includes $68 million of Simplification project costs such as Legacy System Consolidation and Partnering. The costs relating to the Simplification projects are removed from the underlying ITR calculation.

Managed schemes

Managed schemes income is attributable to Suncorp's Australian Commercial Insurance business administering various governments' Workers' Compensation schemes across Australia. The business generated $20 million net profit before tax. Commercial Insurance will continue to deliver market leading claims to generate improved returns from these schemes.

Joint venture and other income

The Group participates in a joint venture with the motoring club in Tasmania. Joint venture and other income was $5 million.

Investment income

General Insurance investment funds are split into insurance funds and shareholders' funds. Insurance funds back insurance liabilities and are managed to reduce interest rate and inflation risk emanating from the liabilities. Insurance liabilities comprise provisions for outstanding claims and unearned premiums net of reinsurance. For accounting purposes outstanding claims are discounted using market referenced risk-free discount rates. Shareholders' funds comprise the balance of investment assets and support the capital position.

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN-13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	2	2	-	1	1	1	1	-	-
Interest-bearing securities and other	483	331	45.9	305	178	77	254	71.3	296.1
Total	**485**	**333**	**45.6**	**306**	**179**	**78**	**255**	**70.9**	**292.3**
Investment income on shareholder funds									
Cash and short-term deposits	1	2	(50.0)	-	1	1	1	(100.0)	(100.0)
Interest-bearing securities	129	182	(29.1)	68	61	77	105	11.5	(11.7)
Equities	116	127	(8.7)	37	79	49	78	(53.2)	(24.5)
Property	-	(23)	(100.0)	-	-	1	(24)	n/a	(100.0)
Total	**246**	**288**	**(14.6)**	**105**	**141**	**128**	**160**	**(25.5)**	**(18.0)**
Total investment income	**731**	**621**	**17.7**	**411**	**320**	**206**	**415**	**28.4**	**99.5**

Total investment income of $731 million resulted in a total return of 5.7% for the year.

For the year ended 30 June 2014, the Australian cash rate fell 25 basis points to 2.50% and the yield on three-year Government Bonds decreased 11 basis points to 2.68% providing risk-free mark-to-market gains on investment assets (and increased outstanding claims reserves). Narrowing of credit spreads, increases in breakeven inflation and equity markets provided additional gains.

Investment income on Insurance Funds

Total investment income on Insurance Funds was $485 million comprising:

- underlying yield income of $263 million or 2.9% of the average funds under management over the year, down from 4.2% reflecting lower shorter duration risk-free rates and narrower credit spreads
- mark-to-market gains of $117 million from decreases in risk-free rates
- mark-to-market gains of $74 million from a narrowing of credit spreads; and
- $31 million outperformance of inflation-linked bonds relative to Commonwealth government nominal bonds.

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 $105 million offset by the $117 million of mark-to-market gains on investment assets. The net impact from risk-free rate changes of $12 million is attributable to mark-to-market gains on the assets backing unearned premiums (which are not discounted).

In calculating the underlying ITR, an investment income adjustment of $126 million has been made to materially remove the impact of investment market volatility comprising:

- the $74 million gain from the narrowing of credit spreads
- the $31 million gain from inflation-linked bond outperformance
- the $12 million gain from changes in the risk-free rates referred to above; and
- the $9 million gain from the unwind of the prior period risk-free rate charges.

Investment income on shareholder funds

The total investment income on shareholder funds was $246 million, with the following main components:

- Interest-bearing securities contributed $129 million. The Australian underlying yield income was $93 million with New Zealand having a net return of $11 million; and,
- International and domestic equities recorded a gain of $116 million due to stock market advances ($107 million and $9 million for the Australian and New Zealand portfolios respectively).

Investment assets

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	80	79	97	46	1.3	(17.5)
Inflation-linked securities	1,743	1,575	1,580	1,618	10.7	10.3
Interest-bearing securities and other	8,002	7,476	7,420	6,803	7.0	7.8
Total	**9,825**	**9,130**	**9,097**	**8,467**	**7.6**	**8.0**
Shareholder funds						
Cash and short-term deposits	51	41	118	97	24.4	(56.8)
Interest-bearing securities	2,617	2,561	2,538	2,669	2.2	3.1
Equities	563	716	689	699	(21.4)	(18.3)
Property	-	-	-	75	n/a	n/a
Total	**3,231**	**3,318**	**3,345**	**3,540**	**(2.6)**	**(3.4)**

The Australian insurance funds are managed against a benchmark that closely matches the interest rate and inflation sensitivity of the claims liability profile.

The Australian shareholder funds portfolio is managed against a benchmark consisting of cash, investment grade credit and 30% growth assets. The portfolio gains exposure to foreign credit and equity markets providing additional diversification and income opportunities. All foreign currency and foreign interest rate risk on international exposures is hedged.

The investment assets reflect an overarching investment strategy that focuses on generating capital efficient risk-adjusted returns.

Credit ratings for General Insurance fixed interest investments

	HALF YEAR ENDED			
AVERAGE	JUN-14 %	DEC-13 %	JUN-13 %	DEC-12 %
AAA	49.6	48.0	46.9	48.1
AA	29.1	30.4	32.5	30.7
A	18.2	19.1	18.1	19.5
BBB	3.1	2.5	2.5	1.7
	100.0	**100.0**	**100.0**	**100.0**

Personal Lines Australia

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium (including Fire Service Levies)	4,837	4,860	(0.5)	2,400	2,437	2,446	2,414	(1.5)	(1.9)
Gross written premium (excluding Fire Service Levies)	4,736	4,663	1.6	2,353	2,383	2,375	2,288	(1.3)	(0.9)
Net earned premium	4,352	4,225	3.0	2,150	2,202	2,131	2,094	(2.4)	0.9
Net incurred claims	(2,913)	(2,883)	1.0	(1,394)	(1,519)	(1,569)	(1,314)	(8.2)	(11.2)
Acquisition expenses	(497)	(466)	6.7	(251)	(246)	(231)	(235)	2.0	8.7
Other underwriting expenses	(367)	(440)	(16.6)	(170)	(197)	(228)	(212)	(13.7)	(25.4)
Total operating expenses	(864)	(906)	(4.6)	(421)	(443)	(459)	(447)	(5.0)	(8.3)
Underwriting result	575	436	31.9	335	240	103	333	39.6	225.2
Investment income - insurance funds	94	99	(5.1)	37	57	32	67	(35.1)	15.6
Insurance trading result	669	535	25.0	372	297	135	400	25.3	175.6
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	11.4	11.0		11.7	11.2	10.8	11.2		
Other underwriting expenses ratio	8.4	10.4		7.9	8.9	10.7	10.1		
Total operating expenses ratio	19.9	21.4		19.6	20.1	21.5	21.3		
Loss ratio	66.9	68.2		64.8	69.0	73.6	62.8		
Combined operating ratio	86.8	89.7		84.4	89.1	95.2	84.1		
Insurance trading ratio	15.4	12.7		17.3	13.5	6.3	19.1		

Result overview

Australian Personal Insurance delivered a significant increase in the Insurance Trading Result to $669 million representing a headline ITR of 15.4%. Premium increases moderated over the period with unit growth impacted by competitive pressures in the Home and Motor portfolios. Suncorp has continued to maintain its pricing discipline, despite aggressive discounting by challenger brands. Excluding FSL, GWP grew 1.6%.

Benign weather saw the loss ratio fall to 66.9% from 68.2%. Natural hazard claims were favourable to both prior year and allowance. A number of initiatives continue to improve the underlying working claims ratio. Strict risk selection criteria lowered frequencies and many customers opted for higher policy excesses. The benefits of the vertical integration strategy were also evident with 26 SMART facilities now repairing more than 100,000 cars per year at a flat cost.

The total operating expense ratio improved to 19.9%, from 21.4%. Excluding FSL, the expense ratio remained flat, reflecting the continued focus on expense discipline.

Outlook

Personal Insurance has established a position of strength and will continue to deliver superior margins over future periods. Maintaining an appropriate balance between margin improvement and volume growth will underpin the sustainability of the business in a competitive market.

Ongoing competitive pressure and lower reinsurance costs will impact the outlook for premium increases and will impact GWP growth over the coming year. The ongoing roll out of supply chain initiatives together with Simplification benefits will continue to support strong margins and provide the business with the capacity to respond to any future changes in competitive dynamics.

A number of new product initiatives have recently been launched such as Apia Health and AAMI Roadside Assist, with take-up rates exceeding expectations and positive feedback from customers.

Commercial Lines Australia

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium (including Fire Service Levies)	2,893	2,785	3.9	1,518	1,375	1,438	1,347	10.4	5.6
Gross written premium (excluding Fire Service Levies)	2,848	2,695	5.7	1,497	1,351	1,410	1,285	10.8	6.2
Net earned premium	2,489	2,388	4.2	1,246	1,243	1,204	1,184	0.2	3.5
Net incurred claims	(1,817)	(1,654)	9.9	(983)	(834)	(840)	(814)	17.9	17.0
Acquisition expenses	(358)	(292)	22.6	(184)	(174)	(121)	(171)	5.7	52.1
Other underwriting expenses	(258)	(313)	(17.6)	(121)	(137)	(165)	(148)	(11.7)	(26.7)
Total operating expenses	(616)	(605)	1.8	(305)	(311)	(286)	(319)	(1.9)	6.6
Underwriting result	56	129	(56.6)	(42)	98	78	51	n/a	n/a
Investment income - insurance funds	381	221	72.4	260	121	40	181	114.9	large
Insurance trading result	437	350	24.9	218	219	118	232	(0.5)	84.7
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	14.4	12.2		14.8	14.0	10.0	14.4		
Other underwriting expenses ratio	10.4	13.1		9.7	11.0	13.8	12.5		
Total operating expenses ratio	24.7	25.3		24.5	25.0	23.8	26.9		
Loss ratio	73.0	69.3		78.9	67.1	69.8	68.8		
Combined operating ratio	97.8	94.6		103.4	92.1	93.5	95.7		
Insurance trading ratio	17.6	14.7		17.5	17.6	9.8	19.6		

Result overview

Australian Commercial Insurance delivered an Insurance Trading Result of $437 million, an increase of 24.9%. The business continues to deliver strong top line growth, while maintaining underwriting and expense discipline.

Excluding FSL, GWP grew 5.7%. After adjusting for the impact of exiting crop insurance, GWP growth was 6.2%. This was driven by improved retention and new business growth.

The reported loss ratio increased to 73%. After adjusting for the impact of changes in discount rates, the loss ratio has improved due to continued focus on superior risk selection and claims management initiatives.

The total operating expense ratio at 24.7% demonstrates ongoing expense discipline. Excluding FSL and the prior period LAT benefit, the expense ratio remained flat.

Outlook

The Australian Commercial Insurance business will continue to focus on superior risk selection, market leading claims management and cost control as it prioritises margin over growth. The Australian Commercial Insurance's well progressed Simplification journey and solid broker relationships give the business a competitive advantage allowing it to capitalise on changing market dynamics. The breadth of distribution channels, scale in claims and expertise in underwriting, allow the business to target growth of 3% to 4% above system.

The Commercial Insurance strategy enables organic growth, augmented by successful scheme entry, such as ACT CTP, and acquisition of complementary product and channel sets, such as MTA Insurance.

Australian personal injury compensation schemes are currently undergoing significant reform. There are opportunities to engage with regulators and governments on scheme design to drive greater harmonisation across personal injury classes and schemes, while achieving greater certainty in earnings.

The success of Commercial Insurance's claims initiatives will continue to yield benefits for the business and will contribute to the Group's guidance to meet or beat an underlying ITR of 12%.

New Zealand

Expressed in A$

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	1,140	944	20.8	572	568	480	464	0.7	19.2
Net earned premium	885	685	29.2	465	420	362	323	10.7	28.5
Net incurred claims	(510)	(382)	33.5	(255)	(255)	(205)	(177)	-	24.4
Acquisition expenses	(208)	(178)	16.9	(107)	(101)	(91)	(87)	5.9	17.6
Other underwriting expenses	(88)	(64)	37.5	(44)	(44)	(35)	(29)	-	25.7
Total operating expenses	(296)	(242)	22.3	(151)	(145)	(126)	(116)	4.1	19.8
Underwriting result	79	61	29.5	59	20	31	30	195.0	90.3
Investment income - insurance funds	10	13	(23.1)	9	1	6	7	large	50.0
Insurance trading result	89	74	20.3	68	21	37	37	223.8	83.8
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	23.5	26.0		23.0	24.0	25.1	26.9		
Other underwriting expenses ratio	9.9	9.3		9.5	10.5	9.7	9.0		
Total operating expenses ratio	33.4	35.3		32.5	34.5	34.8	35.9		
Loss ratio	57.6	55.8		54.8	60.7	56.6	54.8		
Combined operating ratio	91.1	91.1		87.3	95.2	91.4	90.7		
Insurance trading ratio	10.1	10.8		14.6	5.0	10.2	11.5		

Expressed in NZ$

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium	1,262	1,180	6.9	617	645	588	592	(4.3)	4.9
Net earned premium	978	855	14.4	501	477	444	411	5.0	12.8
Net incurred claims	(564)	(477)	18.2	(274)	(290)	(251)	(226)	(5.5)	9.2
Acquisition expenses	(231)	(223)	3.6	(116)	(115)	(112)	(111)	0.9	3.6
Other underwriting expenses	(97)	(81)	19.8	(47)	(50)	(43)	(38)	(6.0)	9.3
Total operating expenses	(328)	(304)	7.9	(163)	(165)	(155)	(149)	(1.2)	5.2
Underwriting result	86	74	16.2	64	22	38	36	190.9	68.4
Investment income - insurance funds	11	17	(35.3)	10	1	7	10	large	42.9
Insurance trading result	97	91	6.6	74	23	45	46	221.7	64.4
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	23.6	26.1		23.2	24.1	25.2	27.0		
Other underwriting expenses ratio	9.9	9.5		9.4	10.5	9.7	9.2		
Total operating expenses ratio	33.5	35.6		32.5	34.6	34.9	36.3		
Loss ratio	57.7	55.8		54.7	60.8	56.5	55.0		
Combined operating ratio	91.2	91.3		87.2	95.4	91.4	91.2		
Insurance trading ratio	9.9	10.6		14.8	4.8	10.1	11.2		

Result overview

New Zealand delivered an Insurance Trading Result of $89 million, an increase of 20.3%. The result includes a $35 million impact from the deterioration in the estimate of ultimate claims costs for the February 2011 earthquake, changes in discounting in relation to outstanding earthquake claims and a change to the recognition of some future earthquake claims handling expenses.

GWP growth of 20.8% (NZ$ 6.9%) was achieved through both direct and intermediated distribution channels. Growth was largely achieved due to rate increases and significant growth in personal line units. Underlying growth was 22.2% (NZ$ 8.2%) after adjusting for Vero's exit from the travel insurance market, and a change in the treatment of coinsurance in the marine business.

The loss ratio increased to 57.6% from 55.8%, with natural hazard experience $26 million above allowance following a series of floods and other weather events. The final phase of the Christchurch recovery is underway with an increase in claims costs of $35 million (NZ$39 million) impacting the result.

The total operating expenses ratio improved to 33.4% from 35.3%, largely attributable to a reduction in acquisition costs.

Outlook

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

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

Over 75% of all earthquake claims costs, or NZ$3.6 billion, have been paid, and the business is on track to have resolved almost all claims by the end of 2014 with construction continuing throughout 2015. The degree of uncertainty as to the final earthquake claims cost continues to reduce as claims progress.

Underlying margin has continued to improve and will continue as benefits from Simplification projects and improved operational efficiency are realised. The program is leveraging the systems and processes implemented in the Australian insurance operations.

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

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium (including Fire Service Levies)	6,867	6,678	2.8	3,425	3,442	3,332	3,346	(0.5)	2.8
Gross written premium (excluding Fire Service Levies)	6,789	6,391	6.2	3,425	3,364	3,233	3,158	1.8	5.9
Net earned premium	5,885	5,570	5.7	2,933	2,952	2,828	2,742	(0.6)	3.7
Net incurred claims	(3,819)	(3,675)	3.9	(1,874)	(1,945)	(2,001)	(1,674)	(3.7)	(6.3)
Acquisition expenses	(810)	(724)	11.9	(415)	(395)	(360)	(364)	5.1	15.3
Other underwriting expenses	(562)	(657)	(14.5)	(264)	(298)	(343)	(314)	(11.4)	(23.0)
Total operating expenses	(1,372)	(1,381)	(0.7)	(679)	(693)	(703)	(678)	(2.0)	(3.4)
Underwriting result	694	514	35.0	380	314	124	390	21.0	206.5
Investment income - insurance funds	114	118	(3.4)	51	63	42	76	(19.0)	21.4
Insurance trading result	808	632	27.8	431	377	166	466	14.3	159.6
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	13.8	13.0		14.1	13.4	12.7	13.3		
Other underwriting expenses ratio	9.5	11.8		9.0	10.1	12.1	11.5		
Total operating expenses ratio	23.3	24.8		23.2	23.5	24.9	24.7		
Loss ratio	64.9	66.0		63.9	65.9	70.8	61.1		
Combined operating ratio	88.2	90.8		87.0	89.4	95.6	85.8		
Insurance trading ratio	13.7	11.3		14.7	12.8	5.9	17.0		

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium (including Fire Service Levies)	2,003	1,911	4.8	1,065	938	1,032	879	13.5	3.2
Gross written premium (excluding Fire Service Levies)	2,003	1,911	4.8	1,065	938	1,032	879	13.5	3.2
Net earned premium	1,841	1,728	6.5	928	913	869	859	1.6	6.8
Net incurred claims	(1,421)	(1,244)	14.2	(758)	(663)	(613)	(631)	14.3	23.7
Acquisition expenses	(253)	(212)	19.3	(127)	(126)	(83)	(129)	0.8	53.0
Other underwriting expenses	(151)	(160)	(5.6)	(71)	(80)	(85)	(75)	(11.3)	(16.5)
Total operating expenses	(404)	(372)	8.6	(198)	(206)	(168)	(204)	(3.9)	17.9
Underwriting result	16	112	(85.7)	(28)	44	88	24	n/a	n/a
Investment income - insurance funds	371	215	72.6	255	116	36	179	119.8	large
Insurance trading result	387	327	18.3	227	160	124	203	41.9	83.1
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	13.7	12.3		13.7	13.8	9.6	15.0		
Other underwriting expenses ratio	8.2	9.3		7.7	8.8	9.8	8.7		
Total operating expenses ratio	21.9	21.5		21.3	22.6	19.3	23.7		
Loss ratio	77.2	72.0		81.7	72.6	70.5	73.5		
Combined operating ratio	99.1	93.5		103.0	95.2	89.9	97.2		
Insurance trading ratio	21.0	18.9		24.5	17.5	14.3	23.6		

Bank

Result overview

The 2014 financial year was one of transition for Suncorp Bank. It consolidated operations and addressed legacy funding and cost positions related to the former 'Non-core' portfolio, laying the foundations for sustainable and profitable growth. The Bank delivered net profit after tax of $228 million.

The Bank continued to strengthen its risk management in line with the Basel II Advanced Accreditation agenda. Improving the credit quality and diversification of lending assets remained a key focus, supported by an enhanced risk culture and improved underwriting standards.

Growth across the retail and business lending portfolios of 5.0% was slightly below target. It reflects a considered approach to lending in an intensely competitive mortgage environment and challenging agribusiness trading conditions.

Asset growth is supported by a conservative funding strategy with 65.8% of lending assets funded by retail deposits. Transaction deposit growth of 24% over the year demonstrates the strength of the franchise. An 'A+/A1' credit rating and access to a broad range of wholesale funding markets complements the Bank's funding capability. The CET1 ratio increased 86 basis points to 8.54%.

The Bank's Net Interest Margin (NIM) for the year improved 8 basis points to 1.72% benefiting from the maturity of legacy 'Non-core' funding and moderation of term deposit pricing. NIM of 1.78% for the second half saw the Bank exit the year within the target operating range, six months ahead of schedule.

The cost to income ratio reduced 1.8% to 57.4%, benefiting from positive revenue/expense growth 'jaws'. Profit before bad debts increased 8.4% to $463 million, underpinned by revenue growth of 11.7%. Operating expenses were broadly flat. In the half to 30 June 2014, the Bank achieved a 23.7% increase in profit before bad debts, contributing to a reduction in the cost to income ratio from 59.6% to 55.5%.

The Bank continued to invest in its transformation program with good progress achieved in the staged delivery of the Bank's new banking platform, Project Ignite. Further investment occurred in advertising and promotion as the Bank continues its focus on the Queensland market.

Gross impaired assets decreased 34.2% to $333 million. This represents 0.7% of gross loans and advances. Gross non-performing loans have reduced 17.9% to $772 million. Impairment losses on loans and advances reflect heightened stress across the agribusiness segment, ongoing drought conditions and a subdued rural property market. The result includes a prudent approach to provisioning given expectations of continued drought conditions into the 2015 financial year.

The Bank exits the transitional year with a stronger balance sheet, a simplified business and improved financial metrics, leaving it well positioned to deliver on its strategic targets.

Profit contribution

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN-13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Net interest income	1,011	986	2.5	519	492	502	484	5.5	3.4
Net non-interest income									
Net banking fee income	67	77	(13.0)	30	37	38	39	(18.9)	(21.1)
MTM on financial instruments	4	(6)	n/a	23	(19)	(14)	8	n/a	n/a
Other income (loss)	5	(11)	n/a	3	2	(11)	-	50.0	n/a
Total net non-interest income	76	60	26.7	56	20	13	47	180.0	330.8
Total income from Banking activities	1,087	1,046	3.9	575	512	515	531	12.3	11.7
Operating expenses									
Staff expenses	(354)	(360)	(1.7)	(176)	(178)	(180)	(180)	(1.1)	(2.2)
Equipment and occupancy expenses	(109)	(112)	(2.7)	(56)	(53)	(56)	(56)	5.7	-
Hardware, software and dataline expenses	(42)	(36)	16.7	(21)	(21)	(19)	(17)	-	10.5
Advertising and promotion	(30)	(30)	-	(17)	(13)	(16)	(14)	30.8	6.3
Office supplies, postage and printing	(31)	(28)	10.7	(16)	(15)	(13)	(15)	6.7	23.1
Other	(58)	(53)	9.4	(33)	(25)	(32)	(21)	32.0	3.1
Total operating expenses	(624)	(619)	0.8	(319)	(305)	(316)	(303)	4.6	0.9
Bank profit before losses on loans and advances	463	427	8.4	256	207	199	228	23.7	28.6
Loss on sale of loans and advances	(13)	(527)	(97.5)	-	(13)	(506)	(21)	(100.0)	(100.0)
Impairment losses on loans and advances	(124)	(375)	(66.9)	(79)	(45)	(181)	(194)	75.6	(56.4)
Bank profit (loss) before tax	**326**	**(475)**	**n/a**	**177**	**149**	**(488)**	**13**	**18.8**	**n/a**
Income tax	(98)	132	n/a	(54)	(44)	141	(9)	22.7	n/a
Bank profit (loss) after tax	**228**	**(343)**	**n/a**	**123**	**105**	**(347)**	**4**	**17.1**	**n/a**

Bank ratios and key statistics

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14	JUN-13	JUN-14	DEC-13	JUN-13	DEC-12
	%	%	%	%	%	%
Lending growth (annualised)	3.65	0.77	3.17	4.06	(4.05)	5.62
Net interest margin (interest-earning assets)	1.72	1.64	1.78	1.66	1.67	1.60
Cost to income ratio	57.4	59.2	55.5	59.6	61.4	57.1
Impairment losses to gross loans and advances	0.25	0.78	0.32	0.18	0.76	0.78
Return on Common Equity Tier 1	8.19	(14.70)	8.78	7.59	(28.98)	0.33
Deposit to loan ratio	65.8	65.5	65.8	65.7	65.5	61.3

Statement of assets and liabilities

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Assets						
Cash and cash equivalents	463	810	905	341	(42.8)	(48.8)
Receivables due from other banks	927	790	1,460	1,031	17.3	(36.5)
Trading securities	1,593	2,129	3,462	4,077	(25.2)	(54.0)
Derivatives	334	451	667	427	(25.9)	(49.9)
Investment securities	6,500	6,652	6,640	5,114	(2.3)	(2.1)
Loans, advances and other receivables	49,781	49,074	47,999	48,770	1.4	3.7
Due from Group entities	147	290	251	190	(49.3)	(41.4)
Deferred tax assets	98	88	141	185	11.4	(30.5)
Other assets	192	213	272	319	(9.9)	(29.4)
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	60,297	60,759	62,059	60,716	(0.8)	(2.8)
Liabilities						
Deposits and short-term borrowings	44,154	44,597	43,861	41,828	(1.0)	0.7
Derivatives	525	494	984	1,287	6.3	(46.6)
Payables due to other banks	81	186	213	46	(56.5)	(62.0)
Payables and other liabilities	457	403	640	502	13.4	(28.6)
Due to group entities	160	-	-	-	n/a	n/a
Securitisation liabilities	3,598	4,267	4,802	4,326	(15.7)	(25.1)
Debt issues	6,839	6,433	7,313	8,250	6.3	(6.5)
Subordinated notes	742	840	840	267	(11.7)	(11.7)
Preference shares	-	-	30	764	n/a	(100.0)
Total liabilities	56,556	57,220	58,683	57,270	(1.2)	(3.6)
Net assets	**3,741**	**3,539**	**3,376**	**3,446**	5.7	10.8

Reconciliation of net equity to Common Equity Tier 1 Capital	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M
Net equity - Banking line of business	3,741	3,539	3,376	3,446
Additional tier 1 capital	(450)	(450)	(450)	(450)
Goodwill allocated to Banking Business	(235)	(235)	(235)	(235)
Regulatory capital equity adjustments	27	37	58	90
Regulatory capital deductions	(287)	(259)	(286)	(277)
Other reserves excluded from CET1 ratio	(151)	(125)	(131)	(133)
Common Equity Tier 1 Capital	**2,645**	**2,507**	**2,332**	**2,441**

Loans, advances and other receivables

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Housing loans	32,540	31,329	29,399	28,614	3.9	10.7
Securitised housing loans and covered bonds	6,461	6,955	7,759	7,349	(7.1)	(16.7)
Total housing loans	39,001	38,284	37,158	35,963	1.9	5.0
Consumer loans	431	452	463	464	(4.6)	(6.9)
Retail loans	39,432	38,736	37,621	36,427	1.8	4.8
Commercial (SME)	5,772	5,666	5,531	5,297	1.9	4.4
Agribusiness	4,624	4,484	4,311	4,039	3.1	7.3
Total Retail and Business lending	**49,828**	**48,886**	**47,463**	**45,763**	**1.9**	**5.0**
Corporate and property	**128**	298	735	3,422	(57.0)	(82.6)
Total lending	**49,956**	**49,184**	**48,198**	**49,185**	**1.6**	**3.6**
Other receivables	51	100	101	58	(49.0)	(49.5)
Gross banking loans, advances and other receivables	50,007	49,284	48,299	49,243	1.5	3.5
Provision for impairment	(226)	(210)	(300)	(473)	7.6	(24.7)
Loans, advances and other receivables	**49,781**	**49,074**	**47,999**	**48,770**	**1.4**	**3.7**
Credit-risk weighted assets	**25,903**	**25,407**	**25,364**	**27,423**	**2.0**	**2.1**
Geographical breakdown - Total lending						
Queensland	28,748	28,448	28,254	28,889	1.1	1.7
New South Wales	12,095	11,777	11,212	11,431	2.7	7.9
Victoria	4,436	4,372	4,273	4,487	1.5	3.8
Western Australia	3,139	3,119	3,066	3,059	0.6	2.4
South Australia and other	1,538	1,468	1,393	1,319	4.8	10.4
Outside of Queensland loans	21,208	20,736	19,944	20,296	2.3	6.3
Total lending	**49,956**	**49,184**	**48,198**	**49,185**	**1.6**	**3.6**

Total Lending

Total lending receivables, including securitised assets, grew 3.6%. The result includes $607 million run-off from the legacy ‘Non-Core’ Corporate and Property portfolio. Excluding the legacy corporate and property run-off, lending growth was 5.0%.

Retail Loans

The home lending portfolio grew 5.0% to $39 billion in a low credit growth environment characterised by intense price competition, customer deleveraging and increased refinancing activity. Growth at 0.9 times system reflects the Bank’s focus of targeting the sub-80% LVR segment in Queensland and interstate markets.

The intermediated channel is integral to the Bank’s customer acquisition and portfolio diversification strategy, particularly outside Queensland. As at 30 June 2014, 42% of the home lending portfolio was originated outside of Queensland.

Building complete customer relationships remains a key focus across direct and intermediated channels. Currently 80% of new home loan customers have a transaction account relationship with the Bank.

Commercial (SME)

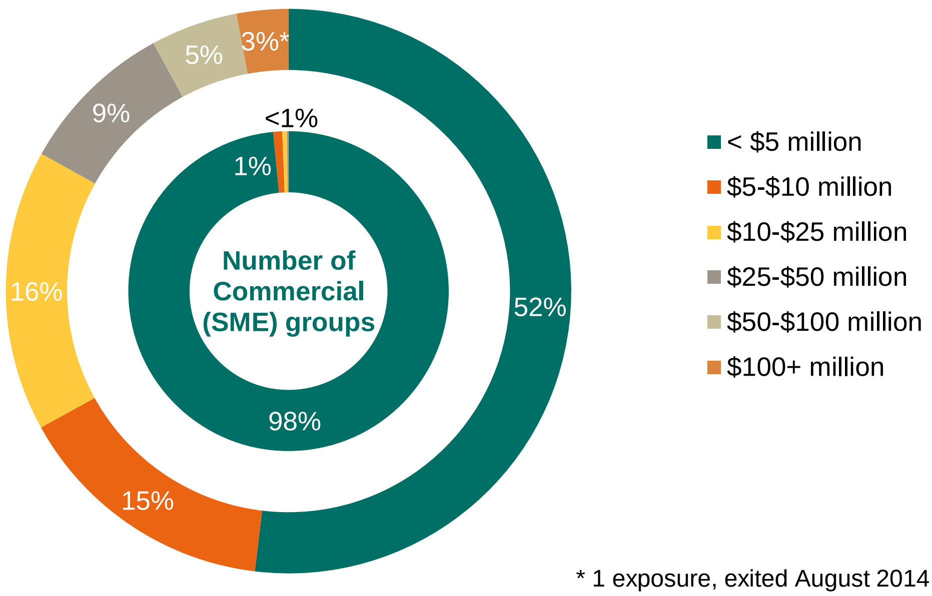
The commercial (SME) portfolio grew to $5.8 billion in an Australian economy shaped by low business confidence and a high Australian dollar. Construction and property development has responded to accommodative interest rates and demand for apartments, while manufacturing, mining and hospitality sectors face challenges from the high dollar.

Commercial (SME) portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Commercial (SME) breakdown					
Property Investment	30	4	5	39	2,277
Hospitality & Accomm.	16	2	1	19	1,113
Retail	5	2	1	8	444
Construction & Dev.	7	1	1	9	493
Manufacturing & Mining	3	2	2	7	364
Services (Inc. prof services)	6	2	1	9	496
Other	7	1	1	9	585
Total %	74	14	12	100	
Total $M	4,252	806	714		5,772

The Bank's commercial property investment assets have an average loan size of around $2 million. The portfolio is heavily weighted towards less than $5 million lending, with 98% of customer groups with loans in this range. By value, more than half of the commercial (SME) portfolio consists of customer groups with an average exposure of less than $5 million.

Commercial (SME) portfolio by average group exposure size



* 1 exposure, exited August 2014

Agribusiness

The Agribusiness portfolio grew 7.3% to $4.6 billion. The Bank is taking a measured approach to risk selection in an environment affected by ongoing drought and intense price competition.

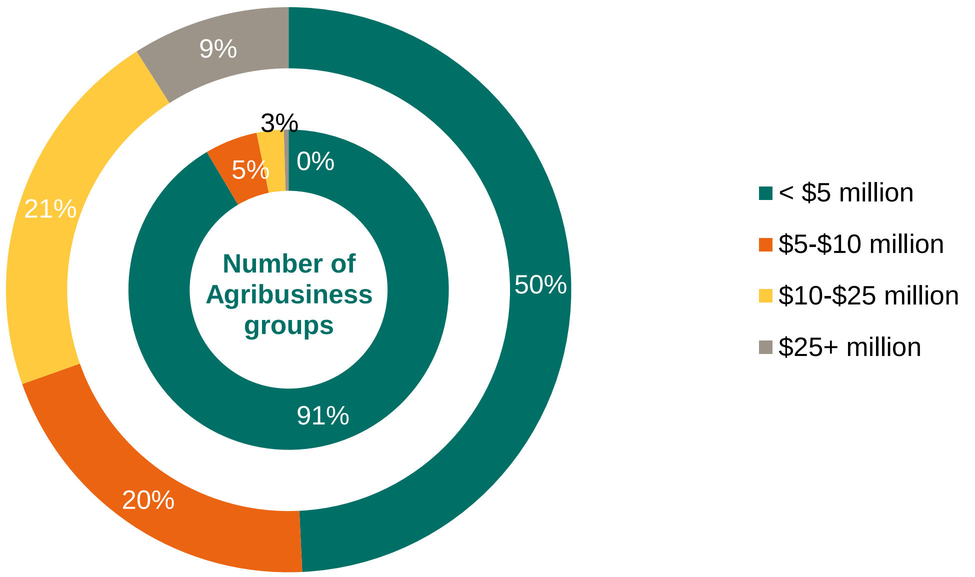
The Bank has a long heritage in agribusiness and remains committed to this segment. The target market remains family-operated farms with an average loan size of around $1.8 million.

Agribusiness portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Agribusiness breakdown					
Beef	31	2	-	33	1,495
Grain & Mixed Farming	10	15	2	27	1,245
Sheep & Mixed Livestock	5	4	1	10	457
Cotton	4	4	-	8	383
Sugar	5	-	-	5	222
Fruit	3	-	-	3	159
Other	7	3	4	14	663
Total %	65	28	7	100	
Total $M	2,974	1,309	341		4,624

The portfolio is heavily weighted towards less than $5 million lending, with 91% of customer groups with loans in this range. By value, half of the Agribusiness portfolio consists of customer groups with an average exposure of less than $5 million.

Agribusiness portfolio by average group exposure size



Corporate and Property

The corporate and property portfolio represents the residual ‘Non-core’ portfolio of loans. The portfolio reduced by 83% ($607 million). At 30 June 2014, net receivables total $128 million, with $48 million or 37% impaired. Provisioning allocated against these loans remains appropriate with specific provision coverage in excess of 42%.

Bank funding composition

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Retail funding						
Retail Deposits [(1)]						
Transaction	5,333	5,113	4,301	4,010	4.3	24.0
Investment	8,085	7,711	6,673	6,588	4.9	21.2
Term deposits	15,305	15,812	16,599	15,486	(3.2)	(7.8)
Retail deposits	28,723	28,636	27,573	26,084	0.3	4.2
Retail treasury deposits	4,169	3,673	3,981	4,061	13.5	4.7
Total retail funding	32,892	32,309	31,554	30,145	1.8	4.2
Wholesale funding						
Domestic funding sources						
Short-term wholesale	8,551	8,602	8,308	8,231	(0.6)	2.9
Long-term wholesale	2,750	2,650	2,866	3,975	3.8	(4.0)
Covered bonds	2,197	2,196	2,196	2,195	0.0	0.0
Subordinated notes	742	840	840	170	(11.7)	(11.7)
Reset preference shares	-	-	30	30	n/a	(100.0)
Convertible preference shares	-	-	-	734	n/a	n/a
	14,240	14,288	14,240	15,335	(0.3)	-
Overseas funding sources [(2)]						
Short-term wholesale	2,711	3,686	3,999	3,452	(26.5)	(32.2)
Long-term wholesale	1,892	1,587	2,251	2,080	19.2	(15.9)
Subordinated notes	-	-	-	97	n/a	n/a
	4,603	5,273	6,250	5,629	(12.7)	(26.4)
Total wholesale funding	18,843	19,561	20,490	20,964	(3.7)	(8.0)
Total funding (excluding securitisation)	**51,735**	**51,870**	**52,044**	**51,109**	**(0.3)**	**(0.6)**
Securitised funding						
APS 120 qualifying	3,140	3,711	3,733	3,552	(15.4)	(15.9)
APS 120 non-qualifying	458	556	1,069	774	(17.6)	(57.2)
Total securitised funding	3,598	4,267	4,802	4,326	(15.7)	(25.1)
Total funding (including securitisation)	**55,333**	**56,137**	**56,846**	**55,435**	**(1.4)**	**(2.7)**
Total funding is represented on the balance sheet by:						
Deposits	32,892	32,309	31,554	30,145	1.8	4.2
Short-term borrowings	11,262	12,288	12,307	11,683	(8.3)	(8.5)
Securitisation liabilities	3,598	4,267	4,802	4,326	(15.7)	(25.1)
Bonds, notes and long-term borrowings	6,839	6,433	7,313	8,250	6.3	(6.5)
Subordinated notes	742	840	840	267	(11.7)	(11.7)
Preference shares	-	-	30	764	n/a	(100.0)
Total	**55,333**	**56,137**	**56,846**	**55,435**	**(1.4)**	**(2.7)**
Deposit to loan ratio	**65.8%**	**65.7%**	**65.5%**	**61.3%**		

(1) Comparative information has been restated to conform to current year presentation

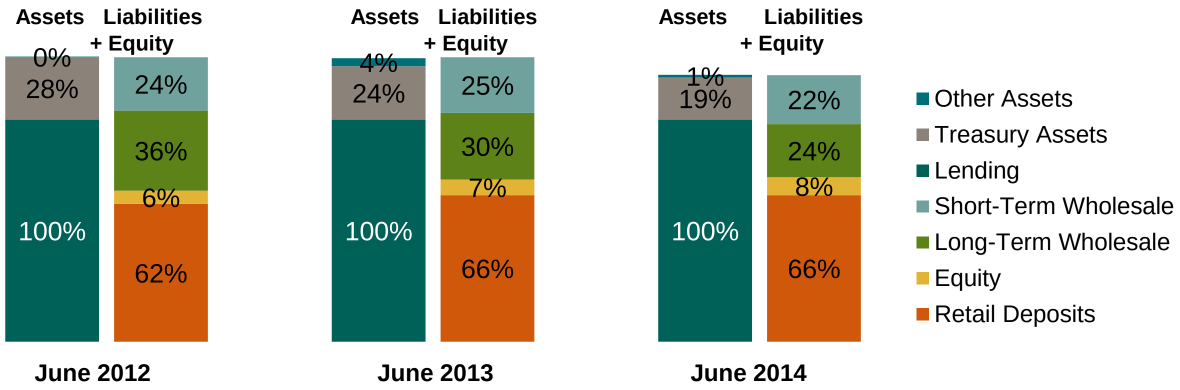
(2) Foreign currency borrowings are hedged back into Australian dollars.

Retail funding

The Bank manages the retail deposits portfolio to support lending, margin and customer acquisition objectives. The retail deposit to lending ratio of 65.8% is within target range.

A focus on the acquisition of stable and diversified retail deposits underpinned 24% growth in transaction deposits in the year to 30 June 2014.

Components of balance sheet (% of total lending assets)



Wholesale funding

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

The Bank successfully completed a US$850 million senior unsecured 144a debt issuance in March 2014 followed by a five-year $750 million senior domestic debt deal in April 2014. The US 144a offered investors both floating and fixed bonds and was Suncorp's first long-term debt issue in the US capital markets since 2009, when the Bank issued with the benefit of the Australian Government Guarantee.

The Bank operates a conservative wholesale funding instrument duration profile given its solid retail deposit to lending ratio. The Bank has lengthened the average tenure of the short-term wholesale book. Securitisation represents a large proportion of wholesale funding with a maturity of greater than 12 months. While this funding reduces over time, duration decline is aligned to the loan amortisation profile, supporting the management of refinancing risk.

Wholesale funding instruments maturity profile [1]

	Short term $M	Long term $M	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Maturity								
0 to 3 months	9,121	342	9,463	11,019	10,648	9,696	(14.1)	(11.1)
3 to 6 months	1,726	1,635	3,361	3,545	3,322	3,815	(5.2)	1.2
6 to 12 months	415	1,399	1,814	2,129	2,695	2,055	(14.8)	(32.7)
1 to 3 years	-	4,783	4,783	4,591	5,882	7,161	4.2	(18.7)
3+ years	-	3,020	3,020	2,544	2,745	2,563	18.7	10.0
Total wholesale funding instruments	11,262	11,179	22,441	23,828	25,292	25,290	(5.8)	(11.3)

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

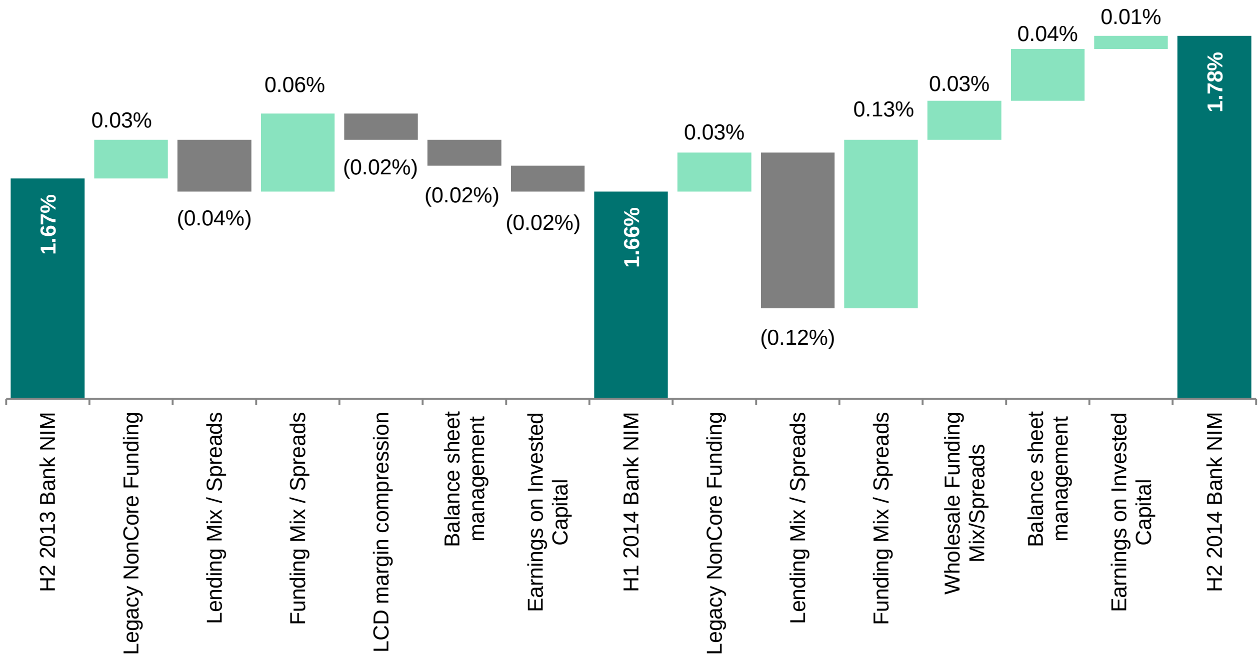
Net interest income

Net interest income increased to $1,011 million. The Bank is displaying momentum in net interest income, with growth of 5.5% over the second half contributing to 2.5% growth for the full year. Net interest margin (NIM) for the second half improved 12 basis points to 1.78% within the target range of 1.75% to 1.85%, six months earlier than expected.

The full-year NIM at 1.72% has improved by 8 basis points. This was shaped by the following drivers:

- expansion in retail product margins with the impact of price competition in lending more than offset by benefits from funding mix and reduction in term deposit pricing
- margin compression on low cost deposits and invested capital in the first half due to the reduction in the RBA cash rate in May and August 2013
- unwind of legacy funding relating to the former 'Non-core' portfolio and term debt issuances completed during the second half extending duration at a reduced cost; and
- benefits realised in the second half from a focus on efficiency in liquidity management and funding requirements which optimised the performance of the balance sheet.

NIM movements



Average banking balance sheets

	FULL YEAR ENDED JUN-14			HALF YEAR ENDED JUN-14		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities	9,693	339	3.50	9,245	160	3.49
Gross loans, advances and other receivables	49,008	2,634	5.37	49,558	1,298	5.28
Total interest-earning assets	58,701	2,973	5.06	58,803	1,458	5.00
Non-interest earning assets						
Other assets (inc. loan provisions)	1,035			800		
Total non-interest earning assets	1,035			800		
TOTAL ASSETS	59,736			59,603		
Liabilities						
Interest-bearing liabilities						
Retail deposits	32,274	1,056	3.27	32,585	506	3.13
Wholesale liabilities	22,174	863	3.89	21,722	412	3.82
Debt capital	843	43	5.10	834	21	5.08
Total interest-bearing liabilities	55,291	1,962	3.55	55,141	939	3.43
Non-interest bearing liabilities						
Other liabilities	874			820		
Total non-interest bearing liabilities	874			820		
TOTAL LIABILITIES	56,165			55,961		
AVERAGE SHAREHOLDERS' EQUITY	3,571			3,642		
Non-Shareholder Accounting Equity	31			28		
Convertible Preference Shares	(450)			(450)		
Average Shareholders' Equity	3,152			3,220		
Goodwill allocated to Banking Business	(235)			(235)		
Average Shareholders' Equity (ex Goodwill)	2,917			2,985		
Analysis of interest margin and spread						
Interest-earning assets	58,701	2,973	5.06	58,803	1,458	5.00
Interest-bearing liabilities	55,291	1,962	3.55	55,141	939	3.43
Net interest spread			1.51			1.57
Net interest margin (interest-earning assets)	58,701	1,011	1.72	58,803	519	1.78
Net interest margin (lending assets)	49,008	1,011	2.06	49,558	519	2.11

Net non-interest income

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN-13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income	67	77	(13.0)	30	37	38	39	(18.9)	(21.1)
MTM on financial instruments	4	(6)	n/a	23	(19)	(14)	8	n/a	n/a
Other income (loss)	5	(11)	n/a	3	2	(11)	-	50.0	n/a
Total net non-interest income	76	60	**26.7**	**56**	**20**	**13**	**47**	**180.0**	**330.8**

Non-interest income of $76 million for the year represents a 26.7% increase on the prior year. This is attributed to a $20 million gain from the off-market buy-back of unsecured floating rate notes.

Fee generation from the Bank's retail products is comparable with retail banking peers. Retail fees are reducing due to ongoing customer preference for low fee and/or fee-free banking. The result also includes higher commissions paid to intermediaries consistent with lending volumes delivered by this channel.

The mark-to-market (MTM) result included unrealised losses on short-term derivative positions offset by realised gains on the sale of treasury bank book assets. The Bank purchases liquid assets and uses hedging instruments for balance sheet risk management purposes. The Bank places some of its liquid assets into a trading portfolio which it uses to manage liquidity and is accounted for on a fair value basis. This trading position is hedged using short-dated instruments which do not qualify for hedge accounting and are valued on a MTM basis. These instruments are often held to maturity and as such any unrealised MTM will unwind through net interest income until maturity.

Operating expenses

Operating expenses have been held broadly flat year on year, resulting in a 1.8% improvement in the cost to income ratio to 57.4%. The Bank maintains a strategic approach to cost management and is committed to investment into brand, capability and capacity. Recent investment into risk management capability, distribution alignment and marketing contributed to an increase in expenses on a half-on-half basis.

Delivering productivity improvements via the Bank's distribution network remains an ongoing focus. Benefits are being realised from branch footprint redesign and development of electronic channels. The Bank continues to leverage the Group's capability and scale in the management of occupancy, technology and procurement. The adoptions of 'smart' working environments are delivering ongoing benefits in the cost of real estate.

Delivery of the Bank's two key transformational programs, Project Ignite and Basel II Advanced Accreditation, remain a key focus.

Impairment losses on loans and advances

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN-13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	18	(43)	n/a	23	(5)	(39)	(4)	n/a	n/a
Specific provision for impairment	104	399	(73.9)	56	48	203	196	16.7	(72.4)
Actual net write-offs	2	19	(89.5)	-	2	17	2	(100.0)	(100.0)
	124	**375**	**(66.9)**	**79**	**45**	**181**	**194**	**75.6**	**(56.4)**
Impairment losses to gross loans and advances (annualised)	**0.25%**	**0.78%**		**0.32%**	**0.18%**	**0.76%**	**0.78%**		

Impairment losses were $124 million. The result reflects appropriate provisioning for stress across the agribusiness segment caused by ongoing drought conditions and a subdued rural property market. Credit impairment losses are 25 basis points of gross loans and advances. Impairment losses across the retail and commercial portfolios are consistent with recent experience.

Loss on sale of loans and advances

Losses on the sale of loans were limited to the $13 million charge incurred in the first half from the residual Non-core portfolio. The result was attributable to the Bank's ongoing balance sheet de-risking process through the execution of individual sales of performing corporate and property loans at a discount to book value.

Impaired assets

					JUN-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
Retail lending	26	28	33	32	(7.1)	(21.2)
Agribusiness lending	208	182	139	99	14.3	49.6
Commercial/SME lending	51	57	51	85	(10.5)	-
Corporate and property	48	149	283	1,644	(67.8)	(83.0)
Gross impaired assets	333	416	506	1,860	(20.0)	(34.2)
Specific provision for impairment	(106)	(113)	(198)	(332)	(6.2)	(46.5)
Net impaired assets	227	303	308	1,528	(25.1)	(26.3)
Gross impaired assets to gross loans and advances	**0.67%**	**0.84%**	**1.05%**	**3.78%**		

Gross impaired assets decreased 34.2% on the prior year to $333 million. This represents 0.67% of gross loans and advances.

Agribusiness impaired asset volumes increased to $208 million which represents 4.5% of the total Agribusiness portfolio. The portfolio continues to be impacted by prolonged drought conditions and the ongoing impact of previous flooding events. Current procedures for identifying stressed accounts remain robust and effective. The Bank continues to closely monitor emerging issues on a per exposure basis and remains well positioned to withstand the cyclical nature and challenges of the industry.

Non-performing loans

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Individually impaired loans						
Gross impaired assets	333	416	506	1,860	(20.0)	(34.2)
Specific provision for impairment	(106)	(113)	(198)	(332)	(6.2)	(46.5)
Net impaired assets	227	303	308	1,528	(25.1)	(26.3)
Size of gross individually impaired assets						
Less than one million	22	34	32	35	(35.3)	(31.3)
Greater than one million but less than ten million	183	204	245	265	(10.3)	(25.3)
Greater than ten million	128	178	229	1,560	(28.1)	(44.1)
	333	416	506	1,860	(20.0)	(34.2)
Past due loans not shown as impaired assets	439	445	434	324	(1.3)	1.2
Gross non-performing loans	772	861	940	2,184	(10.3)	(17.9)
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	416	506	1,860	2,090	(17.8)	(77.6)
Recognition of new impaired assets	193	113	201	227	70.8	(4.0)
Increases in previously recognised impaired assets	4	1	15	27	300.0	(73.3)
Impaired assets written off/sold during the half year	(55)	(124)	(1,436)	(191)	(55.6)	(96.2)
Impaired assets which have been reclassed as performing assets or repaid	(225)	(80)	(134)	(293)	181.3	67.9
Balance at the end of the half year	**333**	**416**	**506**	**1,860**	**(20.0)**	**(34.2)**

Gross non-performing loans reduced 17.9% to $772 million.

Retail past due loan experience has improved against the prior half following changes to hardship seasoning timeframes. The Bank continues to refine management of hardship, with ongoing monitoring of hardship loan delinquency regularly undertaken.

Provision for impairment

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Collective provision						
Balance at the beginning of the period	97	102	141	145	(4.9)	(31.2)
Charge against contribution to profit	23	(5)	(39)	(4)	n/a	n/a
Balance at the end of the period	120	97	102	141	23.7	17.6
Specific provision						
Balance at the beginning of the period	113	198	332	392	(42.9)	(66.0)
Charge against impairment losses	56	48	203	196	16.7	(72.4)
Write-off of impaired assets	(55)	(124)	(294)	(191)	(55.6)	(81.3)
Unwind of interest	(8)	(9)	(43)	(65)	(11.1)	(81.4)
Balance at the end of the period	106	113	198	332	(6.2)	(46.5)
Total provision for impairment - Banking activities	226	210	300	473	7.6	(24.7)
Equity reserve for credit loss (ERCL)						
Balance at the beginning of the period	125	131	133	147	(4.6)	(6.0)
Transfer to retained earnings	26	(6)	(2)	(14)	n/a	n/a
Balance at the end of the period	151	125	131	133	20.8	15.3
Pre-tax equivalent coverage	216	179	187	190	20.7	15.5
Total provision for impairment and ERCL - Banking activities	442	389	487	663	13.6	(9.2)

	JUN-14 %	DEC-13 %	JUN-13 %	DEC-12 %
Provision for impairment expressed as a percentage of gross impaired assets are as follows:				
Collective provision	36.0	23.3	20.2	7.6
Specific provision	31.8	27.2	39.1	17.8
Total provision	67.9	50.5	59.3	25.4
ERCL coverage	64.9	43.0	37.0	10.2
Total provision and ERCL coverage	132.7	93.5	96.3	35.6
Total provision and ERCL coverage expressed as a percentage of gross non-performing loans	57.3	45.2	51.8	30.4

Total provision coverage increased to 132.7% of gross impaired assets, demonstrating adequate provisioning levels across all portfolios.

Gross non-performing loans coverage by portfolio

	Past due loans $M	Impaired assets $M	Specific provision $M	Collective provision $M	ERCL (pre-tax equivalent) $M	Total provision and ERCL coverage %
Retail lending	366	26	5	35	63	26.3
Agribusiness lending	18	208	60	44	74	78.8
Commercial/SME lending	55	51	21	37	72	122.6
Corporate and property	-	48	20	4	7	64.6
Total	**439**	**333**	**106**	**120**	**216**	**57.3**

Outlook

Suncorp Bank's goal is to be the best bank for Queenslanders and the best challenger in target markets outside Queensland. To achieve this, the Bank will differentiate itself from competitors by offering 'big bank capability and customer connection of a small bank'. It will leverage the competitive advantages of the Suncorp Group across capital, funding, customer as well as utilising the Bank's unique brand forged over a 110-year heritage.

The Bank possesses a simple and conservatively managed balance sheet as demonstrated by the strength of its capital and funding ratios. The Bank is well positioned to meet Basel III liquidity requirements and is committed to holding appropriate levels of physical and contingent liquidity.

Delivery of the Bank's new banking platform, Project Ignite, and Basel II Advanced Accreditation remain key priorities. Both programs will significantly improve the way the Bank conducts business. They will enhance the Bank's ability to meet the changing needs of customers within a robust risk management framework. Project Ignite will deliver material efficiency benefits through simplification and automation, enabling the Bank to achieve a sub-50% cost to income ratio over the medium term. In short, successful delivery of these programs will ensure the long-term future of the Bank.

In addition to the transformation programs, the Bank is investing in ways to better engage and service customers via digital channels. Leveraging insights from the Group's Business Intelligence initiative will provide further support to these endeavours.

In the near term, market conditions will challenge the ability of the Bank to achieve its target. Competition is expected to remain intense as industry participants strive to maintain and improve their market share. The short term outlook for agribusiness remains uncertain as drought conditions persist. The Bank has responded appropriately and the adoption of a prudent drought provision in addition to revised risk selection processes are expected to drive moderation of the impairment ratio in future periods.

Despite the challenges, the Bank is well placed to perform in the current environment. Operating targets over the medium term remain unchanged:

- NIM of 1.75% to 1.85% underpinned by pricing discipline;
- disciplined cost management and ongoing investment in strategic programs to drive the cost to income ratio towards sub-50%;
- sustainable lending growth of 1 to 1.3 times system through measured expansion in housing and business markets supported by positive conversion of new customers to 'complete' customers;
- retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its A+/A1 credit rating to raise diverse wholesale funding; and
- return on CET1 of 12.5% to 15%.

Life

Result overview

Suncorp Life's profit after tax for the full year was $92 million. Underlying profit was $84 million. As announced in May, Suncorp Life has materially revised its key valuation assumptions, resulting in a $496 million non-cash write-down of intangible assets.

During the year, Life delivered a number of key priorities:

- capital efficiency initiatives with $535 million of capital released to the Group, representing over a quarter of the starting capital base of $2.1 billion (CET1 plus Deferred Acquisition Costs (DAC))
- bringing the Direct Life business in-house, with all new policies now sold and serviced by Suncorp employees on Suncorp systems, rather than through an external partner
- improved sustainability in the advice channel through an increased proportion of IFA new business written electronically and on hybrid commission
- strong momentum in Suncorp Everyday Super (EDS), with approximately 80% of EDS customers holding a Suncorp Bank account.

The net assets of Suncorp Life decreased by circa $900 million. This reflected the capital initiatives during the first half of the year and the impact of the assumption changes discussed below.

Annual in-force premium increased by 8.5% to $911 million with strong growth in New Zealand. Individual new business volumes fell by 5%, with the Australian IFA channel sales down 10.3% driven by constrained market growth and a prioritisation of value over volume.

Direct sales via General Insurance brands were up 11% over the second half reflecting the emphasis of putting the customer at the forefront and providing our wider Suncorp Group customers with propositions aligned to their needs. This resulted in improved conversion rates in the Direct Life business.

EDS continues to gather momentum with funds under administration increasing to $150 million supported by strong new business flows.

Assumption changes

On 27 May 2014, Suncorp announced a non-cash write-down of intangible assets of $496 million following a detailed review of key assumptions.

Suncorp Life has changed from the industry's traditional practice of setting assumptions using 'historical averages' to a more forward-looking basis. The revised approach explicitly reflects the time Suncorp Life believes it will take to work through the industry structural challenges (product design, premium structures and IFA remuneration) and recognises the potential for dislocation as the industry transitions and then recovers in the medium term.

The reset assumptions have impacted the Group's financial result for the year ended 30 June 2014 as follows:

- a Suncorp Group non-cash write-down of $496 million, comprising:
    - a write-down of goodwill and other intangible assets of $320 million after tax
    - a loss recognition on some products and other reserving adjustments to policy liabilities of $176 million after tax.
- Embedded Value reduced to $1.7 billion as at 30 June 2014.

Life has four key lines of business – IFA, Direct Life (Direct), Superannuation and New Zealand. The impact of the assumption changes is largely in the IFA business, with only nominal adjustments across the other business lines, including New Zealand.

Outlook

Life is focused on executing its strategic agenda and managing the areas within its control. The business model has been comprehensively realigned around the customer with a priority on addressing product design and optimising distribution.

Whilst there remains a need for industry wide action to address the challenges, Suncorp Life is confident in delivering against its strategic agenda.

The financial profile of the business has been impacted by the capital initiatives and the reset of key assumptions during the 2014 financial year. For the 2015 financial year, the planned profit margin release is expected to be $25 million to $35 million lower. The Suncorp Life underlying profit after tax is expected to increase moderately and be in the range of $90 million to $100 million.

Market adjustments will remain volatile. An increase in interest rates will result in adverse market adjustments, a decrease will result in positive market adjustments.

Profit contribution

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Life Risk									
Planned profit margin release (1)	69	99	(30.3)	34	35	50	49	(2.9)	(32.0)
Claims experience	(24)	(21)	14.3	(14)	(10)	(9)	(12)	40.0	55.6
Lapse experience	(26)	(26)	-	(9)	(17)	(9)	(17)	(47.1)	-
Other experience	(7)	(6)	16.7	(4)	(3)	(2)	(4)	33.3	100.0
Underlying investment income	35	43	(18.6)	17	18	21	22	(5.6)	(19.0)
Life Risk	**47**	**89**	**(47.2)**	**24**	**23**	**51**	**38**	**4.3**	**(52.9)**
Superannuation	37	31	19.4	19	18	8	23	5.6	137.5
Total Life underlying profit after tax	**84**	**120**	**(30.0)**	**43**	**41**	**59**	**61**	**4.9**	**(27.1)**
Market adjustments (2)	**8**	**(60)**	**n/a**	**27**	**(19)**	**(50)**	**(10)**	**n/a**	**n/a**
Net profit after tax (before Life write-down)	**92**	**60**	**53.3**	**70**	**22**	**9**	**51**	**218.2**	**large**

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

Life Risk in-force annual premium

	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
Term and TPD	419	404	388	361	3.7	8.0
Trauma	167	161	154	150	3.7	8.4
Disability income	235	226	217	209	4.0	8.3
Other	31	30	26	26	3.3	19.2
Total Individual	**852**	**821**	**785**	**746**	**3.8**	**8.5**
Group (1)	59	60	55	49	(1.7)	7.3
Total	**911**	**881**	**840**	**795**	**3.4**	**8.5**
Total Australia	**729**	**709**	**691**	**662**	**2.8**	**5.5**
Total New Zealand (2)	**182**	**172**	**149**	**133**	**5.8**	**22.1**

(1) The methodology used to calculate Group in-force premium has been revised to reflect the recent Superannuation reforms. The impact has been to reduce prior period Group in-force numbers by $5 million.

(2) In-force growth for NZ includes exchange rate movements. The NZD in-force figures are June-14 $200 million, Dec-13 $188 million, Jun-13 $177 million

Life Risk new business by product

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Term and TPD	75	76	(1.3)	37	38	38	38	(2.6)	(2.6)
Trauma	9	8	12.5	4	5	4	4	(20.0)	-
Disability income	26	29	(10.3)	12	14	15	14	(14.3)	(20.0)
Other	10	8	25.0	5	5	4	4	-	25.0
Total Individual	**120**	**121**	**(0.8)**	**58**	**62**	**61**	**60**	**(6.5)**	**(4.9)**
Group (1)	4	8	(50.0)	1	3	3	5	(66.7)	(66.7)
Total	**124**	**129**	**(3.9)**	**59**	**65**	**64**	**65**	**(9.2)**	**(7.8)**

(1) Group New Business excludes NZ.

Life Risk new business by channel

	FULL YEAR ENDED		JUN-14		HALF YEAR ENDED			JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
IFA	61	68	(10.3)	29	32	33	35	(9.4)	(12.1)
Direct	34	33	3.0	17	17	17	16	-	-
New Zealand	25	20	25.0	12	13	11	9	(7.7)	9.1
Total Individual	**120**	**121**	(0.8)	**58**	**62**	**61**	**60**	**(6.5)**	**(4.9)**
Group [(1)]	4	8	(50.0)	1	3	3	5	(66.7)	(66.7)
Total	**124**	**129**	**(3.9)**	**59**	**65**	**64**	**65**	**(9.2)**	**(7.8)**

(1) Group New Business excludes NZ channel sales.

Superannuation new business

	FULL YEAR ENDED		JUN-14		HALF YEAR ENDED			JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Superannuation	292	192	52.1	157	135	113	79	16.3	38.9
Pensions	107	80	33.8	59	48	32	48	22.9	84.4
Investment	3	8	(62.5)	1	2	4	4	(50.0)	(75.0)
Total	**402**	**280**	**43.6**	**217**	**185**	**149**	**131**	**17.3**	**45.6**

Funds under administration

	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
Opening balance at start of period	7,691	7,339	7,230	7,111	4.8	6.4
Net inflows (outflows) [(1)]	(73)	(84)	(169)	(127)	(13.1)	(56.8)
Investment income and other	105	436	278	246	(75.9)	(62.2)
Balance at end of period	**7,723**	**7,691**	**7,339**	**7,230**	**0.4**	**5.2**

(1) Net outflows for 1H14 included an estimate for a legacy product. The estimate has been updated following receipt of actual figures for the full year.

Operating expenses

	FULL YEAR ENDED		JUN-14		HALF YEAR ENDED			JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Total operating expenses [(1)]	**303**	**291**	**4.1**	**153**	**150**	**144**	**147**	**2.0**	**6.3**

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

Shareholder investment income

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Shareholder investment income on invested assets	46	36	27.8	31	15	4	32	106.7	large
Less underlying investment income:									
Life Risk	(35)	(43)	(18.6)	(17)	(18)	(21)	(22)	(5.6)	(19.0)
Superannuation	(14)	(14)	-	(7)	(7)	(6)	(8)	-	16.7
Investment income experience	**(3)**	**(21)**	**(85.7)**	**7**	**(10)**	**(23)**	**2**	**n/a**	**n/a**

Invested shareholder assets

	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
Cash	371	401	652	548	(7.5)	(43.1)
Fixed interest securities	867	841	743	801	3.1	16.7
Equities	30	50	45	66	(40.0)	(33.3)
Property	5	4	4	4	25.0	25.0
Total	**1,273**	**1,296**	**1,444**	**1,419**	**(1.8)**	**(11.8)**

New business

IFA Australia

New business sales fell by 10% to $61 million driven by constrained market growth and a prioritisation of value over volume.

Addressing the structural challenges facing the IFA business will take time, but Life is confident in delivering on the areas within its control. Life's emphasis on putting the customer at the forefront and uplifting service was reflected in improved adviser satisfaction, up 14%, as well as continued better than industry lapse rates.

Direct Australia

New business volumes through the Direct channel were up 3% to $34 million, with growth impacted by the in-house transition of manufacturing and administrative activities during the first half of the year.

The Direct Life business started to gain momentum in the second half with Direct sold via General Insurance Brands up 11% half-on-half. The benefit of being closer to Suncorp Group customers and a better understanding of their holistic insurance needs is reflected in improved conversion rates.
The online business is now number 1 in market share.

Superannuation Australia

Superannuation new business flows increased by 43.6% to $402 million. A key driver behind the significant increase was the performance of EDS which continues to gain traction, having now reached $150 million of funds under administration. Approximately 80% of EDS customers hold a Suncorp Bank account. EDS was also recognised during the year as the Best New Product by Super Ratings.

New Zealand

New Zealand Life Risk sales increased 25.0% to $25 million demonstrating the strong foundations which the team has built over recent years. Adviser engagement continues to be positive and the business has taken a leading role in shifting the market to a more sustainable model by simplifying products and remuneration structures.

Underlying profit after tax

Planned profit margin release

Planned margins of $69 million were down 30.3% for the year. This reflects the increase in reinsurance coverage as announced in the first half of the year and the impact of strengthening claims and lapse assumptions in the prior year.

The planned profit margin release for FY15 is expected to be $25–$35 million lower than FY14 to reflect the strengthening of key assumptions.

Experience

Adverse lapse and claims experience remains a key challenge across the industry and was the key driver behind the review of Suncorp Life's assumptions announced in May.

Lapse experience in IFA Australia continued to deteriorate and assumptions have been reset.

Customer lapses were driven by affordability concerns, coupled with adviser remuneration and historical product and pricing structures. These structures result in significant price increases at the older ages, leading to a potential misalignment between customers' needs and affordability.

Life's key initiatives to address structural challenges are focusing the business on the customer, reviewing product design and rolling out the Adviser Value Proposition.

Suncorp is responding to its lapse experience through enhanced customer contact practices based on customer segmentation, peak period staffing of the Customer Care Team, and rolling out an Adviser Value Proposition that facilitates greater focus on value over volume. The activities which have been implemented to date continue to support Suncorp Life's better than industry average lapse rates.

As in the first half, IFA disability claims and group claims were the main drivers of the adverse claims experience, with higher than expected incidence and size of new claims. Efforts to improve experience include aligning Life and General Insurance claims management, tightening the rules around automatic acceptance and removal of rate guarantees at renewal for several group schemes, and early intervention and improved return to work programs with rehabilitation providers.

Expense management

Overall expenses increased 4.1% reflecting a strong focus on expense management, while investing for growth (in-housing the Direct business operations), and delivering significant regulatory projects.

Investment income

Underlying investment income of $49 million decreased by 14.0%. The reduction reflects lower average shareholder assets following the capital initiatives and a decrease in Suncorp Life's overall long-term investment assumptions. A further reduction is expected in FY15 driven by the above dynamics.

The long-term investment assumption is based on the average of the Government 10-year bond rate (7-year historical and 3-year market expected) with risk margins added to various asset classes.

Market adjustments

Market adjustments are mainly comprised of balance sheet revaluations of policy liabilities and shareholder investment assets, which we expect to neutralise through the cycle.

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN -13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Life Risk policy liability impact (DAC)	9	(37)	n/a	21	(12)	(25)	(12)	n/a	n/a
Investment Income Experience	(3)	(21)	(85.7)	7	(10)	(23)	2	n/a	n/a
Annuities market adjustments	2	(2)	n/a	(1)	3	(2)	-	n/a	(50.0)
Total market adjustments	**8**	**(60)**	**n/a**	**27**	**(19)**	**(50)**	**(10)**	**n/a**	**n/a**

Life Risk policy liability impact (DAC)

Risk-free rates are used to discount Life Risk policy liabilities. Due to 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 $9 million.

During the year ended 30 June 2013 Suncorp Life experienced significant losses as yields on government bonds increased. During 2014 there has been considerable volatility in yields, with increases in the first half reversing during the second half. Positive and negative revaluation adjustments are expected to neutralise over time.

Life Embedded Value

The Embedded Value 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 Embedded Value differs from what is known as an Appraisal Value, as it does not consider the value of future new business that the Life company is expected to write.

The components of value are shown in the table below:

Embedded Value and Value of One Year's new Sales (VOYS)

					JUN-14	JUN-14
	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	$M	$M	%	%
Adjusted net worth	**97**	**113**	**300**	**104**	**(14.2)**	**(67.7)**
Value of distributable profits	1,440	1,643	1,980	2,008	(12.4)	(27.3)
Value of imputation credits	222	250	289	318	(11.2)	(23.2)
Value of in-force	**1,662**	**1,893**	**2,269**	**2,326**	**(12.2)**	**(26.8)**
Traditional Embedded Value	**1,759**	**2,006**	**2,569**	**2,430**	**(12.3)**	**(31.5)**
Value of one year's new sales (VOYS)	**11**	**35**	**43**	**46**	**(68.6)**	**(74.4)**

Change in Embedded Value and VOYS

The reduction in the embedded value reflects:

- the impact of the various capital management initiatives in the first half of the year; and
- the impact of the changes to claims and lapse assumptions announced in the first half of the year and the rebasing of assumptions announced in May 2014.

The rebasing of assumptions as expected has also reduced VOYS.

	JUN-13 TO JUN-14 $M
Opening Embedded Value	**2,569**
Expected return	171
Experience over FY14	
Economic	45
Claims, lapse and other	(57)
Future assumption changes	
Discount rate / Economic	6
Lapses assumptions Dec-13	(122)
Rebased assumptions May-14	(334)
Other [(1)]	32
Value Added from new business	11
Closing Embedded Value prior to	**2,321**
Dividends/transfers [(2)]	(535)
Release of franking credits	(27)
Closing Embedded Value	**1,759**

(1) Other assumptions includes $51 million NZD appreciation
(2) Dividends/transfers includes all dividends recommended or paid up to the parent company over the period

Assumptions

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

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

VOYS calculations are based on new business and acquisition costs for FY14. New business includes new policies as well as voluntary increases to existing policies, whereas the Embedded Value includes contractual increases (age and CPI) on retail business, but excludes voluntary increases.

	JUN-14		JUN-13	
	AUSTRALIA	NEW ZEALAND	AUSTRALIA	NEW ZEALAND
	% PER ANNUM	% PER ANNUM	% PER ANNUM	% PER ANNUM
Investment return for underlying asset classes (gross of tax)				
Risk-free rate (at 10 years)	3.6	5.0	3.9	4.2
Cash	3.7	5.0	3.9	4.6
Fixed interest	4.2	4.8	4.4	4.7
Australian equities (inc. allowance for franking credits) [(1)]	8.7	9.0	8.9	8.8
International equities	7.7	8.0	7.9	7.8
Property	6.2	7.0	6.4	6.8
Investment returns (net of tax)	**3.3**	**3.5**	**3.5**	**3.4**
Inflation				
Benefit indexation	2.0	2.5	2.5	2.5
Risk discount rate	**7.6**	**8.5**	**7.9**	**8.2**

(1) New Zealand assumption covers Australasian equities.

	AS AT JUN-14 $M	JUN-13 $M
Base Embedded Value	**1,759**	**2,569**
Embedded Value assuming		
Discount rate and returns 1% higher	1,722	2,553
Discount rate and returns 1% lower	1,800	2,601
Discontinuance rates 10% lower	1,925	2,804
Renewal expenses 10% lower	1,806	2,623
Claims 10% lower (1)	1,929	2,787
Base value of one year's new business	**11**	**43**
Value of one year's new business assuming		
Discount rate and returns 1% higher	6	31
Discount rate and returns 1% lower	17	57
Discontinuance rates 10% lower	25	72
Acquisition expenses 10% lower	21	55
Claims 10% lower (1)	32	73

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

Statement of assets and liabilities

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Total assets						
Assets						
Invested assets	5,159	4,813	4,787	4,661	7.2	7.8
Assets backing annuity policies	135	129	135	142	4.7	-
Assets backing participating policies	2,139	2,595	2,549	2,524	(17.6)	(16.1)
Deferred tax assets	22	-	-	-	n/a	n/a
Reinsurance ceded	512	293	445	409	74.7	15.1
Other assets	394	333	247	254	18.3	59.5
Goodwill and intangible assets	229	628	640	657	(63.5)	(64.2)
	8,590	**8,791**	**8,803**	**8,647**	**(2.3)**	**(2.4)**
Liabilities						
Payables	275	210	157	181	31.0	75.2
Subordinated Debt	100	100	-	-	-	n/a
Outstanding claims liabilities	260	228	206	190	14.0	26.2
Deferred tax liabilities	42	169	132	142	(75.1)	(68.2)
Policy liabilities	5,781	5,418	5,204	5,002	6.7	11.1
Unvested policyholder benefits [1]	326	429	380	421	(24.0)	(14.2)
	6,784	**6,554**	**6,079**	**5,936**	**3.5**	**11.6**
Total net assets	**1,806**	**2,237**	**2,724**	**2,711**	**(19.3)**	**(33.7)**
Policyholder assets						
Invested assets	3,886	3,517	3,343	3,242	10.5	16.2
Assets backing annuity policies	135	129	135	142	4.7	-
Assets backing participating policies	2,139	2,595	2,549	2,524	(17.6)	(16.1)
Deferred tax assets	-	-	-	-	n/a	n/a
Other assets	135	57	33	10	136.8	309.1
	6,295	**6,298**	**6,060**	**5,918**	**(0.0)**	**3.9**
Liabilities						
Payables	-	-	-	-	n/a	n/a
Deferred tax liabilities	-	-	-	-	n/a	n/a
Policy liabilities	5,969	5,869	5,680	5,497	1.7	5.1
Unvested policyholder benefits [1]	326	429	380	421	(24.0)	(14.2)
	6,295	**6,298**	**6,060**	**5,918**	**(0.0)**	**3.9**
Policyholder net assets	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Shareholder assets						
Assets						
Invested assets	1,273	1,296	1,444	1,419	(1.8)	(11.8)
Deferred tax assets	22	-	-	-	n/a	n/a
Reinsurance ceded	512	293	445	409	74.7	15.1
Other assets	259	276	214	244	(6.2)	21.0
Goodwill and intangible assets	229	628	640	657	(63.5)	(64.2)
	2,295	**2,493**	**2,743**	**2,729**	**(7.9)**	**(16.3)**
Liabilities						
Payables	275	210	157	181	31.0	75.2
Subordinated Debt	100	100	-	-	-	n/a
Outstanding claims liabilities	260	228	206	190	14.0	26.2
Deferred tax liabilities	42	169	132	142	(75.1)	(68.2)
Policy liabilities	(188)	(451)	(476)	(495)	(58.3)	(60.5)
	489	**256**	**19**	**18**	**91.0**	**large**
Shareholder net assets	**1,806**	**2,237**	**2,724**	**2,711**	**(19.3)**	**(33.7)**

(1) Includes participating business policyholder retained profits.

The reduction of $918 million in net assets during the year reflects the impact of the capital initiatives of $535 million and the rebasing of assumptions, along with the resulting write-down of $496 million. Offsetting these items were current year profit and foreign currency translation movements.

Appendix 1 – Consolidated statement of comprehensive income and financial position

Consolidated statement of comprehensive income

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

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14	JUN-13	vs JUN-13	JUN-14	DEC-13	JUN-13	DEC-12	vs DEC-13	vs JUN-13
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	9,707	9,134	6.3	4,849	4,858	4,635	4,499	(0.2)	4.6
Reinsurance and other recoveries income	1,577	1,538	2.5	790	787	813	725	0.4	(2.8)
Banking interest income	2,972	3,420	(13.1)	1,459	1,513	1,633	1,787	(3.6)	(10.7)
Investment revenue	1,569	1,523	3.0	742	827	556	967	(10.3)	33.5
Other income	545	571	(4.6)	276	269	305	266	2.6	(9.5)
Total revenue	16,370	16,186	1.1	8,116	8,254	7,942	8,244	(1.7)	2.2
Expenses									
General Insurance claims expense	(6,595)	(6,264)	5.3	(3,312)	(3,283)	(3,334)	(2,930)	0.9	(0.7)
Life insurance claims expense and movement in policy owners liabilities	(1,450)	(1,142)	27.0	(581)	(869)	(525)	(617)	(33.1)	10.7
Outwards reinsurance premium expense	(1,124)	(1,203)	(6.6)	(676)	(448)	(618)	(585)	50.9	9.4
Interest expense	(2,029)	(2,477)	(18.1)	(973)	(1,056)	(1,153)	(1,324)	(7.9)	(15.6)
Fees and commissions expense	(756)	(700)	8.0	(383)	(373)	(336)	(364)	2.7	14.0
Operating expenses	(2,757)	(2,732)	0.9	(1,409)	(1,348)	(1,388)	(1,344)	4.5	1.5
Losses on Banking loans, advances and other receivables	(137)	(902)	(84.8)	(79)	(58)	(687)	(215)	36.2	(88.5)
Impairment loss on goodwill and intangible assets	(347)	-	n/a	(347)	-	-	-	n/a	n/a
Total expenses	(15,195)	(15,420)	(1.5)	(7,760)	(7,435)	(8,041)	(7,379)	4.4	(3.5)
Profit (Loss) before income tax	1,175	766	53.4	356	819	(99)	865	(56.5)	n/a
Income tax expense	(438)	(270)	62.2	(170)	(268)	18	(288)	(36.6)	n/a
Profit (Loss) for the period	**737**	**496**	**48.6**	**186**	**551**	**(81)**	**577**	**(66.2)**	**n/a**
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	47	61	(23.0)	15	32	23	38	(53.1)	(34.8)
Net change in fair value of available-for-sale financial assets	23	-	n/a	11	12	4	(4)	(8.3)	175.0
Exchange differences on translation of foreign operations	98	68	44.1	10	88	56	12	(88.6)	(82.1)
Income tax expense	(22)	(18)	22.2	(7)	(15)	(3)	(15)	(53.3)	133.3
	146	111	31.5	29	117	80	31	(75.2)	(63.8)
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains (losses) on defined benefit plans	31	20	55.0	31	-	16	4	n/a	93.8
Income tax expense	(9)	(6)	50.0	(9)	-	(6)	-	n/a	50.0
	22	14	57.1	22	-	10	4	n/a	120.0
Total Other comprehensive income	**168**	**125**	**34.4**	**51**	**117**	**90**	**35**	**(56.4)**	**(43.3)**
Total comprehensive income for the period	**905**	**621**	**45.7**	**237**	**668**	**9**	**612**	**(64.5)**	**large**
Profit (Loss) for the period attributable to:									
Owners of the Company	730	491	48.7	182	548	(83)	574	(66.8)	n/a
Non-controlling interests	7	5	40.0	4	3	2	3	33.3	100.0
Profit (Loss) for the period	**737**	496	48.6	**186**	551	(81)	577	(66.2)	n/a
Total comprehensive income for the period attributable to:									
Owners of the Company	898	616	45.8	233	665	7	609	(65.0)	large
Non-controlling interests	7	5	40.0	4	3	2	3	33.3	100.0
Total comprehensive income for the period	**905**	**621**	**45.7**	**237**	**668**	**9**	**612**	**(64.5)**	**large**

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

Consolidated statement of financial position

	GENERAL INSURANCE JUN-14 $M	BANKING JUN-14 $M	LIFE JUN-14 $M	CORPORATE JUN-14 $M	ELIMINATIONS JUN-14 $M	CONSOLIDATION JUN-14 $M
Assets						
Cash and cash equivalents	281	463	707	17	(573)	895
Receivables due from other banks	-	927	-	-	-	927
Trading securities	-	1,593	-	-	-	1,593
Derivatives	23	334	5	-	(61)	301
Investment securities	12,963	6,500	9,040	14,665	(16,253)	26,915
Banking loans, advances and other receivables	-	49,781	-	-	-	49,781
General Insurance assets	6,603	-	-	-	-	6,603
Life assets	-	-	862	-	-	862
Due from Group entities	-	147	7	1,240	(1,394)	-
Property, plant and equipment	33	-	4	168	-	205
Deferred tax assets	-	98	22	128	(65)	183
Other assets	172	192	49	54	(23)	444
Goodwill and intangible assets	5,091	262	229	138	-	5,720
Total assets	25,166	60,297	10,925	16,410	(18,369)	**94,429**
Liabilities						
Payables due to other banks	-	81	-	-	-	81
Deposits and short-term borrowings	-	44,154	-	-	(575)	43,579
Derivatives	149	525	12	-	(61)	625
Payables and other liabilities	1,253	457	177	448	(4)	2,331
Current tax liabilities	23	-	1	370	(15)	379
Due to Group entities	392	160	56	13	(621)	-
General Insurance liabilities	14,173	-	-	-	-	14,173
Life liabilities	-	-	6,374	-	-	6,374
Deferred tax liabilities	81	-	42	-	(65)	58
Managed funds units on issue	-	-	2,357	-	(2,239)	118
Securitisation liabilities	-	3,598	-	-	(17)	3,581
Debt issues	-	6,839	-	-	(8)	6,831
Subordinated notes	727	742	100	758	(770)	1,557
Preference shares	-	-	-	943	-	943
Total liabilities	16,798	56,556	9,119	2,532	(4,375)	80,630
Net assets	**8,368**	**3,741**	**1,806**	**13,878**	**(13,994)**	**13,799**
Equity						
Share capital						12,682
Reserves						206
Retained profits						885
Total equity attributable to owners of the Company						13,773
Non-controlling interests						26
Total equity						**13,799**

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

SGL Statement of financial position

	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	JUN-14 vs DEC-13 %	JUN-14 vs JUN-13 %
Current assets						
Cash and cash equivalents	2	3	18	186	(33.3)	(88.9)
Investment securities	687	636	441	435	8.0	55.8
Due from Group entities	432	410	275	194	5.4	57.1
Other assets	20	8	13	3	150.0	53.8
Total current assets	**1,141**	**1,057**	**747**	**818**	**7.9**	**52.7**
Non-current assets						
Investment in subsidiaries	14,056	14,099	14,629	14,362	(0.3)	(3.9)
Due from Group entities	770	770	670	-	-	14.9
Deferred tax assets	5	4	9	13	25.0	(44.4)
Other assets	67	70	90	93	(4.3)	(25.6)
Total non-current assets	**14,898**	**14,943**	**15,398**	**14,468**	**(0.3)**	**(3.2)**
Total assets	**16,039**	**16,000**	**16,145**	**15,286**	**0.2**	**(0.7)**
Current liabilities						
Payables and other liabilities	8	6	6	2	33.3	33.3
Current tax liabilities	370	108	-	99	242.6	n/a
Due to Group entities	13	248	256	220	(94.8)	(94.9)
Total current liabilities	**391**	**362**	**262**	**321**	**8.0**	**49.2**
Non-current liabilities						
Subordinated notes	758	758	756	-	-	0.3
Preference shares	943	550	549	547	71.5	71.8
Total non-current liabilities	**1,701**	**1,308**	**1,305**	**547**	**30.0**	**30.3**
Total liabilities	**2,092**	**1,670**	**1,567**	**868**	**25.3**	**33.5**
Net assets	**13,947**	**14,330**	**14,578**	**14,418**	**(2.7)**	**(4.3)**
Equity						
Share capital	12,766	12,764	12,786	12,784	0.0	(0.2)
Reserves	987	987	987	987	-	-
Retained profits	194	579	805	647	(66.5)	(75.9)
Total equity	**13,947**	**14,330**	**14,578**	**14,418**	**(2.7)**	**(4.3)**

SGL Profit contribution

	FULL YEAR ENDED		JUN-14	HALF YEAR ENDED				JUN-14	JUN-14
	JUN-14 $M	JUN-13 $M	vs JUN-13 %	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M	vs DEC-13 %	vs JUN-13 %
Revenue									
Dividend and interest income from subsidiaries	858	1,036	(17.2)	413	445	495	541	(7.2)	(16.6)
Other investment revenue	29	29	-	18	11	11	18	63.6	63.6
Other income	3	3	-	1	2	1	2	(50.0)	-
Total revenue	890	1,068	(16.7)	432	458	507	561	(5.7)	(14.8)
Expenses									
Impairment loss on investment in subsidiaries	(319)	-	n/a	(319)	-	-	-	n/a	n/a
Interest expense	(79)	(26)	203.8	(40)	(39)	(21)	(5)	2.6	90.5
Operating expenses	(4)	(5)	(20.0)	(2)	(2)	(2)	(3)	-	-
Total expenses	(402)	(31)	large	(361)	(41)	(23)	(8)	large	large
Profit before income tax	488	1,037	(52.9)	71	417	484	553	(83.0)	(85.3)
Income tax benefit (expense)	(5)	(12)	(58.3)	(6)	1	(4)	(8)	large	50.0
Profit for the period	**483**	**1,025**	**(52.9)**	**65**	**418**	**480**	**545**	**(84.4)**	**(86.5)**

Appendix 2 – Ratio calculations

Earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14 $M	JUN-13 $M	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M
Earnings:						
Earnings used in calculating basic earnings per share	730	491	182	548	(83)	574
Interest expense on convertible preference shares (net of tax)	-	-	-	14	-	22
Earnings used in calculating diluted earnings per share	730	491	182	562	(83)	596

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14 NO. OF SHARES	JUN-13 NO. OF SHARES	JUN-14 NO. OF SHARES	DEC-13 NO. OF SHARES	JUN-13 NO. OF SHARES	DEC-12 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,278,270,243	1,277,858,329	1,278,612,315	1,277,933,749	1,278,106,483	1,277,614,221
Effect of conversion of convertible preference shares	-	-	-	44,748,091	-	96,605,771
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,278,270,243	1,277,858,329	1,278,612,315	1,322,681,840	1,278,106,483	1,374,219,992

Cash earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14 $M	JUN-13 $M	JUN-14 $M	DEC-13 $M	JUN-13 $M	DEC-12 $M
Earnings:						
Earnings used in calculating basic cash earnings per share	1,304	576	717	587	(40)	616
Interest expense on convertible preference shares (net of tax)	31	-	17	14	-	22
Earnings used in calculating diluted cash earnings per share	1,335	576	734	601	(40)	638

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-14 NO. OF SHARES	JUN-13 NO. OF SHARES	JUN-14 NO. OF SHARES	DEC-13 NO. OF SHARES	JUN-13 NO. OF SHARES	DEC-12 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic cash earnings per share	1,278,270,243	1,277,858,329	1,278,612,315	1,277,933,749	1,278,106,483	1,277,614,221
Effect of conversion of convertible preference shares	46,607,172	-	51,135,494	44,748,091	-	96,605,771
Weighted average number of ordinary shares used as the denominator in calculating diluted cash earnings per share	1,324,877,415	1,277,858,329	1,329,747,809	1,322,681,840	1,278,106,483	1,374,219,992

ASX-listed securities

	HALF YEAR ENDED			
	JUN-14	DEC-13	JUN-13	DEC-12
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)	70	35	50	25
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)	2.54	2.57	2.70	0.61
Convertible preference shares (SUNPE) each fully paid				
Number at the end of the period	4,000,000	-	-	-
Dividend declared for the period ($ per share) (1)	0.47	-	-	-
Subordinated Notes (SUNPD)				
Number at the end of the period	7,700,000	7,700,000	7,700,000	-
Interest per note ($ per note) (1)	2.71	2.77	1.43	-
Floating Rate Capital Notes (SBKHB)				
Number at the end of the period	715,383	1,698,008	1,698,008	1,698,008
Interest per note ($ per note) (1)	1.66	1.75	1.91	2.25
Reset preference shares (SBKPA) each fully paid				
Number at the end of the period	-	-	304,063	304,063
Dividend declared for the period ($ per share) (1)	-	2.15	2.09	2.12
Convertible preference shares (SBKPB) each fully paid				
Number at the end of the period	-	-	-	7,350,000
Dividend declared for the period ($ per share) (1)	-	-	2.20	2.38

(1) Classified as interest expense.

Appendix 3 – Group capital

Group capital position

	AS AT 30 JUNE 2014					
	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M	AS AT 30 JUNE 2013 TOTAL $M
Common Equity Tier 1 Capital						
Ordinary share capital	-	-	-	12,717	12,717	12,717
Subsidiary share capital (eliminated upon consolidation)	7,575	3,787	1,970	(13,332)	-	-
Reserves	13	(975)	311	786	135	40
Retained profits and non-controlling interests	266	359	(475)	761	911	1,261
Insurance liabilities in excess of liability valuation	710	-	-	-	710	650
Goodwill and other intangible assets	(5,035)	(412)	(231)	(166)	(5,844)	(6,198)
Net deferred tax liabilities/(assets) (1)	-	(85)	44	(127)	(168)	(194)
Policy liability adjustment (2)	-	-	(1,163)	-	(1,163)	(1,420)
Other Tier 1 deductions	(5)	(26)	(1)	(84)	(116)	(116)
Common Equity Tier 1 Capital	**3,524**	**2,648**	**455**	**555**	**7,182**	**6,740**
Additional Tier 1 Capital						
Eligible hybrid capital	510	450	-	-	960	560
Transitional hybrid capital	-	-	-	-	-	30
Additional Tier 1 Capital	**510**	**450**	**-**	**-**	**960**	**590**
Tier 1 Capital	**4,034**	**3,098**	**455**	**555**	**8,142**	**7,330**
Tier 2 Capital						
General reserve for credit losses	-	237	-	-	237	195
Eligible subordinated notes	-	670	100	-	770	670
Transitional subordinated notes	572	72	-	-	644	813
Tier 2 Capital	**572**	**979**	**100**	**-**	**1,651**	**1,678**
Total Capital	**4,606**	**4,077**	**555**	**555**	**9,793**	**9,008**
Represented by:						
Capital in Australian regulated entities	4,007	4,074	375	-	8,456	8,054
Capital in New Zealand regulated entities	463	-	95	-	558	554
Capital in unregulated entities (3)	136	3	85	555	779	400

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

(2) Policy liability adjustments equate to the difference between adjusted policy liabilities and the sum of policy liabilities and policy owner retained profits. This mainly represents the implicit Deferred Acquisition Costs (DAC) for the life risk business.

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

Appendix 3 – Group capital (continued)

Group capital position

	AS AT 30 JUNE 2014					AS AT 30 JUNE 2013
	GENERAL INSURANCE	BANKING	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL	TOTAL
	$M	$M	$M	$M	$M	$M
Reconciliation of Total Capital to Net Assets						
Net Assets	8,368	3,741	1,806	(116)	13,799	13,983
Equity items not eligible for inclusion in capital for APRA purposes						
Reserves	(5)	30	-	5	30	62
Additional items allowable for capital for APRA						
Eligible hybrid capital	-	-	-	960	960	560
Eligible subordinated notes	-	670	100	-	770	670
Transitional hybrid capital	-	-	-	-	-	30
Transitional subordinated notes	572	72	-	-	644	813
Insurance liabilities in excess of liability valuation	710	-	-	-	710	650
Eligible collective provision	-	86	-	-	86	64
Net deferred tax liabilities (NZ)	-	-	44	-	44	66
Other items, adjustments	1	1	-	(1)	1	(1)
Deductions from capital for APRA purposes						
Goodwill, brands	(5,029)	(261)	(231)	-	(5,521)	(5,922)
Software assets	(3)	-	-	(138)	(141)	(125)
Deductible capitalised expenses	(3)	(151)	-	(28)	(182)	(151)
Net deferred tax assets	-	(85)	-	(127)	(212)	(260)
Policy liability adjustment	-	-	(1,163)	-	(1,163)	(1,420)
Other assets excluded from regulatory capital	(5)	(26)	(1)	-	(32)	(11)
Total Capital	**4,606**	**4,077**	**555**	**555**	**9,793**	**9,008**

Appendix 3 – Group capital (continued)

General Insurance Prescribed Capital Amount

	GI GROUP [1] JUN-14 $M	GI GROUP [1] JUN-13 $M
Common Equity Tier 1 Capital		
Ordinary share capital	7,575	7,977
Reserves	13	(50)
Retained profits and non-controlling interests	266	22
Insurance liabilities in excess of liability valuation	710	650
Goodwill and other intangible assets	(5,035)	(5,074)
Net deferred tax assets	-	-
Other Tier 1 deductions	(5)	(11)
Common Equity Tier 1 Capital	**3,524**	**3,514**
Additional Tier 1 Capital	510	-
Tier 1 Capital	**4,034**	**3,514**
Tier 2 Capital		
Transitional subordinated notes	572	643
Tier 2 Capital	**572**	**643**
Total Capital	**4,606**	**4,157**
Prescribed Capital Amount		
Outstanding claims risk charge	864	835
Premium liabilities risk charge	490	475
Total insurance risk charge	1,354	1,310
Insurance concentration risk charge	250	250
Asset risk charge	675	751
Asset concentration risk charge	-	-
Operational risk charge	269	261
Aggregation benefit	(419)	(449)
Total Prescribed Capital Amount (PCA)	**2,129**	**2,123**
Common Equity Tier 1 Coverage Ratio	**1.66**	**1.66**
Capital Coverage Ratio	**2.16**	**1.96**

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

Appendix 3 – Group capital (continued)

Banking capital adequacy

	REGULATORY BANKING GROUP JUN-14 $M	OTHER ENTITIES JUN-14 $M	STATUTORY BANKING GROUP JUN-14 $M	STATUTORY BANKING GROUP JUN-13 $M
Common Equity Tier 1 Capital				
Ordinary share capital	2,565	1,222	3,787	3,675
Reserves	12	(987)	(975)	(991)
Retained profits	356	3	359	173
Goodwill and other intangible assets	(177)	(235)	(412)	(384)
Net deferred tax assets	(85)	-	(85)	(113)
Other Tier 1 deductions	(26)	-	(26)	-
Common Equity Tier 1 Capital	**2,645**	**3**	**2,648**	**2,360**
Additional Tier 1 Capital				
Eligible hybrid capital	450	-	450	450
Transitional hybrid capital	-	-	-	30
Additional Tier 1 Capital	**450**	**-**	**450**	**480**
Tier 1 Capital	**3,095**	**3**	**3,098**	**2,840**
Tier 2 Capital				
General reserve for credit losses	237	-	237	195
Eligible subordinated notes	670	-	670	670
Transitional subordinated notes	72	-	72	170
Tier 2 Capital	**979**	**-**	**979**	**1,035**
Total Capital	**4,074**	**3**	**4,077**	**3,875**
Risk-Weighted Assets				
Credit risk	27,399	-	27,399	27,029
Market risk	333	-	333	385
Operational risk	3,265	-	3,265	3,308
Total Risk-Weighted Assets	**30,997**	**-**	**30,997**	**30,722**
Common Equity Tier 1 Ratio	**8.53%**		**8.54%**	**7.68%**
Total Capital Ratio	**13.14%**		**13.15%**	**12.61%**

Appendix 3 – Group capital (continued)

Life Prescribed Capital Amount

	LIFE CO AUSTRALIA JUN-14 $M	LIFE CO NEW ZEALAND [1] JUN-14 $M	OTHER ENTITIES [2] JUN-14 $M	TOTAL LIFE GROUP JUN-14 $M	TOTAL LIFE GROUP JUN-13 $M
Common Equity Tier 1 Capital					
Ordinary share capital	664	202	1,104	1,970	2,435
Reserves	-	29	282	311	274
Retained profits and non-controlling interests	434	134	(1,043)	(475)	14
Goodwill and other intangible assets	-	-	(231)	(231)	(593)
Net deferred tax liabilities [3]	-	44	-	44	42
Policy liability adjustment [4]	(850)	(313)	-	(1,163)	(1,420)
Other Tier 1 deductions	-	(1)	-	(1)	-
Common Equity Tier 1 Capital	**248**	**95**	**112**	**455**	**752**
Additional Tier 1 Capital	-	-	-	-	-
Tier 1 Capital	**248**	**95**	**112**	**455**	**752**
Tier 2 Capital					
Eligible subordinated notes	100	-	-	100	-
Tier 2 Capital	**100**	**-**	**-**	**100**	**-**
Total Capital	**348**	**95**	**112**	**555**	**752**
Prescribed Capital Amount					
Insurance risk charge	55	29	-	84	67
Asset risk charge	75	34	-	109	110
Asset concentration risk charge	-	-	-	-	-
Operational risk charge	36	1	-	37	35
Aggregation benefit	(28)	-	-	(28)	(25)
Combined stress scenario adjustment	61	-	-	61	62
Other regulatory requirements	-	-	27	27	19
Total Prescribed Capital Amount (PCA) [5]	**199**	**64**	**27**	**290**	**268**
Common Equity Tier 1 Coverage Ratio	**1.25**	**1.48**	**4.15**	**1.57**	**2.81**
Capital Coverage Ratio	**1.75**	**1.48**	**4.15**	**1.91**	**2.81**

(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 Licence 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

	Coupon rate / margin above 90 day BBSW [1]	Optional Call / Exchange Date	GI $M	JUN-14 Bank $M	Life $M	SGL $M	Total Balance $M	Regulatory Capital $M
AAIL Subordinated Debt	6.75%	Sept 2014	131	-	-	-	131	110
	100bps	Sept 2014	52	-	-	-	52	41
AAIL Subordinated Debt [1]	6.15%	Sept 2015	121	-	-	-	121	97
	70 bps	Sept 2015	77	-	-	-	77	62
AAIL Subordinated Debt	6.75%	Oct 2016	105	-	-	-	105	86
AAIL Subordinated Debt [2]	-	June 2017	244	-	-	-	244	176
SGL Subordinated Debt [1] [3]	285 bps	Nov 2018	-	670	100	-	770	770
SML FRCN	75 bps	Perpetual	-	72	-	-	72	72
Total subordinated debt			**730**	**742**	**100**	**-**	**1,572**	**1,414**
SGL CPS2 [1] [3]	465 bps	Dec 2017	110	450	-	-	560	560
SGL CPS3 [1] [3]	340 bps	June 2020	400	-	-	-	400	400
Total Additional Tier 1 Capital			**510**	**450**	**-**	**-**	**960**	**960**
Total			**1,240**	**1,192**	**100**	**-**	**2,532**	**2,374**

	Coupon rate / margin above 90 day BBSW [1]	Optional Call / Exchange Date	GI $M	DEC-13 Bank $M	Life $M	SGL $M	Total Balance $M	Regulatory Capital $M
AAIL Subordinated Debt	6.75%	Sept 2014	131	-	-	-	131	123
	100bps	Sept 2014	52	-	-	-	52	46
AAIL Subordinated Debt [1]	6.15%	Sept 2015	121	-	-	-	121	110
	70 bps	Sept 2015	77	-	-	-	77	69
AAIL Subordinated Debt	6.75%	Oct 2016	111	-	-	-	111	97
AAIL Subordinated Debt [2]	-	June 2017	254	-	-	-	254	198
SGL Subordinated Debt [1] [3]	285 bps	Nov 2018	-	670	100	-	770	770
SML FRCN	75 bps	Perpetual	-	170	-	-	170	170
Total subordinated debt			**746**	**840**	**100**	**-**	**1,686**	**1,583**
SGL CPS2 [1] [3]	465 bps	Dec 2017	-	450	-	110	560	560
Total Additional Tier 1 Capital			**-**	**450**	**-**	**110**	**560**	**560**
Total			**746**	**1,290**	**100**	**110**	**2,246**	**2,143**

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

(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

ADI	Authorised Deposit-taking Institution
Acquisition expense ratio	Acquisition expenses expressed as a percentage of net earned premium
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 write-down of Life intangible assets, the profit or loss on divestments and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based monthly balances over the period. The ratio is annualised for half years
Capital adequacy ratio	Capital base divided by total risk-weighted assets, as defined by APRA
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Common Equity Tier 1	Common Equity Tier 1 Capital ("CET1") comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 ratio	Common Equity Tier 1 Capital divided by total risk-weighted assets (Bank) or Prescribed Capital Amount (General Insurance & Life)
Complete Customer	A Suncorp Bank customer that holds three or more Suncorp branded products
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk-weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods
Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables

Appendix 4 – Definitions (continued)

Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 Earnings per Share
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded Value is equivalent to the sum of the adjusted net worth and the net present value of all future cash flows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Fire Service Levies (FSL)	The expense relating to the amount levied on policyholders by insurance companies as part of premiums payable on policies with a fire risk component, which is established to cover the corresponding fire brigade charge which the Group will eventually have to pay
Funds under administration (FUA)	Funds where the Australian superannuation and investments business receives a fee for the administration of an asset portfolio
General Insurance – Commercial	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, public liability and professional indemnity insurance, workers' compensation insurance and compulsory third party insurance
General Insurance – Personal	Personal products consist of home and contents insurance, motor insurance, boat insurance, and travel insurance
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Life insurance policyholders' interests	Amounts due to an entity or person who owns a life insurance policy. This need not be the insured. This is distinct from shareholders' interests
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Life underlying profit refers to net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches

Appendix 4 – Definitions (continued)

Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
Net profit after tax	Net profit after tax attributable to owners of the Company derived in accordance with Australian Accounting Standards
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Profit after tax from business lines	The net profit after tax for the General Insurance, Bank and Life business lines
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 1 Capital over the period. The ratio is annualised for half years
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based monthly balances over the period. The ratio is annualised for half years
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
Total operating expense ratio	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries

Appendix 5 – 2014/15 key dates[1]

Ordinary shares (SUN)

Full year results and final dividend announcement	**13 August 2014**
Ex-dividend date	20 August 2014
Dividend payment	1 October 2014
Annual General Meeting	**23 October 2014**
Half year results announcement	**11 February 2015**
Ex-dividend date	18 February 2015
Dividend payment	1 April 2015

Convertible Preference Shares 2 (SUNPC)

Ex-dividend date	8 September 2014
Dividend payment	17 September 2014
Ex-dividend date	8 December 2014
Dividend payment	17 December 2014
Ex-dividend date	5 March 2015
Dividend payment	17 March 2015
Ex-dividend date	5 June 2015
Dividend payment	17 June 2015

Convertible Preference Shares 3(SUNPE)

Ex-dividend date	1 September 2014
Dividend payment	17 September 2014
Ex-dividend date	4 December 2014
Dividend payment	17 December 2014
Ex-dividend date	26 February 2015
Dividend payment	17 March 2015
Ex-dividend date	29 May 2015
Dividend payment	17 June 2015

Subordinated Notes (SUNPD)

Ex interest date	12 August 2014
Interest payment	22 August 2014
Ex interest date	12 November 2014
Interest payment	24 November 2014
Ex interest date	11 February 2015
Interest payment	23 February 2015
Ex interest date	12 May 2015
Interest payment	22 May 2015

Floating Rate Capital Notes (SBKHB)

Ex interest date	13 August 2014
Interest payment	1 September 2014
Ex interest date	11 November 2014
Interest payment	2 December 2014
Ex interest date	12 February 2015
Interest payment	3 March 2015
Ex interest date	13 May 2015
Interest payment	1 June 2015

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