INVESTOR PACK

FINANCIAL RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2019

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SUNCORP

Suncorp Group Limited

ABN 66 145 290 124

BASIS OF PREPARATION

Suncorp Group (‘Group’, ‘the Group’, ‘the Company’ or ‘Suncorp’) is comprised of Suncorp Group Limited (SGL) and its subsidiaries, its interests in associates and jointly controlled entities. The Group’s results and historical financial information are reported across three functions: Insurance (Australia), Banking & Wealth and New Zealand.

Net profit after tax (NPAT) for the Group is measured in accordance with Australian Accounting Standards. Profit after tax from functions, associated ratios and key statistics are based on the segment reporting disclosures that follow Suncorp’s operating model.

All figures have been quoted in Australian dollars rounded to the nearest million unless otherwise denoted. The New Zealand section reports the profit contribution table in both A$ and NZ$ and all other New Zealand tables and commentary in NZ$.

All figures relate to the full year ended 30 June 2019 and comparatives are for the full year ended 30 June 2018, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology. Movements within the financial tables have been labelled ‘n/a’ where there has been a percentage movement greater than 500% or less than (500%), or if a line item changes from negative to positive (or vice versa) between periods.

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

This report should be read in conjunction with the definitions in the glossary.

DISCLAIMER

This report contains general information on the Group and its operations which is current as at 7 August 2019. It is information given in summary form and does not purport to be complete.

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

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

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

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

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1.0 GROUP RESULTS

1.1 RESULT HIGHLIGHTS

		Full Year Ended		Jun-19	Half Year Ended	
		Jun-19	Jun-18	vs Jun-18 %	Jun-19	Dec-18
Profit after tax from ongoing functions	$M	1,197	1,185	1.0	770	427
Profit after tax from functions	$M	1,220	1,263	(3.4)	770	450
Cash earnings	$M	1,115	1,098	1.5	702	413
Net profit after tax	**$M**	**175**	**1,059**	**(83.5)**	**(75)**	**250**
Cash earnings per share - Diluted	(cents)	84.05	83.37	0.8	52.44	31.54
Cash return on average shareholders' equity	(%)	8.4	8.0		10.9	6.0
Insurance trading ratio	(%)	11.6	12.1		15.8	7.4
Underlying insurance trading ratio	(%)	12.3	10.6		12.4	12.2
Bank net interest margin (interest-earning assets)	(%)	1.79	1.84		1.79	1.79
Ordinary dividends per ordinary share	(cents)	70.0	73.0	(4.1)	44.0	26.0
Payout ratio (excluding special dividend) - cash earnings	(%)	81.2	85.8		81.1	81.4
Special dividends per ordinary share	(cents)	8.0	8.0	-	8.0	-
General Insurance total capital PCA coverage	(times)	1.85	1.84		1.85	1.67
Bank Common Equity Tier 1 ratio	(%)	9.28	9.07		9.28	9.16

Refer to the Glossary for definitions.

- **Cash earnings increased 1.5% on the pcp to $1.1bn** and includes stranded costs (net of transitional services agreement) of $13m following the sale of the Australian Life Insurance and Participating Wealth Business, and a below the function line provision for remediation costs of $60m.
- Group net profit after tax of $175m, includes a $910m after tax non-cash loss on sale of the Australian Life Insurance and Participating Wealth Business netted against an $11m after tax profit on the sale of general insurance distribution business, Resilium.
- **Profit after tax from ongoing functions increased 1.0%** supported by a strong contribution from New Zealand. The result was impacted by $129m in natural hazard costs above allowance, a 76% uplift in regulatory project costs, an increase in compliance costs and an increasingly competitive, slowing mortgage market.
- The **Business Improvement Program delivered net benefits of $280m**, with $359m annualised gross benefits locked-in well ahead of forecast.
- **Final ordinary dividend of 44 cents per share** fully franked has been declared, taking the full year ordinary dividend to 70 cents per share reflecting a cash earnings payout ratio of 81.2%.
- The **sale of the Australian Life Insurance and Participating Wealth Business has successfully completed.** Following the payment of an **8 cent per share special dividend in May,** the Board proposes to distribute the remaining surplus capital from the sale in the form of a **39 cent per share capital return with a related share consolidation**, subject to shareholder approval.
- The Group maintains a strong capital position, proforma excess CET1 position after adjusting for proposed pro-rata return of shareholder capital and share consolidation would be $484m.
- General Insurance **underlying insurance trading ratio was 12.3%.**
- **Net reserve releases of $328m**, broadly in line with the pcp representing 3.8% of net earned premium well above the long-run expectation of 1.5% net earned premium.
- Insurance (Australia) profit after tax declined 13.7% to $588m primarily due to the impact of natural hazard costs above allowance. **Australian Home and Motor gross written premium increased 2.4%** (excluding fire service levies).
- Banking & Wealth profit after tax of $364m reflecting a **moderating mortgage market, increasing competition and elevated funding costs**.
- Home lending growth below system and at-call deposit growth materially above system. Banking **impairment charges of 2 basis points** of gross loans and advances, well below the long-run operating range of 10 to 20 basis points.
- **New Zealand General Insurance gross written premium increased 8.4%** (in New Zealand dollar terms) driven by premium increases across all portfolios. Profit after tax of NZ$261m (A$245m) increased 76.4% reflecting favourable working claims and natural hazard experience.

1.2 CONTRIBUTION TO PROFIT BY FUNCTION

	Full Year Ended		Jun-19
	Jun-19	Jun-18	vs Jun-18
	$M	$M	%
Insurance (Australia)			
Gross written premium	8,245	8,137	1.3
Net earned premium	7,292	7,191	1.4
Net incurred claims	(5,448)	(5,057)	7.7
Operating expenses	(1,556)	(1,506)	3.3
Investment income - insurance funds	444	258	72.1
Insurance trading result	732	886	(17.4)
Other income	92	82	12.2
Profit before tax	824	968	(14.9)
Income tax	(236)	(287)	(17.8)
Insurance (Australia) profit after tax	**588**	**681**	**(13.7)**
Banking & Wealth			
Net interest income	1,163	1,181	(1.5)
Net non-interest income	50	60	(16.7)
Operating expenses	(682)	(679)	0.4
Profit before impairment losses on loans and advances	531	562	(5.5)
Impairment losses on loans and advances	(13)	(27)	(51.9)
Banking profit before tax	518	535	(3.2)
Income tax	(155)	(160)	(3.1)
Banking profit after tax	363	375	(3.2)
Wealth profit after tax (1)	1	(6)	n/a
Banking & Wealth profit after tax	**364**	**369**	**(1.4)**
New Zealand			
Gross written premium	1,566	1,422	10.1
Net earned premium	1,317	1,168	12.8
Net incurred claims	(654)	(682)	(4.1)
Operating expenses	(417)	(372)	12.1
Investment income - insurance funds	21	12	75.0
Insurance trading result	267	126	111.9
Other income	15	10	50.0
Profit before tax	282	136	107.4
Income tax	(78)	(37)	110.8
General Insurance profit after tax	204	99	106.1
Life Insurance profit after tax	41	36	13.9
New Zealand profit after tax	**245**	**135**	**81.5**
Profit after tax from ongoing functions	**1,197**	**1,185**	**1.0**
Profit after tax from Australian Life Business (1)	**23**	**78**	**(70.5)**
Profit after tax from functions	**1,220**	**1,263**	**(3.4)**
Life stranded costs net of TSA revenue	(13)	-	n/a
Customer remediation	(60)	-	n/a
Accelerated marketplace investment	-	(146)	(100.0)
Other profit (loss) before tax (2)	(50)	(63)	(20.6)
Income tax	18	44	(59.1)
Other profit (loss) after tax	**(105)**	**(165)**	**(36.4)**
Cash earnings	**1,115**	**1,098**	**1.5**
Net loss on sale of ceased operations (after tax) (3)	(899)	-	n/a
Acquisition amortisation (after tax)	(41)	(39)	5.1
Net profit after tax	**175**	**1,059**	**(83.5)**

(1) Australian Life Business incorporates the performance of the Australian Life Insurance and Participating Wealth Business sold on 28 February 2019, as well as other distribution activities ceasing operation. Wealth profit after tax comparatives have been restated to adjust for the participating Wealth business included in the Australian Life Business.

(2) 'Other' includes investment income on capital held at the Group level (Jun-19: $27m, Jun-18: $16m), consolidation adjustments and transaction costs (Jun-19: loss $2m, Jun-18: loss $9m), non-controlling interests (Jun-19: loss $20m, Jun-18: loss $13m), net external funding expense (Jun-19: $55m, Jun-18: $57m).

(3) Net loss on sale of ceased operations includes a loss on sale of the Australian Life Insurance and Participating Wealth Business (Jun-19: $910m, Jun-18: n/a) and gain on sale of Resilium (Jun-19: $11m, Jun-18: n/a).

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	$M	$M	%	%
Insurance (Australia)						
Gross written premium	4,144	4,101	4,133	4,004	1.0	0.3
Net earned premium	3,603	3,689	3,548	3,643	(2.3)	1.6
Net incurred claims	(2,593)	(2,855)	(2,333)	(2,724)	(9.2)	11.1
Operating expenses	(787)	(769)	(733)	(773)	2.3	7.4
Investment income - insurance funds	319	125	138	120	155.2	131.2
Insurance trading result	542	190	620	266	185.3	(12.6)
Other income	107	(15)	20	62	n/a	435.0
Profit before tax	649	175	640	328	270.9	1.4
Income tax	(194)	(42)	(193)	(94)	361.9	0.5
Insurance (Australia) profit after tax	**455**	**133**	**447**	**234**	**242.1**	**1.8**
Banking & Wealth						
Net interest income	578	585	583	598	(1.2)	(0.9)
Net non-interest income	27	23	26	34	17.4	3.8
Operating expenses	(341)	(341)	(332)	(347)	-	2.7
Profit before impairment losses on loans and advances	264	267	277	285	(1.1)	(4.7)
Impairment losses on loans and advances	(6)	(7)	(14)	(13)	(14.3)	(57.1)
Banking profit before tax	258	260	263	272	(0.8)	(1.9)
Income tax	(77)	(78)	(79)	(81)	(1.3)	(2.5)
Banking profit after tax	181	182	184	191	(0.5)	(1.6)
Wealth profit after tax [(1)]	-	1	-	(6)	(100.0)	n/a
Banking & Wealth profit after tax	**181**	**183**	**184**	**185**	**(1.1)**	**(1.6)**
New Zealand						
Gross written premium	798	768	719	703	3.9	11.0
Net earned premium	676	641	604	564	5.5	11.9
Net incurred claims	(339)	(315)	(363)	(319)	7.6	(6.6)
Operating expenses	(216)	(201)	(190)	(182)	7.5	13.7
Investment income - insurance funds	14	7	5	7	100.0	180.0
Insurance trading result	135	132	56	70	2.3	141.1
Other income	13	2	13	(3)	n/a	-
Profit before tax	148	134	69	67	10.4	114.5
Income tax	(39)	(39)	(16)	(21)	-	143.8
General Insurance profit after tax	109	95	53	46	14.7	105.7
Life Insurance profit after tax	25	16	21	15	56.3	19.0
New Zealand profit after tax	**134**	**111**	**74**	**61**	**20.7**	**81.1**
Profit after tax from ongoing functions	**770**	**427**	**705**	**480**	**80.3**	**9.2**
Profit after tax from Australian Life Business [(1)]	**-**	**23**	**36**	**42**	**(100.0)**	**(100.0)**
Profit after tax from functions	**770**	**450**	**741**	**522**	**71.1**	**3.9**
Life stranded costs net of TSA revenue	(13)	-	-	-	n/a	n/a
Customer remediation	(60)	-	-	-	n/a	n/a
Accelerated marketplace investment	-	-	(110)	(36)	n/a	(100.0)
Other profit (loss) before tax [(2)]	(10)	(40)	(32)	(31)	(75.0)	(68.8)
Income tax	15	3	27	17	400.0	(44.4)
Other profit (loss) after tax	**(68)**	**(37)**	**(115)**	**(50)**	**83.8**	**(40.9)**
Cash earnings	**702**	**413**	**626**	**472**	**70.0**	**12.1**
Net loss on sale of ceased operations (after tax) [(3)]	(754)	(145)	-	-	420.0	n/a
Acquisition amortisation (after tax) [(4)]	(23)	(18)	(19)	(20)	27.8	21.1
Net profit after tax	**(75)**	**250**	**607**	**452**	**n/a**	**n/a**

(1) Australian Life Business incorporates the performance of the Australian Life Insurance and Participating Wealth Business sold on 28 February 2019, as well as other distribution activities ceasing operation. Wealth profit after tax comparatives have been restated to adjust for the participating Wealth business included in the Australian Life Business.

(2) 'Other' includes investment income on capital held at the Group level (Jun-19: $14m , Dec-18: $13m), consolidation adjustments and transaction costs (Jun-19: $9m, Dec-18: loss $11m), non-controlling interests (Jun-19: loss $11m , Dec-18: loss $9m), net external funding expense (Jun-19: $22m , Dec-18: $33m).

(3) Net loss on sale of ceased operations includes a loss on sale of the Australian Life Insurance and Participating Wealth Business (Jun-19: $765m, Dec-18: $145m) and gain on sale of Resilium (Jun-19: $11m, Dec-18: n/a).

(4) Dec-18 acquisition amortisation has been restated to account for the $145m write down of goodwill relating to the sale of the Australian Life Insurance and Participating Wealth Business within net loss on sale of ceased operations.

1.3 GROUP RATIOS AND STATISTICS

		Full Year Ended Jun-19	Jun-18	Jun-19 vs Jun-18 %
Performance ratios				
Earnings per share [1] [2]				
Basic	(cents)	13.54	82.17	(83.5)
Diluted	(cents)	13.54	80.54	(83.2)
Cash earnings per share [1] [2]				
Basic	(cents)	86.24	85.20	1.2
Diluted	(cents)	84.05	83.37	0.8
Return on average shareholders' equity [1]	(%)	1.3	7.7	
Cash return on average shareholders' equity [1]	(%)	8.4	8.0	
Cash return on average shareholders' equity pre-goodwill [1]	(%)	13.0	12.4	
Return on average total assets	(%)	0.18	1.08	
Insurance trading ratio	(%)	11.6	12.1	
Underlying insurance trading ratio	(%)	12.3	10.6	
Bank net interest margin (interest-earning assets)	(%)	1.79	1.84	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	70.0	73.0	(4.1)
Special dividends per ordinary share	(cents)	8.0	8.0	-
Payout ratio (excluding special dividend) [1]				
Net profit after tax	(%)	517.3	89.0	
Cash earnings	(%)	81.2	85.8	
Payout ratio (including special dividend) [1]				
Net profit after tax	(%)	576.4	98.7	
Cash earnings	(%)	90.5	95.2	
Weighted average number of shares				
Basic	(m)	1,292.9	1,288.8	0.3
Diluted	(m)	1,380.2	1,377.0	0.2
Number of shares at end of period [3]	(m)	1,293.3	1,291.9	0.1
Net tangible asset backing per share	($)	5.93	6.39	(7.2)
Share price at end of period	($)	13.47	14.59	(7.7)
Productivity				
Australian General Insurance expense ratio	(%)	21.3	20.9	
Banking cost to income ratio	(%)	56.2	54.7	
New Zealand General Insurance expense ratio	(%)	31.6	31.9	
Financial position				
Total assets	($M)	96,235	99,333	(3.1)
Net tangible assets	($M)	7,673	8,251	(7.0)
Net assets	($M)	13,133	13,973	(6.0)
Average Shareholders' Equity	($M)	13,352	13,703	(2.6)
Capital				
General Insurance total capital PCA coverage	(times)	1.85	1.84	
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.39	1.37	
Bank total capital ratio	(%)	13.45	13.52	
Bank Common Equity Tier 1 ratio	(%)	9.28	9.07	
Additional capital held by Suncorp Group Limited	($M)	137	171	(19.9)

(1) Refer to Glossary for definitions.
(2) Refer to Appendix 3.3 (page 67) for detailed earnings per share calculations.
(3) Number of diluted shares at the end of the period was 1,385.8m.

		Half Year Ended				Jun-19	Jun-19
		Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
						%	%
Performance ratios							
Earnings per share [1] [2]							
Basic	(cents)	(5.80)	19.34	47.04	35.12	n/a	n/a
Diluted	(cents)	(5.80)	19.34	45.92	34.66	n/a	n/a
Cash earnings per share [1] [2]							
Basic	(cents)	54.28	31.95	48.51	36.67	69.9	11.9
Diluted	(cents)	52.44	31.54	47.30	36.11	66.3	10.9
Return on average shareholders' equity [1]	(%)	(1.2)	3.6	8.9	6.5		
Cash return on average shareholders' equity [1]	(%)	10.9	6.0	9.2	6.8		
Cash return on average shareholders' equity pre-goodwill [1]	(%)	17.1	9.3	14.3	10.6		
Return on average total assets	(%)	(0.15)	0.50	1.24	0.92		
Insurance trading ratio	(%)	15.8	7.4	16.3	8.0		
Underlying insurance trading ratio	(%)	12.4	12.2	11.7	9.4		
Bank net interest margin (interest-earning assets)	(%)	1.79	1.79	1.82	1.86		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	44.0	26.0	40.0	33.0	69.2	10.0
Special dividends per ordinary share	(cents)	8.0	-	8.0	-	n/a	-
Payout ratio (excluding special dividend) [1]							
Net profit after tax	(%)	(758.7)	134.5	85.1	94.1		
Cash earnings	(%)	81.1	81.4	82.5	90.1		
Payout ratio (including special dividend) [1]							
Net profit after tax	(%)	(896.7)	134.5	102.2	94.1		
Cash earnings	(%)	95.8	81.4	99.1	90.1		
Weighted average number of shares							
Basic	(m)	1,293.2	1,292.6	1,290.4	1,287.2	0.0	0.2
Diluted	(m)	1,380.5	1,382.2	1,372.0	1,382.0	(0.1)	0.6
Number of shares at end of period [3]	(m)	1,293.3	1,293.1	1,291.9	1,288.9	0.0	0.1
Net tangible asset backing per share	($)	5.93	6.26	6.39	6.18	(5.2)	(7.2)
Share price at end of period	($)	13.47	12.63	14.59	13.86	6.7	(7.7)
Productivity							
Australian General Insurance expense ratio	(%)	21.8	20.8	20.7	21.2		
Banking cost to income ratio	(%)	56.4	56.1	54.5	54.9		
New Zealand General Insurance expense ratio	(%)	32.0	31.3	31.5	32.3		
Financial position							
Total assets	($M)	96,235	99,315	99,333	97,859	(3.1)	(3.1)
Net tangible assets	($M)	7,673	8,095	8,251	7,971	(5.2)	(7.0)
Net assets	($M)	13,133	13,624	13,973	13,739	(3.6)	(6.0)
Average Shareholders' Equity	($M)	12,995	13,709	13,706	13,699	(5.2)	(5.2)
Capital							
General Insurance total capital PCA coverage	(times)	1.85	1.67	1.84	1.66		
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.39	1.21	1.37	1.22		
Bank total capital ratio	(%)	13.45	13.35	13.52	13.47		
Bank Common Equity Tier 1 ratio	(%)	9.28	9.16	9.07	9.01		
Additional capital held by Suncorp Group Limited	($M)	137	208	171	248	(34.1)	(19.9)

(1) Refer to Glossary for definitions.

(2) Refer to Appendix 3.3 (page 67) for detailed earnings per share calculations.

(3) Number of diluted shares at the end of the period was 1,385.8m.

1.4 GROUP RESULT OVERVIEW

Suncorp delivered cash earnings up 1.5% on the pcp to $1.1bn. Group NPAT of $175m was impacted by a $910m after tax non-cash loss on sale of the Australian Life Insurance and Participating Wealth Business, netted against an $11m after tax profit on the sale of general insurance distribution business, Resilium.

Profit after tax from ongoing functions increased 1.0% to $1.2bn, with second half profit up 9.2% on the pcp driven by:

— Strong FY19 New Zealand result with profit after tax of NZ$261m, up 76.4% on the pcp, driven by top-line growth across Motor, Home and Commercial portfolios and a benign natural hazard environment

— Significant margin improvement in Commercial portfolios in Insurance (Australia)

— The initiatives designed to improve the digital banking capability over the last two years, including online origination of accounts and self-service functionality, helped to deliver at-call deposit growth of 10.9% in the Bank

— Continued progress on Suncorp's programs of work with the Business Improvement Program (BIP) delivering total net benefits of $280m, $55m ahead of target, and an increase in customers digitally interacting with Suncorp.

— The 2H19 result benefited from the back ended protection of Suncorp's reinsurance program

— Investment in 2H19 in marketing and distribution has created a solid base for growth in key product portfolios into FY20

Insurance (Australia)'s underlying margins improved over the period, driven by the ongoing benefits achieved through BIP and realignment in the Commercial portfolio. The result was impacted by a contraction in unit growth in Home and Motor, natural hazard costs above allowance, the ongoing impact of CTP scheme reform, and higher regulatory and compliance costs.

In New Zealand, strong gross written premium (GWP) growth combined with a benign natural hazard environment and favourable working claims experience resulted in a significant increase in reported profit and strong margin improvement.

The result includes Group reserve releases of $328m representing 3.8% of net earned premium.

Banking and Wealth's performance was supported by 10.9% growth in at-call deposits offset by below system growth in home lending, reflecting a slowdown in the housing sector and increased levels of competition, lower non-interest income, funding cost pressures as a result of elevated BBSW throughout most of the year and the impact of regulatory costs. The contribution from BIP initiatives was $45m offsetting increases in other expenses including regulatory costs. Credit quality remains strong, impairment charges of 2 basis points of gross loans and advances.

The Group made significant progress in FY19 in advancing its digital strategy and established foundational capabilities that will assist in more effectively meeting increased customer and community expectations. During the period the Group leveraged the Marketplace investment to enable a single customer view, new identity management system, data science capability for zero touch claims and a scalable Reward platform.

In February 2019, Suncorp successfully completed the sale of its Australian Life Insurance and Participating Wealth Business. The financial performance of this business has been disclosed within the Australian Life Business line, along with other distribution activities ceasing operation.

The FY19 after tax profit of $23m reflects eight months of trading in FY19 with planned profit margins in 2H19 offset by claims experience. Excluding the contribution from the Australian Life Business, profit after tax from ongoing functions increased by 1.0%.

Cash earnings of $1.1bn includes Life stranded costs net of transitional services agreement of $13m and a provision for remediation costs of $60m (refer page 14 for further details). In FY18 cash earnings included the $146m pre-tax accelerated marketplace investment.

The after tax non-cash loss on the sale of the Australian Life Insurance and Participating Wealth Business of $910m is larger than the original forecast of $880m reflecting more prudent provisioning for separation costs.

The Group's cash earnings and strong balance sheet position has led to the Board declaring a fully franked final dividend of 44 cents per share (cps). This takes the total full year dividend to 70 cps equating to a payout ratio of 81.2%, above the top end of the target range.

In May, Suncorp paid an 8 cps fully franked special dividend from the proceeds of the Australian Life Insurance and Participating Wealth Business sale. Subject to shareholder approval at the Suncorp Annual General Meeting (AGM) in September, the Board proposes to distribute the remaining surplus capital from the sale in the form of a 39 cps capital return with a related share consolidation.

If approved by shareholders at the AGM, the return of capital payment will be made on 24 October 2019 and will bring the total capital returned to shareholders from the sale to $610m, slightly above the $600m previously advised. ***For further information please see the ASX announcement released on 7 August 2019 "Suncorp announces $506m shareholder distribution".***

For further information on the dividend and Group capital position, please refer to page 24.

For further information on the performance of the operating functions please refer to page 27 for Insurance (Australia), page 38 for Banking & Wealth and page 52 for New Zealand.

1.5 FY20 GROUP OUTLOOK AND PRIORITIES

Over the past twelve months, Suncorp's operating environment has undergone significant change. In response to this changing environment the Group's FY20 activities will be focused around a number of key priorities:

- **Improve the performance of core businesses** – ensure Suncorp's people and programs of work are aligned to improve the performance of its core business. Reinvigorate growth in core Insurance and Banking businesses with targeted initiatives and investment that have been identified to deliver both near and longer-term benefits for customers. The focus will be on leveraging the Group's competitive strengths and the digital investment made over the last two years.
- **Embrace regulatory change to deliver improved customer outcomes** - the priority is to strengthen trust and deliver better customer outcomes
- **Leverage digital investments and data capability** – leverage the digital foundations to meet the needs of customers and improve end-to-end operational efficiency
- **Further improve operational efficiency** – reducing duplication and ensuring the Group's cost base is aligned to the revenue being generated by the three core businesses while improving end-to-end accountabilities. This will include embedding process improvement, operational excellence, digital AI and offshore partnering into BAU
- **Building a resilient business that delivers high yield and above system growth –** simplify the business, improve earnings predictability and continue to focus on capital discipline and balance sheet strength

To realise the above priorities the project slate (excluding BIP investment slate of $72m in FY20) will be increased from $180m (excluding remediation costs) in FY19 to $260m in FY20 encompassing:

— FY20 regulatory project costs are estimated to be $155m and will seek to address the Royal Commission recommendations, APRA Self-assessment actions and the continuation of several large inflight regulatory projects including IFRS17 and the Insurance and Banking Code of Practice changes. Annual regulatory project costs are expected to peak in FY20 and decline to approximately $100m in FY21.
— An increase in investment in growth projects from $60m in FY19 to $70m in FY20. Investment will be directed towards product innovation; enhancing existing products, delivering new solutions and leveraging SUN's digital foundations and competitive strengths. The focus will be on projects with demonstrated payback over the short to medium term.
— An increase in systems maintenance and upgrade project spend from $25m in FY19 to $35m in FY20 to improve customer service levels and support Suncorp in meeting its regulatory requirements.

Ongoing digitisation and improvement of the customer experience will continue, focused on the uplift in self-service and knowledge management capabilities. This will include providing customers with a full digital banking experience as well re-skinning the Suncorp App to launch an AAMI Insurance App with simplified quote and buy capabilities. For further information on the outlook for Customer and Digital, please refer to page 17.

To build on the strong digital foundations established over the last two years, a new dedicated Customer and Digital function is being established to develop innovative digital-first customer propositions. The Customer and Digital function will have responsibility for Group and Customer Strategy; Digital Strategy and Distribution; Brand and Marketing; and Enterprise Program Management Office. The new function will be led by Lisa Harrison, who will become Suncorp's Chief Customer and Digital Officer, and brings deep marketing, digital and insurance domain experience and strong leadership capabilities to this new role.

Suncorp is also aligning its Australian contact centres, stores and intermediary distribution teams with its Banking and Insurance operations. This will remove duplication and clarify accountabilities. It also allows Suncorp to adapt more quickly to changing community expectations and to execute on priorities faster.

As a result of the organisation changes announced today CEO Customer Marketplace Pip Marlow has decided to leave the business effective end of August.

Other factors which will impact the FY20 result include:

— As announced at the 1H19 result, the natural hazard allowance in FY20 will be increased from $720m to $820m and the Group has purchased an additional $200m aggregate stop loss for $45m. This should improve the predictability of earnings moving forward. The magnitude of the increase in the natural hazard allowance and the cost of the stop loss cover will impact the Group's ability to achieve its target of at least 12% underlying ITR in FY20. The Group remains committed to repricing its insurance portfolios to take account of these higher natural hazard costs
— Elevated regulatory project spend, combined with the outlook for funding costs and a competitive and moderating credit market, will constrain the Bank from achieving its 50% cost to income (CTI) target in FY20. A resumption in credit growth would alleviate this pressure.
— BIP will continue to enable investment in core areas of the business to improve outcomes for customers, while driving efficiencies in the cost base. BIP is expected to exceed its original FY20 net benefit target, increasing to $380m, reflecting the positive momentum of the program and the requirement to remove stranded costs following the sale of the Australian Life Insurance and Participating Wealth Business. For further information on the BIP outlook, please refer to page 17.

- Lower running yields (due to lower risk-free rates and credit spreads) together with the absence of mark-to-market gains, are expected to impact the Insurance results.
- Reserve releases are expected to be above 1.5% of NEP, provided the benign inflationary environment continues.

Suncorp remains committed to ensuring overall returns on capital exceed its cost of capital. However, factors impacting both the achievement of the underlying ITR and cost to income targets, alongside the historically low interest rate environment, will make it difficult to achieve an ROE target of 10% in FY20.

The Group's dividend policy remains unchanged. Suncorp will seek to maintain an ordinary dividend pay-out ratio of 60% to 80% of cash earnings and remains committed to returning surplus capital to shareholders.

Subsequent to the sale of the Australian Life Insurance and Participating Wealth Business, Suncorp has commenced a 20-year strategic alliance with TAL offering market-leading life insurance solutions through Suncorp's Australian distribution channels. Under the terms of the strategic alliance, Suncorp will continue to earn income on the distribution of life insurance.

For specific information on the Insurance (Australia) outlook please refer to page 28.

For specific information on the Banking & Wealth outlook please refer to page 39.

For specific information on the New Zealand outlook please refer to page 53.

1.6 GROUP TOP-LINE GROWTH

Group top-line growth of 2.3% reflects strong growth across all portfolios in New Zealand combined with solid growth in Australian Home and Motor, and a slow-down in Banking lending growth impacted by the moderating mortgage market and adoption of tighter responsible lending controls.

Regulatory reform has impacted compulsory third party (CTP) premium income. Business exits due to portfolio realignment and de-risking from underperforming segments have contributed to a small contraction in the Australian Commercial portfolio.

Top-line growth excluding fire service levies (FSL) and CTP was 3.3%.

	Weighting [2]	Full Year Ended	
		Jun-19	Jun-18
	%	%	%
General Insurance GWP [1]	73	2.6	1.1
Bank lending assets	25	1.0	6.1
NZ Life in-force premium	2	8.1	1.3
Group top-line growth	**100**	**2.3**	**2.3**

[1] General Insurance GWP is made up of Insurance (Australia) GWP and New Zealand GWP in Australian dollar terms.

[2] Following the sale of the Australian Life Insurance and Participating Wealth Business, the Group top-line growth calculation has been adjusted to reweight contributions from the remaining business functions.

1.7 GROUP OPERATING EXPENSES

Group total operating expenses (excluding FSL) were $2.7bn, down 0.6% on the pcp. Following changes to the New South Wales FSL scheme in 1H18, FSL increased 27.8% to $161m.

BIP delivered a total improvement in operating expenses of $126m compared to the pcp. These BIP benefits and the reduction in operating expenses following the sale of the Australian Life Insurance and Participating Wealth Business were largely offset by the following:

- a 76% increase in regulatory project spend, up $41m to $95m and a $22m uplift in expenses relating to BAU regulatory compliance
- a $36m increase in commission expenses driven by strong top-line growth in New Zealand
- an additional $21m of marketing and advertising spend and $9m of investment in the contact centres to support growth in Insurance (Australia)
- an additional $15m invested in growth in joint ventures, AA Insurance and NTI
- New Zealand software impairments of $8m, following a strategic review of core platforms.

Operating expenses by function

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Insurance (Australia) operating expenses									
Acquisition expenses	1,005	989	1.6	508	497	504	485	2.2	0.8
Other underwriting expenses	390	391	(0.3)	203	187	165	226	8.6	23.0
Insurance (Australia) operating expenses	**1,395**	**1,380**	**1.1**	**711**	**684**	**669**	**711**	**3.9**	**6.3**
New Zealand operating expenses									
Acquisition expenses	302	260	16.2	153	149	131	129	2.7	16.8
Other underwriting expenses	115	112	2.7	63	52	59	53	21.2	6.8
Life operating expenses	36	33	9.1	19	17	17	16	11.8	11.8
New Zealand operating expenses	**453**	**405**	**11.9**	**235**	**218**	**207**	**198**	**7.8**	**13.5**
Banking & Wealth operating expenses									
Banking operating expenses	682	679	0.4	341	341	332	347	-	2.7
Wealth operating expenses (1)	70	68	2.9	36	34	31	37	5.9	16.1
Banking & Wealth operating expenses	**752**	**747**	**0.7**	**377**	**375**	**363**	**384**	**0.5**	**3.9**
Australian Life Business operating expenses	**85**	**168**	**(49.4)**	**20**	**65**	**86**	**82**	**(69.2)**	**(76.7)**
Group total operating expenses	**2,685**	**2,700**	**(0.6)**	**1,343**	**1,342**	**1,325**	**1,375**	**0.1**	**1.4**
Life stranded costs net of TSA revenue	13	-	n/a	13	-	-	-	n/a	n/a
FSL	161	126	27.8	76	85	64	62	(10.6)	18.8
Group total operating expenses (including FSL & Life Stranded Costs net of TSA)	**2,859**	**2,826**	**1.2**	**1,432**	**1,427**	**1,389**	**1,437**	**0.4**	**3.1**

Note: FY19 BIP net benefit of $280m: $125m net operating expense benefit (included in table above) and a $155m net benefit in claims expenses.

(1) Wealth operating expense comparatives have been restated to adjust for the participating Wealth business included in the Australian Life Business operating expenses.

Regulatory project costs and Customer remediation

The Royal Commission identified industry-wide deficiencies, compelling all financial services organisations to review their business models resulting in large remediation programs and system investments. Suncorp is committed to embracing regulatory change and has prioritised remediation and investment in a range of projects which will, in aggregate, strengthen trust and transparency and deliver better outcomes for customers.

Regulatory project costs and customer remediation spend for FY19 was $155m, slightly ahead of the $140m flagged at the 1H19 result.

Regulatory project costs increased from $54m in FY18 to $95m in FY19. These costs have been reflected in the functional results. The large increase in regulatory project costs in FY19 was primarily driven by the emergence of projects to meet regulatory requirements and heightened community expectations stemming from the Royal Commission, Codes of Practice changes for both Banking and Insurance and the continuation of various large in-flight regulatory projects. Key regulatory projects and indicative costs for FY19 are shown in the table below. Spend on the top 10 regulatory projects in FY19 was $75m.

Top 10 regulatory projects
CTP scheme changes and compliance requirements across ACT, SA, Qld and NSW
Wealth regulatory program of work to meet on-going member compliance requirements
Ensure compliance with Payment Card Industry Data Security Standard (PCIDSS)
Compliance with APRA & ABS requirements for economic and financial statistics data collection
Participation in the Royal Commission and responding to Commission inquiries
Compliance with Tax & Charges Reforms
Changes to systems, processes and procedures to adhere to new General Insurance Code of Practice
Enabling Customer of the Group - focus areas include advice, privacy, consent and licensing
Implementation of new Insurance processes to comply with IFRS 17
Code of Banking Practice compliance and customer commitments on standards of practice, disclosure and conduct principles
Top 10 regulatory projects spend - $75m
Other regulatory projects spend - $20m
FY19 total regulatory projects spend - $95m

An additional $60m provision for remediation costs, taken below the profit from functions line, increased from $30m as anticipated in 1H19. The provision relates to anticipated costs associated with the Royal Commission and various remediation costs in relation to issues including Guardian Financial Planning, Consumer Credit Insurance and Suncorp's Wealth business.

Regulatory project costs in FY20 are expected to be in the order of $155m and are expected to decline in FY21 to approximately $100m. Suncorp is committed to addressing the recommendations of the Royal Commission and is generally well placed to respond through additional investment into regulatory activities and the introduction of a dedicated program of work which will monitor progress. Work is already underway on a number of the recommendations including the implementation of updates to the Bank and General Insurance Codes of Practice. Where relevant, Suncorp is also taking the opportunity to engage in the consultation processes either directly or through industry bodies. Suncorp acknowledges that whilst not a direct recommendation, a strong customer focused culture is at the core of any response. In consideration, a culture program has been established which will consider Suncorp's desired culture and the activities required to assess and achieve this. As part of this program, enhancements have already been made to Suncorp's remuneration frameworks to ensure there is an appropriate balance between financial and non-financial measures and to better align performance and reward outcomes. ***For further information please refer to page 55 of the FY19 Data Pack.***

1.8 BUSINESS IMPROVEMENT PROGRAM

BIP is a three-year program, which commenced in FY18, and is focused on sustainable initiatives that will improve customer experience, drive efficiencies and embed a culture of continuous improvement.

BIP delivered a total net benefit of $280m for FY19, $55m ahead of target, with $351m in gross benefits and $71m of costs. This has been achieved through better returns from existing initiatives in motor claims, supply chain re-engineering and additional benefits from procurement and streamlining the business streams. At 30 June 2019, locked in annualised gross benefits are $359m (30 June 2018: $187m, 31 December 2018: $296m).

BIP three year program summary

	Cost		Benefit		Net Benefit	
	Target	Actual	Target	Actual	Target	Actual
Pre-tax	$M	$M	$M	$M	$M	$M
Actual FY18	97	104	107	144	10	40
Actual FY19 [(1)]	79	71	304	351	225	280
Target FY20 [(2)]	**72**	-	**452**	-	**380**	-

(1) Net benefit target upgraded from $195m to $225m at 1H19.

(2) Benefits upgraded from $391m to $452m, costs increased from $62m to $72m and net benefits from $329m to $380m at FY19. This includes the net benefits from the removal of Life stranded costs. Life stranded costs of ~$30m are expected to be removed on a run-rate basis by end of FY20.

FY19 BIP outcomes

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	$M	$M	$M	$M	$M	$M
Expenses	(71)	(104)	(29)	(42)	(54)	(50)
Benefits	351	144	214	137	122	22
Net benefits	**280**	**40**	**185**	**95**	**68**	**(28)**

FY19 BIP outcomes by function

	FY19 Gross costs[(2)]			FY19 Gross benefits[(3)]			FY19 Net benefits		
	Opex	Claims	Total	Opex	Claims	Total	Opex	Claims	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Insurance (Australia)	(31)	(24)	(55)	111	179	290	80	155	235
Banking & Wealth [(1)]	(16)	-	(16)	61	-	61	45	-	45
Total	**(47)**	**(24)**	**(71)**	**172**	**179**	**351**	**125**	**155**	**280**

(1) Total Banking & Wealth net operating expense benefit of $45m is split between Banking $43m and Wealth $2m.

(2) Gross costs are the in-year P&L cost of the Business Improvement Program.

(3) Gross benefits are the in-year P&L benefits flowing from the Business Improvement Program initiatives that have been delivered since the program commenced in July 2017.

FY18 BIP outcomes by function

	FY18 Gross costs[2]			FY18 Gross benefits[3]			FY18 Net benefits		
	Opex	Claims	Total	Opex	Claims	Total	Opex	Claims	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Insurance (Australia)	(44)	(29)	(73)	50	70	120	6	41	47
Banking & Wealth [1]	(31)	-	(31)	24	-	24	(7)	-	(7)
Total	**(75)**	**(29)**	**(104)**	**74**	**70**	**144**	**(1)**	**41**	**40**

(1) Total Banking & Wealth net operating expense benefit of ($7m) is split between Banking ($8m) and Wealth $1m.

(2) Gross costs are the in-year P&L cost of the Business Improvement Program.

(3) Gross benefits are the in-year P&L benefit flowing from the Business Improvement Program initiatives that have been delivered since the program commenced in July 2017.

Key initiatives delivered during the year include:

— **Digitisation of customer experience:** Reducing the cost of customer communications by building digital capabilities and making it easier for customers to interact with Suncorp across their preferred channel. This stream has completed over 150 releases, which has delivered reductions in FY19 of 3.5m physical mailpacks and over 760,000 calls into the contact centres. Benefits stemming from online self-servicing generally have a longer lead time. Growth in these benefits is expected to continue as the initiatives become more developed and widely accepted by customers.

— **Sales and service channel optimisation**: The store optimisation program continued to focus on improved digital capabilities and the use of in-store technologies to encourage customers towards self-service, such as the rollout of Smart ATMs. Focus on increased self-service in niche brands, saw APIA and CIL customers equipped with the ability to process payments through an automated payment IVR (Interactive Voice Recognition).

— **End-to-end process improvement:** Following the deployment of the LiveFlow methodology across banking and insurance, more efficient processes have continued to improve the customer experience. This stream has deployed new lodgement tools and simpler process steps for home loan origination, a new dynamic form and centralised servicing for customers with existing loans and simplified lending processes across Business Banking. In deposits, a self-service online PIN set/reset tool has been used by 70,000 customers since introduction in late 2018. Insurance renewal and direct debit SMS notifications have replaced less effective outbound calls and have resulted in ~10% uplift in payments received within 3 days of contact. EFT transfers for policy refunds have reduced the number of cheques and remittances issued by over 170,000 during the last 12 months.

— **Claims supply chain re-design:** There has been a continued focus on efficiency across Motor, Property and Personal Injury claims to improve the customer experience and drive better financial outcomes. Motor and Property initiatives have improved claims pathing, digital functionality and customer benefits such as enhanced hire car options. This has included straight-through online claim lodgement and repairer allocation for low complexity property claims. Investment in analytics is delivering support to Personal Injury customers with proactive injury management strategies, enabling individuals to return to work/life sooner. Improved data and analytics functionality has also been deployed to support reducing fraud and exaggerated claims. In total, the stream delivered $140m in benefits in FY19 including a $31m contribution to the Group's reserve releases.

— **Smarter procurement and streamlining the business:** A procurement review of key relationships and terms continued across all categories of spend in FY19 (e.g. marketing, media purchasing, technology, real estate) along with investment in processes to drive productivity and efficiency in the workforce.

FY20 BIP targets

	FY20		
	Expense $M	Benefit $M	Net benefit $M
Operating expenses	(55)	239	184
Claims expenses	(17)	213	196
Total	**(72)**	**452**	**380**

SUN expects to exceed its original FY20 net BIP benefits target of $329m and is on track to deliver $380m of net benefits as set out in the table above. The major streams of work for FY20 include:

— Continue to **optimise and embed claims improvements** through automated triage, prioritisation and pathing of claims, fraud minimisation and investment in business intelligence to improve return to work outcomes for customers and claims performance

— **Digital functionality enhancements**, including expanding the Intelligent Virtual Assistant across additional brands, improved speech analytics and the continued drive to digital versus paper communications

— **Process automation**, in particular to support home lending growth

— Continuation of the **procurement program**, including claims procurement

— **A stranded cost program**, focusing on personnel, real estate and supplier costs.

The overall target for FY20 BIP benefits has been increased to reflect the positive momentum of the program and the requirement to remove stranded costs following the sale of the Australian Life Insurance and Participating Wealth Business. Suncorp will retain approximately $30m in annualised pre-tax stranded costs following the sale. BIP will ensure that these additional costs will be removed from the business by the end of FY20 on a run rate basis, through managing personnel costs and reducing real estate and supplier costs. Other costs covered by Transitional Services Agreement (TSAs) with the purchaser will be removed following the completion of each transition arrangement.

1.9 CUSTOMER AND DIGITAL

The Group has made significant progress in advancing its digital strategy and established foundational capabilities that will assist in more effectively meeting increased customer and community expectations.

The Marketplace program included investments in digital infrastructure including Application Program Interfaces (APIs) that are currently supporting the Suncorp App, Customer Workbench and sales pipeline initiatives. The investment has also enabled a single customer view, new identity management system, data science capability for zero touch claims and a scalable Reward platform. These capabilities, albeit with some incremental investment, give the Group flexibility and optionality in how it leverages core systems, products and brands to drive growth and customer retention, while reducing the cost to serve. For example, the Group can re-skin the Suncorp App to be a new App under any of the Group's brands, use existing APIs to facilitate open-banking readiness, leverage AI driven customer utilities (such as making digital buying easier through pre-population of known or inferred data), expand 'zero touch' capability for a greater range of claims scenarios and develop a fully digital banking platform. At the same time, it means that subsequent development times for new products and services are faster and more cost effective to implement.

	Full Year Ended	
	Jun-19	Jun-18
Connected customers (1)		
Proportion of customers holding multiple products across different needs	35%	35%
Consumer Net Promoter Score (NPS)	+5.0	+7.3
Business Net Promoter Score (NPS)	+2.1	+2.7
Customer engagement via digital channels		
Number of digital (2) users (m)	3.35	2.74
Proportion of digital claims (3)	20%	12%
Proportion of 'zero touch' digital claims (3)	38%	33%
Proportion of new business Insurance sales via digital (4)	25%	25%
Proportion of new business Banking sales via digital (5)	46%	25%

Note: Customer statistics are reported on a 12-month rolling basis.

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

(2) Digital users are visitors that have logged into Suncorp's authenticated digital assets like internet banking, mobile banking app, insurance policy self-service web and mobile applications. FY19 digital users have been calculated using an updated methodology to account for digital assets launched in FY19. Using this methodology the number of digital users for the period Dec-18 was 3.07m (previously disclosed as 3.20m).

(3) Relates to Australian Home and Motor claims only.

(4) Relates to Australian General Insurance new business sales only.

(5) Relates to at-call deposit account openings only.

Digital-led initiatives in FY19 included:

Further investment in digital capabilities to drive momentum in the core business, improving the Group's competitive position:

- Digital users across both Insurance and Banking increased by 22%
- Nearly 50% of at-call deposit accounts were originated online over the past 12 months
- Enhancing self-service functionality has saved over 760,000 service calls to the Contact Centre. Increasing electronic notice delivery reduced mailpacks by 3.5m in FY19
- Simplifying digital experiences through improved pre-population of data, making it easier for customers to navigate and purchase products.

Delivering new value for customers, meeting more of their needs and driving retention:

- The Suncorp App has been downloaded over 525,000 times and has over 300,000 registered users. The App was awarded Best Innovation in Customer Experience at the RFi Group Australian Banking Awards
- The New Payments Platform delivered in May, allows customers to make payments in near real time. Since launch, 56% of 'pay someone' transactions have been via the platform
- Suncorp Rewards has over 580,000 registrations, with customers spending $63m and saving $3.6m since launch. To date transacting users hold more products per customer by an average of 5% and are 4% more likely to be retained compared to customers not on the platform.

Continuously improving and enhancing systems to deliver positive customer outcomes and meet regulatory requirements:

- Enabling front-line team members to have a single view of customers, facilitating simple and meaningful interactions with customers, supporting adherence to compliance obligations and delivering an improved experience

— Since the launch of the AAMI Intelligent Virtual Assistant in late March, the web experience has handled 38,000 questions from customers. Scout Chatbot in the Suncorp App, now answers more than 60,000 questions each month, providing customers with a convenient, easy to use and powerful digital experience.

Key FY20 focus areas are:

— Ongoing digitisation of the organisation, focused on the continued uplift in self-service and knowledge management capabilities across key digital assets. These initiatives include providing customers with a full digital banking experience as well re-skinning the Suncorp App to launch an AAMI Insurance App with simplified quote and buy capabilities.

— Continuous improvement of the customer experience by removing pain points to make processes easier. This includes increasing the pre-population of customer information to drive efficiency and deliver personalised customer experiences.

— Strengthening trust with customers through increased transparency to drive better customer outcomes supported by the Group Customer Advocate office.

— Continuing to roll out initiatives to drive customer engagement and interaction through targeted brand propositions and improvements to the Reward and Recognition program.

Group Customer Advocate

Reporting to the Board Customer Committee, established in FY19, the Customer Advocate role was created to drive better customer outcomes by providing objective assessments on the ethical and moral integrity of Suncorp's processes, decisions and practices. The FY19 focus areas were:

— **Strengthening the voice of the customer** by offering impartial reviews on the outcome of individual complaints to consider whether a fair and reasonable decision was achieved. A group wide program, 'Emerging Issues', was also launched focusing on the proactive identification, management and elimination of systematic issues affecting customers.

— **Focusing the organisation on social issues** that impact customers and the **advocation of change**. The 'Customers Experiencing Vulnerability Roadmap (CEV)', was developed in FY19. Underpinned by the belief that customers should only be required to share their story once, CEV is helping to streamline the customer experience. Additionally, in partnership with The Queensland University of Technology, the Scam Victimisation Program, was established to understand how Suncorp can better protect customers against the rise of scams in Australia.

— **In conjunction with the Customer team inspiring Suncorp's people** to be the voice of the customer. Through the development of a training model that focuses on awareness and understanding of vulnerability, frontline staff are being equipped with the skillset to respond when they identify a customer experiencing vulnerability. Frontline staff are being involved in the strategic decision-making process through the, 'Frontline Forum', and the customer centric leadership program, 'Customer Guardian Network', is internally recognising champions of change.

Suncorp's current support approach for vulnerable customers focuses on reactive customer contact and relies on the recognition of cues by frontline staff. In FY20, the Customer Advocate will focus on partnering with key stakeholders to design a strategy that uses behavioural indicators to facilitate proactive customer interaction.

1.10 GROUP GENERAL INSURANCE

1.10.1 Group reported and underlying ITR

Reconciliation of reported ITR to underlying ITR

	Full Year Ended			Half Year Ended			
	Jun-19	Jun-18	Jun-17	Jun-19	Dec-18	Jun-18	Dec-17
	$M	$M	$M	$M	$M	$M	$M
Reported ITR	**998**	**1,012**	**965**	**675**	**323**	**676**	**336**
Reported reserve releases (above) below long-run expectations	(198)	(194)	(166)	(90)	(108)	(132)	(62)
Natural hazards above (below) long-run allowances	129	(4)	89	(91)	220	(71)	67
Investment income mismatch	112	28	(46)	30	82	31	(3)
Other:							
Risk margin	(41)	(22)	(19)	(40)	(1)	(52)	30
Abnormal (Simplification/restructuring) expenses	34	63	61	20	14	34	29
Additional Reinsurance Premium (1)	25	-	53	25	-	-	-
Underlying ITR	**1,059**	**883**	**937**	**529**	**530**	**486**	**397**
Underlying ITR ratio	**12.3%**	**10.6%**	**11.5%**	**12.4%**	**12.2%**	**11.7%**	**9.4%**

(1) Includes $25m of additional premium in respect of the NHAP in FY19 (the additional premium is proportionate to the amount of recoveries made under the NHAP and is capped at $25m once recoveries reach $100m).

Underlying ITR movements – June 2018 to June 2019

	Jun-19 vs Jun-18
	%
FY18 underlying ITR	**10.6**
Natural hazard allowance	(0.1)
Investment income	(0.1)
Expenses (excl Commissions)	(1.3)
Margin - Group (excl BIP)	1.4
BIP expense benefits	0.8
BIP claims benefits	1.0
FY19 underlying ITR	**12.3**

The Group underlying insurance trading ratio (ITR) has improved from 10.6% in FY18 to 12.3% in FY19 reflecting:

— Margin expansion in New Zealand

— Ongoing claims cost benefits from BIP to Australian Home and Motor portfolios

— Operating expenses benefits from BIP across the Group

— Realignment of the Australian Commercial portfolio.

1.10.2 General Insurance investment market movements

The FY19 net contribution from investment market movements declined $51m compared to the pcp.

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	$M	$M	$M	$M	$M	$M
Insurance (Australia) General Insurance investment income	559	368	437	122	176	192
Claims - discount unwind & mark-to-market	(424)	(168)	(285)	(139)	(104)	(64)
New Zealand General Insurance investment income	37	23	28	9	19	4
Total General Insurance investment market movements	**172**	**223**	**180**	**(8)**	**91**	**132**

1.10.3 Group reinsurance

Reinsurance spend and security

General Insurance outwards reinsurance expense for FY19 was $1,140m, up 3.4% on the pcp. The increase is mainly due to the $25m additional premium in respect of the Natural Hazards Aggregate Protection[1].

The reinsurance program has been maintained for FY20. The program is provided by a range of reinsurers, with over 85% of protection provided by reinsurers rated ‘A+’ or better.

Main catastrophe program

Suncorp’s FY20 main catastrophe program is similar to prior years with enhanced natural hazards protection to reduce earnings volatility.

From 1 July 2019, the upper limit on the main catastrophe program, which covers the Home, Motor and Commercial Property portfolios across Australia and New Zealand for major events, will remain unchanged at $7.2bn. The cover purchased provides Suncorp with a limit in line with APRA requirements and in excess of Reserve Bank of New Zealand (RBNZ) regulatory requirements.

The Group’s maximum event retention in Australia remains at $250m. Consistent with the FY19 program, the main catastrophe program includes one prepaid reinstatement which covers losses up to $7.2bn for a second event and two further prepaid reinstatements at the lower layer which covers losses up to $500m for the third and fourth events.

In addition to the main catastrophe program, the Group has purchased dropdown aggregate protection in the form of three dropdowns:

— Dropdown 1 (50m xs 200m xs 50m) provides $50m of cover, for events greater than $200m once the cumulative impact of qualifying events reach $50m.

— Dropdown 2 (100m xs 150m xs 200m) provides $100m of cover, for events greater than $150m once the cumulative impact of qualifying events reach $200m.

— Dropdown 3 (100m xs 50m xs 200m) provides $100m of cover, for events greater than $50m once the cumulative impact of qualifying events reach $200m.

The Group will also have in place a prepaid reinstatement for Dropdown 2 and Dropdown 3. In aggregate, the dropdowns provide an additional $450m of protection against large natural hazard events. The manner in which the dropdowns interact with the main catastrophe program and natural hazard aggregate protection (NHAP, see section below) depends on the size and frequency of natural hazard events.

[1] The additional premium is proportionate to the amount of recoveries made under the NHAP and is capped at $25m once recoveries reach $100m.

The extent to which the horizontal dropdown layer has been eroded will determine when a dropdown may be triggered and the amount of recoveries available.

For New Zealand, the Group continues to purchase a program to reduce the first event retention to NZ$50m and the second and third event retentions to NZ$25m. Similar to Australia, the dropdowns in place for New Zealand in aggregate provide NZ$590m of protection against large natural hazard events. An internal reinsurance agreement with Insurance (Australia) reduces New Zealand's retention for a first and second New Zealand event to NZ$20m. However, this arrangement exists for capital purposes only and does not impact the Group's net exposure of NZ$50m.

Natural Hazard Aggregate Protection (NHAP)

Suncorp's NHAP remains in place for FY20. This cover provides $300m of cover for events greater than $10m once aggregate costs have reached $515m (deductible). The three year NHAP arrangement which commenced in FY18 will expire on 30 June 2020.

Quota share arrangements

Suncorp's main quota share arrangement is the 30% multi-year quota share arrangement covering the Queensland Home Insurance portfolio. Suncorp maintains strong market share within Queensland and the quota share reduces concentration risk in this region.

Suncorp has a 50% quota share in place for its retained share of CTP business in ACT and a 32.5% quota share for CTP business in South Australia. Suncorp has also renewed its 50% quota share on large global property risks.

Other quota share arrangements continue to be investigated and implemented where they provide sufficient capital and earnings benefits to offset the profit ceded to reinsurance partners.

Aggregate stop loss protection

For FY20 the Group has purchased an Aggregate Stop Loss protection aiming to limit natural hazards exposure to the natural hazards allowance, which has been increased to $820m. This new protection provides an additional $200m of cover for all retained natural hazard losses, not just those events greater than $10m, in excess of the natural hazards allowance. The increase in the allowance and the stop loss cover improves the quality and predictability of earnings, countering the inherently volatile impact weather events can have on the results.

1.10.4 Natural hazards

Natural hazard costs for FY19 were $849m, $129m above the allowance of $720m for the year.

This was primarily driven by a significant weather system which resulted in hailstorms across the Sydney, Central Coast and South-East Queensland regions in December 2018 and the Townsville Floods in January and February 2019.

Total claims costs arising from the Sydney hailstorm exceeded the maximum first event retention under the main catastrophe program, limiting the financial impact of this event to $250m pre-tax.

The Townsville floods in January and February 2019 triggered Suncorp's dropdown and NHAP covers resulting in a retained loss of $63m. The Townsville floods were considered two separate events for the purpose of reinsurance recoveries. The February Sydney Storms and NSW SEQLD March Hail & Storms events were fully recoverable through the FY19 reinsurance program.

Suncorp's natural hazards experience in FY19 is shown in the table below:

Date	Event	Net costs $M
Oct 18	Wide Bay Burnett	70
Nov 18	NSW Severe Low	24
Dec 18	East Coast Low	83
Dec 18	NSW & SEQ Hailstorm	250
Jan 19	January Sydney Storms	14
Jan 19	Townsville Floods 1	63
Feb 19	Townsville Floods 2	-
Feb 19	February Sydney Storms	-
Mar 19	NSW SEQLD March Hail & Storms	-
Total events over $10m		**504**
Other natural hazards attritional claims		345
Total natural hazards		**849**
Less: allowance for natural hazards		(720)
Natural hazards costs above allowance		**129**

For additional information on natural hazard events, please refer to page 33 for events in Australia and page 57 for events in New Zealand.

Natural hazard allowance

Suncorp will increase its FY20 natural hazard allowance by $100m to $820m, up from $720m in FY19.

This represents a A$9m increase in New Zealand's share of the allowance to A$49m, up from A$40m in FY19, and a $91m increase to Insurance (Australia)'s share of the allowance to $771m, up from $680m in FY19.

The large increase in allowance reflects Suncorp placing more weight on the experience of recent years than has been done in the past.

The Group's natural hazard allowance is determined through a process combining the Group's view of risk through modelled catastrophe losses in conjunction with the reinsurance program. The Group's robust reinsurance program, including natural hazards aggregate protection and quota share covers, is also taken into account in determining the final natural hazard allowance.

The allowance is a long-term calculation based on experience over many years, with actual experience varying in any single year.

1.11 CAPITAL AND DIVIDENDS

1.11.1 Capital

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

The Group is subject to, and complies with, external capital requirements set and monitored by the Australian Prudential Regulation Authority (APRA) and the RBNZ.

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

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

For regulatory purposes, capital is classified as follows:

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

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

Capital position at 30 June 2019

During the year, the Group issued $600m of subordinated debt through SGL as part of its capital management strategy, which was fully deployed to the Bank as Basel III compliant Tier 2 capital. The issuance facilitated the redemption of SGL's existing $770m of subordinated debt. Following the $600m Tier 2 issuance and $770m Tier 2 redemption, the Group now has a more optimal level of Tier 2 capital.

On 28 February 2019 Suncorp announced the successful completion of the sale of the Australian Life Insurance and Participating Wealth Business to TAL Dai-ichi Life Australia Pty Ltd. Suncorp is in the process of returning approximately $610m of capital to shareholders. A special dividend of 8 cps, representing $104m, was paid to shareholders in May. The balance of the capital will be returned via a capital return and related share consolidation, which remains subject to shareholder approval.

Over the year, the Group's excess CET1 (after payment of the dividend) increased to $990m. The main impacts on the Group's excess capital position were:

— NPAT after payment of dividends
— An increase in the General Insurance PCA due to an increase in the Insurance Risk Charge and a higher Asset Risk Charge
— An increase in Bank Risk Weighted Assets due to balance sheet growth and a 25 basis point (bps) increase to the Bank capital target to support the transition to APRA's 'unquestionably strong' capital benchmark
— Amortisation of intangibles driven by past acquisition intangibles and capitalised project costs
— Reduction in the net deferred tax assets largely due to unrealised gains on the investment portfolio
— The sale of the Australian Life Insurance and Participating Wealth Business
— The payment of an 8 cps special dividend following the sale of the Australian Life Insurance and Participating Wealth Business.

	As at 30 June 2019					
	General Insurance [2]	Bank [2]	Life [3]	SGL, Corp Services & Consol	Total	Total 30 June 2018
	$M	$M	$M	$M	$M	$M
CET1	3,413	3,085	706	137	7,341	6,881
CET1 target	2,697	2,993	100	(10)	5,780	5,810
Excess to CET1 target (pre div)	716	92	606	147	1,561	1,071
Group dividend					(571)	(623)
Group excess to CET1 target (ex div)					990	448
Common Equity Tier 1 ratio [1]	**1.39x**	**9.28%**				
Total capital	4,533	4,473	706	137	9,849	9,585
Total target capital	3,677	4,157	100	(33)	7,901	7,952
Excess to target (pre div)	856	316	606	170	1,948	1,633
Group dividend					(571)	(623)
Group excess to target (ex div)					1,377	1,010
Total capital ratio [1]	**1.85x**	**13.45%**				

(1) Capital ratios are expressed as coverage of the PCA for General Insurance and as a percentage of Risk Weighted Assets for the Bank.
(2) The Bank and General Insurance targets are shown as the midpoint of the target operating ranges.
(3) Life includes $506m of capital that will be returned to shareholders from the sale of the Australian Life Insurance and Participating Wealth Business, as well as capital relating to the New Zealand Life Insurance business and the remaining Wealth business.

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

— The General Insurance businesses' CET1 position was 1.39 times the PCA, above its target operating range of 1.0 to 1.2 times PCA
— The Bank's CET1 Ratio was 9.28%, above the top of its target operating range of 8.75% to 9.25%
— Life businesses' excess CET1 to target was $606m
— An additional $147m of excess CET1 was held at the SGL and Corporate Services level.

The Group maintains a strong capital position with all businesses holding CET1 in excess of targets. The Group's excess to CET1 target is $990m after adjusting for the final dividend. The proforma excess CET1 position at 30 June 2019 after adjusting for the proposed pro-rata return of share capital and share consolidation would be $484m.

1.11.2 Dividends

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

The Group's profit result and strong balance sheet position for the year has led to a fully franked ordinary dividend of 44 cps. This brings the total full year ordinary dividend to 70 cps, down 4% on the prior year, and equating to a payout above the target range at 81% of cash earnings.

The Group intends to acquire existing shares under the Dividend Reinvestment Plan for the final dividend. The final ordinary dividend will be paid on 25 September 2019. The ex-dividend date is 14 August 2019. The Group's franking credit balance is set out in the table below.

	Half Year Ended		
	Jun-19	Dec-18	Jun-18
	$M	$M	$M
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	59	152	113

1.12 INCOME TAX

	Full Year ended		Jun-19
	Jun-19	Jun-18	vs Jun-18
	$M	$M	%
Reconciliation of prima facie income tax expense to actual tax expense:			
Profit before tax from continuing operations (1)	**1,525**	**1,409**	**8.2**
Profit (loss) before tax from discontinued operations (1)	**(1,023)**	**168**	**n/a**
Profit before tax	**502**	**1,577**	**(68.2)**
Prima facie domestic corporate tax rate of 30% (2018: 30%)	151	473	(68.1)
Effect of tax rates in foreign jurisdictions	(7)	(4)	75.0
Effect of income taxed at non-corporate tax rate - Life	1	2	(50.0)
Tax effect of amounts not deductible (assessable) in calculating taxable income:			
Non-deductible expenses	219	24	n/a
Non-deductible expenses - Life	21	28	(25.0)
Amortisation of intangible assets	6	6	-
Dividend adjustments	16	18	(11.1)
Tax exempt revenues	(11)	(13)	(15.4)
Current year rebates and credits	(21)	(25)	(16.0)
Prior year over provision	(72)	(7)	n/a
Other	4	3	33.3
Total income tax expense on pre-tax profit	**307**	**505**	**(39.2)**
Total income tax expense on pre-tax profit from continuing operations (1)	**449**	**440**	**2.0**
Total income tax expense (benefit) on pre-tax profit from discontinued operations (1)	**(142)**	**65**	**n/a**
Effective tax rate	**61.2%**	**32.0%**	**29.2**
Effective tax rate from continuing operations (1)	**29.4%**	**31.2%**	**(1.8)**

(1) Continuing and discontinued operations represented in the Income Tax table are presented in line with the statutory accounts and relate to the sale of the Australian Life Insurance and Participating Wealth Business.

The effective tax rate of 61.2% (FY18: 32.0%) was primarily driven by the accounting loss on sale of the Australian Life Insurance and Participating Wealth Business. The accounting loss on sale is not deductible for tax purposes and the Group has unbooked deferred tax assets of approximately $29m at 30 June 2019.

The prior year over provision has significantly reduced income tax expense due to rebalancing of portfolios within the Australian Life Insurance and Participating Wealth Business. This adjustment resulted in reduced income tax expense of $69m which is partially offset by a movement in policy liabilities of $54m.

The larger contribution to total profit from the New Zealand Business in FY19 has resulted in a reduction of the effective tax rate from continuing operations, due to the slightly lower corporate tax rate of 28% in New Zealand.

2.0 FUNCTIONAL RESULTS

2.1 INSURANCE (AUSTRALIA)

2.1.1 Insurance (Australia) result overview

	Full Year Ended		Jun-19	Half Year Ended	
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18
	$M	$M	%	$M	$M
Gross written premium by product					
Motor	2,877	2,779	3.5	1,474	1,403
Home	2,230	2,206	1.1	1,117	1,113
Commercial	1,506	1,510	(0.3)	720	786
Compulsory third party	1,094	1,164	(6.0)	520	574
Workers' compensation and other	397	329	20.7	248	149
Fire Service Levies	141	149	(5.4)	65	76
Total gross written premium	**8,245**	**8,137**	**1.3**	**4,144**	**4,101**
Net earned premium	7,292	7,191	1.4	3,603	3,689
Net incurred claims	(5,448)	(5,057)	7.7	(2,593)	(2,855)
Total operating expenses	(1,556)	(1,506)	3.3	(787)	(769)
Insurance trading result	732	886	(17.4)	542	190
Insurance (Australia) profit after tax	**588**	**681**	**(13.7)**	**455**	**133**
	%	**%**		**%**	**%**
Total operating expenses ratio	21.3	20.9		21.8	20.8
Insurance trading ratio	10.0	12.3		15.0	5.2

— Insurance (Australia) delivered profit after tax of $588m, down 13.7%, largely driven by higher natural hazard claims costs relative to the pcp. 2H19 profit after tax improved 242% on 1H19, benefiting from the aggregate reinsurance cover and continued BIP benefits. The insurance trading result was $732m, representing an ITR of 10.0%.

— GWP (excluding FSL) increased 1.5% to $8,104m. Excluding CTP and Commercial portfolio exits, GWP growth was 3.3%.

— Home and Motor GWP increased by 2.4% driven by moderating average written premium increases, partially offset by a contraction in units. Commercial GWP declined by 0.3% due to the impact of portfolio exits and de-risking from underperforming market segments. Removing the impact of these exits, growth was 2.2% achieved through strong premium rates and optimised business mix as a solid base for long-term profitability.

— CTP GWP decreased by 6.0% due to ongoing impacts of scheme reforms with volumes remaining stable. Workers' compensation and other growth of 20.7% was primarily due to premium rate increases, strong retention rates on existing accounts and increases in the wage pool of insured workforces, predominantly in Western Australia. The result also included some additional new business growth in Tasmania and the ACT.

— Net incurred claims increased by 7.7% driven by higher natural hazard costs, the impact of risk-free rate movements and claims inflation, partly offset by the continued benefits from BIP initiatives, realignment of the Commercial portfolio and lower claims costs in CTP post reform. Reserve releases were $322m, representing 4.4% of NEP, above the Group's long-run expectation.

— Total investment income increased by 51.9% to $559m, benefitting from mark-to-market gains due to the significant reduction in bond yields during the year and a rebound in equity markets in 2H19. This was partly offset by the underperformance of inflation-linked bonds from the decrease in breakeven inflation levels.

— Operating expenses ratio increased by 0.4% (0.1% excluding FSL) due to an increase in regulatory costs and additional marketing spend to drive unit growth in 2H19, partially offset by BIP benefits.

2.1.2 Insurance (Australia) outlook and priorities

Insurance (Australia)'s key priority will be to reinvigorate its multi-brand strategy with state-based campaigns and enhanced propositions for mass brands including AAMI, GIO and Suncorp, building on the digital foundations established over the last two years. The FY20 result will primarily be driven by the following factors:

- Stable retention and improved unit growth in the Home and Motor portfolios into FY20 and beyond. This will be achieved through revised marketing campaigns, digital initiatives to improve the sales pipeline and investment in product innovation and redesign.
- The Commercial portfolio will focus on maintaining target profitability through disciplined underwriting and risk selection. The focus will move towards growing volume in profitable market segments, although overall premium growth in the short-term will continue to be impacted by the remaining realignment actions including portfolio exits. In particular, FY20 will be impacted by the strategic exit from the Longitude strata portfolio, which includes $67m of expiring premium.
- Ongoing reforms and change in the CTP operating environment will continue to drive reduced volatility across the schemes and improved customer outcomes. Suncorp will continue to leverage the benefits of a national CTP portfolio with a focus on optimising growth and profit through targeted opportunities in each scheme. The SA CTP scheme transitioned to a competitive market model on 1 July 2019.
- In Workers' Compensation, the portfolio will continue to exercise discipline in pricing.
- Further investment in operational claims efficiencies are expected to improve both customer experience and operational claims metrics.
- There will be a focus on optimising all channels to market by building a seamless digital, end to end sales and service functionality across mass brands including via targeted initiatives such as:
  - Leveraging Suncorp's App foundations which are brand agnostic and can be utilised across brands to increase resonance with customers.
  - Launching AAMI App on a new platform with simplified quote and buy functionality.
  - Contact centres continuing to support more complex and valuable interactions.
  - Continued investment in customer workbench and a Group wide telephony platform to drive stability and service.
- In FY20 the Group natural hazard allowance increases from $720m to $820m. Insurance (Australia)'s share of the increased FY20 allowance is $91m, thereby increasing the allowance to $771m, up from $680m in FY19. The Group has also purchased an additional $200m natural perils reinsurance cover to sit on-top of the allowance. This will provide a further level of cover that will work in conjunction with Suncorp's main catastrophe program and NHAP program. The magnitude of the increase in the natural hazard allowance and the cost of the stop loss cover will impact the Group's ability to achieve its target of at least 12% underlying ITR in FY20. The Group remains committed to repricing its insurance portfolios to take account of these higher hazard costs.
- In FY20 reserve releases are expected to remain above the long-run expectation of 1.5% of Group NEP, provided inflation remains below current average long-run assumptions.
- Suncorp expects the unprecedented low yield environment to continue over the short to medium term, putting continued pressure on investment income and margins across the Insurance industry, particularly in long tail classes. Suncorp will continue to price for this, where appropriate, and work with regulators to ensure statutory schemes remain profitable.
- Regulatory project costs associated with policy and claims handling are expected to be higher in FY20. This is seen as an opportunity for Suncorp to improve customer experiences and build brand loyalty over time.

— Following the sale of the Australian Life Insurance and Participating Wealth Business, Suncorp commenced a 20-year strategic alliance with TAL to offer market-leading life insurance solutions through Suncorp's Australian distribution channels. Under the terms of the strategic alliance, Suncorp will continue to earn income on the distribution of life insurance.

Profit contribution and General Insurance ratios

Profit contribution

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**8,245**	**8,137**	**1.3**	**4,144**	**4,101**	**4,133**	**4,004**	**1.0**	**0.3**
Gross unearned premium movement	(3)	(26)	(88.5)	(55)	52	(116)	90	n/a	(52.6)
Gross earned premium	8,242	8,111	1.6	4,089	4,153	4,017	4,094	(1.5)	1.8
Outwards reinsurance expense	(950)	(920)	3.3	(486)	(464)	(469)	(451)	4.7	3.6
Net earned premium	**7,292**	**7,191**	**1.4**	**3,603**	**3,689**	**3,548**	**3,643**	**(2.3)**	**1.6**
Net incurred claims									
Claims expense	(7,059)	(5,862)	20.4	(3,550)	(3,509)	(2,713)	(3,149)	1.2	30.9
Reinsurance and other recoveries revenue	1,611	805	100.1	957	654	380	425	46.3	151.8
Net incurred claims	**(5,448)**	**(5,057)**	**7.7**	**(2,593)**	**(2,855)**	**(2,333)**	**(2,724)**	**(9.2)**	**11.1**
Total operating expenses									
Acquisition expenses	(1,005)	(989)	1.6	(508)	(497)	(504)	(485)	2.2	0.8
Other underwriting expenses	(551)	(517)	6.6	(279)	(272)	(229)	(288)	2.6	21.8
Total operating expenses	**(1,556)**	**(1,506)**	**3.3**	**(787)**	**(769)**	**(733)**	**(773)**	**2.3**	**7.4**
Underwriting result	288	628	(54.1)	223	65	482	146	243.1	(53.7)
Investment income - insurance funds	444	258	72.1	319	125	138	120	155.2	131.2
Insurance trading result	**732**	**886**	**(17.4)**	**542**	**190**	**620**	**266**	**185.3**	**(12.6)**
Managed schemes, joint venture and other	9	1	n/a	4	5	(4)	5	(20.0)	n/a
Insurance (Australia) operational earnings	**741**	**887**	**(16.5)**	**546**	**195**	**616**	**271**	**180.0**	**(11.4)**
Investment income - shareholder funds	115	110	4.5	118	(3)	38	72	n/a	210.5
Insurance (Australia) profit before tax and capital funding	**856**	**997**	**(14.1)**	**664**	**192**	**654**	**343**	**245.8**	**1.5**
Capital funding	(32)	(29)	10.3	(15)	(17)	(14)	(15)	(11.8)	7.1
Insurance (Australia) profit before tax	**824**	**968**	**(14.9)**	**649**	**175**	**640**	**328**	**270.9**	**1.4**
Income tax	(236)	(287)	(17.8)	(194)	(42)	(193)	(94)	361.9	0.5
Insurance (Australia) profit after tax	**588**	**681**	**(13.7)**	**455**	**133**	**447**	**234**	**242.1**	**1.8**

General Insurance ratios

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Acquisition expenses ratio	13.8	13.8	14.1	13.5	14.2	13.3
Other underwriting expenses ratio	7.5	7.1	7.7	7.3	6.5	7.9
Total operating expenses ratio	**21.3**	**20.9**	**21.8**	**20.8**	**20.7**	**21.2**
Loss ratio	74.7	70.3	72.0	77.4	65.8	74.8
Combined operating ratio	96.0	91.2	93.8	98.2	86.5	96.0
Insurance trading ratio	**10.0**	**12.3**	**15.0**	**5.2**	**17.5**	**7.3**

Insurance trading results (excluding FSL & Discount Rate Movement)

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,104	7,988	1.5	4,079	4,025	4,048	3,940	1.3	0.8
Net earned premium	7,131	7,065	0.9	3,526	3,605	3,484	3,581	(2.2)	1.2
Net incurred claims	(5,136)	(4,998)	2.8	(2,366)	(2,770)	(2,284)	(2,714)	(14.6)	3.6
Acquisition expenses	(1,005)	(989)	1.6	(508)	(497)	(504)	(485)	2.2	0.8
Other underwriting expenses	(390)	(391)	(0.3)	(202)	(188)	(165)	(226)	7.4	22.4
Total operating expenses	(1,395)	(1,380)	1.1	(710)	(685)	(669)	(711)	3.6	6.1
Investment income - insurance funds	132	199	(33.7)	92	40	89	110	130.0	3.4
Insurance trading result	**732**	**886**	**(17.4)**	**542**	**190**	**620**	**266**	**185.3**	**(12.6)**

General Insurance ratios (excluding FSL & Discount Rate Movement)

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Acquisition expenses ratio	14.1	14.0	14.4	13.8	14.5	13.6
Other underwriting expenses ratio	5.5	5.5	5.7	5.2	4.7	6.3
Total operating expenses ratio	**19.6**	**19.5**	**20.1**	**19.0**	**19.2**	**19.9**
Loss ratio	72.0	70.7	67.1	76.8	65.6	75.8
Combined operating ratio	91.6	90.2	87.2	95.8	84.8	95.7

2.1.3 General Insurance

Gross written premium

GWP portfolio breakdown

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Motor	2,877	2,779	3.5	1,474	1,403	1,429	1,350	5.1	3.1
Home	2,230	2,206	1.1	1,117	1,113	1,113	1,093	0.4	0.4
Commercial	1,506	1,510	(0.3)	720	786	742	768	(8.4)	(3.0)
Compulsory third party	1,094	1,164	(6.0)	520	574	555	609	(9.4)	(6.3)
Workers' compensation and other	397	329	20.7	248	149	209	120	66.4	18.7
Total GWP	**8,104**	**7,988**	**1.5**	**4,079**	**4,025**	**4,048**	**3,940**	**1.3**	**0.8**
Fire Service Levies									
Motor	13	11	18.2	5	8	8	3	(37.5)	(37.5)
Home	81	96	(15.6)	40	41	51	45	(2.4)	(21.6)
Commercial	47	42	11.9	20	27	26	16	(25.9)	(23.1)
Total FSL	**141**	**149**	**(5.4)**	**65**	**76**	**85**	**64**	**(14.5)**	**(23.5)**
Total GWP including FSL	**8,245**	**8,137**	**1.3**	**4,144**	**4,101**	**4,133**	**4,004**	**1.0**	**0.3**

GWP geographic breakdown

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography									
Queensland	2,096	2,111	(0.7)	1,027	1,069	1,045	1,066	(3.9)	(1.7)
New South Wales	2,541	2,531	0.4	1,258	1,283	1,257	1,274	(1.9)	0.1
Victoria	1,913	1,855	3.1	972	941	951	904	3.3	2.2
Western Australia	682	635	7.4	369	313	341	294	17.9	8.2
South Australia	371	372	(0.3)	184	187	186	186	(1.6)	(1.1)
Tasmania	175	164	6.7	94	81	87	77	16.0	8.0
Other	326	320	1.9	175	151	181	139	15.9	(3.3)
Total GWP	**8,104**	**7,988**	**1.5**	**4,079**	**4,025**	**4,048**	**3,940**	**1.3**	**0.8**
Fire Service Levies									
New South Wales	139	147	(5.4)	64	75	84	63	(14.7)	(23.8)
Tasmania	2	2	-	1	1	1	1	-	-
Total FSL	**141**	**149**	**(5.4)**	**65**	**76**	**85**	**64**	**(14.5)**	**(23.5)**
Total GWP including FSL	**8,245**	**8,137**	**1.3**	**4,144**	**4,101**	**4,133**	**4,004**	**1.0**	**0.3**

Motor

Motor GWP grew by 3.5% to $2,877m, following targeted pricing changes with units declining by 1.7%.

Home

Home GWP grew by 1.1% to $2,230m, driven by average premium increases of 2.7%, partially offset by unit contraction of 1.6%.

Units contracted in both the Home and Motor portfolios as a result of lower new business opportunities. This was in part driven by a slowdown in the economic environment with lower housing growth, reducing housing turnover and a slowdown in new car sales. Retention continues to hold steady. Tactical and strategic actions are in train to strengthen unit performance and improve outlook.

Commercial

Commercial GWP reduced by 0.3% to $1,506m. Normalising for the impact of business exits, premium growth was 2.2% driven by strong premium rate increases ranging from single digit to high teens. The performance of the portfolio was impacted by the selective non-renewal of poorer risks and lower new business growth particularly in the long-tail product lines. Despite the shortfall in premium growth, portfolio realignment actions have resulted in a significant margin improvement.

Compulsory Third Party

CTP GWP decreased 6.0% to $1,094m due to the impact of scheme reform on premiums.

In New South Wales CTP, GWP contracted 9.5% driven by the impact of scheme reform. The new scheme reform benefits have reduced expected claims costs and resulted in lower average premiums for customers. Suncorp's focus during the reform transition period has been to remain competitive whilst monitoring performance of the scheme relative to the new assumptions. The scheme is developing as expected.

In Queensland CTP, GWP decreased by 4.4% driven by ceiling price reductions throughout the year. Suncorp has maintained a leading market share and has continued to engage with the regulator to work towards scheme sustainability and improved outcomes for customers.

In ACT CTP, the scheme has continued to grow, with market share at 44% following sustained growth since entering the market in 2013.

In South Australia CTP, Suncorp was allocated 30% market share until 30 June 2019, after which the scheme successfully transitioned to competitive underwriting.

Compulsory Third Party GWP by geography

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Compulsory third party GWP by geography									
Queensland	416	435	(4.4)	195	221	214	221	(11.8)	(8.9)
New South Wales	497	549	(9.5)	240	257	250	299	(6.6)	(4.0)
ACT	66	66	-	30	36	35	31	(16.7)	(14.3)
South Australia	115	114	0.9	55	60	56	58	(8.3)	(1.8)
Total compulsory third party GWP	**1,094**	**1,164**	**(6.0)**	**520**	**574**	**555**	**609**	**(9.4)**	**(6.3)**

Workers' compensation and other

GWP growth of 20.7% was driven by strong renewal performance and wage and rate increases, particularly in Western Australia.

Net incurred claims

Net incurred claims were $5,448m, an increase of 7.7% on the pcp. Excluding discount rate movements, net incurred claims increased by 2.8%. The increase was driven by higher natural hazard costs, partially offset by benefits from BIP claims initiatives, realignment of the Commercial portfolio and lower claims costs in CTP post reform.

BIP contributed $155m in net benefits to the claims result. BIP primarily benefited the consumer insurance loss ratio as a result of improvements in motor claims repair processes, including improved motor vehicle pathing, greater focus on repairer and assessor performance and implementation of damage assessment technology. ***For further information on BIP please refer to page 15.***

Motor

The favourable impact from the BIP claims initiatives and use of the Suncorp preferred repair network continue to help offset average repair cost inflation. The increasing level of integrated technology in cars impacts the price of spare parts, particularly where sensor technology has become more prevalent over the last 5 years. Incurred claims have also benefited from lower claims frequency.

Home

Incurred claims were impacted by high incidence and severity of major loss fire claims. Cost pressure in water damage claims also increased, which is a challenge for all insurers due to changes in home design, regulation and customer expectations. Lower claims frequency partially offset the cost impact.

Commercial

Commercial loss ratios continued to improve as premium rate increases more than offset claims inflation, combined with targeted retention of high quality accounts and the selective withdrawal from underperforming segments.

CTP and Workers' Compensation

CTP claims experience remained stable, supporting reserve releases in excess of 1.5% of Group NEP.

In Queensland CTP, frequency in small claims has improved in recent quarters, however remain elevated compared to historical levels.

In New South Wales, claims experience post-reform has been in line with expectations however longer-term claims trends will emerge over the next two years.

In ACT and South Australia, claims experience continues to track in line with expectations.

Natural hazards

Total natural hazard costs were $835m, $155m above the $680m allowance for the year and up from $625m in the pcp. Other natural hazard attritional claims were $165m in 2H19, broadly in line with 1H19.

Major natural hazard events for Australia are shown in the table below.

Date	Event	Net costs $M
Oct 18	Wide Bay Burnett	70
Nov 18	NSW Severe Low	24
Dec 18	East Coast Low	83
Dec 18	NSW & SEQ Hailstorm	250
Jan 19	January Sydney Storms	14
Jan 19	Townsville Floods 1	63
Feb 19	Townsville Floods 2	-
Feb 19	February Sydney Storms	-
Mar 19	NSW SEQLD March Hail & Storms	-
Total events over $10 million		**504**
Other natural hazards attritional claims		331
Total natural hazards		**835**
Less: allowance for natural hazards		(680)
Natural hazards costs above allowance		**155**

Outstanding claims provision breakdown

The valuation of outstanding claims has resulted in central estimate releases of $322m, well above the Group's long-run expectation for reserve releases of 1.5% of Group NEP.

The short-tail release was primarily due to favourable experience in the Commercial Insurance short-tail portfolios. This was offset partly by $20m of costs associated with the rectification of policyholder claims that have been identified as incorrectly settled in the consumer portfolio.

Long-tail claims reserve releases of $308m were primarily attributable to favourable claims experience. The impact of benign wage inflation in the CTP portfolios contributed to the majority of the releases.

	Actual $M	Net central estimate (discounted) $M	Risk margin (90th percentile discounted) $M	Change in net central estimate [(1)] $M
Short-tail	1,491	1,357	134	(14)
Long-tail	6,078	5,193	885	(308)
Total	**7,569**	**6,550**	**1,019**	**(322)**

(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. Figures in brackets imply that there has been a release from outstanding reserves.

Outstanding claims provision over time

The following table shows the gross and net outstanding claims liabilities and their movement over time. The net outstanding claims liabilities are shown split between the net central estimate, the discount on net central estimate (90th percentile, discounted) and the risk margin components. Since June 2018 excesses paid by policyholder have been reclassified from “Reinsurance and other recoveries” to “Gross outstanding claims liability”.

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	9,686	9,514	8,874	9,217	1.8	9.2
Reinsurance and other recoveries	(2,117)	(1,691)	(1,509)	(1,671)	25.2	40.3
Net outstanding claims liabilities	**7,569**	**7,823**	**7,365**	**7,546**	**(3.2)**	**2.8**
Expected future claims payments and claims handling expenses	6,814	7,271	6,894	7,063	(6.3)	(1.2)
Discount to present value	(264)	(459)	(516)	(538)	(42.5)	(48.8)
Risk margin	1,019	1,011	987	1,021	0.8	3.2
Net outstanding claims liabilities	**7,569**	**7,823**	**7,365**	**7,546**	**(3.2)**	**2.8**
Short-tail	1,491	1,848	1,504	1,644	(19.3)	(0.9)
Long-tail	6,078	5,975	5,861	5,902	1.7	3.7
Total	**7,569**	**7,823**	**7,365**	**7,546**	**(3.2)**	**2.8**

Risk margins

Risk margins represent approximately 13% of outstanding claims reserves giving an approximate level of confidence of 90%.

Excluding the impact of discounting, risk margins reduced by $41m. This was more than offset by a discounting impact of $73m, resulting in a net $32m increase during the period, bringing the balance to $1,019m. Risk margin is excluded from the underlying ITR calculation.

Operating expenses

Operating expenses were $1,556m, up 3.3% on the pcp, driven by higher regulatory costs, investments in contact centres and higher marketing expenses to improve consumer units in 2H19. The increase in expenses was partially offset by the realisation of BIP benefits.

The operating expenses ratio increased by 0.4% to 21.3%. Excluding FSL, the operating expenses ratio increased by 0.1%.

Managed schemes, joint ventures and other

Suncorp continues to be part of a scheme arrangement with the New South Wales Government whereby, Suncorp receives revenue as one of three claims management providers, to manage its existing portfolio as well as the portfolio of the exiting scheme agents. Suncorp participates in the joint venture with the Royal Auto Club in Tasmania and has distribution arrangements with other third-party suppliers. Other income and expenses includes the amortisation of intangibles and other miscellaneous income.

Investment income

Suncorp’s primary objective is to optimise investment returns relative to investment risk appetite. This process inherently has regard to capital and the insurance liabilities that the investment assets are supporting and seeks to substantially offset the associated interest rate and claims inflation risks.

Investment grade fixed interest securities and inflation-linked bonds play a central role in achieving this objective. The key market metrics for the year are set out in the table below.

	Jun-19	Jun-18	Jun-19 vs Jun-18
3 year bond yield (%)	0.96	2.06	-110bp
10 year bond yield (%)	1.32	2.63	-131bp
10 year breakeven inflation rate (%)	1.38	1.96	-58bp
AA 3 year credit spreads (bp)	66	78	-12bp
Australian fixed interest (Bloomberg composite index)	10,176	9,287	+9.6%
Australian equities (total return)	70,292	63,015	+11.5%
International equities (hedged total return)	1,763	1,660	+6.2%

The Australian General Insurance investment portfolio includes insurance funds and shareholders' funds. The insurance funds are matched from an interest rate sensitivity perspective to the APRA assessment of liabilities calculated in line with prudential standards. In doing so, the Group seeks to match the dollar impact from a 1bp change in interest rates on liabilities to the equivalent dollar impact in assets. The shareholders' funds support the capital position and have an absolute-return based strategy.

Asset allocation

Suncorp continues to invest in-line with the Group's risk appetite and the Board approved investment strategy. In line with Suncorp's Responsible Investment Policy, 5% of shareholders' funds is targeted towards impact investing which includes Green Bonds, Renewable Energy Infrastructure and Social Impact Bonds. In February this year, Suncorp invested approximately $130m in a Global Green Bond mandate. Following this investment, and the take up of domestic green bonds in mainstream portfolios, Suncorp has exceeded its current target for impact investing.

The exposure to physical inflation linked bonds declined through the year. However, the effective exposure to inflation linked securities was maintained, with the decline in physical holdings offset by nominal bonds and inflation swaps.

	Half Year Ended							
	Jun-19		Dec-18		Jun-18		Dec-17	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	158	2	118	1	104	1	209	2
Inflation-linked bonds [(1)]	1,965	21	1,830	20	2,327	25	2,416	27
Corporate bonds	6,340	67	6,153	68	6,015	64	5,479	62
Semi-Government bonds	317	3	251	3	196	2	211	2
Commonwealth Government bonds	616	7	758	8	699	8	591	7
Total Insurance funds	**9,396**	**100**	**9,110**	**100**	**9,341**	**100**	**8,906**	**100**
Shareholders' funds								
Cash and short-term deposits	101	3	102	3	89	3	140	5
Australian interest-bearing securities	1,171	39	1,297	43	1,305	44	1,243	42
Global interest-bearing securities (hedged)	845	29	763	25	691	23	686	24
Equities	343	12	322	11	378	13	349	12
Infrastructure and property	337	11	353	12	326	11	301	10
Alternative investments	178	6	182	6	182	6	191	7
Total shareholders' funds	**2,975**	**100**	**3,019**	**100**	**2,971**	**100**	**2,910**	**100**
Total	**12,371**		**12,129**		**12,312**		**11,816**	

(1) The notional exposure to inflation-linked securities is: Jun-19 $2.0bn, Dec-18 $1.9bn, Jun-18 $2.3bn, Dec-17 $2.4bn. Although the notional exposure has decreased, the dollar sensitivity from inflation-linked securities remains unchanged from Jun-18 due to the longer duration of these remaining securities.

Credit quality

The average credit rating for the Insurance (Australia) investment assets remained stable at AA. Through the year, a shift from AAA to lower rated securities took place as Suncorp's bond managers increased their active credit positioning.

	Jun-19 %	Dec-18 %	Jun-18 %	Dec-17 %
AAA	38.9	40.2	44.6	42.0
AA	19.8	19.8	18.3	19.3
A	21.7	21.0	20.9	22.0
BBB	19.6	19.0	16.2	16.7
	100.0	**100.0**	**100.0**	**100.0**

Duration

The interest rate duration of the insurance funds continues to closely match the duration of insurance liabilities, with the duration of the outstanding claims at 3.1 years.

The credit spread duration of the shareholders' funds declined through the year as credit exposures were partially hedged amid elevated economic and geo-political risks.

	Jun-19 Years	Dec-18 Years	Jun-18 Years	Dec-17 Years
Insurance funds				
Interest rate duration	2.8	2.6	2.8	2.7
Credit spread duration	1.4	1.3	1.3	1.4
Shareholders' funds				
Interest rate duration	1.8	1.2	1.7	1.5
Credit spread duration	1.5	1.6	2.4	2.4

Investment performance

Total investment income on insurance funds and shareholders' funds was $559m representing a total return of 4.5% for the full year.

Insurance funds

Investment income on insurance funds was $444m.

Underlying yield

The underlying yield income was $216m, or 2.3%, after adjusting the investment income of $444m for the following market valuation impacts:

- Gains of $290m due to a decrease in risk-free rates
- Gains of $16m due to a narrowing in credit spreads
- Losses of $78m due to the underperformance of inflation-linked bonds (ILBs) relative to Commonwealth Government nominal bonds as break-even inflation levels fell.

Adjustment to ITR for investment market volatility

Consistent with prior periods, an adjustment has been made to the ITR to normalise for the impact of investment market volatility. This involves removing the impact of market volatility from the ITR to calculate the UITR. The adjustment is broken into four parts, as follows:

- Risk free rates: reduced yields caused the value of outstanding claims to increase by $312m. This was partially offset by an increase in the value of the assets backing these claims by $290m. The net adverse impact of $22m is added back to the ITR.
- Credit spreads: the $16m favourable impact due to the narrowing of credit spreads is deducted from the ITR.
- ILBs: the $78m unfavourable impact from breakeven inflation is added back to the ITR.
- Market rate adjustment on premium liabilities: the unwind of prior risk-free changes on assets backing unearned premium resulted in $32m being added back to the ITR.

The combined impact of these adjustments to ITR is $116m.

Shareholders' funds

Investment income on shareholders' funds was $115m representing a total return of 3.9%.

Mark to market gains from the decrease in bond yields and a rebound in equities in the second half of the year contributed to the positive performance.

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	10	6	66.7	5	5	3	3	-	66.7
Interest-bearing securities and other	434	252	72.2	314	120	135	117	161.7	132.6
Total	**444**	**258**	**72.1**	**319**	**125**	**138**	**120**	**155.2**	**131.2**
Investment income on shareholder funds									
Cash and short-term deposits	1	1	-	1	-	1	-	n/a	-
Interest-bearing securities	88	50	76.0	63	25	22	28	152.0	186.4
Equities	40	41	(2.4)	72	(32)	10	31	n/a	n/a
Infrastructure and property	(2)	24	n/a	(13)	11	14	10	n/a	n/a
Alternative investments	(12)	(6)	100.0	(5)	(7)	(9)	3	(28.6)	(44.4)
Total	**115**	**110**	**4.5**	**118**	**(3)**	**38**	**72**	**n/a**	**210.5**
Total investment income	**559**	**368**	**51.9**	**437**	**122**	**176**	**192**	**258.2**	**148.3**

2.2 BANKING & WEALTH

2.2.1 Banking & Wealth result overview

	Full Year Ended		Jun-19	Half Year Ended	
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18
	$M	$M	%	$M	$M
Banking profit after tax	**363**	**375**	**(3.2)**	**181**	**182**
Wealth profit after tax	**1**	**(6)**	**n/a**	**-**	**1**
Banking & Wealth profit after tax	**364**	**369**	**(1.4)**	**181**	**183**
Total home lending	47,811	47,604	0.4	47,811	47,982
Consumer lending	149	175	(14.9)	149	162
Commercial (SME)	6,843	6,402	6.9	6,843	6,662
Agribusiness	4,490	4,535	(1.0)	4,490	4,364
Total lending	**59,293**	**58,716**	**1.0**	**59,293**	**59,170**
At-call deposits	22,502	20,289	10.9	22,502	21,330
Term deposits	16,401	18,272	(10.2)	16,401	18,027
Total customer funding	**38,903**	**38,561**	**0.9**	**38,903**	**39,357**
Wealth funds under management and administration	6,377	6,411	(0.5)	6,377	6,011
	%	**%**		**%**	**%**
Customer funding growth (annualised)	0.89	4.67		(2.33)	4.09
Lending growth (annualised)	0.98	6.13		0.42	1.53
Net interest margin (interest-earning assets)	1.79	1.84		1.79	1.79
Cost to income ratio	56.2	54.7		56.4	56.1
Impairment losses to gross loans and advances (annualised)	0.02	0.05		0.02	0.02

Note: Comparative figures for Wealth have been restated to adjust for the participating Wealth business included in the Australian Life Business result.

— Banking & Wealth profit after tax of $364m was down 1.4% on the pcp. Challenging operating and economic conditions combined with higher regulatory and compliance costs, were offset by a $14m reduction in impairment losses and a net contribution from BIP of $45m.

— Initiatives designed to improve digital banking capability over the last two years, including online origination of accounts and self-service functionality, helped to deliver at-call deposit growth of 10.9%, 2.8 times system. The launch of near real-time payments was a key milestone in FY19.

— Due to the significant growth in lower cost funding from at-call deposits and reduced funding requirements in the subdued credit growth environment, term deposits were managed lower over the year, reducing 10.2%.

— The home lending portfolio grew 0.4% over the year, impacted by an increasingly competitive and slowing mortgage market. The business lending portfolio grew 3.6% over the year, reflecting solid growth in commercial lending, partially offset by a reduction in agribusiness lending due to the impacts of various weather events including drought and the northern Queensland floods.

— Impairment losses remain low at 2bps of gross loans and advances (GLA) reflecting the sound credit quality of the lending portfolio.

— Net interest margin (NIM) contracted 5bps to 1.79%. Positive impacts from growth in at-call deposits were offset by the elevation of the bank bill swap rate (BBSW) for the majority of FY19 and an increase in mortgage discounting to retain customers.

— Operating expenses increased 0.4%, reflecting higher regulatory and compliance costs and higher depreciation related to digital capabilities including digital wallets and near real time payments, and the core banking platform, which have been largely offset by BIP benefits. CTI of 56.2% reflects slower top-line growth, margin compression and the impact of higher regulatory and compliance costs.

2.2.2 Banking & Wealth outlook and priorities

Above system growth in all portfolios, while maintaining a prudent risk appetite, continues to be a priority. Suncorp is committed to growing the SME and agribusiness portfolios, supporting these markets through increased access to credit. The FY20 result for Banking & Wealth will be driven by the following factors:

— Changes in APRA's serviceability assessment guidelines and the reduction in the RBA cash rate are expected to improve momentum in the mortgage market in FY20.

— Above system growth in at-call deposits will remain a priority, driven by the continued delivery of enhanced digital banking capabilities. Term deposits will continue to be managed in line with market conditions and business funding requirements.

— Banking will leverage the digital foundations built to date and the success in deposits and transactions to drive transformation:

  — Leveraging the App, New Payments Platform and deposit origination functionality to drive digital banking propositions.

  — Improve customer experience through provision of self service and faster response times.

  — Lowering marginal unit costs to drive efficiency in the face of commoditisation of retail products.

— Banking continues to closely monitor and support agribusiness customers impacted by prevailing drought conditions and is proud to offer a range of financial and non-financial assistance solutions.

— Banking will continue to target a Net Stable Funding Ratio (NSFR) comfortably above 105%.

— CTI will be impacted by the ongoing elevated regulatory costs and lower forecast RBA cash rate in FY20. Regulatory costs are expected to remain elevated in FY20, however will deliver improved outcomes for customers and will be partially offset by BIP benefits. Disciplined cost management will continue to be a focus for FY20.

— NIM is expected to remain under pressure in the medium term, despite wholesale funding costs starting to ease. Sustained pressure on NIM from price-driven mortgage competition is further intensified by significant political pressure to stimulate the economy through low home loan rates and balancing the interests of savers.

— From FY20, Banking will adopt a NIM calculation that is more comparable with peers. The target operating range will be adjusted to 1.85% – 1.95% (refer to page 45 for revised methodology).

— Impairment losses to GLA are expected to remain below the bottom end of the 10 to 20 bps through-the-cycle operating range, however are expected to normalise in the medium term in line with the economic cycle. Suncorp's low level of impairments provides opportunities for growth, while remaining within targeted operating parameters.

— APRA's draft prudential standards incorporating Basel III reforms were released in June 2019. Expected impacts cannot be confirmed before APRA release the final standards. Additionally, the interaction between unquestionably strong (UQS) levels of capital (to be reached by 1 January 2020) and APRA's proposed standards (effective 1 January 2022) is unclear, however Suncorp is well placed to meet expected UQS requirements.

— Following the sale of the Australian Life Insurance and Participating Wealth Business, implementation of the significant regulatory change program continues. Member growth and investment initiatives in FY20 provide a stronger growth outlook for the superannuation portfolio.

Profit contribution

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Banking									
Net interest income	**1,163**	**1,181**	**(1.5)**	**578**	**585**	**583**	**598**	**(1.2)**	**(0.9)**
Net non interest income									
Net banking fee income and commission	35	42	(16.7)	18	17	19	23	5.9	(5.3)
Gain on derivatives and other financial instruments	12	10	20.0	8	4	4	6	100.0	100.0
Other revenue	3	8	(62.5)	1	2	3	5	(50.0)	(66.7)
Total net non interest income	**50**	**60**	**(16.7)**	**27**	**23**	**26**	**34**	**17.4**	**3.8**
Total income	**1,213**	**1,241**	**(2.3)**	**605**	**608**	**609**	**632**	**(0.5)**	**(0.7)**
Operating expenses	(682)	(679)	0.4	(341)	(341)	(332)	(347)	-	2.7
Profit before impairment losses on loans and advances	**531**	**562**	**(5.5)**	**264**	**267**	**277**	**285**	**(1.1)**	**(4.7)**
Impairment loss on loans and advances	(13)	(27)	(51.9)	(6)	(7)	(14)	(13)	(14.3)	(57.1)
Banking profit before tax	**518**	**535**	**(3.2)**	**258**	**260**	**263**	**272**	**(0.8)**	**(1.9)**
Income tax	(155)	(160)	(3.1)	(77)	(78)	(79)	(81)	(1.3)	(2.5)
Banking profit after tax	**363**	**375**	**(3.2)**	**181**	**182**	**184**	**191**	**(0.5)**	**(1.6)**
Wealth profit after tax	**1**	**(6)**	**n/a**	**-**	**1**	**-**	**(6)**	**(100.0)**	**n/a**
Banking & Wealth profit after tax	**364**	**369**	**(1.4)**	**181**	**183**	**184**	**185**	**(1.1)**	**(1.6)**

Banking ratios and statistics

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Lending growth (annualised)	0.98	6.13	0.42	1.53	3.34	8.73
Customer funding growth (annualised)	0.89	4.67	(2.33)	4.09	2.86	6.36
Net interest margin (interest-earning assets)	1.79	1.84	1.79	1.79	1.82	1.86
Cost to income ratio	56.2	54.7	56.4	56.1	54.5	54.9
Impairment losses to gross loans and advances (annualised)	0.02	0.05	0.02	0.02	0.05	0.04
Common Equity Tier 1 ratio	9.28	9.07	9.28	9.16	9.07	9.01
Return on Common Equity Tier 1	11.4	12.0	11.3	11.5	12.1	11.9
Deposit to loan ratio	65.6	65.7	65.6	66.5	65.7	65.8
NSFR	112	112	112	112	112	113

2.2.3 Banking

Loans and advances

	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Housing loans	40,922	40,663	41,159	40,164	0.6	(0.6)
Securitised housing loans and covered bonds	6,889	7,319	6,445	6,776	(5.9)	6.9
Total housing loans	**47,811**	**47,982**	**47,604**	**46,940**	**(0.4)**	**0.4**
Consumer loans	149	162	175	250	(8.0)	(14.9)
Retail loans	**47,960**	**48,144**	**47,779**	**47,190**	**(0.4)**	**0.4**
Commercial (SME)	6,843	6,662	6,402	6,160	2.7	6.9
Agribusiness	4,490	4,364	4,535	4,409	2.9	(1.0)
Total Business loans	**11,333**	**11,026**	**10,937**	**10,569**	**2.8**	**3.6**
Total lending	**59,293**	**59,170**	**58,716**	**57,759**	**0.2**	**1.0**
Other lending	3	6	12	7	(50.0)	(75.0)
Gross loans and advances	**59,296**	**59,176**	**58,728**	**57,766**	**0.2**	**1.0**
Provision for impairment	(142)	(145)	(130)	(131)	(2.1)	9.2
Total loans and advances	**59,154**	**59,031**	**58,598**	**57,635**	**0.2**	**0.9**
Credit-risk weighted assets	**27,968**	**27,584**	**27,234**	**26,935**	**1.4**	**2.7**
Geographical breakdown - Total lending						
Queensland	31,600	31,266	31,005	30,170	1.1	1.9
New South Wales	15,858	15,904	15,624	15,372	(0.3)	1.5
Victoria	5,920	6,063	6,079	6,071	(2.4)	(2.6)
Western Australia	3,524	3,528	3,587	3,740	(0.1)	(1.8)
South Australia and other	2,391	2,409	2,421	2,406	(0.7)	(1.2)
Outside of Queensland loans	27,693	27,904	27,711	27,589	(0.8)	(0.1)
Total lending	**59,293**	**59,170**	**58,716**	**57,759**	**0.2**	**1.0**

Retail loans

The home lending portfolio grew 0.4% over the year to $47.8bn. Growth was below system, reflecting a very competitively priced and moderating credit market, and was further impacted by longer than normal servicing times across the broker network. Elevated servicing times were due to the environmentally driven increased focus on lending serviceability criteria and adoption of additional verification requirements, which have been applied differently across the industry.

In response, Banking focused on implementing initiatives to improve operational efficiencies, supported by competitive product offerings. Market dynamics will continue to be impacted by a slower property market and industry-wide implementation of tighter lending criteria.

Banking maintains a high-quality lending portfolio. At the end of the year, the home lending portfolio was conservatively positioned as follows:

- Owner occupier: 72%, Investor: 28%
- Principal and Interest: 80%, Interest Only: 20%
- Proportion of portfolio with LVR <80%: 79%

Commercial (SME)

Commercial lending achieved solid growth of 6.9% to $6.8bn, primarily through the Property Investment and Construction and Development segments. Most individual development finance loans are under $20m and granted to customers with a strong track record in development, supported by satisfactory pre-sales, with project completion dates within 12 to 18 months.

The commercial portfolio continues to be of high quality with acceptable risk profiles, low arrears and low impairment charges. The portfolio remains diversified and weighted towards facilities that are less than $5m.

Commercial (SME) portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Commercial (SME) breakdown					
Property Investment	29%	4%	5%	38%	2,600
Hospitality & Accommodation	11%	1%	1%	13%	890
Construction & Development	10%	1%	0%	11%	753
Services (Inc. professional services) [(1)]	10%	5%	3%	18%	1,232
Retail	5%	1%	1%	7%	479
Manufacturing & Mining	2%	1%	1%	4%	273
Other	6%	2%	1%	9%	616
Total %	**73%**	**15%**	**12%**	**100%**	
Total $M	**4,995**	**1,027**	**821**		**6,843**

(1) Includes a portion of small business loans, with limits below $1m, that are not classified.

Agribusiness

The agribusiness portfolio contracted 1.0% over the year to $4.5bn.

The reduction in the portfolio was primarily due to prevailing drought conditions, which continue to affect customers in New South Wales and Queensland. Suncorp continues to support customers impacted by drought and the Queensland flooding event through interest rebate offers and longer-term assistance such as re-stocking incentives in line with competitor offers and government requests.

Banking continues to exercise appropriate risk selection, with growth targeted towards medium to large family-owned farming operations with mid-size lending requirements in known sectors. A low Australian dollar and elevated commodity prices provides a more favourable operating environment for agribusiness customers, with recent paydown of debt and improvements in risk selection positioning the portfolio more favourably to pursue growth, relative to previous periods of prolonged dry conditions.

Agribusiness portfolio breakdown

	QLD %	NSW %	Other %	Total %	Total $M
Agribusiness breakdown					
Beef	35%	3%	0%	38%	1,706
Grain & Mixed Farming	12%	13%	2%	27%	1,212
Sheep & Mixed Livestock	2%	4%	1%	7%	314
Cotton	5%	4%	0%	9%	404
Sugar	3%	0%	0%	3%	135
Fruit	4%	0%	0%	4%	180
Other	6%	2%	4%	12%	539
Total %	**67%**	**26%**	**7%**	**100%**	
Total $M	**3,008**	**1,168**	**314**		**4,490**

Funding

Funding composition

	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Customer funding						
Customer deposits						
At-call deposits	22,502	21,330	20,289	19,905	5.5	10.9
Term deposits	16,401	18,027	18,272	18,117	(9.0)	(10.2)
Total customer funding	**38,903**	**39,357**	**38,561**	**38,022**	**(1.2)**	**0.9**
Wholesale funding						
Domestic funding						
Short-term wholesale	5,376	5,165	5,442	5,739	4.1	(1.2)
Long-term wholesale	4,032	4,363	4,863	4,861	(7.6)	(17.1)
Covered bonds	2,788	2,787	2,037	2,036	-	36.9
Subordinated notes	672	672	742	742	-	(9.4)
Total domestic funding	**12,868**	**12,987**	**13,084**	**13,378**	**(0.9)**	**(1.7)**
Overseas funding [(1)]						
Short-term wholesale	2,272	2,111	2,040	2,263	7.6	11.4
Long-term wholesale	3,538	3,452	2,954	2,825	2.5	19.8
Total overseas funding	**5,810**	**5,563**	**4,994**	**5,088**	**4.4**	**16.3**
Total wholesale funding	**18,678**	**18,550**	**18,078**	**18,466**	**0.7**	**3.3**
Total funding (excluding securitisation)	**57,581**	**57,907**	**56,639**	**56,488**	**(0.6)**	**1.7**
Securitisation						
APS 120 qualifying [(2)]	3,825	4,256	4,809	4,053	(10.1)	(20.5)
APS 120 non-qualifying	6	22	39	58	(72.7)	(84.6)
Total securitisation	**3,831**	**4,278**	**4,848**	**4,111**	**(10.4)**	**(21.0)**
Total funding (including securitisation)	**61,412**	**62,185**	**61,487**	**60,599**	**(1.2)**	**(0.1)**
Total funding is represented on the balance sheet by:						
Deposits	38,903	39,357	38,561	38,022	(1.2)	0.9
Short-term borrowings	7,648	7,276	7,482	8,002	5.1	2.2
Securitisation	3,831	4,278	4,848	4,111	(10.4)	(21.0)
Debt issues	10,358	10,602	9,854	9,722	(2.3)	5.1
Subordinated notes	672	672	742	742	-	(9.4)
Total funding	**61,412**	**62,185**	**61,487**	**60,599**	**(1.2)**	**(0.1)**
Deposit to loan ratio	**65.6%**	**66.5%**	**65.7%**	**65.8%**		

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

Suncorp continues to maintain a conservative approach to managing liquidity and funding risk to ensure a sustainable funding profile to support balance sheet growth.

Suncorp's key funding and liquidity management strategies include:

— Increasing stable deposit base combined with an appropriate Net Stable Funding Ratio position

— Maintaining a sustainable and diversified funding base across a range of long-term wholesale markets such as covered bonds, domestic and offshore senior unsecured, and Residential Mortgage-backed Securities (RMBS)

— Minimising the impact of market volatility by maintaining a smooth profile of long-term wholesale funding maturities with an appropriate weighted average tenor

— Ensuring short-term resilience by managing high-quality liquid assets comfortably above net cash outflows under various stress scenarios

Customer funding

Banking's deposit-to-loan ratio of 65.6% remains within the target operating range of 60% to 70%.

At-call deposits achieved growth above system increasing 10.9% to $22.5bn, driven by the continued digitisation of deposit banking services and further enablement of self-service functionality. The $0 Account Keeping Fee waiver on the Everyday Options Account, assisted in the growth of at-call deposits over the second half.

Reliance on term deposit funding was actively reduced over the year to $16.4bn, down 10.2%, reflecting the significant growth in at-call deposits and reduced funding requirements following subdued credit growth.

Wholesale funding

Wholesale funding instruments maturity profile

	Short-term $M	Long-term $M	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Maturity								
0 to 3 months	5,004	878	5,882	5,649	5,031	5,899	4.1	16.9
3 to 6 months	2,262	1,291	3,553	3,724	4,257	2,588	(4.6)	(16.5)
6 to 12 months	382	1,758	2,140	2,470	2,888	2,747	(13.4)	(25.9)
1 to 3 years	-	5,738	5,738	5,659	7,001	6,689	1.4	(18.0)
3+ years	-	5,196	5,196	5,326	3,749	4,654	(2.4)	38.6
Total wholesale funding instruments	**7,648**	**14,861**	**22,509**	**22,828**	**22,926**	**22,577**	**(1.4)**	**(1.8)**

Long-term wholesale funding has reduced over the year, driven by lower funding requirements and a corresponding reduction in the amount of issuance relative to maturities. Suncorp increased the wholesale funding volume in the 3+ year maturity bracket and saw a reduction in the majority of other maturity buckets.

Suncorp demonstrated its funding flexibility and responsiveness to market conditions through a range of long-term issuances over the year, including a 5-year $750m covered bond, a 5-year offshore senior (USD 500m), two $500m domestic senior unsecured floating rate notes, as well as a range of other placements both domestic and offshore. During the year, Banking completed $3.1bn in term wholesale issuance at a weighted average term of 3.8 years.

Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR)

Banking monitors the composition and stability of its funding to remain within the Board approved risk appetite. This includes compliance with both the LCR and NSFR APRA requirements, with a focus on the stability of the overall funding profile rather than concentrating on a single measure.

The NSFR was 112% as at 30 June 2019.

The average LCR over the year was 127%, ending the period at 119%, above internal operating targets and APRA's 100% limit. Banking holds a portfolio of liquid assets available to meet balance sheet requirements and unforeseen cash outflows under a range of market conditions and stress scenarios. These assets consist of cash and highly rated securities eligible for repurchase agreements with the Reserve Bank of Australia (RBA).

Net interest income

Net interest income of $1,163m was down 1.5% on the pcp.

NIM contracted 5bps in FY19 to 1.79%. Funding spreads improved by 4bps offset by a deterioration of 9bps in lending spreads. Lower lending margins due to increased price-driven competition and higher BBSW rates for the majority of FY19 contributed to the movements in NIM, fully offsetting portfolio repricing in September 2018.

Consistent with prior periods, the interest-earning assets used in calculating Suncorp's NIM are gross of offset accounts. The average balance of mortgage offsets for FY19 was $3,627m. Going forward, the Bank will present the average balance sheet and net interest margin using a net of offset balance methodology, consistent with peer disclosures. Under this method Suncorp's FY19 NIM would increase by 0.11% to 1.90%.

Taking into account the changes to the calculation and the current operating outlook, the target NIM operating range will increase to 1.85% to 1.95% in FY20.

Net interest margin movements

	%
FY18 net interest margin	**1.84**
Movement in lending mix / spreads	(0.09)
Movement in funding mix / spreads	0.04
Balance sheet and liquidity management	-
Movement in earnings on invested capital	-
FY19 net interest margin	**1.79**

Average banking balance sheet

	Full Year Ended Jun-19			Half Year Ended Jun-19		
	Average Balance [1]	Interest	Average Rate	Average Balance	Interest	Average Rate
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities [2]	6,230	164	2.63	6,228	80	2.59
Gross loans and advances	58,721	2,383	4.06	58,739	1,175	4.03
Total interest-earning assets	**64,951**	**2,547**	**3.92**	**64,967**	**1,255**	**3.90**
Non-interest earning assets						
Other assets (inc. loan provisions)	1,212			1,232		
Total non-interest earning assets	**1,212**			**1,232**		
Total assets	**66,163**			**66,199**		
Liabilities						
Interest-bearing liabilities						
Customer deposits	38,621	716	1.85	38,743	353	1.84
Wholesale liabilities	21,990	639	2.91	21,894	311	2.86
Subordinated loans	699	29	4.15	672	13	3.90
Total interest-bearing liabilities	**61,310**	**1,384**	**2.26**	**61,309**	**677**	**2.23**
Non-interest bearing liabilities						
Other liabilities	669			671		
Total non-interest bearing liabilities	**669**			**671**		
Total Liabilities	**61,979**			**61,980**		
Average Net Assets	**4,184**			**4,219**		
Non-Shareholder Accounting Equity	3			(7)		
Convertible Preference Shares	(553)			(557)		
Average Shareholders' Equity	**3,634**			**3,655**		
Goodwill allocated to Banking Business	(240)			(240)		
Average Shareholders' Equity (ex Goodwill)	**3,394**			**3,415**		
Analysis of interest margin and spread						
Interest-earning assets	64,951	2,547	3.92	64,967	1,255	3.90
Interest-bearing liabilities	61,310	1,384	2.26	61,309	677	2.23
Net interest spread			**1.66**			**1.67**
Net interest margin (interest-earning assets)	**64,951**	**1,163**	**1.79**	**64,967**	**578**	**1.79**
Net interest margin (lending assets)	**58,721**	**1,163**	**1.98**	**58,739**	**578**	**1.98**

(1) Calculated based on daily balances over the period.

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

Net non-interest income

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income and commission	35	42	(16.7)	18	17	19	23	5.9	(5.3)
Gain on derivatives and other financial instruments	12	10	20.0	8	4	4	6	100.0	100.0
Other revenue	3	8	(62.5)	1	2	3	5	(50.0)	(66.7)
Total net non-interest income	**50**	**60**	**(16.7)**	**27**	**23**	**26**	**34**	**17.4**	**3.8**

Total net non-interest income was $50m, down 16.7% on the pcp. The reduction in net banking fee income and commission reflects changes introduced in FY18 to reduce certain customer fees to improve customer experience and meet ongoing demand for low fee banking products. The trend of declining fee collection rates is in line with industry and likely to be ongoing.

Operating expenses

Operating expenses increased $3m on the pcp to $682m. Net benefits from BIP largely offset:

— Increased investment in regulatory change and compliance programs, and

— Increased depreciation related to digital capabilities including digital wallets and near real time payments, and the core banking platform.

Credit quality

Impairment losses on loans and advances

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	-	(5)	(100.0)	-	-	(3)	(2)	n/a	(100.0)
Specific provision for impairment	5	22	(77.3)	2	3	10	12	(33.3)	(80.0)
Actual net write-offs	8	10	(20.0)	4	4	7	3	-	(42.9)
Impairment losses	**13**	**27**	**(51.9)**	**6**	**7**	**14**	**13**	**(14.3)**	**(57.1)**
Impairment losses to gross loans and advances (annualised)	**0.02%**	**0.05%**		**0.02%**	**0.02%**	**0.05%**	**0.04%**		

Impairment losses on loans and advances of $13m, representing 2bps of gross loans and advances, decreased by $14m from the prior period and remains well below the through-the-cycle operating range of 10 to 20 bps. This was mainly driven by the $17m reduction in specific provisions over the year due to several business customers either recovering to performing status or successfully selling assets to repay debt. This reduction in specific provisions reflects the effectiveness of Suncorp's watchlist and business customer support processes in detecting early signs of financial stress and working with customers to support them through challenges to improve customer outcomes.

Losses from movements in the collective provision increased by $5m over the year. The collective provision remained flat over FY19 under AASB 9 which applied from 1 July 2018.

Impaired assets and non-performing loans

	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Retail lending	56	61	37	47	(8.2)	51.4
Agribusiness lending	32	37	51	50	(13.5)	(37.3)
Commercial/SME lending	58	66	56	39	(12.1)	3.6
Gross impaired assets	**146**	**164**	**144**	**136**	**(11.0)**	**1.4**
Specific provision for impairment	(31)	(34)	(39)	(37)	(8.8)	(20.5)
Net impaired assets	**115**	**130**	**105**	**99**	**(11.5)**	**9.5**
Gross impaired assets to gross loans and advances	**0.25%**	**0.28%**	**0.25%**	**0.24%**		
Size of gross individually impaired assets						
Less than one million	46	43	32	46	7.0	43.8
Greater than one million but less than ten million	85	106	97	74	(19.8)	(12.4)
Greater than ten million	15	15	15	16	-	-
Gross impaired assets	**146**	**164**	**144**	**136**	**(11.0)**	**1.4**
Past due loans not shown as impaired assets	**551**	**524**	**541**	**411**	**5.2**	**1.8**
Gross non-performing loans	**697**	**688**	**685**	**547**	**1.3**	**1.8**
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	164	144	136	173	13.9	20.6
Recognition of new impaired assets	27	57	51	53	(52.6)	(47.1)
Increases in previously recognised impaired assets	3	2	2	2	50.0	50.0
Impaired assets written off/sold during the half year	(3)	(6)	(6)	(17)	(50.0)	(50.0)
Impaired assets which have been reclassed as performing assets or repaid	(45)	(33)	(39)	(75)	36.4	15.4
Balance at the end of the half year	**146**	**164**	**144**	**136**	**(11.0)**	**1.4**

Retail impaired loans increased by $19m over the year, largely driven by a review of longer dated arrears and the application of lower property valuations in line with market. The associated increase in specific provision was small as the security position still remained sound, with actual losses remaining low.

Agribusiness impaired loans improved by $19m over the year following a large customer recovery.

Non-impaired past due loans increased by $10m to $551m, largely reflecting the impacts of the North Queensland floods. The impact of severe weather events in FY19 is expected to improve in FY20, as past experience with flood events suggests the majority of customers successfully recover from arrears after approximately six months.

Provision for impairment

	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Collective provision						
Balance at the beginning of the period	111	91	94	96	22.0	18.1
AASB 9 transition adjustments	-	20	-	-	(100.0)	n/a
Charge against impairment losses	-	-	(3)	(2)	n/a	(100.0)
Balance at the end of the period	**111**	**111**	**91**	**94**	**-**	**22.0**
Specific provision						
Balance at the beginning of the period	34	39	37	44	(12.8)	(8.1)
Charge against impairment losses	2	3	10	12	(33.3)	(80.0)
Impairment provision written off	(3)	(6)	(6)	(17)	(50.0)	(50.0)
Unwind of discount	(2)	(2)	(2)	(2)	-	-
Balance at the end of the period	**31**	**34**	**39**	**37**	**(8.8)**	**(20.5)**
Total provision for impairment - Banking activities	**142**	**145**	**130**	**131**	**(2.1)**	**9.2**
Equity reserve for credit loss (ERCL)						
Balance at the beginning of the period	111	88	84	82	26.1	32.1
AASB 9 transition adjustments	-	9	-	-	(100.0)	n/a
Transfer (to) from retained earnings	(7)	14	4	2	n/a	n/a
Balance at the end of the period	**104**	**111**	**88**	**84**	**(6.3)**	**18.2**
Pre-tax equivalent coverage	149	159	126	120	(6.3)	18.3
Total provision for impairment and equity reserve for credit loss - Banking activities	**291**	**304**	**256**	**251**	**(4.3)**	**13.7**

	%	%	%	%
Specific provision for impairment expressed as a percentage of gross impaired assets	**21.2**	**20.7**	**27.1**	**27.2**
Provision for impairment expressed as a percentage of gross loans and advances are as follows:				
Collective provision	0.19	0.19	0.15	0.16
Specific provision	0.05	0.06	0.07	0.06
Total provision	0.24	0.25	0.22	0.22
ERCL coverage	0.25	0.27	0.21	0.21
Total provision and ERCL coverage	0.49	0.52	0.43	0.43

The total provision and ERCL coverage was 49bps of gross loans and advances.

The transition from AASB 139 to AASB 9 resulted in a net $20m increase in the collective provision at 1 July 2018.

— A $4m reduction in the retail lending collective provision arising from the adoption of a revised Loss Given Default (LGD) model, which better reflects the link between LGD and current and expected collateral prices; combined with a review of other inputs into the assessment process not derived directly from the models. These changes offset the other impacts of AASB 9, including the introduction of lifetime provisions for Stage 2 exposures.

— A $24m increase in the non-retail lending collective provision due to the adoption of the revised LGD model, together with the impact of introducing expected credit loss Staging, forward-looking macroeconomic assumptions and the review of other inputs into the assessment process not derived directly from the models.

Excluding the transitional impact to AASB 9, collective provisions ended the year flat on the pcp. This was driven primarily by observed falls in house prices and a more subdued economic outlook, offset by net positive changes in risk profile and stage migration for business loans and improvements in some non-modelled provisions.

The specific provision reduced by $8m over the year, primarily driven by two large agribusiness recoveries.

Gross non-performing loans coverage by portfolio

	Past due loans	Impaired assets	Specific provision	Collective provision	ERCL (pre-tax equivalent)	Total provision and ERCL coverage
	$M	$M	$M	$M	$M	%
Retail lending	493	56	8	40	52	18%
Agribusiness lending	36	32	7	24	17	71%
Commercial/SME lending	22	58	16	47	80	179%
Total	**551**	**146**	**31**	**111**	**149**	**42%**

Retail lending past due loans increased by $8m. Despite the softening housing market, slowing economy and severe weather events including ongoing drought and flooding, Suncorp has supported customers to prevent advancement from early stage to past due arrears. Additional changes to hardship and recoveries processes have been implemented to better manage arrears and support customers, including early detection and proactive notification through digital channels. There has been a dedicated management focus on improving collection processes while still ensuring that customers in financial difficulty are well managed and supported. A specialised team has also been created to provide dedicated and tailored support to customers experiencing vulnerability.

Agribusiness lending past due loans have increased by $14m impacted by severe weather events as customers seek to support their businesses through the drought. An increased volume of hardship requests is expected in FY20, however, the overall level of impaired agribusiness assets remains low.

Commercial lending past due loans have decreased by $12m, driven by several commercial loan recoveries during the year.

2.2.4 Wealth

Following the sale of Suncorp's Australian Life Insurance and Participating Wealth Business, the remaining Wealth portfolio continues to manufacture, administer and distribute superannuation through the Everyday Super and Brighter Super products and provide financial advice services through SunAdvice.

Profit contribution

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Underlying profit after tax	1	(7)	n/a	-	1	-	(7)	(100.0)	n/a
Other adjustments	-	1	(100.0)	-	-	-	1	n/a	n/a
Profit attributed to shareholders	**1**	**(6)**	**n/a**	**-**	**1**	**-**	**(6)**	**(100.0)**	**n/a**

Note: Comparative figures for Wealth have been restated to adjust for the participating Wealth business included in the Australian Life Business result

The wealth business continues to be impacted by increased industry-wide regulatory costs within the superannuation portfolio, which are expected to remain elevated over the medium-term.

Funds under administration

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	$M	$M	%	%
Funds under management and administration						
Opening balance at the start of the period	6,011	6,411	6,416	6,319	(6.2)	(6.3)
Inflows	282	283	297	316	(0.4)	(5.1)
Outflows	(454)	(466)	(399)	(450)	(2.6)	13.8
Investment income and other	538	(217)	97	231	n/a	454.6
Balance at the end of the period	**6,377**	**6,011**	**6,411**	**6,416**	**6.1**	**(0.5)**

Funds under administration (FUA) of $6.4bn were impacted by elevated outflows. The increase in outflows resulting from outward benefit transfers and payments was slightly higher than overall industry levels, however, lower than retail superfund peers.

The movements in 'investment income and other' was driven primarily by volatility in the global equity and bond markets. The losses experienced in the first half were largely recovered in the second half, with gains recorded across equities, bonds and commodities. The net investment return to FUA for the year was comparable to the pcp.

2.3 NEW ZEALAND

Note: All figures and commentary in the New Zealand section are displayed in New Zealand dollars unless otherwise specified.

2.3.1 New Zealand result overview

	Full Year Ended		Jun-19	Half Year Ended	
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18
	NZ$M	NZ$M	%	NZ$M	NZ$M
General Insurance					
Gross written premium by product					
Motor	406	375	8.3	208	198
Home	558	516	8.1	288	270
Commercial	685	630	8.7	333	352
Other	21	20	5.0	10	11
General Insurance gross written premium	**1,670**	**1,541**	**8.4**	**839**	**831**
Net earned premium	1,403	1,267	10.7	710	693
Net incurred claims	(697)	(739)	(5.7)	(357)	(340)
Total operating expenses	(444)	(404)	9.9	(227)	(217)
Insurance trading result	284	137	107.3	141	143
General Insurance profit after tax	**217**	**109**	**99.1**	**114**	**103**
Life Insurance					
Underlying profit after tax	39	35	11.4	23	16
Life Insurance profit after tax	**44**	**39**	**12.8**	**27**	**17**
New Zealand profit after tax	**261**	**148**	**76.4**	**141**	**120**
	%	**%**		**%**	**%**
Total operating expenses ratio	31.6	31.9		32.0	31.3
Insurance trading ratio	20.2	10.8		19.9	20.6

— New Zealand achieved profit after tax of $261m, up 76.4% on the pcp.

— The New Zealand General Insurance business delivered profit after tax of $217m, up 99.1% on the pcp. This was driven by disciplined portfolio management delivering strong top-line growth and favourable working claims experience. The result has also benefited from favourable natural hazard experience.

— GWP grew by 8.4% to $1,670m, driven by premium increases across all portfolios and supported by unit growth in the direct business.

— Net incurred claims were $697m, down 5.7% on the pcp, driven by improved working claims as a result of changes to policy terms and conditions and claims efficiency savings. The improved claims performance was supported by a benign natural hazard environment following two years of significantly higher event experience.

— Operating expenses increased by 9.9%, predominantly driven by increases in commissions as a function of strong premium growth and increased profit shares payable to corporate partners.

— Reported ITR of 20.2%, up from 10.8% in the pcp. Underlying ITR also improved and remains above the Group target of 12%.

— The New Zealand Life Insurance business delivered profit after tax of $44m, up $5m on pcp. In-force premium grew by 3.9%, supported by policy retention and premium growth.

— Suncorp's digital program has yielded positive results by replacing key customer pain points with improved digital engagement and delivering other key initiatives including shifting to end-to-end claims processing and enabling onboarding through Asteron Connect.

2.3.2 New Zealand outlook and priorities

In FY20, New Zealand's top-line growth is expected to return to lower single-digit levels, working claims will return to more normalised levels following very favourable weather conditions in FY19 and there will be an uplift in the natural hazard allowance.

New Zealand continues to focus on building a resilient business to meet a greater number of customer and business partner needs and the following factors will support this aim and the FY20 results:

— System GWP growth is expected to return to lower single-digit levels over the medium term following strong growth over the last two years supported by industry repricing activity on the back of significant weather events. Above system growth is targeted via the corporate partner and direct channels. Moderate growth in the broker channel is also expected to be maintained.

— The New Zealand natural hazard allowance will increase $8m to $53m in FY20.

— New Zealand's efficiency program continues to be a focus and is largely embedded as part of normal business operations. Initiatives will continue to drive operational efficiencies and improve customer outcomes. Claims initiatives such as an increased focus on the management of medium to large property claims, approved repairer and SMART centre utilisation and policy excess reviews have already demonstrated improvements in working claims and will continue into FY20.

— New Zealand will seek to leverage the Group's digital foundations and continue to invest in digitising the business to create better outcomes for customers and intermediaries by:

  — Completing the digitisation and automation of renewals

  — Improving customer communication via their preferred channel by focusing on data quality to enable more personalised conversations

  — Improving claims outcomes for customers through the delivery of low-touch, self-service claims experience.

— Investment returns are expected to be impacted by lower running yields, given the downward shift in the yield curve.

— Life underlying profit levels are expected to be maintained into FY20 with no significant movements in life experience anticipated. An ongoing focus on sustainable commissions, strong intermediary relationships and retention is expected to support in-force premium growth.

— Regulatory project activity will be primarily focused on responding to the RBNZ and Financial Markets Authority's Conduct and Culture Review of New Zealand Life insurers which was completed in January 2019. The Government announced its intention to fast-track consumer protection measures in the financial sector and intends to introduce conduct related legislation by the end of 2019 and changes to insurance contracts law by mid-2020.

— Earthquake Commission levy changes that came into force 1 July 2019 will have no material impact.

Profit contribution (NZ$)

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
General Insurance									
Gross written premium	**1,670**	**1,541**	**8.4**	**839**	**831**	**773**	**768**	**1.0**	**8.5**
Gross unearned premium movement	(64)	(76)	(15.8)	(26)	(38)	(26)	(50)	(31.6)	-
Gross earned premium	1,606	1,465	9.6	813	793	747	718	2.5	8.8
Outwards reinsurance expense	(203)	(198)	2.5	(103)	(100)	(96)	(102)	3.0	7.3
Net earned premium	**1,403**	**1,267**	**10.7**	**710**	**693**	**651**	**616**	**2.5**	**9.1**
Net incurred claims									
Claims expense	(763)	(721)	5.8	(378)	(385)	(325)	(396)	(1.8)	16.3
Reinsurance and other recoveries revenue	66	(18)	n/a	21	45	(66)	48	(53.3)	n/a
Net incurred claims	**(697)**	**(739)**	**(5.7)**	**(357)**	**(340)**	**(391)**	**(348)**	**5.0**	**(8.7)**
Total operating expenses									
Acquisition expenses	(322)	(282)	14.2	(161)	(161)	(141)	(141)	-	14.2
Other underwriting expenses	(122)	(122)	-	(66)	(56)	(64)	(58)	17.9	3.1
Total operating expenses	**(444)**	**(404)**	**9.9**	**(227)**	**(217)**	**(205)**	**(199)**	**4.6**	**10.7**
Underwriting result	**262**	**124**	**111.3**	**126**	**136**	**55**	**69**	**(7.4)**	**129.1**
Investment income - insurance funds	22	13	69.2	15	7	6	7	114.3	150.0
Insurance trading result	**284**	**137**	**107.3**	**141**	**143**	**61**	**76**	**(1.4)**	**131.1**
Joint venture and other expense	(1)	(1)	-	(1)	-	(1)	-	n/a	-
General Insurance operational earnings	**283**	**136**	**108.1**	**140**	**143**	**60**	**76**	**(2.1)**	**133.3**
Investment income - shareholder funds	17	13	30.8	15	2	16	(3)	n/a	(6.3)
General Insurance profit before tax	**300**	**149**	**101.3**	**155**	**145**	**76**	**73**	**6.9**	**103.9**
Income tax	(83)	(40)	107.5	(41)	(42)	(17)	(23)	(2.4)	141.2
General Insurance profit after tax	**217**	**109**	**99.1**	**114**	**103**	**59**	**50**	**10.7**	**93.2**
Life Insurance									
Underlying profit after tax	39	35	11.4	23	16	21	14	43.8	9.5
Market adjustments	5	4	25.0	4	1	1	3	300.0	300.0
Life Insurance profit after tax	**44**	**39**	**12.8**	**27**	**17**	**22**	**17**	**58.8**	**22.7**
New Zealand profit after tax	**261**	**148**	**76.4**	**141**	**120**	**81**	**67**	**17.5**	**74.1**

General Insurance ratios (NZ$)

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Acquisition expenses ratio	22.9	22.3	22.7	23.2	21.7	22.9
Other underwriting expenses ratio	8.7	9.6	9.3	8.1	9.8	9.4
Total operating expenses ratio	**31.6**	**31.9**	**32.0**	**31.3**	**31.5**	**32.3**
Loss ratio	49.7	58.3	50.3	49.1	60.1	56.5
Combined operating ratio	81.3	90.2	82.3	80.4	91.6	88.8
Insurance trading ratio	**20.2**	**10.8**	**19.9**	**20.6**	**9.4**	**12.3**

Profit contribution (A$)

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
General Insurance									
Gross written premium	**1,566**	**1,422**	**10.1**	**798**	**768**	**719**	**703**	**3.9**	**11.0**
Gross unearned premium movement	(59)	(71)	(16.9)	(24)	(35)	(25)	(46)	(31.4)	(4.0)
Gross earned premium	1,507	1,351	11.5	774	733	694	657	5.6	11.5
Outwards reinsurance expense	(190)	(183)	3.8	(98)	(92)	(90)	(93)	6.5	8.9
Net earned premium	**1,317**	**1,168**	**12.8**	**676**	**641**	**604**	**564**	**5.5**	**11.9**
Net incurred claims									
Claims expense	(715)	(665)	7.5	(358)	(357)	(301)	(364)	0.3	18.9
Reinsurance and other recoveries revenue	61	(17)	n/a	19	42	(62)	45	(54.8)	n/a
Net incurred claims	**(654)**	**(682)**	**(4.1)**	**(339)**	**(315)**	**(363)**	**(319)**	**7.6**	**(6.6)**
Total operating expenses									
Acquisition expenses	(302)	(260)	16.2	(153)	(149)	(131)	(129)	2.7	16.8
Other underwriting expenses	(115)	(112)	2.7	(63)	(52)	(59)	(53)	21.2	6.8
Total operating expenses	**(417)**	**(372)**	**12.1**	**(216)**	**(201)**	**(190)**	**(182)**	**7.5**	**13.7**
Underwriting result	**246**	**114**	**115.8**	**121**	**125**	**51**	**63**	**(3.2)**	**137.3**
Investment income - insurance funds	21	12	75.0	14	7	5	7	100.0	180.0
Insurance trading result	**267**	**126**	**111.9**	**135**	**132**	**56**	**70**	**2.3**	**141.1**
Joint venture and other expense	(1)	(1)	-	(1)	-	(1)	-	n/a	-
General Insurance operational earnings	**266**	**125**	**112.8**	**134**	**132**	**55**	**70**	**1.5**	**143.6**
Investment income - shareholder funds	16	11	45.5	14	2	14	(3)	n/a	-
General Insurance profit before tax	**282**	**136**	**107.4**	**148**	**134**	**69**	**67**	**10.4**	**114.5**
Income tax	(78)	(37)	110.8	(39)	(39)	(16)	(21)	-	143.8
General Insurance profit after tax	**204**	**99**	**106.1**	**109**	**95**	**53**	**46**	**14.7**	**105.7**
Life Insurance									
Underlying profit after tax	37	32	15.6	22	15	19	13	46.7	15.8
Market adjustments	4	4	-	3	1	2	2	200.0	50.0
Life Insurance profit after tax	**41**	**36**	**13.9**	**25**	**16**	**21**	**15**	**56.3**	**19.0**
New Zealand profit after tax	**245**	**135**	**81.5**	**134**	**111**	**74**	**61**	**20.7**	**81.1**

Note: Transactions denominated in foreign currencies, including New Zealand dollars, are translated into Australian dollars using the spot exchange rates at the date of the transaction. Foreign currency monetary assets and liabilities at reporting date are translated into Australian dollars using the spot exchange rates current on that date.

General Insurance ratios (A$)

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Acquisition expenses ratio	22.9	22.3	22.6	23.2	21.7	22.9
Other underwriting expenses ratio	8.7	9.6	9.3	8.1	9.8	9.4
Total operating expenses ratio	**31.6**	**31.9**	**32.0**	**31.3**	**31.5**	**32.3**
Loss ratio	49.7	58.4	50.1	49.1	60.1	56.6
Combined operating ratio	81.3	90.3	82.1	80.4	91.6	88.9
Insurance trading ratio	**20.3**	**10.8**	**20.0**	**20.6**	**9.3**	**12.4**

2.3.3 General Insurance

Gross written premium

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium by product									
Motor	406	375	8.3	208	198	192	183	5.1	8.3
Home	558	516	8.1	288	270	266	250	6.7	8.3
Commercial	685	630	8.7	333	352	304	326	(5.4)	9.5
Other	21	20	5.0	10	11	11	9	(9.1)	(9.1)
Total	**1,670**	**1,541**	**8.4**	**839**	**831**	**773**	**768**	**1.0**	**8.5**

Motor

Motor GWP grew 8.3% to $406m, with growth achieved mainly through corporate partners and direct channels. Unit growth in our intermediated channel has been subdued following a period of product and price remediation to address profitability.

Home

Home GWP grew 8.1% to $558m. Growth was driven by pricing increases reflecting a response to elevated claim volumes in prior periods and reinsurance premium increases. Retention has remained strong across all channels.

Commercial

Commercial GWP grew 8.7% to $685m driven by rate increases across the portfolio and unit growth in the commercial motor portfolio. The commercial property and liability portfolios continue to perform strongly supported by modest new business volume growth and strategic renewal pricing.

Other

Other business contributed GWP of $21m for the year, with the majority of growth achieved within the personal marine portfolio.

Net incurred claims

Net incurred claims costs reduced 5.7% to $697m driven by strong claims management, lower claims frequency in consumer portfolios and the benign natural hazard environment.

Motor claims cost inflation is moderating across the industry. Suncorp continues to manage the impact of motor claims inflation with changes to policy terms and conditions, pricing remediation and claims process efficiency initiatives. Increasing repair volumes through approved repairers nationwide and the SMART centres in Auckland and Christchurch, will continue to assist the management of claims costs going forward.

Reported home claims are down on the pcp. Average home claims costs have also reduced.

Commercial claims increased on the pcp driven by unit growth in the commercial motor portfolio and a small number of large losses.

Natural hazards

Total natural hazards costs were $14m for the year, $31m under the allowance due to very favourable weather conditions. Natural hazards costs in FY19 were solely attributable to attritional claims and were down $54m on the prior year.

New Zealand's natural hazard allowance will increase $8m to $53m in FY20, up from $45m in FY19.

	Net costs NZ$M
Total events over $10 million [(1)]	-
Other natural hazards attritional claims	14
Total natural hazards	**14**
Less: allowance for natural hazards	(45)
Natural hazards costs below allowance	**(31)**

(1) Events with a gross cost over $10m, shown net of recoveries from reinsurance.

Outstanding claims provision

	Actual	Net Central Estimate (Discounted)	Risk Margin (90th Percentile Discounted)	Change In Net Central Estimate [(1)]
	NZ$M	NZ$M	NZ$M	NZ$M
Short-tail	225	190	35	-
Long-tail	91	76	15	(6)
Total	**316**	**266**	**50**	**(6)**

(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. Figures in brackets imply there has been a release from outstanding reserves.

The valuation of outstanding claims resulted in a net central estimate release of $6m. Long-tail claim reserve releases were primarily attributable to the Vero Liability book.

There has been a strengthening of reserves relating to the Canterbury earthquakes as settlements reach the tail-end of the most complex claims. Total claims paid for the Canterbury events have reached 99% of the ultimate net loss (UNL), with a further $64m in claims paid over the second half of the year, bringing the claims paid over the full year to $142m. The only significant exposure remaining relates to the February 2011 Canterbury event. As at 30 June 2019 total claims paid for this event were A$3.45bn, representing 98% of the UNL. Due to reinsurance arrangements for the February 2011 event, Suncorp will retain 15 cents in the dollar for additional claims costs exceeding A$3.4bn up to A$3.5bn. Suncorp's retention increases to 33 cents in the dollar once claims costs exceed A$3.5bn (up to A$5.6bn).

For the Kaikoura event, 99.4% of domestic property claims have now been settled. The transition to 'sum insured' policy terms and the memorandum of understanding between insurers and the New Zealand Earthquake Commission in relation to claims handling have assisted Suncorp to deliver faster outcomes for customers affected by the Kaikoura event.

Outstanding claims provisions over time

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross outstanding claims liabilities	812	881	1,102	1,274	(7.8)	(26.3)
Reinsurance and other recoveries	(496)	(564)	(765)	(978)	(12.1)	(35.2)
Net outstanding claims liabilities	**316**	**317**	**337**	**296**	**(0.3)**	**(6.2)**
Expected future claims payments and claims handling expenses	270	276	294	249	(2.2)	(8.2)
Discount to present value	(4)	(6)	(7)	(5)	(33.3)	(42.9)
Risk margin	50	47	50	52	6.4	-
Net outstanding claims liabilities	**316**	**317**	**337**	**296**	**(0.3)**	**(6.2)**
Short-tail	225	228	251	214	(1.3)	(10.4)
Long-tail	91	89	86	82	2.2	5.8
Total	**316**	**317**	**337**	**296**	**(0.3)**	**(6.2)**

The above table shows the gross and net outstanding claims liabilities and their movement over time. The net outstanding claims liabilities are shown split between the net central estimate, the discount on net central estimate, and the risk margin components. The net outstanding claims liabilities are also shown by major categories of insurance business.

The UNL for the Canterbury earthquakes has increased by $5m in the second half of the year, largely attributed to higher allowances for future new over-cap claims. The impact of this increase on profit is minimal.

There was minimal impact on the net outstanding claims from the Kaikoura earthquake events as payments have reached the fully reinsured layers.

Risk margins

Risk margins have remained in line with pcp and represent approximately 15.8% of net outstanding claims reserves. This gives an approximate level of confidence of 90%, in line with Suncorp Group policy.

Operating expenses

Total operating expenses increased 9.9% to $444m, driven by increased growth-related costs following the very strong top-line performance over the period.

Acquisition expenses have increased due to an increase in commission expenses, reflecting the strong top-line growth and increased profit share to corporate partners.

The other underwriting expense ratio reduced as cost inflation was mitigated by a range of initiatives including partnering and process efficiencies. Partially offsetting this were software impairments taken following a strategic review of core technology platforms. The refocused technology strategy prioritises customer and broker digitisation to deliver enhancements in a faster, more cost-effective manner.

Investment income

Suncorp's primary objective is to optimise investment returns relative to investment risk appetite. This process inherently has regard to capital and the insurance liabilities that the investment assets are supporting and seeks to substantially offset the associated interest rate risk.

The New Zealand investment portfolio includes insurance funds and shareholders' funds. The insurance funds are matched from an interest rate sensitivity perspective to the technical reserves within the balance sheet. The shareholders' funds support the capital position, whilst maintaining sufficient liquidity to enable the business to meet its commitments.

Asset allocation

Asset allocations within funds remain largely consistent with the pcp and in accordance with risk appetite. The Insurance funds increased the cash and short-term deposit allocation by 9% as a result of decreasing yields on longer term government and local government bonds over the last 12 months.

	Half Year Ended							
	Jun-19		Dec-18		Jun-18		Dec-17	
	NZ$M	%	NZ$M	%	NZ$M	%	NZ$M	%
Insurance funds								
Cash and short-term deposits	262	41	205	35	161	32	140	34
Corporate bonds	309	48	298	52	255	50	239	57
Local government bonds	71	11	65	11	82	16	35	8
Government bonds	3	-	10	2	8	2	4	1
Total Insurance funds	**645**	**100**	**578**	**100**	**506**	**100**	**418**	**100**
Shareholders' funds								
Cash and short-term deposits	77	18	35	12	49	14	34	9
Interest-bearing securities	218	52	160	53	207	59	180	50
Equities	124	30	106	35	93	27	146	41
Total shareholders' funds	**419**	**100**	**301**	**100**	**349**	**100**	**360**	**100**
Total	**1,064**		**879**		**855**		**778**	

Credit quality

The average credit rating for New Zealand investment assets remained consistent with prior periods.

	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%
AAA	8.0	10.0	8.4	8.4
AA	58.6	61.0	67.9	64.9
A	30.9	26.7	21.1	24.3
BBB	2.5	2.3	2.6	2.4
	100.0	**100.0**	**100.0**	**100.0**

Duration

The interest rate duration of the insurance funds continues to closely match the duration of insurance liabilities, which comprise of outstanding claims and premium liabilities.

	Jun-19	Dec-18	Jun-18	Dec-17
	Years	Years	Years	Years
Insurance funds				
Interest rate duration	1.3	1.3	1.2	1.3
Shareholders' funds				
Interest rate duration	3.0	2.8	2.5	2.6

Investment performance

Total investment income on insurance funds and shareholders' funds was $39m, representing an annualised return of 4.3%.

Insurance funds

Investment income on insurance funds was $22m, representing an annualised return of 3.5%, up on the pcp of $13m and 2.9% annualised return. This was due to the favourable interest rate environment which saw falling bond yields drive favourable mark-to-market gains.

Shareholders' funds

Investment income on shareholders' funds was $17m, representing an annualised return of 5.8%, up on the pcp of $13m and 3.3% annualised return. Excluding the sale of the Tower shareholding in FY18, shareholder investment income was in line with pcp. The equity market suffered significant falls in value around October 2018 however rebounded in the second half of the financial year.

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	3	2	50.0	2	1	1	1	100.0	100.0
Interest-bearing securities and other	19	11	72.7	13	6	5	6	116.7	160.0
Total	**22**	**13**	**69.2**	**15**	**7**	**6**	**7**	**114.3**	**150.0**
Investment income on shareholders' funds									
Cash and short-term deposits	2	4	(50.0)	1	1	4	-	-	(75.0)
Interest-bearing securities	7	6	16.7	4	3	2	4	33.3	100.0
Equities	8	7	14.3	10	(2)	2	5	n/a	400.0
Tower shareholding	-	(4)	(100.0)	-	-	8	(12)	n/a	(100.0)
Total	**17**	**13**	**30.8**	**15**	**2**	**16**	**(3)**	**n/a**	**(6.3)**
Total investment income	**39**	**26**	**50.0**	**30**	**9**	**22**	**4**	**233.3**	**36.4**

2.3.4 Life Insurance

Profit after tax was $44m, with underlying profit increasing $4m driven by continued in-force premium growth and underlying investment performance. Planned margins were $34m, up 3.0% on the pcp driven by in-force growth. Claims experience reflected general volatility of claims. The closure and settlement of disability income claims remains in line with expectations.

Lapse assumptions reflect retention improvements over the past few years. The retention program is allowing customers to better understand their needs and drive retention solutions such as cover reduction and other policy alterations that do not impact overall cover.

Market adjustments are mainly comprised of balance sheet revaluations of policy liabilities and shareholder investment assets, which are expected to neutralise through the cycle. Market adjustments were impacted by a decrease of approximately 120bps in long-term interest rates.

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Planned profit margin	34	33	3.0	17	17	17	16	-	-
Experience	(2)	(5)	(60.0)	3	(5)	-	(5)	n/a	n/a
Other	7	7	-	3	4	4	3	(25.0)	(25.0)
Underlying profit after tax	**39**	**35**	**11.4**	**23**	**16**	**21**	**14**	**43.8**	**9.5**
Market adjustments	**5**	**4**	**25.0**	**4**	**1**	**1**	**3**	**300.0**	**300.0**
Net profit after tax	**44**	**39**	**12.8**	**27**	**17**	**22**	**17**	**58.8**	**22.7**

Life risk in-force annual premium by channel

In-force premium increased 3.9% to $267m, supported by favourable policy retention and premium growth. New business was $1m lower than pcp but ahead of system growth. Retention rates were favourable to system.

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Advised	213	210	207	203	1.4	2.9
Direct	42	41	40	40	2.4	5.0
Group and other	12	11	10	9	9.1	20.0
Total	**267**	**262**	**257**	**252**	**1.9**	**3.9**
Total new business	**11**	**11**	**12**	**12**	**-**	**(8.3)**

Invested shareholder assets

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	NZ$M	$M	%	%
Cash	20	19	20	27	5.3	-
Fixed interest securities	255	227	234	217	12.3	9.0
Total	**275**	**246**	**254**	**244**	**11.8**	**8.3**

Investment income experience

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Shareholder investment income on invested assets	10	7	42.9	6	4	3	4	50.0	100.0
Less underlying investment income	(6)	(6)	-	(3)	(3)	(3)	(3)	-	-
Investment income experience	**4**	**1**	**300.0**	**3**	**1**	**-**	**1**	**200.0**	**n/a**

3.0 APPENDICES

3.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Consolidated statement of comprehensive income (statutory view)

	Full Year Ended		Jun-19 vs Jun-18	Half Year Ended				Jun-19 vs Dec-18	Jun-19 vs Jun-18
	Jun-19	Jun-18		Jun-19	Dec-18	Jun-18	Dec-17		
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	9,979	9,681	3.1	4,979	5,000	4,821	4,860	(0.4)	3.3
Reinsurance and other recoveries income	1,716	819	109.5	1,001	715	334	485	40.0	199.7
Interest income on									
financial assets not at fair value through profit or loss	2,523	2,503	0.8	1,245	1,278	1,245	1,258	(2.6)	-
financial assets at fair value through profit or loss	449	456	(1.5)	210	239	228	228	(12.1)	(7.9)
Net gains on financial assets and liabilities at fair value through profit or loss	246	153	60.8	246	-	76	77	n/a	223.7
Dividend and trust distribution income	97	34	185.3	77	20	18	16	285.0	327.8
Fees and other income	550	544	1.1	293	257	266	278	14.0	10.2
Total revenue	**15,560**	**14,190**	**9.7**	**8,051**	**7,509**	**6,988**	**7,202**	**7.2**	**15.2**
Expenses									
Claims expense and movement in policyowner liabilities	(7,917)	(6,651)	19.0	(3,994)	(3,923)	(3,067)	(3,584)	1.8	30.2
Outwards reinsurance premium expense	(1,176)	(1,138)	3.3	(601)	(575)	(577)	(561)	4.5	4.2
Underwriting and policy maintenance expenses	(2,172)	(2,097)	3.6	(1,101)	(1,071)	(1,038)	(1,059)	2.8	6.1
Interest expense on									
financial liabilities not at fair value through profit or loss	(1,392)	(1,344)	3.6	(685)	(707)	(673)	(671)	(3.1)	1.8
financial liabilities at fair value through profit or loss	(75)	(88)	(14.8)	(32)	(43)	(43)	(45)	(25.6)	(25.6)
Net losses on financial assets and liabilities not at fair value through profit or loss	-	-	n/a	122	(122)	-	-	n/a	n/a
Impairment loss on loans and advances	(13)	(27)	(51.9)	(6)	(7)	(14)	(13)	(14.3)	(57.1)
Impairment loss on goodwill and other intangible assets	(13)	-	n/a	(13)	-	-	-	n/a	n/a
Amortisation and depreciation expense	(169)	(175)	(3.4)	(83)	(86)	(90)	(85)	(3.5)	(7.8)
Fees, overheads and other expenses	(1,036)	(1,142)	(9.3)	(567)	(469)	(606)	(536)	20.9	(6.4)
Outside beneficial interests in managed funds	(72)	(119)	(39.5)	(110)	38	(60)	(59)	n/a	83.3
Total expenses	**(14,035)**	**(12,781)**	**9.8**	**(7,070)**	**(6,965)**	**(6,168)**	**(6,613)**	**1.5**	**14.6**
Profit before income tax	**1,525**	**1,409**	**8.2**	**981**	**544**	**820**	**589**	**80.3**	**19.6**
Income tax expense	(449)	(440)	2.0	(294)	(155)	(260)	(180)	89.7	13.1
Profit after tax from continuing operations	1,076	969	11	687	389	560	409	76.6	22.7
(Loss) profit after tax from discontinued operations [(1)]	(881)	103	n/a	(751)	(130)	51	52	477.7	n/a
Profit for the financial year	**195**	**1,072**	**(81.8)**	**(64)**	**259**	**611**	**461**	**n/a**	**n/a**
Profit for the period attributable to:									
Owners of the Company	175	1,059	(83.5)	(75)	250	607	452	n/a	n/a
Non-controlling interests	20	13	53.8	11	9	4	9	22.2	175.0
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	20	16	25.0	10	10	18	(2)	-	(44.4)
Net change in financial assets at fair value through other comprehensive income	3	-	n/a	9	(6)	-	-	n/a	n/a
Net change in fair value of available-for-sale financial assets	-	(12)	(100.0)	-	-	(9)	(3)	n/a	(100.0)
Net change in net investment hedge of foreign operations	(3)	1	n/a	(3)	-	1	-	n/a	n/a
Exchange differences on translation of foreign operations	35	(36)	n/a	8	27	7	(43)	(70.4)	14.3
Related income tax (expense) benefit	(6)	(1)	500.0	(3)	(3)	(3)	2	-	-
	49	(32)	n/a	21	28	14	(46)	(25.0)	50.0
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains on defined benefit plans	(22)	2	n/a	(15)	(7)	2	-	114.3	n/a
Related income tax expense	6	(1)	n/a	4	2	(1)	-	100.0	n/a
	(16)	1	n/a	(11)	(5)	1	-	120.0	n/a
Total other comprehensive income	**33**	**(31)**	**n/a**	**10**	**23**	**15**	**(46)**	**(56.5)**	**(33.3)**
Total comprehensive income for the period	**228**	**1,041**	**(78.1)**	**(54)**	**282**	**626**	**415**	**n/a**	**n/a**
Total comprehensive income for the period attributable to:									
Owners of the Company	208	1,028	(79.8)	(65)	273	622	406	n/a	n/a
Non-controlling interests	20	13	53.8	11	9	4	9	22.2	175.0
Total comprehensive income for the period	**228**	**1,041**	**(78.1)**	**(54)**	**282**	**626**	**415**	**n/a**	**n/a**

[(1)] (Loss) profit after tax from discontinued operations disclosed in the statutory accounts represents the profit and loss impacts of the Australian Life Insurance and Participating Wealth Business, following the sale of the business on 28 February 2019.

Consolidated statement of financial position (statutory view)

	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Assets						
Cash and cash equivalents	1,086	1,542	1,165	1,143	(29.6)	(6.8)
Receivables due from other banks	499	351	474	470	42.2	5.3
Trading securities	1,227	1,540	1,639	1,512	(20.3)	(25.1)
Derivatives	666	420	256	154	58.6	160.2
Investment securities	19,243	18,570	22,706	22,533	3.6	(15.3)
Loans and advances	59,154	59,031	58,598	57,635	0.2	0.9
Premiums outstanding	2,802	2,568	2,668	2,544	9.1	5.0
Reinsurance and other recoveries	2,656	2,288	2,377	2,746	16.1	11.7
Deferred reinsurance assets	898	554	834	550	62.1	7.7
Deferred acquisition costs	723	723	706	699	-	2.4
Gross policy liabilities ceded under reinsurance	21	17	528	536	23.5	(96.0)
Property, plant and equipment	208	210	211	216	(1.0)	(1.4)
Deferred tax assets	242	210	203	208	15.2	19.2
Goodwill and other intangible assets	5,460	5,529	5,722	5,768	(1.2)	(4.6)
Other assets	1,350	1,230	1,246	1,145	9.8	8.3
Assets held for sale	-	4,532	-	-	(100.0)	-
Total assets	**96,235**	**99,315**	**99,333**	**97,859**	**(3.1)**	**(3.1)**
Liabilities						
Payables due to other banks	353	273	148	54	29.3	138.5
Deposits and short-term borrowings	46,190	46,160	45,550	45,612	0.1	1.4
Derivatives	456	236	207	312	93.2	120.3
Amounts due to reinsurers	776	270	747	312	187.4	3.9
Payables and other liabilities	1,980	1,493	2,062	1,735	32.6	(4.0)
Current tax liabilities	62	31	68	2	100.0	(8.8)
Unearned premium liabilities	5,123	5,039	5,036	4,889	1.7	1.7
Outstanding claims liabilities	10,611	10,496	10,176	10,660	1.1	4.3
Gross policy liabilities	-	-	2,721	2,807	-	(100.0)
Deferred tax liabilities	155	131	129	121	18.3	20.2
Managed funds units on issue	847	956	1,285	1,256	(11.4)	(34.1)
Securitisation liabilities	3,831	4,278	4,848	4,111	(10.4)	(21.0)
Debt issues	10,358	10,602	9,854	9,722	(2.3)	5.1
Loan capital	2,360	2,357	2,529	2,527	0.1	(6.7)
Liabilities held for sale	-	3,369	-	-	(100.0)	-
Total liabilities	**83,102**	**85,691**	**85,360**	**84,120**	**(3.0)**	**(2.6)**
Net assets	**13,133**	**13,624**	**13,973**	**13,739**	**(3.6)**	**(6.0)**
Equity						
Share capital	12,889	12,880	12,863	12,820	0.1	0.1
Reserves	207	193	135	117	7.3	53.3
Retained profits	17	536	965	789	(96.8)	(98.2)
Total equity attributable to owners of the Company	**13,113**	**13,609**	**13,963**	**13,726**	**(3.6)**	**(6.1)**
Non-controlling interests	20	15	10	13	33.3	100.0
Total equity	**13,133**	**13,624**	**13,973**	**13,739**	**(3.6)**	**(6.0)**

Consolidated statement of financial position by function

	General Insurance Jun-19 $M	Banking Jun-19 $M	Life Jun-19 $M	Corporate Jun-19 $M	Eliminations Jun-19 $M	Consolidation Jun-19 $M
Assets						
Cash and cash equivalents	382	638	71	64	(69)	1,086
Receivables due from other banks	-	499	-	-	-	499
Trading securities	-	1,227	-	-	-	1,227
Derivatives	63	593	13	2	(5)	666
Investment securities	13,081	3,954	588	14,926	(13,306)	19,243
Loans and advances	-	59,154	-	-	-	59,154
Premiums outstanding	2,800	-	2	-	-	2,802
Reinsurance and other recoveries	2,591	-	65	-	-	2,656
Deferred reinsurance assets	898	-	-	-	-	898
Deferred acquisition costs	721	-	2	-	-	723
Gross policy liabilities ceded under reinsurance	-	-	21	-	-	21
Property, plant and equipment	58	-	1	149	-	208
Deferred tax assets	-	42	-	200	-	242
Goodwill and other intangible assets	4,842	262	64	292	-	5,460
Other assets	948	169	94	112	27	1,350
Due from related parties	131	357	488	1,040	(2,016)	-
Total assets	**26,515**	**66,895**	**1,409**	**16,785**	**(15,369)**	**96,235**
Liabilities						
Payables due to other banks	-	353	-	-	-	353
Deposits and short-term borrowings	-	46,551	-	-	(361)	46,190
Derivatives	51	409	-	2	(6)	456
Amounts due to reinsurers	774	-	2	-	-	776
Payables and other liabilities	831	424	58	652	15	1,980
Current tax liabilities	60	-	2	-	-	62
Unearned premium liabilities	5,122	-	1	-	-	5,123
Outstanding claims liabilities	10,460	-	151	-	-	10,611
Deferred tax liabilities	42	-	113	-	-	155
Managed funds units on issue [1]	-	-	-	-	847	847
Securitised liabilities	-	3,831	-	-	-	3,831
Debt issues	-	10,358	-	-	-	10,358
Loan capital	552	672	-	1,736	(600)	2,360
Due to related parties	331	14	3	1,071	(1,419)	-
Total liabilities	**18,223**	**62,612**	**330**	**3,461**	**(1,524)**	**83,102**
Net assets	**8,292**	**4,283**	**1,079**	**13,324**	**(13,845)**	**13,133**
Equity						
Share capital						12,889
Reserves						207
Retained profits						17
Total equity attributable to owners of the Company						**13,113**
Non-controlling interests						20
Total equity						**13,133**

[1] Following the sale of the Australian Life Insurance and Participating Wealth Business, managed funds units on issue are now consolidated in the non-operating holding company, SGL.

3.2 SGL STATEMENT OF FINANCIAL POSITION, PROFIT CONTRIBUTION AND INVESTMENTS

SGL statement of financial position

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	$M	$M	%	%
Current assets						
Cash and cash equivalents	27	13	6	18	107.7	350.0
Financial assets designated at fair value through profit and loss	1,075	534	552	589	101.3	94.7
Derivatives	2	-	-	-	n/a	n/a
Due from related parties	31	67	107	64	(53.7)	(71.0)
Other assets	40	72	4	19	(44.4)	n/a
Total current assets	**1,175**	**686**	**669**	**690**	**71.3**	**75.6**
Non-current assets						
Investment in subsidiaries	13,898	13,954	14,096	14,063	(0.4)	(1.4)
Due from related parties	592	603	770	770	(1.8)	(23.1)
Deferred tax assets	57	10	7	7	470.0	n/a
Other assets	61	65	81	88	(6.2)	(24.7)
Total non-current assets	**14,608**	**14,632**	**14,954**	**14,928**	**(0.2)**	**(2.3)**
Total assets	**15,783**	**15,318**	**15,623**	**15,618**	**3.0**	**1.0**
Current liabilities						
Derivatives	2	1	-	-	100.0	n/a
Payables and other liabilities	58	5	9	5	n/a	n/a
Current tax liabilities	-	-	54	-	-	(100.0)
Due to related parties	603	109	19	46	453.2	n/a
Total current liabilities	**663**	**115**	**82**	**51**	**476.5**	**n/a**
Non-current liabilities						
Loan capital	1,736	1,733	1,905	1,903	0.2	(8.9)
Total non-current liabilities	**1,736**	**1,733**	**1,905**	**1,903**	**0.2**	**(8.9)**
Total liabilities	**2,399**	**1,848**	**1,987**	**1,954**	**29.8**	**20.7**
Net assets	**13,384**	**13,470**	**13,636**	**13,664**	**(0.6)**	**(1.8)**
Equity						
Share capital	12,964	12,957	12,957	12,921	0.1	0.1
Retained profits	420	513	679	743	(18.1)	(38.1)
Total equity	**13,384**	**13,470**	**13,636**	**13,664**	**(0.6)**	**(1.8)**

SGL profit contribution

	Full Year Ended		Jun-19		Half Year Ended			Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Dividend and interest income from subsidiaries	997	974	2.4	353	644	407	567	(45.2)	(13.3)
Interest and trust distribution income on financial assets at fair value through profit or loss	35	17	105.9	20	15	9	8	33.3	122.2
Other income	4	4	-	3	1	2	2	200.0	50.0
Total revenue	**1,036**	**995**	**4.1**	**376**	**660**	**418**	**577**	**(43.0)**	**(10.0)**
Expenses									
Impairment loss on investment in subsidiaries									
Interest expense on financial liabilities at amortised cost	(84)	(92)	(8.7)	(36)	(48)	(44)	(48)	(25.0)	(18.2)
Impairment loss on investment in subsidiaries	(153)	-	n/a	-	(153)	-	-	(100.0)	n/a
Operating expenses	(54)	(4)	n/a	(52)	(2)	(2)	(2)	n/a	n/a
Total expenses	**(291)**	**(96)**	**203.1**	**(88)**	**(203)**	**(46)**	**(50)**	**(56.7)**	**91.3**
Profit before income tax	**745**	**899**	**(17.1)**	**288**	**457**	**372**	**527**	**(37.0)**	**(22.6)**
Income tax benefit (expense)	61	(9)	n/a	61	-	(8)	(1)	n/a	n/a
Profit for the period	**806**	**890**	**(9.4)**	**349**	**457**	**364**	**526**	**(23.6)**	**(4.1)**

SGL investment portfolio

SGL's investment portfolio supports the Group non-operating holding company (NOHC) structure and distributions to shareholders. Investment assets were $1,094m at 30 June 2019 and comprised 74% cash and 26% high quality fixed income securities, with an interest rate duration of 0.5 years, credit spread duration of 0.7 years and an average credit rating of 'AA-'. Investment income was $28m, representing an annualised return of 3.1%.

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
(Pre-tax)	$M	$M	%	$M	$M	$M	$M	%	%
Investment income									
Cash and short-term deposits	14	5	180.0	8	6	2	3	33.3	300.0
Interest-bearing securities and other	14	12	16.7	9	5	6	6	80.0	50.0
Total	**28**	**17**	**64.7**	**17**	**11**	**8**	**9**	**54.5**	**112.5**

3.3 GROUP EPS CALCULATIONS

Earnings per share

Numerator	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	$M	$M	$M	$M	$M	$M
Earnings:						
Profit attributable to ordinary equity holders of the company (basic)	175	1,059	(75)	250	607	452
Interest expense on convertible preference shares	15	25	7	8	7	18
Interest expense on convertible capital notes	30	25	15	15	16	9
Profit attributable to ordinary equity holders of the company (diluted)	**220**	**1,109**	**(53)**	**273**	**630**	**479**

Denominator						
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,292,897,633	1,288,766,728	1,293,232,399	1,292,568,325	1,290,364,536	1,287,194,972
Effect of conversion of convertible preference shares	30,356,101	45,659,555	30,356,101	31,188,991	28,409,196	62,565,335
Effect of conversion of convertible capital notes	56,917,690	42,613,794	56,917,690	58,479,358	53,267,242	32,227,479
Weighted average number of ordinary shares (diluted)	**1,380,171,424**	**1,377,040,077**	**1,380,506,190**	**1,382,236,674**	**1,372,040,974**	**1,381,987,786**

	cents	cents	cents	cents	cents	cents
Earnings per share						
Basic	13.54	82.17	(5.80)	19.34	47.04	35.12
Diluted [1]	13.54	80.54	(5.80)	19.34	45.92	34.66

(1) Capital notes and preference shares will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations as per *AASB 133 Earnings per share*.

Cash earnings per share

Numerator	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	$M	$M	$M	$M	$M	$M
Earnings:						
Cash profit attributable to ordinary equity holders of the company (basic)	1,115	1,098	702	413	626	472
Interest expense on convertible preference shares	15	25	7	8	7	18
Interest expense on convertible capital notes	30	25	15	15	16	9
Cash profit attributable to ordinary equity holders of the company (diluted)	**1,160**	**1,148**	**724**	**436**	**649**	**499**

Denominator						
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,292,897,633	1,288,766,728	1,293,232,399	1,292,568,325	1,290,364,536	1,287,194,972
Effect of conversion of convertible preference shares	30,356,101	45,659,555	30,356,101	31,188,991	28,409,196	62,565,335
Effect of conversion of convertible capital notes	56,917,690	42,613,794	56,917,690	58,479,358	53,267,242	32,227,479
Weighted average number of ordinary shares (diluted)	**1,380,171,424**	**1,377,040,077**	**1,380,506,190**	**1,382,236,674**	**1,372,040,974**	**1,381,987,786**

	cents	cents	cents	cents	cents	cents
Cash earnings per share						
Basic	86.24	85.20	54.28	31.95	48.51	36.67
Diluted	84.05	83.37	52.44	31.54	47.30	36.11

3.4 ASX LISTED SECURITIES

	Half Year Ended			
	Jun-19	Dec-18	Jun-18	Dec-17
Ordinary shares (SUN) each fully paid				
Number at the end of the period	1,298,503,953	1,298,503,953	1,298,503,953	1,296,020,378
Dividend declared / determined for the period (cents per share)	44	26	48	33
Convertible preference shares (SUNPE) each fully paid				
Number at the end of the period	4,000,000	4,000,000	4,000,000	4,000,000
Dividend declared / notified during the period ($ per share) (1)	1.74	1.87	1.89	1.80
Convertible Capital Notes (SUNPF) each fully paid				
Number at the end of the period	3,750,000	3,750,000	3,750,000	3,750,000
Distribution declared / notified during the period ($ per note) (1)	1.99	2.12	2.13	2.04
Convertible Capital Notes (SUNPG) each fully paid				
Number at the end of the period	3,750,000	3,750,000	3,750,000	3,750,000
Distribution declared / notified during the period ($ per note) (1)	1.83	1.96	1.98	1.19
Floating Rate Capital Notes (SBKHB)				
Number at the end of the period	715,383	715,383	715,383	715,383
Interest paid / notified during the period	1.27	1.36	1.28	1.24

(1) Classified as interest expense.

3.5 GENERAL INSURANCE ITR SPLIT

Insurance (Australia) — Consumer Insurance

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	5,221	5,114	2.1	2,646	2,575	2,612	2,502	2.8	1.3
Net earned premium	4,599	4,422	4.0	2,280	2,319	2,216	2,206	(1.7)	2.9
Net incurred claims	(3,409)	(3,212)	6.1	(1,580)	(1,829)	(1,481)	(1,731)	(13.6)	6.7
Acquisition expenses	(561)	(503)	11.5	(288)	(273)	(254)	(249)	5.5	13.4
Other underwriting expenses	(352)	(324)	8.6	(175)	(177)	(150)	(174)	(1.1)	16.7
Total operating expenses	**(913)**	**(827)**	**10.4**	**(463)**	**(450)**	**(404)**	**(423)**	**2.9**	**14.6**
Underwriting result	**277**	**383**	**(27.7)**	**237**	**40**	**331**	**52**	**492.5**	**(28.4)**
Investment income - insurance funds	45	55	(18.2)	33	12	27	28	175.0	22.2
Insurance trading result	**322**	**438**	**(26.5)**	**270**	**52**	**358**	**80**	**419.2**	**(24.6)**

	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	12.2	11.4	12.6	11.8	11.5	11.3
Other underwriting expenses ratio	7.7	7.3	7.7	7.6	6.8	7.9
Total operating expenses ratio	**19.9**	**18.7**	**20.3**	**19.4**	**18.3**	**19.2**
Loss ratio	74.1	72.6	69.3	78.9	66.8	78.5
Combined operating ratio	94.0	91.3	89.6	98.3	85.1	97.7
Insurance trading ratio	**7.0**	**9.9**	**11.8**	**2.2**	**16.2**	**3.6**

Note: Consumer Insurance includes Home, Motor, Boat and Travel Insurance.

Insurance (Australia) — Commercial Insurance, CTP, Workers Compensation and Internal Reinsurance

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	3,024	3,023	0.0	1,498	1,526	1,521	1,502	(1.8)	(1.5)
Net earned premium	2,693	2,769	(2.7)	1,323	1,370	1,332	1,437	(3.4)	(0.7)
Net incurred claims	(2,039)	(1,845)	10.5	(1,013)	(1,026)	(852)	(993)	(1.3)	18.9
Acquisition expenses	(444)	(486)	(8.6)	(220)	(224)	(250)	(236)	(1.8)	(12.0)
Other underwriting expenses	(199)	(193)	3.1	(104)	(95)	(79)	(114)	9.5	31.6
Total operating expenses	**(643)**	**(679)**	**(5.3)**	**(324)**	**(319)**	**(329)**	**(350)**	**1.6**	**(1.5)**
Underwriting result	**11**	**245**	**(95.5)**	**(14)**	**25**	**151**	**94**	**n/a**	**n/a**
Investment income - insurance funds	399	203	96.6	286	113	111	92	153.1	157.7
Insurance trading result	**410**	**448**	**(8.5)**	**272**	**138**	**262**	**186**	**97.1**	**3.8**

	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	16.5	17.5	16.6	16.4	18.8	16.4
Other underwriting expenses ratio	7.4	7.0	7.8	6.9	5.9	8.0
Total operating expenses ratio	**23.9**	**24.5**	**24.4**	**23.3**	**24.7**	**24.4**
Loss ratio	75.7	66.6	76.7	74.9	64.0	69.1
Combined operating ratio	99.6	91.1	101.1	98.2	88.7	93.5
Insurance trading ratio	**15.2**	**16.2**	**20.6**	**10.1**	**19.7**	**12.9**

General Insurance short-tail (includes New Zealand)

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	7,725	7,469	3.4	3,888	3,837	3,794	3,675	1.3	2.5
Net earned premium	6,687	6,327	5.7	3,334	3,353	3,185	3,142	(0.6)	4.7
Net incurred claims	(4,577)	(4,431)	3.3	(2,153)	(2,424)	(2,128)	(2,303)	(11.2)	1.2
Acquisition expenses	(1,048)	(965)	8.6	(531)	(517)	(487)	(478)	2.7	9.0
Other underwriting expenses	(569)	(525)	8.4	(293)	(276)	(250)	(275)	6.2	17.2
Total operating expenses	**(1,617)**	**(1,490)**	**8.5**	**(824)**	**(793)**	**(737)**	**(753)**	**3.9**	**11.8**
Underwriting result	493	406	21.4	357	136	320	86	162.5	11.6
Investment income - insurance funds	75	75	-	54	21	36	39	157.1	50.0
Insurance trading result	**568**	**481**	**18.1**	**411**	**157**	**356**	**125**	**161.8**	**15.4**

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	15.7	15.2	15.9	15.4	15.3	15.2
Other underwriting expenses ratio	8.5	8.3	8.8	8.2	7.8	8.8
Total operating expenses ratio	**24.2**	**23.5**	**24.7**	**23.6**	**23.1**	**24.0**
Loss ratio	68.4	70.0	64.5	72.3	66.8	73.3
Combined operating ratio	92.6	93.5	89.2	95.9	89.9	97.3
Insurance trading ratio	**8.5**	**7.6**	**12.3**	**4.7**	**11.2**	**4.0**

General Insurance long-tail (includes New Zealand)

	Full Year Ended		Jun-19	Half Year Ended				Jun-19	Jun-19
	Jun-19	Jun-18	vs Jun-18	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	2,086	2,090	(0.2)	1,054	1,032	1,058	1,032	2.1	(0.4)
Net earned premium	1,922	2,032	(5.4)	945	977	967	1,065	(3.3)	(2.3)
Net incurred claims	(1,525)	(1,308)	16.6	(779)	(746)	(568)	(740)	4.4	37.1
Acquisition expenses	(259)	(284)	(8.8)	(130)	(129)	(148)	(136)	0.8	(12.2)
Other underwriting expenses	(97)	(104)	(6.7)	(49)	(48)	(38)	(66)	2.1	28.9
Total operating expenses	**(356)**	**(388)**	**(8.2)**	**(179)**	**(177)**	**(186)**	**(202)**	**1.1**	**(3.8)**
Underwriting result	41	336	(87.8)	(13)	54	213	123	n/a	n/a
Investment income - insurance funds	390	195	100.0	279	111	107	88	151.4	160.7
Insurance trading result	**431**	**531**	**(18.8)**	**266**	**165**	**320**	**211**	**61.2**	**(16.9)**

	Full Year Ended		Half Year Ended			
	Jun-19	Jun-18	Jun-19	Dec-18	Jun-18	Dec-17
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	13.5	14.0	13.8	13.2	15.3	12.8
Other underwriting expenses ratio	5.0	5.1	5.1	4.9	3.9	6.2
Total operating expenses ratio	**18.5**	**19.1**	**18.9**	**18.1**	**19.2**	**19.0**
Loss ratio	79.4	64.4	82.4	76.4	58.7	69.5
Combined operating ratio	97.9	83.5	101.3	94.5	77.9	88.5
Insurance trading ratio	**22.4**	**26.1**	**28.1**	**16.9**	**33.1**	**19.8**

3.6 GROUP CAPITAL

Group capital position

	As at 30 June 2019					
	General Insurance	Banking	Life	SGL, Corp Services & Consol	Total	As at 30 June 2018 Total
	$M	$M	$M	$M	$M	$M
Common Equity Tier 1 capital						
Ordinary share capital	-	-	-	12,873	12,873	12,873
Subsidiary share capital (eliminated upon consolidation)	7,375	3,870	1,914	(13,234)	(75)	-
Reserves	28	(979)	320	823	192	131
Retained profits and non-controlling interests	309	703	(1,157)	182	37	976
Insurance liabilities in excess of liability valuation	533	-	-	-	533	538
Goodwill and other intangible assets	(4,819)	(475)	(65)	(307)	(5,666)	(5,952)
Net deferred tax liabilities/(assets) [(1)]	-	(39)	113	(200)	(126)	(112)
Policy liability adjustment [(2)]	-	-	(419)	-	(419)	(1,487)
Other Tier 1 deductions	(13)	5	-	-	(8)	(86)
Common Equity Tier 1 capital	**3,413**	**3,085**	**706**	**137**	**7,341**	**6,881**
Additional Tier 1 capital						
Eligible hybrid capital	565	585	-	-	1,150	1,150
Additional Tier 1 capital	**565**	**585**	**-**	**-**	**1,150**	**1,150**
Tier 1 capital	**3,978**	**3,670**	**706**	**137**	**8,491**	**8,031**
Tier 2 capital						
General reserve for credit losses	-	146	-	-	146	157
Eligible Subordinated notes	555	600	-	-	1,155	1,325
Transitional Subordinated notes [(3)]	-	57	-	-	57	72
Tier 2 capital	**555**	**803**	**-**	**-**	**1,358**	**1,554**
Total capital	**4,533**	**4,473**	**706**	**137**	**9,849**	**9,585**
Represented by:						
Capital in Australian regulated entities	3,917	4,465	-	-	8,382	8,661
Capital in New Zealand regulated entities	529	-	112	-	641	520
Capital in unregulated entities [(4)]	87	8	594	137	826	404

(1) Deferred tax assets in excess of deferred tax liabilities are deducted in arriving at CET1. Under the RBNZ's regulations, a net deferred tax liability is added back in determining CET1 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 for the Life risk business. The policy liability adjustment for the New Zealand business is shown gross of Deferred Tax Liabilities.

(3) Tier 2 instruments subject to the transitional arrangements outlined in APRA's prudential standard APS111 Attachment L.

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

General Insurance capital

	GI Group [1] Jun-19 $M	GI Group [1] Jun-18 $M
Common Equity Tier 1 capital		
Ordinary share capital	7,375	7,375
Reserves	28	6
Retained profits and non-controlling interests	309	308
Insurance liabilities in excess of liability valuation	533	538
Goodwill and other intangible assets	(4,819)	(4,878)
Net deferred tax assets	-	(62)
Other Tier 1 deductions	(13)	(7)
Common Equity Tier 1 capital	**3,413**	**3,280**
Additional Tier 1 capital	**565**	**565**
Tier 1 capital	**3,978**	**3,845**
Tier 2 capital		
Eligible subordinated notes	555	555
Transitional subordinated notes	-	-
Tier 2 capital	**555**	**555**
Total capital	**4,533**	**4,400**
Prescribed Capital Amount		
Outstanding claims risk charge	946	920
Premium liabilities risk charge	568	554
Total insurance risk charge	1,514	1,474
Insurance concentration risk charge	250	250
Asset risk charge	918	895
Operational risk charge	306	299
Aggregation benefit	(537)	(524)
Total Prescribed Capital Amount (PCA)	**2,451**	**2,394**
Common Equity Tier 1 ratio	**1.39**	**1.37**
Total capital ratio	**1.85**	**1.84**

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

Bank capital

	Regulatory Banking Group	Other Entities	Statutory Banking Group	Statutory Banking Group
	Jun-19	Jun-19	Jun-19	Jun-18
	$M	$M	$M	$M
Common Equity Tier 1 capital				
Ordinary share capital	2,648	1,222	3,870	3,870
Reserves	8	(987)	(979)	(1,001)
Retained profits	690	13	703	602
Goodwill and other intangible assets	(235)	(240)	(475)	(499)
Net deferred tax assets	(39)	-	(39)	(37)
Other Tier 1 deductions	5	-	5	17
Common Equity Tier 1 capital	**3,077**	**8**	**3,085**	**2,952**
Additional Tier 1 capital				
Eligible hybrid capital	585	-	585	550
Additional Tier 1 capital	**585**	**-**	**585**	**550**
Tier 1 capital	**3,662**	**8**	**3,670**	**3,502**
Tier 2 capital				
General reserve for credit losses	146	-	146	157
Eligible Subordinated notes	600	-	600	670
Transitional Subordinated notes	57	-	57	72
Tier 2 capital	**803**	**-**	**803**	**899**
Total capital	**4,465**	**8**	**4,473**	**4,401**
Risk Weighted Assets				
Credit risk	29,633	-	29,633	29,002
Market risk	90	-	90	88
Operational risk	3,530	-	3,530	3,473
Total Risk Weighted Assets	**33,253**	**-**	**33,253**	**32,563**
Common Equity Tier 1 ratio	**9.25%**		**9.28%**	**9.07%**
Total capital ratio	**13.43%**		**13.45%**	**13.52%**

Life capital

	Total Life Group Jun-19 $M	Total Life Group Jun-18 $M
Common Equity Tier 1 capital		
Ordinary share capital	1,914	1,980
Reserves	320	305
Retained profits and non-controlling interests	(1,157)	(209)
Goodwill and other intangible assets	(65)	(214)
Net deferred tax liabilities [1]	113	103
Policy liability adjustment [2]	(419)	(1,487)
Other Tier 1 deductions	-	-
Common Equity Tier 1 capital	**706**	**478**
Additional Tier 1 capital	**-**	**35**
Tier 1 capital	**706**	**513**
Tier 2 capital		
Eligible Subordinated notes	-	100
Tier 2 capital	**-**	**100**
Total capital	**706**	**613**
Prescribed Capital Amount		
Insurance risk charge	29	27
Asset risk charge	25	97
Operational risk charge	-	31
Aggregation benefit	-	-
Combined stress scenario adjustment	-	67
Other regulatory requirements	20	18
Total Prescribed Capital Amount (PCA) [3]	**74**	**240**

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

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

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

Capital Instruments

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 June 2019 GI $M	Bank $M	Life $M	SGL $M	Regulatory Capital $M	Accounting Balance $M
AAIL Subordinated Debt [1]	320 bps	Oct 2022	Oct 2016	330	-	-	-	330	328
AAIL Subordinated Debt [1]	330 bps	Nov 2020	Nov 2015	225	-	-	-	225	224
SGL Subordinated Debt [1] [2]	215 bps	Dec 2023	Sep 2018	-	600	-	-	600	596
SML FRCN [3]	75 bps	Perpetual	Dec 1998	-	57	-	-	57	72
Total subordinated debt				**555**	**657**	**-**	**-**	**1,212**	**1,220**
SGL CPS3 [1] [2]	340 bps	Jun 2020	May 2014	400	-	-	-	400	399
SGL Capital Notes [1] [2]	410 bps	Jun 2022	May 2017	-	375	-	-	375	371
SGL Capital Notes 2 [1] [2]	365 bps	Jun 2024	Nov 2017	165	210	-	-	375	370
Total Additional Tier 1 capital				**565**	**585**	**-**	**-**	**1,150**	**1,140**
Total				**1,120**	**1,242**	**-**	**-**	**2,362**	**2,360**

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 June 2018 GI $M	Bank $M	Life $M	SGL $M	Regulatory Capital $M	Accounting Balance $M
AAIL Subordinated Debt [1]	320 bps	Oct 2022	Oct 2016	330	-	-	-	330	328
AAIL Subordinated Debt [1]	330 bps	Nov 2020	Nov 2015	225	-	-	-	225	224
SGL Subordinated Debt [1] [2]	285 bps	Nov 2018	May 2013	-	670	100	-	770	770
SML FRCN [3]	75 bps	Perpetual	Dec 1998	-	72	-	-	72	72
Total subordinated debt				**555**	**742**	**100**	**-**	**1,397**	**1,394**
SGL CPS3 [1] [2]	340 bps	Jun 2020	May 2014	400	-	-	-	400	397
SGL Capital Notes [1] [2]	410 bps	Jun 2022	May 2017	-	375	-	-	375	369
SGL Capital Notes 2 [1] [2]	365 bps	Jun 2024	Nov 2017	165	175	35	-	375	369
Total Additional Tier 1 capital				**565**	**550**	**35**	**-**	**1,150**	**1,135**
Total				**1,120**	**1,292**	**135**	**-**	**2,547**	**2,529**

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

(2) 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.

(3) Tier 2 instruments subject to the transitional arrangements outlined in APRA's prudential standard APS111 Attachment L.

3.7 STATEMENT OF ASSETS AND LIABILITIES

General Insurance

	Half Year Ended				Jun-19	Jun-19
	Jun-19	Dec-18	Jun-18	Dec-17	vs Dec-18	vs Jun-18
	$M	$M	$M	$M	%	%
Assets						
Cash and cash equivalents	382	368	426	590	3.8	(10.3)
Derivatives	63	32	20	22	96.9	215.0
Investment securities	13,081	12,776	12,930	12,136	2.4	1.2
Premiums outstanding	2,800	2,567	2,644	2,517	9.1	5.9
Reinsurance and other recoveries	2,591	2,227	2,209	2,553	16.3	17.3
Deferred reinsurance assets	898	554	834	550	62.1	7.7
Deferred acquisition costs	721	720	703	696	0.1	2.6
Due from related parties	131	151	124	210	(13.2)	5.6
Property, plant and equipment	58	58	54	49	-	7.4
Deferred tax assets	-	53	36	50	(100.0)	(100.0)
Goodwill and intangible assets	4,842	4,880	4,899	4,924	(0.8)	(1.2)
Other assets	948	851	804	761	11.4	17.9
Total assets	**26,515**	**25,237**	**25,683**	**25,058**	**5.1**	**3.2**
Liabilities						
Payables and other liabilities	831	707	831	648	17.5	-
Derivatives	51	64	35	15	(20.3)	45.7
Due to related parties	331	242	363	296	36.8	(8.8)
Deferred tax liabilities	42	19	17	17	121.1	147.1
Unearned premium liabilities	5,122	5,037	5,029	4,885	1.7	1.8
Outstanding claims liabilities	10,460	10,352	9,883	10,368	1.0	5.8
Loan capital	552	552	552	552	-	-
Current tax liabilities	60	29	8	-	106.9	n/a
Amount due to reinsurers	774	268	695	280	188.8	11.4
Total liabilities	**18,223**	**17,270**	**17,413**	**17,061**	**5.5**	**4.7**
Net assets	**8,292**	**7,967**	**8,270**	**7,997**	**4.1**	**0.3**

Reconciliation of net assets to Common Equity Tier 1 capital

Net assets - GI businesses	**8,292**	**7,967**	**8,270**	**7,997**
Insurance liabilities in excess of liability valuation	533	505	538	459
Reserves excluded from regulatory capital	(15)	(14)	(16)	(15)
Additional Tier 1 capital	(565)	(565)	(565)	(510)
Goodwill allocated to GI businesses	(4,405)	(4,409)	(4,404)	(4,402)
Other intangibles (including software assets)	(414)	(527)	(536)	(575)
Other Tier 1 deductions	(13)	(13)	(7)	(6)
Common Equity Tier 1 capital	**3,413**	**2,944**	**3,280**	**2,948**

Bank

	Jun-19 $M	Dec-18 $M	Jun-18 $M	Dec-17 $M	Jun-19 vs Dec-18 %	Jun-19 vs Jun-18 %
Assets						
Cash and cash equivalents	638	1,124	506	363	(43.2)	26.1
Receivables due from other banks	499	351	474	470	42.2	5.3
Trading securities	1,227	1,540	1,639	1,512	(20.3)	(25.1)
Derivatives	593	381	224	117	55.6	164.7
Investment securities	3,954	3,972	4,058	4,576	(0.5)	(2.6)
Loans and advances	59,154	59,031	58,598	57,635	0.2	0.9
Due from related parties	357	370	362	317	(3.5)	(1.4)
Deferred tax assets	42	47	45	47	(10.6)	(6.7)
Other assets	169	162	177	147	4.3	(4.5)
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	**66,895**	**67,240**	**66,345**	**65,446**	**(0.5)**	**0.8**
Liabilities						
Deposits and short-term borrowings	46,551	46,633	46,043	46,024	(0.2)	1.1
Derivatives	409	173	158	294	136.4	158.9
Payables due to other banks	353	273	148	54	29.3	138.5
Payables and other liabilities	424	340	423	405	24.7	0.2
Due to related parties	14	73	20	25	(80.8)	(30.0)
Securitisation liabilities	3,831	4,278	4,848	4,111	(10.4)	(21.0)
Debt issues	10,358	10,602	9,854	9,722	(2.3)	5.1
Subordinated notes	672	672	742	742	-	(9.4)
Total liabilities	**62,612**	**63,044**	**62,236**	**61,377**	**(0.7)**	**0.6**
Net assets	**4,283**	**4,196**	**4,109**	**4,069**	**2.1**	**4.2**

Reconciliation of net equity to Common Equity Tier 1 capital				
Net equity - Banking	4,283	4,169	4,109	4,069
Additional Tier 1 capital	(585)	(550)	(550)	(550)
Goodwill allocated to Banking Business	(240)	(240)	(240)	(240)
Regulatory capital equity adjustments	(8)	(8)	(17)	(16)
Regulatory capital adjustments	(269)	(283)	(279)	(265)
Other reserves excluded from Common Equity Tier 1 ratio	(104)	(111)	(88)	(84)
Common Equity Tier 1 capital	**3,077**	**3,004**	**2,935**	**2,914**

GLOSSARY

Acquisition expense ratio – general insurance	Acquisition expenses expressed as a percentage of net earned premium
Acquisition expense ratio – life insurance	Acquisition expenses, including upfront commissions, as a percentage of new business
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from the Life Insurance underlying profit and recorded as annuity market adjustments
Australian Life Business	Incorporates the performance of the Australian Life Insurance and Participating Wealth Business (Suncorp Life and Superannuation Limited) sold on 28 February 2019, as well as other distribution activities ceasing operation
Australian Life Insurance and Participating Wealth Business	Refers to the entity Suncorp Life and Superannuation Limited, which was sold to TAL Dai-ichi Life Australia Pty Ltd on 28 February 2019
Banking & Wealth function	Suncorp's Banking & Wealth business provides banking and wealth solutions to personal, small to medium enterprise and agribusiness customers
Basis points (bps)	A 'basis point' is 1/100th of a percentage point
Business Improvement Program (BIP)	A three-year, company-wide program focusing on five streams of work including digitising of customer experiences, sales and service channel optimisation, end-to-end process improvement, claims supply chain re-design and smarter procurement and streamlining the business
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, the profit or loss on divestments and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Commercial Insurance	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, and public liability and professional indemnity insurance
Common Equity Tier 1 (CET1)	Common Equity Tier 1 Capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 Ratio	Common Equity Tier 1 divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank
Connected customers	A customer is considered to be connected if they have two or more needs met across the need categories of Home, Self, Mobility and Money, or if they hold four or more Suncorp products
Consumer Insurance	Consumer Insurance products consist of home and contents insurance, motor insurance, boat insurance, and travel insurance
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk-weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods

Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 Earnings per Share
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded Value is equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Fire service levies (FSL) – Insurance (Australia)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Fire service levies (FSL) – New Zealand	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by Fire and Emergency New Zealand. Fire service levies were established to cover corresponding fire brigade charges
Funds under management and administration	Funds where the Wealth business, in Australia and New Zealand, receives a fee for the administration and management of an asset portfolio
General insurance businesses	General insurance businesses include Insurance (Australia)'s general insurance business and New Zealand's general insurance business. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure rather than business functions structure
Gross earned premium	The total premium on insurance earned by an insurer during a specified period on premiums underwritten in the current and previous underwriting years
Gross non-performing loans	Gross impaired assets plus past due loans
Gross written premium	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium
Group top-line growth	Group top-line growth is derived from a weighted-average calculation of underlying year-on-year growth in Suncorp's key business functions. Top-line growth percentage is calculated as growth in general insurance gross written premium (73% weighting), growth in retail and business lending assets (weighting 25%) and growth in New Zealand life insurance in-force premium (2% weighting)
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years
Insurance (Australia) function	Suncorp's Insurance (Australia) business provides consumer, commercial and personal injury products to the Australian market. Consumer insurance products include home and contents insurance, motor insurance and travel insurance. Commercial insurance products include commercial motor insurance, commercial property insurance, industrial special risk insurance, public liability and professional indemnity insurance. Personal injury insurance products includes CTP insurance and workers' compensation insurance
Insurance funds	Insurance funds explicitly back insurance liabilities. They are designed to match the insurance liabilities and are managed separately from shareholders' funds
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Life insurance businesses	Following the sale of the Australian Life Insurance and Participating Wealth Business on 28 February 2019, Suncorp's life insurance businesses include the New Zealand life insurance business and the remaining Wealth business reported within the Banking & Wealth function. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure rather than business functions structure
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 planned profit margin release	It includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time

Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the reporting period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
Liquidity Coverage Ratio (LCR)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario
Loan-to-value ratio (LVR)	Ratio of a loan to the value of the asset purchased
Long-tail	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consists of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Maintenance (or renewal) expense ratio	Expenses related to servicing in-force life insurance policies, including renewal or trail commissions, policy management and claim costs, expressed as a percentage of in-force premiums
Maximum Event Retention	This is an estimate of the largest accumulated property loss (from a single event) to which Suncorp will be exposed (taking into account the likelihood of this event is up to one in 200 years), after netting off any potential reinsurance recoveries
Net earned premium (NEP)	Net written premium adjusted by the change in net unearned premium for a year
Net incurred claims – Insurance (Australia)	The amount of claims incurred during an accounting period after deducting reinsurance recoveries
Net incurred claims - New Zealand	The amount of claims incurred during an accounting period after deducting reinsurance recoveries and non-reinsurance recoveries
Net interest margin (NIM)	Net interest income divided by average interest earning assets (gross of offset accounts). NIM is the percentage difference between revenue earned on interest bearing assets (loans) minus the cost of interest bearing liabilities (funding) Going forward, the Bank will present the average balance sheet and net interest margin using a net of offset balance methodology, consistent with peer disclosures
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net profit after tax (NPAT)	Net profit after tax attributable to owners of Suncorp derived in accordance with Australian Accounting Standards
Net Stable Funding Ratio (NSFR)	The NSFR measures the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF is the amount of capital and liabilities that are expected to be a reliable source of funds over a 1-year time horizon. The amount of RSF is based on the liquidity characteristics and residual maturity of assets and off-balance sheet activities. The requirement to maintain an NSFR of at least 100% was introduced on 1 January 2018
Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
New Zealand function	Suncorp's New Zealand business distributes consumer, commercial and life insurance products through intermediaries and corporate partners as well as directly to customers via joint ventures
Operating functions	Suncorp has three operating functions - Insurance (Australia), Banking & Wealth and New Zealand. The operating functions are responsible for product design, manufacturing, claims management and end-to-end responsibility for the statutory entities within Suncorp Group
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Outstanding claims provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid
Past due loans	Loans outstanding for more than 90 days

Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Prescribed capital amount (PCA)	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk, operational risk, combined stress scenario and aggregation benefit as required by APRA
Profit after tax from functions	The profit after tax for the Insurance (Australia), Banking & Wealth and New Zealand functions
Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all, or a share of, certain claims incurred by the insurance company. For a detailed overview of Suncorp's reinsurance program, please refer to section 1.7.3 of the FY19 Investor Pack
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months
Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty
Underlying Insurance Trading Ratio (Underlying ITR)	The insurance trading ratio is adjusted for reported prior year reserve releases and natural hazards claims costs above/below long-run expectations, investment income mismatch and any abnormal expenses

FINANCIAL CALENDAR

Ordinary Shares (SUN)

Full year results and final dividend announcement	**7 August 2019**
Ex-dividend date	14 August 2019
Dividend payment	25 September 2019
Annual General Meeting	**26 September 2019**
Half year results and interim dividend announcement	**11 February 2020**
Ex-dividend date	19 February 2020
Dividend payment	31 March 2020

Floating Rate Capital Notes (SBKHB)

Ex-interest date	14 August 2019
Interest payment	30 August 2019
Ex-interest date	14 November 2019
Interest payment	2 December 2019
Ex-interest date	14 February 2020
Interest payment	3 March 2020
Ex-interest date	14 May 2020
Interest payment	1 June 2020

Convertible Preference Shares 3 (SUNPE)

Ex-dividend date	2 September 2019
Dividend payment	17 September 2019
Ex-dividend date	2 December 2019
Dividend payment	17 December 2019
Ex-dividend date	2 March 2020
Dividend payment	17 March 2020
Ex-dividend date	1 June 2020
Dividend payment	17 June 2020

Suncorp Capital Notes (SUNPF)

Ex-distribution date	2 September 2019
Distribution payment	17 September 2019
Ex-distribution date	2 December 2019
Distribution payment	17 December 2019
Ex-distribution date	2 March 2020
Distribution payment	17 March 2020
Ex-distribution date	1 June 2020
Distribution payment	17 June 2020

Suncorp Capital Notes 2 (SUNPG)

Ex-distribution date	2 September 2019
Distribution payment	17 September 2019
Ex-distribution date	2 December 2019
Distribution payment	17 December 2019
Ex-distribution date	2 March 2020
Distribution payment	17 March 2020
Ex-distribution date	1 June 2020
Distribution payment	17 June 2020

Note: All dates are subject to change.
Dates for SUNPE, SUNPF and SUNPG are subject to the ASX declaring Monday 8 June 2020 a non-business day.