



Suncorp Group Limited ABN 66 145 290 124

Financial results

for the full year ended
30 June 2013

One Company
Many Brands



Basis of preparation

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

The Group's net profit after tax (NPAT) is measured in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars rounded to the nearest million unless otherwise denoted. All figures relate to the full year ended 30 June 2013 and comparatives are for the full year ended 30 June 2012, unless otherwise stated. In financial summary tables, where there has been a percentage movement greater than 500% or (500%), this has been labelled "large". If a line item changes from negative to positive (or vice versa) between years, this has been labelled "n/a".

The Group's financial results are analysed by core business lines: General Insurance, Core Bank and Life.

The Non-core Bank is analysed on page 56 and the Consolidated Bank tables are disclosed at Appendix 8. Analysis of the Consolidated Bank is segregated into Core and Non-core to present an indicative view of relative performance. Following the resolution of the Non-core Bank during the year, future reports will show the Consolidated Bank. While every effort has been made to ensure the tables are accurate, necessary assumptions around the allocation of funding and expenses have been made.

Where necessary, comparatives have been restated to conform to changes in presentation in the current year. The reporting of collateral received on derivative asset positions and collateral posted on derivative liability positions has changed to better reflect the nature of the assets and liabilities and to be consistent with industry practice.

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

This report should be read in conjunction with the definitions in Appendix 9.

Disclaimer

This report contains general information which is current as at 21 August 2013. It is information given in summary form and does not purport to be complete.

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

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

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

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

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Financial results summary

- Group net profit after tax (NPAT) of \$491 million (FY12: \$724 million)
- Profit after tax from core business lines* of \$1,232 million (FY12: \$1,033 million)
- Full year ordinary dividend of 55 cents per share fully franked (FY12: 40 cents) and a special dividend of 20 cents per share fully franked (FY12: 15 cents)
- After payment of these dividends, the Group holds \$847 million of total capital in excess of operating targets
- Capital ratios have improved with the GI Group Prescribed Capital Amount (PCA) coverage at 1.96 times and Bank Total Capital Ratio 12.52% on a regulated entity basis
- General Insurance NPAT of \$883 million (FY12: \$493 million)
- Reported Insurance Trading Result of \$959 million representing an Insurance Trading Ratio (ITR) of 13.1% (FY12: 7.5%)
- Underlying ITR* of 13.5% (FY12: 12.1%)
- Adjusting for the impact of Fire Service Levies, Gross Written Premium (GWP) has increased 8.5%. Reported GWP is up 8.0% to \$8,589 million.
- Core Bank NPAT of \$289 million (FY12: \$289 million). Net interest margin (NIM) for the six months to 30 June 2013 of 1.89%
- Suncorp Life NPAT of \$60 million (FY12: \$251 million). Suncorp Life Embedded Value of \$2,569 million (FY12: \$2,604 million)
- Non-core Bank loss after tax of \$632 million (FY12: \$263 million)

Operational summary

- Annual growth of between 8% to 10% across Suncorp's core business lines
- Resolution of the Non-core Bank with a \$1.6 billion portfolio sale in June 2013
- Increased benefits from Simplification projects – expected to deliver \$225 million in annualised benefits in the 2015 financial year and \$265 million in the 2016 financial year
- Successful consolidation of General Insurance licences from five to one
- Policy systems consolidation on track with Suncorp Insurance moved onto the single policy and online system
- 4Cs strategic assets (Cost, Capital, Customer and Culture) to drive 10%+ Return on Equity (RoE) in the 2015 financial year
- Raised \$560 million in Basel III compliant Tier 1 convertible preference shares in November 2012 and \$770 million of subordinated debt in May 2013
- Additional protection for the 2014 reinsurance program with the inclusion of horizontal cover for third and fourth events
- Significantly increased employee engagement and enablement scores, well above financial services norms

* Refer Appendix 9 for definition of 'cash earnings' and 'profit after tax from core business lines' and Appendix 6 for Underlying ITR.

Result overview

Suncorp has delivered a full year after tax profit of \$491 million. This result includes an after tax loss of \$632 million for the Non-core Bank. Profit after tax for the core business lines was \$1,232 million, an increase of 19.3% over the prior year. The core business results have been achieved through strong top-line growth, maintained or growing margins and improved operational efficiencies.

The resolution of the Non-core Bank represents a significant milestone for Suncorp. The Non-core portfolio was originally established in 2009 with \$18 billion in corporate, development finance and property investment loans. Sale of the \$1.6 billion portfolio of assets in June 2013 brought to a close the separately reported Non-core Bank and resulted in an aggregate return of approximately 90 cents in the dollar on the original \$18 billion portfolio.

Suncorp and its stakeholders can now focus on the true value of the Group, comprising the General Insurance, Bank and Life businesses. These businesses are delivering:

- measured growth within risk appetite and target markets;
- improved or stable margins; and
- a strong focus on cost control.

Despite the impact of the Non-core loss, shareholders have received improved returns in the form of total dividends of 75 cents per share, an increase of 36% over the prior year, and an increase in Suncorp's share price of almost 50% over the 2013 financial year.

The financial performance of Suncorp confirms the successful implementation of the Group's transformation and strategy under the 'One Company. Many Brands' business model. Growth has been delivered across the Group, with:

- General Insurance GWP up 8.0% to \$8,589 million;
- Core Bank lending up 9.5% to \$47.5 billion; and
- Life Risk Individual In-force Premium up 8.7% to \$785 million.

Operational efficiencies and a focus on cost control ensure the Group's business lines are all delivering solid margins, with:

- General Insurance improving both its reported ITR (13.1%) and underlying ITR (13.5%);
- Core Bank delivering a net interest margin (NIM) of 1.89% for the past six months, above the targeted range of 1.75% to 1.85%; and
- Life's planned profit margins remaining stable at \$99 million.

General Insurance profit after tax was \$883 million. The key drivers were top-line growth, operational efficiencies and favourable investment movements.

GWP increased by 8.0% to \$8,589 million with all product lines achieving strong growth. Suncorp's Personal Insurance lines are benefiting from the Building Blocks pricing initiatives, in particular the improved risk selection from the General Insurance Pricing Engine (GIPE). In Home, GWP increased by 10.4%, offsetting increased reinsurance costs and natural hazard allowances. In Motor, GWP growth of 4.7% has been achieved through increased average premiums and net written units.

In Commercial Insurance, GWP increased by 8.4% with growth across all major product lines as a result of improved pricing and retention. Premium increases in the statutory classes of Compulsory Third Party and Workers Compensation have been achieved to offset the impact of falling bond yields.

The reported ITR increased to 13.1% and the underlying ITR increased to 13.5%, both well above Suncorp's commitment to 'meet or beat' an underlying ITR of 12%.

The **Core Bank** delivered an after tax profit of \$289 million. Asset growth of 9.5% was achieved across the Bank's segments of mortgages, agribusiness and commercial/SME lending. The NIM has improved over the course of the year while the retail deposit to loan ratio of 66.5% sits comfortably within the target range of 60% to 70%. The Suncorp Group's 'A+/A1' credit ratings provide access to diversity in wholesale

funding and provide a competitive advantage over the other regional banks. Credit quality remains sound with impairment losses within operating ranges.

Suncorp Life profit after tax was \$60 million. The result was significantly impacted by higher discount rates which resulted in an accounting loss after tax for market adjustments of \$60 million. The underlying profit after tax was \$120 million, down on the prior year due to negative experience against lapse assumptions and reduced Superannuation profit. Reported life individual risk new business sales were \$121 million, up 14.2%. Sales of life insurance through the Direct channel to the General Insurance customers have increased 16%, reinforcing the strategy of concentrating on growing this channel. The Embedded Value of Suncorp Life was slightly down at \$2,569 million despite the change in lapse assumptions and dividend distributions in 2013.

The **Non-core Bank** after tax loss was \$632 million. The Non-core Bank has now been resolved and will no longer be reported as a separate division.

The Group's balance sheet strengthened during the year and the Group's surplus capital position has enabled the Board to declare a **fully franked final dividend of 30 cents and a special dividend of 20 cents per share**. Total dividend payments for the full year was 75 cents per share, up 36%.

The Group has now established appropriate gearing levels for the lines of business and replaced maturing capital during the last 12 months. During the year, the Group issued Basel III compliant Convertible Preference Shares (\$560 million) and the first Basel III compliant subordinated debt (\$770 million) from an Australian Financial Institution.

After accounting for dividend payments, the Group's total capital position remains strong with \$847 million of additional capital held above the business line and Group operating targets. The quality of capital is demonstrated by the Group's Common Equity Tier I (CET1) being \$801 million above operating targets. The Group also has \$275 million of franking credits available after the payment of the declared dividends.

Outlook

The transformation of the Suncorp Group is evidenced in the strength of the balance sheet, reduced complexity of operations and the growth and performance of the core businesses. The resolution of the Non-core banking portfolio will ensure all stakeholders can now focus solely on the future operations of the Group.

Simplification initiatives will continue to deliver benefits ahead of plan, providing an additional \$225 million in cost savings in the 2015 financial year and \$265 million in the 2016 financial year.

Simplification provides the foundation for delivering the key market commitments of:

- Group growth of 7% to 9% per annum over the next two years;
- 'meet or beat' an underlying ITR of 12% through the cycle;
- Group RoE of at least 10% in the 2015 financial year;
- an ordinary dividend payout ratio of 60% to 80% of cash earnings; and
- continuing to return surplus capital.

These targets will help support the next stage in the evolution of the Suncorp Group. They will deliver real value for shareholders by demonstrating what the Group can achieve by capitalising on the 'One Company. Many Brands' business model and its strategic assets, known as the 4Cs – Cost, Capital, Customer and Culture.

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

- Cost - lowering the unit cost of procurement by leveraging the Group's scale, buying power and supplier relationships
- Capital - demonstrating a diversification benefit through improved risk-based capital modelling and ultimately a reduction in the quantum of capital held across the Group
- Customer - enhancing the value of 9 million customer connections by deepening their relationships with the Group brands

- Culture - operating as 'One Company. Many Brands. One Team' and positioning Suncorp as THE place to work in Australia and New Zealand.

In **General Insurance**, the Group's multi-brand strategy will allow it to pursue growth opportunities and maintain market share. The General Insurance business will continue to benefit from Simplification initiatives, supply chain management and the New Zealand transformation program. This will ensure the underlying ITR remains above 12% despite the impacts of low investment returns, a competitive market and historically high reinsurance costs. The Group will increase its allowance for natural hazard events to \$565 million for the 2014 financial year.

The **Bank** will continue to leverage its unique customer proposition, offering 'big bank' capability and 'small bank' customer service to drive growth through its low-risk target customer segment. Challenging operating conditions characterised by subdued consumer confidence, lower than average system credit growth and ongoing regulatory change are expected over the medium term.

Ongoing focus on transaction accounts and complete customer relationships ensures the Bank is well placed to respond to Basel III liquidity reforms.

As a result of the resolution of the Non-core portfolio, the Bank will focus on consolidating operations over the course of the 2014 financial year. Following the sale of the \$1.6 billion portfolio of Non-core assets, the Consolidated Bank will now include the residual portfolio of loans previously reported as part of the Non-core. Additional provisioning has been allocated against these loans with specific provision coverage in excess of 50%. The Bank expects the balance of these loans to be below \$100 million by June 2014.

As anticipated, the impact of residual Non-core funding costs and operating expenses will impact the Bank's reported NIM and cost to income ratios over the course of the 2014 financial year. The Non-core legacy funding position will be progressively unwound over the course of the year and this will mean that the Bank is likely to be below the target NIM range of 1.75% to 1.85% for the 2014 financial year. The Bank expects it will be operating within the target NIM range for the first half of 2015 financial year.

The Bank is also well placed to address legacy Non-core portfolio expenses and expects the cost to income ratio to be around 55% for the 2014 financial year reducing to around 53% in the second half. Further improvements will drive the ratio towards 50% by June 2015 – in line with the target outlined at the Group Investor Day.

Suncorp Life remains one of the key growth levers available for the Group. Life will maintain growth momentum by continuing to service the needs of the Group's customers through Direct channels and driving sustainable change in the Independent Financial Advisors (IFA) channel.

The Life Insurance industry faces a number of well publicised structural challenges and the prolonged period of economic uncertainty has impacted consumer confidence. Suncorp Life has reset its strategy and is well positioned to build a business for the future after early recognition of the structural challenges, adapting to the new regulatory environment and leveraging the opportunities for the Suncorp Group.

The **Group's** balance sheet strength over the last three years has protected it from external economic conditions and allowed the progressive run-off of the Non-core Bank. This significant de-risking removed a strain on the balance sheet and has placed the Group in a strong position to evaluate its capital needs going forward.

Suncorp is currently conducting risk-based capital modelling to more accurately determine the Group's surplus capital requirements. This modelling, combined with a simpler balance sheet, provides confidence that there will be a reduction in the overall level of capital held at the Group and the business lines. This review will be undertaken in a prudent and measured way in consultation with the Credit Rating Agencies and the Regulator. The Suncorp Board remains committed to returning to shareholders any capital that is considered surplus to the operational needs of the business.

Contribution to profit by division

	FULL YEAR ENDED		JUN-13
	JUN-13	JUN-12	vs JUN-12
	\$M	\$M	%
General Insurance			
Gross written premium	8,589	7,955	8.0
Net earned premium	7,298	6,804	7.3
Net incurred claims	(4,919)	(5,396)	(8.8)
Operating expenses	(1,753)	(1,615)	8.5
Investment income - insurance funds	333	718	(53.6)
Insurance trading result	959	511	87.7
Other income - managed schemes and joint venture	35	22	59.1
Investment income - shareholder funds	288	203	41.9
Capital funding	(33)	(66)	(50.0)
Profit before tax	1,249	670	86.4
Income tax	(366)	(177)	106.8
General Insurance profit after tax	883	493	79.1
Core Bank			
Net interest income	976	896	8.9
Net non-interest income	69	104	(33.7)
Operating expenses	(554)	(528)	4.9
Profit before impairment losses on loans and advances	491	472	4.0
Impairment losses on loans and advances	(64)	(41)	56.1
Core Bank profit before tax	427	431	(0.9)
Income tax	(138)	(142)	(2.8)
Total Core Bank profit after tax	289	289	-
Life			
Underlying profit after tax	120	146	(17.8)
Market adjustments after tax	(60)	105	n/a
Life profit after tax	60	251	(76.1)
Profit after tax from core business lines	1,232	1,033	19.3
Non-core Bank			
Net interest income	10	32	(68.8)
Net non-interest income	(9)	36	n/a
Operating expenses	(65)	(69)	(5.8)
Profit (loss) before losses on loans and advances	(64)	(1)	large
Losses on loans and advances	(838)	(391)	114.3
Non-core Bank loss before tax	(902)	(392)	130.1
Income tax	270	129	109.3
Total Non-core Bank loss after tax	(632)	(263)	140.3
Other profit (loss) before tax ⁽¹⁾	(12)	54	n/a
Income tax	(12)	(5)	140.0
Other profit (loss) after tax	(24)	49	n/a
Non-core Bank and Other loss after tax	(656)	(214)	206.5
Cash earnings	576	819	(29.7)
Acquisition amortisation			
Acquisition amortisation loss before tax	(111)	(127)	(12.6)
Income tax ⁽²⁾	26	32	(18.8)
Loss on acquisition amortisation	(85)	(95)	(10.5)
Net profit after tax	491	724	(32.2)

⁽¹⁾ 'Other' includes investment income on capital held at the Group level, consolidation adjustments, non-controlling interests, Brisbane property consolidation and external interest expense.

⁽²⁾ Includes \$1 million tax credit associated with Tyndall and New Zealand Guardian Trust (NZGT) in the half year to 31 December 2011.

Contribution to profit by division

	HALF YEAR ENDED				JUN-13	JUN-13
	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	\$M	\$M	%	%
General Insurance						
Gross written premium	4,364	4,225	4,100	3,855	3.3	6.4
Net earned premium	3,697	3,601	3,445	3,359	2.7	7.3
Net incurred claims	(2,614)	(2,305)	(2,576)	(2,820)	13.4	1.5
Operating expenses	(871)	(882)	(832)	(783)	(1.2)	4.7
Investment income - insurance funds	78	255	345	373	(69.4)	(77.4)
Insurance trading result	290	669	382	129	(56.7)	(24.1)
Other income - managed schemes and joint venture	38	(3)	14	8	n/a	171.4
Investment income - shareholder funds	128	160	77	126	(20.0)	66.2
Capital funding	(9)	(24)	(29)	(37)	(62.5)	(69.0)
Profit before tax	447	802	444	226	(44.3)	0.7
Income tax	(128)	(238)	(113)	(64)	(46.2)	13.3
General Insurance profit after tax	319	564	331	162	(43.4)	(3.6)
Core Bank						
Net interest income	506	470	455	441	7.7	11.2
Net non-interest income	21	48	46	58	(56.3)	(54.3)
Operating expenses	(281)	(273)	(270)	(258)	2.9	4.1
Profit before impairment losses on loans and advances	246	245	231	241	0.4	6.5
Impairment losses on loans and advances	(32)	(32)	(32)	(9)	-	-
Core Bank profit before tax	214	213	199	232	0.5	7.5
Income tax	(69)	(69)	(66)	(76)	-	4.5
Total Core Bank profit after tax	145	144	133	156	0.7	9.0
Life						
Underlying profit after tax	59	61	77	69	(3.3)	(23.4)
Market adjustments after tax	(50)	(10)	41	64	400.0	n/a
Life profit after tax	9	51	118	133	(82.4)	(92.4)
Profit after tax from core business lines	473	759	582	451	(37.7)	(18.7)
Non-core Bank						
Net interest income	(4)	14	4	28	n/a	n/a
Net non-interest income	(8)	(1)	1	35	large	n/a
Operating expenses	(35)	(30)	(36)	(33)	16.7	(2.8)
Profit (loss) before losses on loans and advances	(47)	(17)	(31)	30	176.5	51.6
Losses on loans and advances	(655)	(183)	(267)	(124)	257.9	145.3
Non-core Bank loss before tax	(702)	(200)	(298)	(94)	251.0	135.6
Income tax	210	60	89	40	250.0	136.0
Total Non-core Bank loss after tax	(492)	(140)	(209)	(54)	251.4	135.4
Other profit (loss) before tax ⁽¹⁾	(19)	7	10	44	n/a	n/a
Income tax	(2)	(10)	-	(5)	(80.0)	n/a
Other profit (loss) after tax	(21)	(3)	10	39	large	n/a
Non-core Bank and Other loss after tax	(513)	(143)	(199)	(15)	258.7	157.8
Cash earnings	(40)	616	383	436	n/a	n/a
Acquisition amortisation						
Acquisition amortisation loss before tax	(55)	(56)	(63)	(64)	(1.8)	(12.7)
Income tax ⁽²⁾	12	14	15	17	(14.3)	(20.0)
Loss on acquisition amortisation	(43)	(42)	(48)	(47)	2.4	(10.4)
Net profit (loss) after tax	(83)	574	335	389	n/a	n/a

⁽¹⁾ 'Other' includes investment income on capital held at the Group level, consolidation adjustments, non-controlling interests, Brisbane property consolidation and external interest expense.

⁽²⁾ Includes \$1 million tax credit associated with Tyndall and New Zealand Guardian Trust (NZGT) in the half year to 31 December 2011.

Statement of financial position

	JUN-13	DEC-12	JUN-12	DEC-11	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	\$M	%	%
Assets						
Cash and cash equivalents	1,394	595	866	1,231	134.3	61.0
Receivables due from other banks	1,460	1,031	2,044	2,423	41.6	(28.6)
Trading securities	3,462	4,077	4,787	3,641	(15.1)	(27.7)
Derivatives	627	382	393	291	64.1	59.5
Investment securities	26,183	24,046	24,881	24,775	8.9	5.2
Banking loans, advances and other receivables	47,999	48,756	47,290	45,475	(1.6)	1.5
General Insurance assets	7,158	6,862	7,688	7,247	4.3	(6.9)
Life assets	666	624	721	586	6.7	(7.6)
Property, plant and equipment	212	209	216	230	1.4	(1.9)
Deferred tax assets	87	69	181	94	26.1	(51.9)
Other assets	512	617	731	717	(17.0)	(30.0)
Goodwill and intangible assets	6,168	6,207	6,264	6,295	(0.6)	(1.5)
Total assets	95,928	93,475	96,062	93,005	2.6	(0.1)
Liabilities						
Deposits and short-term borrowings	43,547	41,046	40,685	38,771	6.1	7.0
Derivatives	1,039	1,331	2,406	2,105	(21.9)	(56.8)
Payables due to other banks	213	46	64	29	363.0	232.8
Payables and other liabilities	2,478	1,832	2,602	1,752	35.3	(4.8)
Current tax liabilities	2	102	51	7	(98.0)	(96.1)
General Insurance liabilities	14,496	14,351	14,835	14,956	1.0	(2.3)
Life liabilities	5,869	5,678	5,786	5,770	3.4	1.4
Managed funds units on issue	8	-	1	365	n/a	large
Securitisation liabilities	4,777	4,305	3,800	4,313	11.0	25.7
Debt issues	7,291	8,206	9,569	8,676	(11.2)	(23.8)
Subordinated notes	1,646	978	1,374	1,368	68.3	19.8
Preference shares	579	1,311	762	760	(55.8)	(24.0)
Total liabilities	81,945	79,186	81,935	78,872	3.5	0.0
Net assets	13,983	14,289	14,127	14,133	(2.1)	(1.0)
Equity						
Share capital	12,682	12,677	12,672	12,665	0.0	0.1
Reserves	40	(38)	(55)	36	n/a	n/a
Retained profits	1,245	1,636	1,493	1,420	(23.9)	(16.6)
Total equity attributable to owners of the Company	13,967	14,275	14,110	14,121	(2.2)	(1.0)
Non-controlling interests	16	14	17	12	14.3	(5.9)
Total equity	13,983	14,289	14,127	14,133	(2.1)	(1.0)

Ratios and statistics

		FULL YEAR ENDED		JUN-13
		JUN-13	JUN-12	vs JUN-12
				%
Performance ratios				
Earnings per share ⁽¹⁾				
Basic	(cents)	38.42	56.68	(32.2)
Diluted	(cents)	38.42	55.74	(31.1)
Cash earnings per share ⁽²⁾				
Basic	(cents)	45.08	64.11	(29.7)
Diluted	(cents)	45.08	62.66	(28.1)
Return on average shareholders' equity ⁽¹⁾	(%)	3.5	5.2	
Cash return on average shareholders' equity ⁽²⁾	(%)	4.1	5.8	
Return on average total assets	(%)	0.51	0.76	
Insurance trading ratio	(%)	13.1	7.5	
Underlying insurance trading ratio	(%)	13.5	12.1	
Core Bank net interest margin (interest-earning assets)	(%)	1.86	1.91	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	55.0	40.0	37.5
Special dividends per ordinary share	(cents)	20.0	15.0	33.3
Payout ratio (excluding special dividend) ⁽²⁾				
Net profit after tax	(%)	143.2	70.6	
Cash earnings	(%)	122.0	62.4	
Payout ratio (including special dividend) ⁽²⁾				
Net profit after tax	(%)	195.2	97.1	
Cash earnings	(%)	166.4	85.8	
Weighted average number of shares				
Basic	(million)	1,277.9	1,277.4	0.0
Diluted	(million)	1,277.9	1,371.4	(6.8)
Number of shares at end of period	(million)	1,278.2	1,277.6	0.0
Net tangible asset backing per share	(\$)	6.11	6.15	(0.7)
Share price at end of period	(\$)	11.92	8.09	47.3
Productivity				
General Insurance expense ratio	(%)	24.0	23.7	
Core Bank cost to income ratio	(%)	53.0	52.8	
Financial position				
Total assets	(\$ million)	95,928	96,062	(0.1)
Net tangible assets	(\$ million)	7,815	7,863	(0.6)
Net assets	(\$ million)	13,983	14,127	(1.0)
Capital ⁽³⁾				
General Insurance Group PCA/MCR coverage	(times)	1.96	1.61	
Bank capital adequacy ratio - Total	(%)	12.61	12.73	
Bank Common Equity Tier 1 ratio	(%)	7.68	7.37	
Suncorp Life total capital	(\$ million)	752	2,014	(62.7)
Additional capital held by Suncorp Group Limited	(\$ million)	224	468	(52.1)

⁽¹⁾ Refer Appendix 2 for details of earnings per share and return on average shareholders' equity calculations. Refer to Appendix 9 for definitions.

⁽²⁾ Refer to Appendix 9 for definitions.

⁽³⁾ On 1 January 2013, APRA implemented Life and General Insurance Capital (LAGIC) and Bank Basel III capital regulatory changes which are reflected in the June-13 capital position. Comparative periods have not been restated. The LAGIC changes have caused a material reduction in the calculation of Suncorp Life target and actual capital.

Ratios and statistics

		HALF YEAR ENDED				JUN-13	JUN-13
		JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
						%	%
Performance ratios							
Earnings per share ⁽¹⁾							
Basic	(cents)	(6.49)	44.93	26.22	30.45	n/a	n/a
Diluted	(cents)	(6.49)	43.37	25.84	30.03	n/a	n/a
Cash earnings per share ⁽²⁾							
Basic	(cents)	(3.13)	48.21	29.98	34.13	n/a	n/a
Diluted	(cents)	(3.13)	46.42	29.34	33.47	n/a	n/a
Return on average shareholders' equity ⁽¹⁾	(%)	(1.2)	8.0	4.8	5.5		
Cash return on average shareholders' equity ⁽²⁾	(%)	(0.6)	8.6	5.5	6.2		
Return on average total assets	(%)	(0.18)	1.20	0.71	0.82		
Insurance trading ratio	(%)	7.8	18.6	11.1	3.8		
Underlying insurance trading ratio	(%)	13.6	13.4	13.1	11.1		
Core Bank net interest margin (interest-earning assets)	(%)	1.89	1.83	1.90	1.92		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	30.0	25.0	20.0	20.0	20.0	50.0
Special dividends per ordinary share	(cents)	20.0	-	15.0	-	-	33.3
Payout ratio (excluding special dividend) ⁽²⁾							
Net profit after tax	(%)	n/a	55.7	76.3	65.7		
Cash earnings	(%)	n/a	51.9	66.7	58.6		
Payout ratio (including special dividend) ⁽²⁾							
Net profit after tax	(%)	n/a	55.7	133.5	65.7		
Cash earnings	(%)	n/a	51.9	116.8	58.6		
Weighted average number of shares							
Basic	(million)	1,278.1	1,277.6	1,277.4	1,277.4	0.0	0.1
Diluted	(million)	1,278.1	1,374.2	1,371.4	1,365.3	(7.0)	(6.8)
Number of shares at end of period	(million)	1,278.2	1,278.0	1,277.6	1,277.4	0.0	0.0
Net tangible asset backing per share	(\$)	6.11	6.32	6.15	6.14	(3.3)	(0.7)
Share price at end of period	(\$)	11.92	10.17	8.09	8.38	17.2	47.3
Productivity							
General Insurance expense ratio	(%)	23.6	24.5	24.2	23.3		
Core Bank cost to income ratio	(%)	53.3	52.7	53.9	51.7		
Financial position							
Total assets	(\$ million)	95,928	93,475	96,062	93,005	2.6	(0.1)
Net tangible assets	(\$ million)	7,815	8,082	7,863	7,838	(3.3)	(0.6)
Net assets	(\$ million)	13,983	14,289	14,127	14,133	(2.1)	(1.0)
Capital ⁽³⁾							
General Insurance Group PCA/MCR coverage	(times)	1.96	1.70	1.61	1.69		
Bank capital adequacy ratio - Total	(%)	12.61	12.60	12.73	13.24		
Bank Common Equity Tier 1 ratio	(%)	7.68	7.61	7.37	7.63		
Suncorp Life total capital	(\$ million)	752	2,054	2,014	1,890	(63.4)	(62.7)
Additional capital held by Suncorp Group Limited	(\$ million)	224	776	468	633	(71.1)	(52.1)

⁽¹⁾ Refer Appendix 2 for details of earnings per share and return on average shareholders' equity calculations. Refer to Appendix 9 for definitions.

⁽²⁾ Refer to Appendix 9 for definitions.

⁽³⁾ On 1 January 2013, APRA implemented Life and General Insurance Capital (LAGIC) and Bank Basel III capital regulatory changes which are reflected in the June-13 capital position. Comparative periods have not been restated. The LAGIC changes have caused a material reduction in the calculation of Suncorp Life target and actual capital.

Group Capital

The capital management strategy of the Suncorp Group is to optimise shareholder value by managing the level, mix and use of capital resources at both Group and regulated entity levels. The main objectives are to ensure there are sufficient capital resources to maintain and grow the business and meet the operational requirements. The Group's capital policy ensures that each regulated entity is separately capitalised to meet internal and external requirements. The Non-Operating Holding Company (NOHC), Suncorp Group Limited, also holds capital in respect of the corporate service companies and a portion of the Group's target capital in respect of the General Insurance and Life Insurance businesses.

A range of instruments and methodologies are used to effectively manage capital including share issues, reinsurance, dividend policies and Tier 1 hybrid and Tier 2 subordinated note issues. Suncorp and its insurance and banking entities are subject to, and are in compliance with, externally imposed capital requirements set and monitored by APRA, the prudential regulator of the Australian financial services industry. New Zealand subsidiaries are regulated by the Reserve Bank of New Zealand.

The capital policy is reviewed regularly and, where appropriate, adjustments are made to internal capital targets to reflect changes in economic conditions and risk characteristics of the Group's business activities. Given the changes introduced from LAGIC and Basel III, capital targets have been reviewed and are now structured according to both the business line regulatory framework (which now includes minimum CET1 and Tier 1 requirements for General Insurance and Life) and to APRA's draft standards for the supervision of Conglomerates.

For regulatory purposes, capital is classified as follows:

- CET1 comprises accounting equity plus adjustments for intangible assets and regulatory reserves;
- Tier 1 Capital comprises CET1 plus Additional Tier 1 Capital such as certain hybrid securities with 'equity-like' qualities;
- Tier 2 Capital comprises certain securities recognised as Tier 2 Capital; and
- The sum of Tier 1 Capital and Tier 2 Capital is called Total Capital.

The strongest and most loss absorbent form of capital is CET1, followed by Additional Tier 1 Capital and then by Tier 2 Capital.

At the start of the year, there were a number of aspects regarding capital that required finalisation, including:

- the ongoing impact of the Non-core Bank;
- the re-financing of \$1.3 billion of Tier 1 and Tier 2 capital instruments;
- the finalisation of APRA's implementation of Basel III and LAGIC; and
- the impact of APRA's proposed supervision of Conglomerates.

Over the course of the year, a number of capital initiatives and external market events have shaped the capital position of the Group. These included:

- redemption of \$575 million of subordinated debt in October 2012;
- issuance of \$560 million of Basel III compliant, Tier 1 convertible preference shares (CPS2) in November 2012;
- issuance of \$770 million of Basel III compliant, Tier 2 subordinated debt in May 2013;
- redemption of \$735 million of convertible preference shares (CPS1) in June 2013;
- resolution of the Non-core bank;
- APRA's implementation of Basel III and LAGIC;
- payment of a fully franked interim dividend of 25 cents per share in April 2013;
- declaring a fully franked final dividend of 30 cents per share representing a full year ordinary payout ratio of 122% of cash earnings (58% when adjusted for the Non-core Bank disposal);
- declaring a fully franked special dividend of 20 cents per share; and
- maintaining a zero discount on the Dividend Reinvestment Plan (DRP) and neutralising the dilution impact by purchasing the shares on-market.

The execution of the initiatives above has ensured that the Group's capital position remains strong. At 30 June 2013:

- the General Insurance Group Total capital position was 1.96 times the PCA;
- the Bank's Capital Adequacy Ratio (CAR) was 12.61%; and
- Suncorp Life's excess capital position was \$300 million.

In addition, reinsurance is a key part of the Group's capital strategy. Following the finalisation of the Group's 2013/14 reinsurance program, the Group does not expect any capital impact from APRA's change to the calculation of the Insurance Concentration Risk Charge.

Total capital position at 30 June 2013

The table below is a summary of the total capital position at 30 June 2013. It shows a post-dividend excess to target of \$847 million (30 June 2012: \$792m). Detailed tables are shown in Appendix 3

	GENERAL INSURANCE \$M	BANKING \$M	LIFE \$M	SGL, CORP SERVICES & CONSOL \$M	TOTAL \$M
Total capital base	4,157	3,875	752	224	9,008
Target capital base	3,078	3,840	452	148	7,518
Additional capital to target	1,079	35	300	76	1,490
Group Dividend					643
Additional capital to target (ex dividend)					847

Common equity capital position at 30 June 2013

In addition to the existing targets for total capital, the Group has fully embedded CET1 targets across its businesses. These targets underpin the Group's commitment to achieve a Return on Equity of more than 10% for the 2015 financial year. The CET1 targets are:

- General Insurance CET1 coverage ratio of 1.10 times PCA
- Banking CET1 ratio of 8%. The Bank is currently working towards an 8% CET1 ratio at September 2013 with the ongoing run-off of the Non-core bank; and
- Life Insurance CET1 target being an amount equal to the sum of PCA plus a target surplus buffer.

The table below shows the excess CET1 position at 30 June 2013 adjusted for the following:

1. The Non-core portfolio sale of \$940 million settled on 31 July. This sale represents a reduction in Risk Weighted Assets for the Bank of \$159 million and associated Deferred Tax of \$13 million.
2. The reduction of the Life CET1 target due to the transfer of approximately \$100 million of subordinated debt; and
3. Payment of internal dividends and the external dividend of \$643 million.

	GENERAL INSURANCE \$M	BANKING \$M	LIFE \$M	SGL, CORP SERVICES & CONSOL \$M	TOTAL \$M
Common Equity Tier 1	3,079	2,373	468	190	6,110
CET1 Target	2,335	2,445	352	177	5,309
Excess CET1 to Target	744	(72)	116	13	801

The CET1 excess to operating targets is \$801 million. This is comparable to the total capital excess of \$847 million and demonstrates that almost all of Suncorp's excess capital is represented by shareholder equity. The Group remains committed to returning excess capital to shareholders in a prudent and measured way that balances the needs of all stakeholders. This will take into account items such as:

- finalisation of APRA's standards for the supervision of Conglomerates;
- ongoing economic and natural hazard instability;
- utilising risk-based capital modelling to quantify the diversification benefit across the Group;
- ongoing optimisation of the Group's gearing of its balance sheet; and
- ongoing impact of APRA's rules regarding the Group's transitional capital instruments.

Dividends

The final dividend of 30 cents per share and the special dividend of 20 cents per share will be paid on 1 October 2013. The dividends are fully franked and will reduce the Group's franking credit position. The ex-dividend date is 26 August 2013 and the record date for determining entitlements to the dividends is 30 August 2013.

	HALF YEAR ENDED		JUN-12 \$M
	JUN-13 \$M	DEC-12 \$M	
Franking credits			
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	275	576	559

Income tax

	JUN-13 \$M	JUN-12 \$M	JUN-13 vs JUN-12 %
Profit before income tax expense	766	963	(20.5)
Income tax using the domestic corporation tax rate of 30%	230	289	(20.4)
Effect of tax rates in foreign jurisdictions	(4)	(1)	300.0
Increase in income tax expense due to:			
Non-assessable income	(3)	(9)	(66.7)
Non-deductible expenses	21	17	23.5
Imputation gross-up on dividends received	4	2	100.0
Statutory funds	21	(10)	n/a
Income tax offsets and credits	(14)	(9)	55.6
Amortisation of acquisition intangible assets	7	7	-
Other	11	(20)	n/a
	273	266	2.6
Over provision in prior years	(3)	(31)	(90.3)
Income tax expense on pre-tax net profit	270	235	14.9
Effective tax rate	35.2%	24.4%	
Income tax expense (benefit) by business unit			
General Insurance	366	177	106.8
Banking	(132)	13	n/a
Life	50	72	(30.6)
Other	(14)	(27)	(48.1)
Total income tax expense	270	235	14.9

The effective tax rate of 35.2% is primarily due to the following adjustments:

- the life insurance statutory funds adjustment resulted in a \$21 million income tax debit; and
- non-deductible interest paid on the convertible preference shares of \$19 million.

General Insurance

Basis of preparation

Financial information in this section includes the impact of both Fire Service Levies (FSL) and discount rate movements. These impacts are eliminated in the General Insurance profit contribution table in Appendix 7. Appendices 4 to 7 contain supplementary General Insurance tables.

Result overview

General Insurance achieved an after tax profit of \$883 million for the year to 30 June 2013.

The Insurance Trading Result (ITR) was \$959 million, representing an ITR ratio of 13.1%. The result was driven by top-line growth, operational efficiencies and favourable investment movements.

On an underlying basis, the ITR ratio has increased to 13.5%, from 12.1%. This reflects ongoing benefits from the delivery of the Building Blocks program and a continued focus on margin improvement.

Gross written premium (GWP) increased 8% to \$8,589 million. After removing the impact of FSL, GWP increased 8.5%.

Personal lines experienced growth across both home (10.4%) and motor (4.7%), with pricing capability continuing to drive improved risk selection with combined units remaining stable.

Commercial lines increased 8.4%, with growth across all major products as a result of improved pricing and retention.

CTP increased 8.5% driven by unit growth, favourable retention across all brands and an average rate increase in both NSW and Queensland in response to the low yield environment.

Net incurred claims were \$4,919 million, with the loss ratio reducing to 67.4% (FY12: 79.3%). Current year loss ratios benefited from improved working claims frequency and an increase in discount rates. Natural hazard claims were \$183 million lower than the prior year, with experience \$75 million above long run allowances. Reserve releases of \$105 million were broadly in line with long run expectations.

The total operating expense ratio increased marginally to 24%, from 23.7%. This includes the accelerated investment in Simplification projects which will generate future expense benefits. Excluding the impact of FSL the expense ratio has remained stable at 20.5%.

Investment income on insurance funds decreased to \$333 million, largely reflecting the low yield environment. The impact of lower investment income on insurance funds is partially offset by discounting movements on the outstanding claims provisions.

Investment income on Shareholder Funds increased 41.9% to \$288 million, driven by a return on equity assets of \$127 million. The remaining direct property assets were disposed of during the year with the sale of the Health and Forestry House buildings.

Capital funding expense has decreased to \$33 million from \$66 million as a result of the run-off of the Group's legacy funding arrangements.

Profit contribution

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		JUN-13	
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12				
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%				
Gross written premium	8,589	7,955	8.0	4,364	4,225	4,100	3,855	3.3	6.4				
Gross unearned premium movement	(265)	(371)	(28.6)	(139)	(126)	(243)	(128)	10.3	(42.8)				
Gross earned premium	8,324	7,584	9.8	4,225	4,099	3,857	3,727	3.1	9.5				
Outwards reinsurance expense	(1,026)	(780)	31.5	(528)	(498)	(412)	(368)	6.0	28.2				
Net earned premium	7,298	6,804	7.3	3,697	3,601	3,445	3,359	2.7	7.3				
Net incurred claims													
Claims expense	(6,264)	(7,122)	(12.0)	(3,334)	(2,930)	(3,251)	(3,871)	13.8	2.6				
Reinsurance and other recoveries revenue	1,345	1,726	(22.1)	720	625	675	1,051	15.2	6.7				
	(4,919)	(5,396)	(8.8)	(2,614)	(2,305)	(2,576)	(2,820)	13.4	1.5				
Total operating expenses													
Acquisition expenses	(936)	(903)	3.7	(443)	(493)	(469)	(434)	(10.1)	(5.5)				
Other underwriting expenses	(817)	(712)	14.7	(428)	(389)	(363)	(349)	10.0	17.9				
	(1,753)	(1,615)	8.5	(871)	(882)	(832)	(783)	(1.2)	4.7				
Underwriting result	626	(207)	n/a	212	414	37	(244)	(48.8)	473.0				
Investment income - insurance funds	333	718	(53.6)	78	255	345	373	(69.4)	(77.4)				
Insurance trading result	959	511	87.7	290	669	382	129	(56.7)	(24.1)				
Managed schemes net contribution	25	13	92.3	29	(4)	11	2	n/a	163.6				
Joint venture and other income	10	9	11.1	9	1	3	6	large	200.0				
General Insurance operational earnings	994	533	86.5	328	666	396	137	(50.8)	(17.2)				
Investment income - shareholder funds	288	203	41.9	128	160	77	126	(20.0)	66.2				
General Insurance profit before tax and capital funding	1,282	736	74.2	456	826	473	263	(44.8)	(3.6)				
Capital funding ⁽¹⁾	(33)	(66)	(50.0)	(9)	(24)	(29)	(37)	(62.5)	(69.0)				
General Insurance profit before tax	1,249	670	86.4	447	802	444	226	(44.3)	0.7				
Income tax	(366)	(177)	106.8	(128)	(238)	(113)	(64)	(46.2)	13.3				
General Insurance profit after tax	883	493	79.1	319	564	331	162	(43.4)	(3.6)				

⁽¹⁾ Includes interest expense on subordinated notes

General insurance ratios

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-13	JUN-12	JUN-13	DEC-12	JUN-12	DEC-11
	%	%	%	%	%	%
Acquisition expenses ratio	12.8	13.3	12.0	13.7	13.6	12.9
Other underwriting expenses ratio	11.2	10.4	11.6	10.8	10.6	10.4
Total operating expenses ratio	24.0	23.7	23.6	24.5	24.2	23.3
Loss ratio	67.4	79.3	70.7	64.0	74.8	84.0
Combined operating ratio	91.4	103.0	94.3	88.5	99.0	107.3
Insurance trading ratio	13.1	7.5	7.8	18.6	11.1	3.8

Statement of assets and liabilities

	JUN-13	DEC-12	JUN-12	DEC-11	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	\$M	%	%
Assets						
Cash and cash equivalents	146	94	113	88	55.3	29.2
Investment securities	12,305	11,825	11,477	11,098	4.1	7.2
Derivatives	39	44	50	40	(11.4)	(22.0)
Loans, advances and other receivables	2,537	2,351	2,521	2,055	7.9	0.6
Reinsurance and other recoveries	3,082	3,252	3,656	4,159	(5.2)	(15.7)
Deferred insurance assets	1,539	1,259	1,511	1,033	22.2	1.9
Investments in associates and joint ventures	57	56	60	57	1.8	(5.0)
Due from Group entities	-	28	128	222	(100.0)	(100.0)
Investment property	-	75	127	126	(100.0)	(100.0)
Property, plant and equipment	34	27	24	20	25.9	41.7
Other assets	119	121	136	178	(1.7)	(12.5)
Goodwill and intangible assets	5,145	5,177	5,216	5,256	(0.6)	(1.4)
Total assets	25,003	24,309	25,019	24,332	2.9	(0.1)
Liabilities						
Payables and other liabilities	1,202	742	1,308	685	62.0	(8.1)
Derivatives	116	130	124	110	(10.8)	(6.5)
Due to Group entities	269	-	-	-	n/a	n/a
Deferred tax liabilities	112	142	132	126	(21.1)	(15.2)
Employee benefit obligations	133	131	149	101	1.5	(10.7)
Unearned premium liabilities	4,524	4,360	4,226	3,972	3.8	7.1
Outstanding claims liabilities	9,972	9,991	10,609	10,984	(0.2)	(6.0)
Other financial liabilities	-	-	15	15	n/a	(100.0)
Subordinated notes	720	711	708	698	1.3	1.7
Total liabilities	17,048	16,207	17,271	16,691	5.2	(1.3)
Net assets	7,955	8,102	7,748	7,641	(1.8)	2.7

The General Insurance balance sheet has remained relatively stable with net assets of \$7,955 million, an increase of \$207 million on June 2012. The increase in net assets is represented by the increase in shareholder funds investment assets.

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

Gross written premium (GWP)

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Gross written premium by product												
Australia												
Motor	2,584	2,481	4.2	1,318	1,266	1,275	1,206	4.1	3.4			
Home	2,252	2,055	9.6	1,116	1,136	1,062	993	(1.8)	5.1			
Commercial	1,523	1,418	7.4	749	774	714	704	(3.2)	4.9			
Compulsory third party	978	901	8.5	511	467	469	432	9.4	9.0			
Workers' Compensation and Other	308	269	14.5	190	118	163	106	61.0	16.6			
	7,645	7,124	7.3	3,884	3,761	3,683	3,441	3.3	5.5			
New Zealand												
Motor	180	159	13.2	95	85	81	78	11.8	17.3			
Home	246	207	18.8	130	116	107	100	12.1	21.5			
Commercial	464	415	11.8	227	237	201	214	(4.2)	12.9			
Other	54	50	8.0	28	26	28	22	7.7	-			
	944	831	13.6	480	464	417	414	3.4	15.1			
Total												
Motor	2,764	2,640	4.7	1,413	1,351	1,356	1,284	4.6	4.2			
Home	2,498	2,262	10.4	1,246	1,252	1,169	1,093	(0.5)	6.6			
Commercial	1,987	1,833	8.4	976	1,011	915	918	(3.5)	6.7			
Compulsory third party	978	901	8.5	511	467	469	432	9.4	9.0			
Workers' Compensation and Other	362	319	13.5	218	144	191	128	51.4	14.1			
	8,589	7,955	8.0	4,364	4,225	4,100	3,855	3.3	6.4			

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Gross written premium by geography												
Queensland	2,177	2,068	5.3	1,106	1,071	1,064	1,004	3.3	3.9			
New South Wales	2,627	2,427	8.2	1,321	1,306	1,238	1,189	1.1	6.7			
Victoria	1,725	1,635	5.5	851	874	845	790	(2.6)	0.7			
Western Australia	605	520	16.3	333	272	280	240	22.4	18.9			
South Australia	270	246	9.8	142	128	129	117	10.9	10.1			
Tasmania	133	124	7.3	73	60	67	57	21.7	9.0			
Other	108	104	3.8	58	50	60	44	16.0	(3.3)			
Total Australia	7,645	7,124	7.3	3,884	3,761	3,683	3,441	3.3	5.5			
New Zealand	944	831	13.6	480	464	417	414	3.4	15.1			
Total	8,589	7,955	8.0	4,364	4,225	4,100	3,855	3.3	6.4			

Gross written premium (GWP) (continued)

Motor

Motor GWP increased by 4.7% to \$2,764 million.

Australian Motor GWP increased by 4.2% to \$2,584 million, with an increase in net written units of 1.9%. Unit growth was achieved despite increasing competition in the Australian motor insurance market.

The continued investment in underwriting and pricing capabilities has improved risk selection and portfolio profitability.

Retention remains strong. Improved customer claims experience, such as customer satisfaction from Capital SMART repairs, as well as successful marketing campaigns and sales initiatives continue to underpin retention rates. Unit growth was particularly evident in Bingle, Apia and AAMI.

New Zealand Motor GWP increased 13.2% to \$180 million, due to new business growth particularly through AAI.

Home

Home GWP increased by 10.4% to \$2,498 million. Adjusting for the FSL impact, GWP increased 11.9%.

In Australia, GWP growth of 9.6% largely reflects increases in natural hazard and reinsurance costs, as well as increases in sums insured. Average written premiums increased 12.2% over the year, with a reduction in net written units of 2.6% as Suncorp continues to improve risk selection, particularly in the Queensland market.

Both AAMI and Apia have experienced growth in units following successful marketing campaigns.

New Zealand Home GWP increased by 18.8% to \$246 million, due to new business growth, particularly through the ANZ Bank channel as well as rate increases to recover higher reinsurance costs.

Commercial Insurance

Commercial Insurance GWP increased by 8.4% to \$1,987 million. Adjusting for the FSL impact, GWP increased 9.2%.

Australian Commercial Insurance increased by 7.4% to \$1,523 million, and 8.4% excluding the impact of FSL. Premium rates have increased an average of 4% due to natural hazard and reinsurance costs and low investment yields.

Retention rates were favourable despite a highly competitive market. This was due to an increase in broker and customer satisfaction from Simplification and claims management improvements, designed to make it easier to do business with Suncorp.

Commercial Insurance has a multi-channel distribution strategy which has delivered growth across all channels. Strategic relationships with brokers continued to strengthen while direct offerings appeal to a growing number of micro and smaller SME business owners, who are increasingly researching and purchasing insurance online.

New Zealand Commercial Insurance increased 11.8% to \$464 million as a result of rate increases to more accurately reflect risk.

Compulsory Third Party (CTP)

CTP GWP increased 8.5% to \$978 million with a 3.6% increase in net written units.

Suncorp is the largest CTP insurance provider in Australia. In Queensland, Suncorp continues to maintain close to 50% market share.

In New South Wales, Suncorp is the second largest CTP provider through the GIO and AAMI brands, achieving an average 5% rate increase over the period. The success of consistent CTP NSW marketing campaigns and competitive headline rates has resulted in an increase in market share.

Workers' Compensation and Other

Workers' Compensation and Other increased 13.5% to \$362 million.

Workers' Compensation GWP increased 18.3% to \$285 million, driven by continued flow-on effects from economic activity in Western Australia.

Other GWP income remained steady at \$77 million.

Reinsurance expense

Outwards reinsurance expense for the year was \$1,026 million, an increase of \$246 million on the prior year. This increase is primarily due to the purchase of the Queensland Home Quota Share Treaty and exposure growth in property classes.

Suncorp has a significant share of the Queensland home insurance market and to reduce its geographical concentration, the Group entered into a 30%, multi-year, proportional quota share arrangement covering this portfolio. The Quota Share Treaty reduces Suncorp's net claims costs and operating expenses for this portfolio. In addition, the upper limit on Suncorp's main property catastrophe program, which covers the Group's Home, Motor and Commercial Property portfolios for major events such as earthquakes, cyclones, storms, floods and bushfires was reduced in the 2013 financial year.

For the 2014 financial year, as a result of exposure growth and an increase in sums insured, the upper limit on Suncorp's main catastrophe program will increase to \$5.8 billion from \$5.3 billion.

The maximum event retention remains at \$250 million. Horizontal cover has been purchased to reduce this retention to \$200 million for a second Australian event and to \$50 million for third and fourth events. Additional cover of \$250 million in excess of \$250 million was purchased for third and fourth events. Suncorp's insurance concentration risk charge will be \$250 million under the current and new APRA requirements effective 1 January 2014.

Consistent with last year, multi-year cover remains in place to reduce the first event retention for New Zealand risks to NZ\$50 million and the second and third event retentions to NZ\$25 million.

Reinsurance security has been maintained for the 2014 financial year program, with over 85% of long-tail and short-tail business protected by reinsurers rated 'A+' or better.

The table below shows risk retention for the Suncorp Group, which remains unchanged:

	MAXIMUM SINGLE RISK RETENTION JUN-13 \$M	MAXIMUM EVENT RISK RETENTION JUN-13 \$M
Property	10	250
General liability	10	10
Global liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	10	250
Professional indemnity	5	5
Travel & personal accident	5	5
Marine	3	3

Net incurred claims

Net incurred claims costs decreased 8.8% to \$4,919 million. In the 2013 financial year there has been a benefit of \$126 million due to higher discount rates compared to a \$439 million increase in claims costs due to the fall in discount rates in the 2012 financial year.

Natural hazard event costs were \$595 million, \$75 million above long run allowances. Major natural hazard events for the year can be seen in the table below:

DATE	EVENT	NET COSTS
		\$M
Nov 2012	QLD storms	35
Dec 2012	Tamworth hail	23
Jan 2013	Tasmanian fires	28
Jan 2013	Cyclone Oswald	250
Feb 2013	NSW floods	28
Mar 2013	Victorian tornado	12
	Other natural hazards attritional claims	219
Total		595
Less: allowance for natural hazards		(520)
Natural hazards costs above allowance		75

Working claims have benefited from lower frequencies due to continued focus on risk selection and higher excesses. Benefits from the Building Blocks program in motor claims and savings in the procurement of household contents and building services continue to keep increases in claims costs below underlying inflation.

The valuation of outstanding claims resulted in central estimate releases of \$105 million for the full year. This was broadly in line with the Group's long run expectation of reserve releases of 1.5% of net earned premiums.

Risk margins

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

Risk margins decreased \$24 million during the year to \$982 million from \$1,006 million. The assets notionally backing risk margins had a zero net return due to the impacts of a risk free mark to market losses. The \$24 million impact is excluded in the underlying ITR calculation shown in Appendix 6.

Outstanding claims provisions over time

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

	HALF YEAR ENDED				JUN-13	JUN-13
	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	\$M	\$M	%	%
Gross outstanding claims liabilities	9,972	9,991	10,609	10,984	(0.2)	(6.0)
Reinsurance and other recoveries	(3,082)	(3,252)	(3,656)	(4,159)	(5.2)	(15.7)
Net outstanding claims liabilities	6,890	6,739	6,953	6,825	2.2	(0.9)
Expected future claims payments and claims handling expenses	6,651	6,416	6,556	6,560	3.7	1.4
Discount to present value	(743)	(666)	(609)	(767)	11.6	22.0
Risk margin	982	989	1,006	1,032	(0.7)	(2.4)
Net outstanding claims liabilities	6,890	6,739	6,953	6,825	2.2	(0.9)
Short-tail						
Australia short-tail and other	1,107	1,038	1,226	1,175	6.6	(9.7)
New Zealand	101	79	77	69	27.8	31.2
Long-tail						
Australia long-tail	5,503	5,468	5,494	5,435	0.6	0.2
New Zealand	179	154	156	146	16.2	14.7
Total	6,890	6,739	6,953	6,825	2.2	(0.9)

Outstanding claims provision breakdown

The valuation of outstanding claims resulted in central estimate releases of \$105 million, compared to the Group's long-run expectation for reserve releases of \$109 million (1.5% of net earned premium).

Long-tail claims reserve releases in Australia of \$135 million were primarily attributable to favourable claims experience and claims management initiatives.

	ACTUAL	NET CENTRAL ESTIMATE (DISCOUNTED)	RISK MARGIN (90TH PERCENTILE DISCOUNTED)	CHANGE IN NET CENTRAL ESTIMATE ⁽¹⁾
	\$M	\$M	\$M	\$M
Short-tail				
Australian short-tail and other	1,107	1,010	97	14
New Zealand	101	89	12	3
Long-tail				
Australia long-tail	5,503	4,662	841	(135)
New Zealand	179	147	32	13
Total	6,890	5,908	982	(105)

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

Operating expenses

Total operating expenses have increased to \$1,753 million from \$1,615 million. This increase is due to the impact of top-line volume growth, higher FSL as well as investment in Simplification projects that will benefit the cost base in future periods. The FSL expense for the year increased \$51 million. The Liability Adequacy Test (LAT) resulted in a benefit of \$21 million. Total operating expense ratio excluding FSL and LAT has remained broadly flat year on year.

Acquisition costs were \$936 million, with the acquisition expense ratio decreasing to 12.8% from 13.3% in the prior year. The increase in gross commissions due to GWP growth has been offset by increased reinsurance exchange commission relating to the Queensland Quota Share arrangement. The net impact of LAT is a \$21 million reversal of a prior year reduction in deferred acquisition costs, compared to the prior year net reversal of \$14 million. The impact of the LAT charge is removed from the underlying ITR calculation in Appendix 6.

Other underwriting expenses have increased to \$817 million. This includes FSL increasing to \$323 million from \$272 million in the prior year.

Total costs of the Simplification program were \$94 million for the year; of which \$85 million are included in other underwriting expenses and the remaining \$9 million is included in claims handling expenses. The Simplification program includes Single Licence and Legacy System consolidation. The costs relating to the Simplification projects are identified separately in the underlying ITR calculation. Refer to Appendix 6.

Managed schemes

Managed Fund schemes income is attributable to Suncorp's Australian Commercial Insurance business administering various Governments' Workers' Compensation schemes across Australia. This business performed strongly generating \$25 million net profit before tax. The Commercial Insurance strategy of delivering market leading claims service has generated improved returns from these schemes.

Joint venture and other income

The Group participates in a joint venture with the motoring club in Tasmania. Joint venture and other income was \$10 million, an increase of \$1 million on the prior year.

Investment income

	FULL YEAR ENDED			JUN-13	HALF YEAR ENDED			JUN-13	JUN-13
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	2	2	-	1	1	-	2	-	n/a
Interest-bearing securities and other	331	716	(53.8)	77	254	345	371	(69.7)	(77.7)
Total	333	718	(53.6)	78	255	345	373	(69.4)	(77.4)
Investment income on shareholder funds									
Cash and short-term deposits	2	15	(86.7)	1	1	4	11	-	(75.0)
Interest-bearing securities	182	204	(10.8)	77	105	96	108	(26.7)	(19.8)
Equities	127	(16)	n/a	49	78	(16)	-	(37.2)	n/a
Property	(23)	-	n/a	1	(24)	(7)	7	n/a	n/a
Total	288	203	41.9	128	160	77	126	(20.0)	66.2
Total investment income	621	921	(32.6)	206	415	422	499	(50.4)	(51.2)

Total investment income of \$621 million resulted in a total return of 5.0% for the year, compared to 7.9% for the prior period.

Over the year, local equity markets rose, credit spreads narrowed, longer duration risk-free yields increased while shorter duration risk-free yields and cash rates declined. For the year to 30 June 2013, the Australian cash rate fell 75 basis points to 2.75% while the yield on 3-year Government Bonds increased 34 basis points to 2.75%.

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

Investment income on Insurance Funds

Total investment income on Insurance Funds was \$333 million, down from \$718 million. This result comprises:

- underlying yield income of \$354 million or 4.2%, down from 5.2% reflecting lower shorter duration risk-free rates and narrower credit spreads;
- mark-to-market losses of \$158 million from increases in longer duration risk-free rates;
- mark-to-market gains of \$114 million from a narrowing of credit spreads; and
- outperformance of \$23 million from inflation linked bonds relative to Commonwealth government nominal bonds.

Investment income on insurance funds is reported as part of the ITR as are changes in the value of outstanding claims. During the period an increase in risk-free rates reduced the value of outstanding claims, producing an accounting gain of \$127 million. This gain offset the \$158 million of mark-to-market losses on investment assets referred to above. The net loss from risk-free rate changes of \$31 million is attributable to mark-to-market losses on assets backing unearned premiums (which are not discounted).

In calculating the underlying ITR at Appendix 6, an investment income adjustment of \$102 million has been made to materially remove the impact of investment market volatility comprising:

- the \$114 million gain from the narrowing of credit spreads;
- the \$23 million gain from inflation linked bond outperformance;
- the \$31 million loss from changes in the risk free rates referred to above; and
- the \$4 million loss from the unwind of the prior period risk free rate changes.

Investment income on Shareholder Funds

The total investment income on Shareholder Funds was \$288 million, up from \$203 million last year, with the following components contributing:

- Cash and Interest-bearing securities contributed \$184 million. The Australian underlying yield income was \$114 million; a yield of 4.8%, with mark-to-market gains from narrowing credit spreads of \$93 million offset by risk-free mark-to-market losses of \$37 million. New Zealand had a net return of \$14 million;
- International and domestic equities recorded a gain of \$127 million due to stock market advances (\$120 million and \$7 million for Australia and New Zealand, respectively); and
- Property contributed a loss of \$23 million. All direct holdings in property assets have been sold during the year.

Investment assets

	JUN-13	DEC-12	JUN-12	DEC-11	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	\$M	%	%
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	97	46	87	128	110.9	11.5
Inflation-linked securities	1,580	1,618	1,615	1,569	(2.3)	(2.2)
Interest-bearing securities and other	7,420	6,803	6,959	6,425	9.1	6.6
Total	9,097	8,467	8,661	8,122	7.4	5.0
Shareholder funds						
Cash and short-term deposits	118	97	163	416	21.6	(27.6)
Interest-bearing securities	2,538	2,669	2,133	2,532	(4.9)	19.0
Equities	689	699	654	68	(1.4)	5.4
Property	-	75	74	70	(100.0)	(100.0)
Total	3,345	3,540	3,024	3,086	(5.5)	10.6

The Australian insurance funds are generally managed against a uniform benchmark allocation of 40% Australian investment grade credit, 20% inflation-linked bonds, 20% Commonwealth Government bonds and 20% Semi-Government bonds.

The Australian shareholder funds portfolio is managed against a benchmark consisting of an 80% allocation to Australian and International investment grade credit and 20% Australian and International equities. All foreign currency and foreign interest rate risk on international exposures is hedged. This allows the portfolio to gain exposure to foreign credit and equity markets providing additional diversification and income opportunities.

Credit ratings for General Insurance fixed interest investments

	HALF YEAR ENDED			
AVERAGE	JUN-13	DEC-12	JUN-12	DEC-11
	%	%	%	%
AAA	46.9	48.1	49.5	49.6
AA	32.5	30.7	32.9	35.3
A	18.1	19.5	16.3	14.0
BBB	2.5	1.7	1.3	1.1
	100.0	100.0	100.0	100.0

Personal Lines Australia

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	\$M	\$M	\$M	%	%
Gross written premium	4,860	4,564	6.5	2,446	2,414	2,351	2,213	1.3	4.0			
Net earned premium	4,225	4,073	3.7	2,131	2,094	2,069	2,004	1.8	3.0			
Net incurred claims	(2,883)	(3,136)	(8.1)	(1,569)	(1,314)	(1,545)	(1,591)	19.4	1.6			
Acquisition expenses	(466)	(468)	(0.4)	(231)	(235)	(228)	(240)	(1.7)	1.3			
Other underwriting expenses	(440)	(384)	14.6	(228)	(212)	(199)	(185)	7.5	14.6			
Total operating expenses	(906)	(852)	6.3	(459)	(447)	(427)	(425)	2.7	7.5			
Underwriting result	436	85	412.9	103	333	97	(12)	(69.1)	6.2			
Investment income - insurance funds	99	64	54.7	32	67	47	17	(52.2)	(31.9)			
Insurance trading result	535	149	259.1	135	400	144	5	(66.3)	(6.3)			
	%	%		%	%	%	%					
Ratios												
Acquisition expenses ratio	11.0	11.5		10.8	11.2	11.0	12.0					
Other underwriting expenses ratio	10.4	9.4		10.7	10.1	9.6	9.2					
Total operating expenses ratio	21.4	20.9		21.5	21.3	20.6	21.2					
Loss ratio	68.2	77.0		73.6	62.8	74.7	79.4					
Combined operating ratio	89.7	97.9		95.2	84.1	95.3	100.6					
Insurance trading ratio	12.7	3.7		6.3	19.1	7.0	0.2					

Result overview

Australian Personal Insurance delivered an insurance trading result of \$535 million due to top-line growth, margin improvement, lower natural hazard costs and continued expense discipline.

The business remains focused on the execution of the Simplification strategy, improved risk selection and claims performance. Excluding the impact of FSL the total operating expense ratio reduced to 17.1% from 17.2%.

In Motor claims, lower frequencies from the improved risk mix and benefits from the roll out of SMART operations helped contain motor repair costs and improve the customer experience.

The Home portfolio continues to experience reductions in working claims frequency due to risk selection and changes in customer behaviours to increase excesses.

Natural hazard experience has improved on the prior year, however, remain above long term allowances largely as a result of the impact of Cyclone Oswald on Queensland and New South Wales.

The move to a single policy system is well underway, with the successful migration of the SUN brand during the period, with other mass market brands to follow next financial year.

Outlook

The Australian Personal Insurance business will target continued margin improvement by utilising its scale and undertaking further simplification and supply chain initiatives.

Consolidation of legacy policy systems and removing inefficiencies in the Home and Motor supply chain will give Suncorp a significant cost advantage over its competitors and further improve customer experience.

Personal Insurance is well positioned to deliver on its guidance of 6% to 8% GWP growth by utilising its portfolio of leading brands and leveraging its scale. New marketing strategies and campaigns backed by an increased focus on customer loyalty will ensure market share is maintained.

The Home portfolio will continue to improve its risk selection while working with governments to improve Australia's natural disaster resilience.

In Motor, Suncorp will continue to extract benefits from its SMART and Q-Plus joint venture initiatives, continue to investigate opportunities in parts supply and focus its product and pricing offering towards the retention of profitable customers.

Commercial Lines Australia

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Gross written premium	2,785	2,560	8.8	1,438	1,347	1,332	1,228	6.8	8.0
Net earned premium	2,388	2,174	9.8	1,204	1,184	1,093	1,081	1.7	10.2
Net incurred claims	(1,654)	(1,876)	(11.8)	(840)	(814)	(846)	(1,030)	3.2	(0.7)
Acquisition expenses	(292)	(316)	(7.6)	(121)	(171)	(167)	(149)	(29.2)	(27.5)
Other underwriting expenses	(313)	(280)	11.8	(165)	(148)	(139)	(141)	11.5	18.7
Total operating expenses	(605)	(596)	1.5	(286)	(319)	(306)	(290)	(10.3)	(6.5)
Underwriting result	129	(298)	n/a	78	51	(59)	(239)	52.9	n/a
Investment income - insurance funds	221	642	(65.6)	40	181	292	350	(77.9)	(86.3)
Insurance trading result	350	344	1.7	118	232	233	111	(49.1)	(49.4)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	12.2	14.5		10.0	14.4	15.3	13.8		
Other underwriting expenses ratio	13.1	12.9		13.8	12.5	12.7	13.0		
Total operating expenses ratio	25.3	27.4		23.8	26.9	28.0	26.8		
Loss ratio	69.3	86.3		69.8	68.8	77.4	95.3		
Combined operating ratio	94.6	113.7		93.5	95.7	105.4	122.1		
Insurance trading ratio	14.7	15.8		9.8	19.6	21.3	10.3		

Result overview

The Australian Commercial Insurance business contributed an ITR of \$350 million, an increase of 1.7%. Strong top-line growth combined with underwriting excellence, expense discipline and short term gains from mark-to-market improvements, contributed to the overall result.

Strong and sustainable GWP growth is underpinned by the strategic positioning as a multi brand, multi-channel commercial insurer with a diverse and resilient portfolio.

The loss ratio has improved from 86.3% to 69.3%, mainly due to the impact of yield movements on outstanding claims as well as continued underlying claims performance. Risk selection and proactive claims management will continue to support Suncorp's market-leading claims proposition.

The total expense ratio reduced to 25.3% from 27.4%. Commercial Insurance is making significant progress with its Simplification initiatives designed to remove complexity and reduce costs.

Outlook

Commercial Insurance is capitalising on its strong market position with its well progressed simplification program allowing the business to further focus on customers to enable growth. The market will remain fragmented and competitive, although rational pricing is expected to continue and support further growth. At the top end of the market, emerging additional capacity is likely to result in increased competition.

The personal injury market is currently undergoing significant reform. With the progression of the National Disability Insurance Scheme and consideration of National Injury Insurance Scheme arrangements, there is an opportunity to engage with governments and regulators on scheme design. This environment and broader Federal policy are likely to drive greater harmonisation across personal injury classes and schemes, as well as greater certainty of earnings.

Commercial Insurance began offering CTP cover in the ACT from July 2013. This will provide further profitable growth while expanding Commercial Insurance's personal injury market presence.

Following continued collaboration with the Regulator, the QLD CTP ceiling price will increase by \$7 from 1 October 2013. Suncorp will continue to work with regulators to ensure the viability of the scheme.

Overall, Suncorp Commercial Insurance's momentum is strong, with the business targeting growth of 3%-4% above system while contributing to the Group's guidance to meet or beat an underlying margin of 12%.

New Zealand

This table is shown in A\$. It is shown in NZ\$ in Appendix 5.

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Gross written premium	944	831	13.6	480	464	417	414	3.4	15.1			
Net earned premium	685	557	23.0	362	323	283	274	12.1	27.9			
Net incurred claims	(382)	(384)	(0.5)	(205)	(177)	(185)	(199)	15.8	10.8			
Acquisition expenses	(178)	(119)	49.6	(91)	(87)	(74)	(45)	4.6	23.0			
Other underwriting expenses	(64)	(48)	33.3	(35)	(29)	(25)	(23)	20.7	40.0			
Total operating expenses	(242)	(167)	44.9	(126)	(116)	(99)	(68)	8.6	27.3			
Underwriting result	61	6	large	31	30	(1)	7	3.3	n/a			
Investment income - insurance funds	13	12	8.3	6	7	6	6	(14.3)	-			
Insurance trading result	74	18	311.1	37	37	5	13	-	large			
	%	%		%	%	%	%					
Ratios												
Acquisition expenses ratio	26.0	21.4		25.1	26.9	26.1	16.4					
Other underwriting expenses ratio	9.3	8.6		9.7	9.0	8.8	8.4					
Total operating expenses ratio	35.3	30.0		34.8	35.9	34.9	24.8					
Loss ratio	55.8	68.9		56.6	54.8	65.4	72.6					
Combined operating ratio	91.1	98.9		91.4	90.7	100.3	97.4					
Insurance trading ratio	10.8	3.2		10.2	11.5	1.8	4.7					

Result overview

New Zealand contributed a \$74 million ITR. GWP growth of 13.6% was achieved through all distribution channels for both personal and commercial lines. Growth was mainly achieved through rate increases in response to higher reinsurance costs and new business growth in personal lines.

Excluding the impact of LAT, total operating expenses ratio improved to 35.3% from 36.2%.

Improvements in working and large losses were offset by a \$16 million full year impact due to a marginal deterioration in the estimate of ultimate claims costs for the February 2011 earthquake and natural hazard experience \$11 million above expectations.

Outlook

The New Zealand economy continues to recover. Consumer and business confidence is growing with both personal and commercial investment increasing and there is steady growth in Canterbury as a result of the earthquake recovery work.

Following the consolidation of the general insurance industry as a result of the Canterbury earthquakes and new prudential regulation, the outlook is positive for the remaining general insurers.

Vero New Zealand is well advanced in its strategic review and is on track to significantly improve risk assessment, pricing, cost control and customer centric claims management.

The Group will maintain its active role in advocating to the Government the regulatory changes required for a sustainable general insurance industry in New Zealand. Completion of earthquake claims will also remain a priority.

New Zealand is committed to meet or beat New Zealand system growth and is well placed to achieve its target of a net profit after tax of at least NZ\$100 million over the medium term.

New Zealand will continue to contribute to the Group's commitment to 'meet or beat' 12% underlying ITR.

Core Bank

Result overview

The Core Bank delivered a net profit after tax of \$289 million. The second half net profit after tax of \$145 million was a 9% increase from the prior corresponding period. This result was delivered in difficult operating conditions and record low credit growth.

The Core Bank provides a unique proposition to customers by offering big bank operational excellence and small bank service. The Bank's focus remains the low-risk middle Australia target customer segment.

Interstate expansion of the retail footprint and a complimentary focus on customer acquisition through intermediated channels are delivering results. Investment in online and mobile channels will ensure the Bank's distribution network remains relevant, keeping pace with consumer demand.

Net interest income increased 8.9% as targeted lending growth volumes were met across Retail, Commercial and Agribusiness portfolios. The Core Bank's net interest margin was 1.86% for the full year and improved to 1.89% for the second half. Both are above the target range of 1.75% to 1.85%.

Lending growth of 9.5% was supported by solid growth in customer deposits which resulted in the bank maintaining its loan to deposit ratio comfortably within its target range at 66.5%. The Bank is gaining traction in interstate markets with transaction account balance growth in excess of 50% outside of Queensland, albeit from a low base. An ongoing focus on transaction account and complete customer acquisition ensures the Bank is well placed to respond to Basel III liquidity reforms.

Demonstrating the strength of the core franchise, less than 5.0% of the lending portfolio is funded through short term wholesale markets. The Bank's funding position is further strengthened by access to a wide range of wholesale funding markets and a proven ability to successfully execute covered bond and senior domestic debt transactions.

Operating expenses increased by 4.9% year over year, while the cost to income ratio remained steady at 53.0% compared with 52.8% in the 2012 financial year. The Bank will drive further improvement in productivity over the medium term through investment in the service delivery model and operational excellence programs.

Bad debt charges were \$64 million. In line with expectation, credit impairment losses for the full year increased to 26 basis points (bps) of risk weighted assets and 13bps of gross loans and advances. The increase is consistent with industry experience and at these levels are within the Bank's operating range. There are no systemic issues evident in the Core portfolio.

Outlook

Challenging operating conditions characterised by subdued consumer confidence, lower than average system credit growth and ongoing regulatory change are expected in the near term. Competition remains intense on both sides of the balance sheet as industry participants strive to maintain and improve their market share. Increased demand for high quality, stable retail deposits will persist ahead of the introduction of Basel III liquidity reforms.

As a result of the Non-core portfolio sale and successful run-off of the residual loans, the Bank will focus on consolidating the portfolios over the next twelve months into a single Bank view. The residual portfolio will be managed as part of the Core Bank's lending portfolio and disclosed as Corporate and Property Finance in the Bank Receivables table. Additional provisioning has been allocated against these loans with specific provision coverage in excess of 50%.

As previously disclosed, there are various stranded components to the Non-core portfolio resolution. These include residual funding transactions and stranded operating costs that will impact the Bank's reported NIM and Cost to Income ratio over the course of 2014.

The allocated Non-core long term funding of \$2.3 billion at 30 June 2013 was reduced by \$1.1 billion in July 2013 after a buyback of the government guaranteed offshore issuance. Legacy funding transactions of \$1.1 billion will be progressively unwound during 2014. This will mean that the Bank is likely to be below the target NIM range of 1.75% to 1.85% for the 2014 financial year. The Bank expects to be within its targeted NIM range by for the first half of the 2015 financial year.

The Bank is well placed to reduce the stranded operating expenses over the 2014 financial year. The Bank expects the cost to income to be around 55% for the 2014 financial year reducing to around 53% in the second half.

The Bank remains well placed to perform in the challenging environment. With a clearly defined strategy underpinned by competitive strengths in our customer value proposition, the Bank's operating targets for the medium term are:

- sustainable lending growth of 7% to 10% through measured expansion within acceptable risk parameters in core housing, SME and agribusiness markets, supported by strong conversion of new customers to 'complete' customers
- maintenance of a retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its A+/A1 credit rating to raise diverse wholesale funding
- NIM of 1.75% to 1.85% underpinned by pricing discipline
- ongoing investment in strategic capability and efficiency programs to drive the cost to income ratio towards sub 50%; and
- return on CET1 of 12% to 15%.

Profit Contribution

	FULL YEAR ENDED			JUN-13	HALF YEAR ENDED			JUN-13	JUN-13
	JUN-13	JUN-12	vs JUN-12		DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Net interest income	976	896	8.9	506	470	455	441	7.7	11.2
Net non-interest income									
Net banking fee income	70	84	(16.7)	34	36	43	41	(5.6)	(20.9)
MTM on financial instruments	(6)	15	n/a	(14)	8	1	14	n/a	n/a
Other income	5	5	-	1	4	2	3	(75.0)	(50.0)
Total net non-interest income	69	104	(33.7)	21	48	46	58	(56.3)	(54.3)
Total income	1,045	1,000	4.5	527	518	501	499	1.7	5.2
Operating expenses	(554)	(528)	4.9	(281)	(273)	(270)	(258)	2.9	4.1
Profit before impairment losses on loans and advances	491	472	4.0	246	245	231	241	0.4	6.5
Impairment losses on loans and advances	(64)	(41)	56.1	(32)	(32)	(32)	(9)	-	-
Core Bank profit before tax	427	431	(0.9)	214	213	199	232	0.5	7.5
Income tax	(138)	(142)	(2.8)	(69)	(69)	(66)	(76)	-	4.5
Core Bank profit after tax	289	289	-	145	144	133	156	0.7	9.0

Ratios and statistics

	FULL YEAR ENDED		HALF YEAR ENDED		JUN-12
	JUN-13	JUN-12	JUN-13	DEC-12	
	%	%	%	%	%
Net interest margin (interest-earning assets)	1.86	1.91	1.89	1.83	1.90
Net interest margin (lending assets)	2.15	2.19	2.19	2.10	2.18
Cost to income ratio	53.0	52.8	53.3	52.7	53.9
Impairment losses to gross loans and advances	0.13	0.09	0.14	0.14	0.15
Impairment losses to credit risk-weighted assets	0.26	0.18	0.26	0.27	0.28
Deposit to core loan ratio	66.5	68.9	66.5	65.9	68.9

Loans, advances and other receivables

	JUN-13	DEC-12	JUN-12	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	%	%
Housing loans	29,399	28,614	27,639	2.7	6.4
Securitised housing loans and covered bonds	7,759	7,349	6,316	5.6	22.8
Total housing loans	37,158	35,963	33,955	3.3	9.4
Consumer loans	463	464	482	(0.2)	(3.9)
Retail loans	37,621	36,427	34,437	3.3	9.2
Commercial (SME)	5,531	5,297	5,063	4.4	9.2
Agribusiness	4,311	4,039	3,856	6.7	11.8
Business loans	9,842	9,336	8,919	5.4	10.3
Total lending	47,463	45,763	43,356	3.7	9.5
Other receivables	57	51	-	11.8	n/a
Gross banking loans, advances and other receivables	47,520	45,814	43,356	3.7	9.6
Provision for impairment	(136)	(124)	(129)	9.7	5.4
Loans, advances and other receivables	47,384	45,690	43,227	3.7	9.6
Credit risk-weighted assets	24,459	23,349	22,606	4.8	8.2

Total Lending

Total lending receivables, including securitised assets, increased 9.6% to \$47.4 billion. The result is consistent with the Bank's objective to deliver sustainable year on year growth of 7%-10%.

Retail Loans

The Core Bank is pursuing a clearly defined growth strategy underpinned by robust risk management processes and quality product and customer service propositions.

Home lending benefited from investments in channel and geographic expansion to deliver growth of 9.4%. Growth appetite is underpinned by credit quality and margin management.

The intermediated channel remains integral to the Bank's growth and customer acquisition strategy. A key focus for the Bank is the conversion of broker introduced customers to "complete customers". A complete customer is one who holds three or more Group products, two of which are Bank products. Over 50% of customers introduced via the intermediated channel have a transaction relationship with the Bank within three months. In excess of 20% of broker introduced customers have transitioned to "complete customer" status.

Retail lending growth accounted for a 0.2% rise in market share nationally to 3.1% over the period. Market share increased to 9.3% in Queensland and 1.7% interstate.

Interstate expansion has improved retail lending diversification outside of Queensland. The interstate portfolio has grown 50% over the past three years and now accounts for 43% of total retail lending.

Commercial (SME)

The Bank's Commercial (SME) portfolio increased 9.2% to \$5.5 billion. The growth reflects an increased share in low risk areas of new business within Health, Self-Managed Super Funds and Franchise lending sectors. The portfolio's geographic concentration and sector diversity remains relatively unchanged. The Bank's leading position in terms of SME customer satisfaction has supported the Suncorp brand in this segment.

Agribusiness

The Agribusiness portfolio increased 11.8% to \$4.3 billion, underpinning growth in market share across Queensland and New South Wales. New business was of desired credit quality and was sourced from a number of rural sectors, assisting in portfolio diversification. Growth was achieved by leveraging recent investment in capability and the Bank's long heritage and strength of brand in the Agribusiness sector.

The short term outlook for Agribusiness is mixed. Rural incomes remain under pressure across sectors impacted by dry seasonal conditions and low prices. Other rural industries indicate improving conditions, specifically for Dairy and Cotton. Grain in particular has a positive outlook with the Bank achieving solid growth in this sector over the year.

The Bank remains well positioned to withstand the cyclical nature of the industry and achieve long term profitable growth. The portfolio is well-diversified across sector with less than 30% concentration in Beef and Grain/Mixed Farming respectively. Geographically, 35% of the portfolio is outside the Queensland market, with South Australia, New South Wales and Western Australia all growing their respective contributions. The portfolio has an average exposure of less than \$3.5 million.

Core Bank funding composition

	JUN-13 \$M	DEC-12 \$M	JUN-12 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Retail funding					
<i>Retail deposits</i>					
Transaction	6,335	6,269	5,764	1.1	9.9
Investment	4,639	4,329	3,826	7.2	21.2
Term deposits	16,599	15,486	15,316	7.2	8.4
Core retail deposits	27,573	26,084	24,906	5.7	10.7
Retail treasury deposits	3,981	4,061	4,985	(2.0)	(20.1)
Total retail funding	31,554	30,145	29,891	4.7	5.6
Wholesale funding					
<i>Domestic funding sources</i>					
Short-term wholesale	6,382	6,327	6,050	0.9	5.5
Long-term wholesale	1,562	2,047	940	(23.7)	66.2
Covered bonds	2,196	2,195	1,598	0.0	37.4
Subordinated notes	831	145	138	473.1	large
Reset preference shares	30	26	25	15.4	20.0
Convertible preference shares	-	626	594	(100.0)	(100.0)
	11,001	11,366	9,345	(3.2)	17.7
<i>Overseas funding sources ⁽¹⁾</i>					
Short-term wholesale	3,183	2,649	2,844	20.2	11.9
Long-term wholesale	1,226	1,073	1,101	14.3	11.4
Subordinated notes	-	83	403	(100.0)	(100.0)
	4,409	3,805	4,348	15.9	1.4
Total wholesale funding (excluding securitisation)	15,410	15,171	13,693	1.6	12.5
Total funding (excluding securitisation)	46,964	45,316	43,584	3.6	7.8
Securitised funding					
APS 120 qualifying ⁽²⁾	3,733	3,552	2,936	5.1	27.1
APS 120 non-qualifying	1,069	774	903	38.1	18.4
Total securitised funding	4,802	4,326	3,839	11.0	25.1
Total funding (including securitisation)	51,766	49,642	47,423	4.3	9.2
Total funding is represented on the balance sheet by:					
Deposits	31,554	30,145	29,891	4.7	5.6
Short-term borrowings	9,565	8,976	8,894	6.6	7.5
Securitisation liabilities	4,802	4,326	3,839	11.0	25.1
Bonds, notes and long-term borrowings	4,984	5,315	3,639	(6.2)	37.0
Subordinated notes	831	228	541	264.5	53.6
Preference shares	30	652	619	(95.4)	(95.2)
Total	51,766	49,642	47,423	4.3	9.2
Deposit to core loan ratio	66.5%	65.9%	68.9%		

⁽¹⁾ Foreign currency borrowings are hedged back into Australian dollars

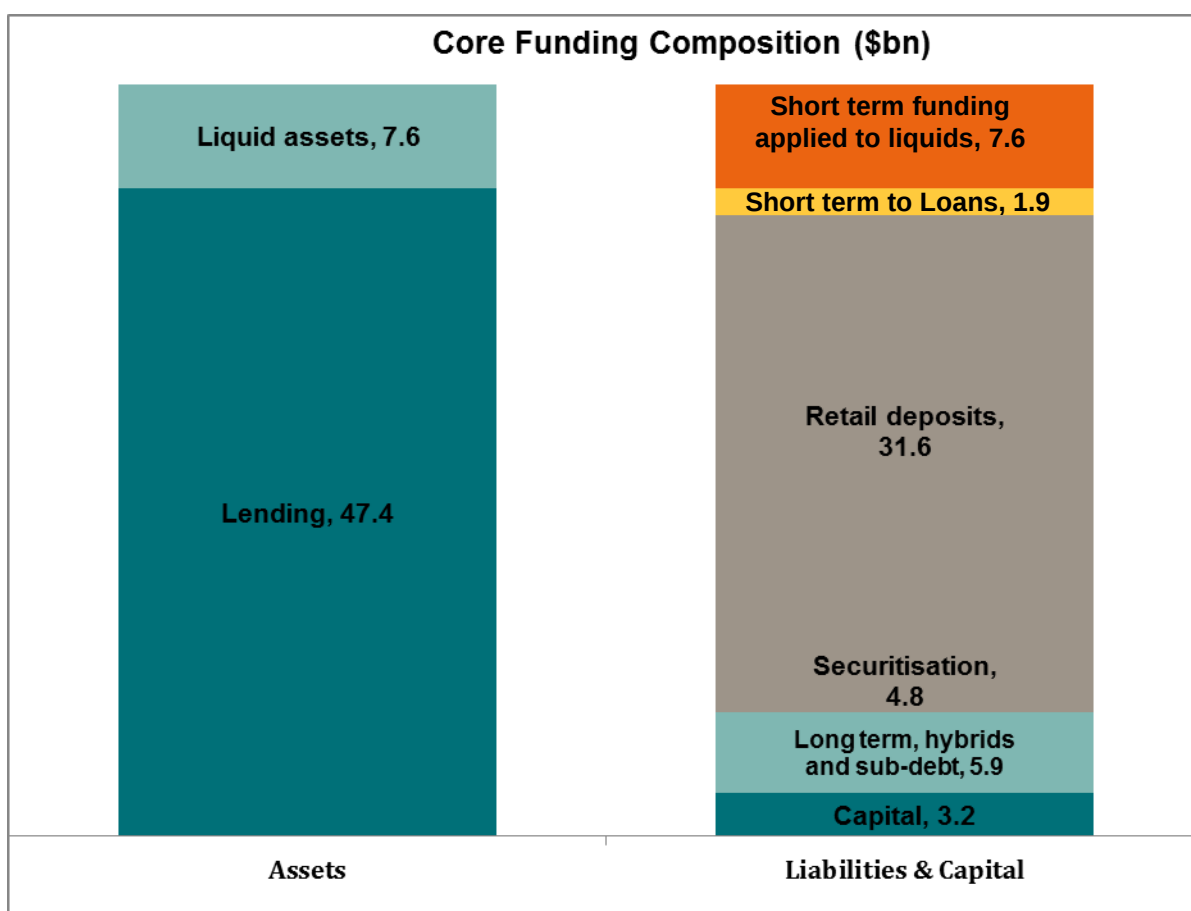
⁽²⁾ Qualifies for capital relief under APS120

Retail funding

Retail deposits are managed to support the Core Bank's lending growth, liquidity and revenue objectives. The retail deposit to core lending ratio is currently at 66.5%. It is expected that this ratio will be managed around these levels over the short to medium term.

The Bank has achieved material benefits from investments in the retail distribution footprint and capability. All three deposit accounts, transaction, investment and term deposits grew throughout the year. Interstate expansion has enabled diversification of the Bank's retail funding base. Interstate transaction account balances grew 50% in the year to 30 June 2013.

The introduction of Basel III liquidity reforms from 1 January 2015 has created intense market demand for retail funds underpinned by product innovation. An ongoing focus on transaction account and complete customers relationships ensures that Suncorp Bank is well placed to respond.



Wholesale funding

The 'A+/A1' credit rating of the Bank enables Suncorp to access a range of domestic and global funding markets. This provides the Bank with substantial funding diversification and flexibility and supports capacity for future growth.

The Bank has successfully undertaken a number of significant and diverse transactions during the second half including:

- issuance of a senior domestic debt transaction in April of \$750 million at a spread of 100 basis points over the mid swap rate. The deal attracted diverse interest including support from Asia and European investors; and

- settlement of a Residential Mortgage Backed Securities issuance for \$1.15 billion in May. The transaction was upsized from \$750 million following significant investor demand.

Short-term wholesale funding is used to support the Bank's liquid asset portfolio, with less than 5% of the Bank's lending portfolio being funded by short-term wholesale funding. Suncorp Bank's liquid asset ratio remains significantly above its peer group and currently holds excess liquid assets over prudential requirements. In addition to liquid assets held on the balance sheet, the Core Bank has access to significant contingent liquidity in a crisis, including \$5.0 billion (cash equivalent) of mortgages that can be utilised if required.

Wholesale funding instruments maturity profile⁽¹⁾

	JUN-13	DEC-12	JUN-12	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	%	%
Maturity					
0 to 3 months	7,291	7,588	8,072	(3.9)	(9.7)
3 to 6 months	2,721	3,202	1,381	(15.0)	97.0
6 to 12 months	2,091	1,204	1,753	73.7	19.3
1 to 3 years	5,373	5,073	3,430	5.9	56.6
3+ years	2,736	2,430	2,896	12.6	(5.5)
Total wholesale funding instruments	20,212	19,497	17,532	3.7	15.3

⁽¹⁾ Includes wholesale debt, securitisation, subordinated notes and preference shares

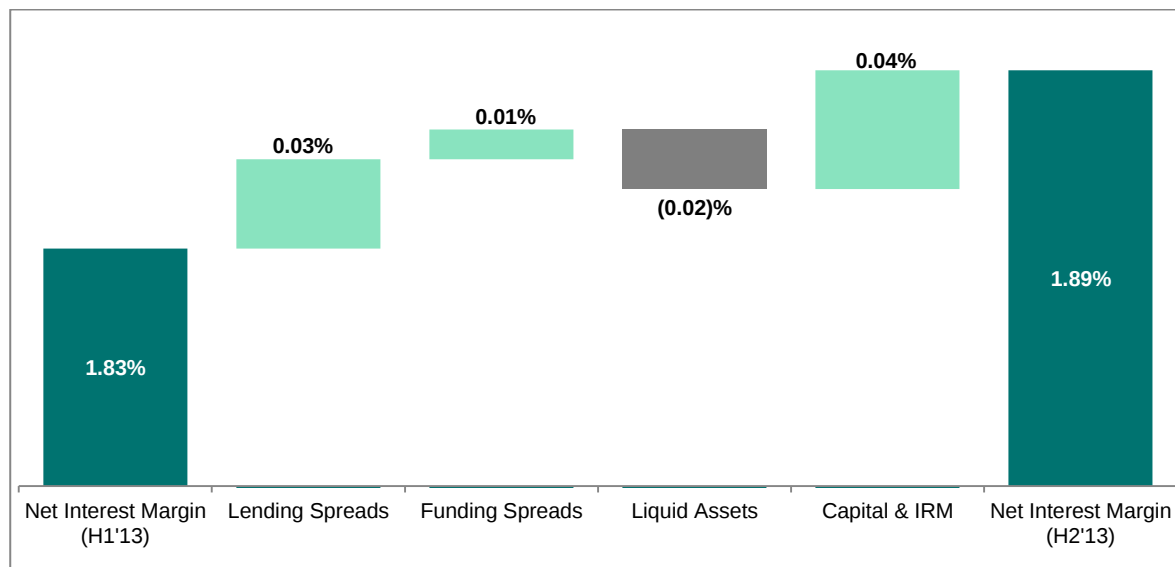
The Bank operates a conservative wholesale funding instrument duration profile given its strong retail deposit to lending ratio. Reduction of the profile of future funding maturity towers is important in managing refinancing risk. To this end the Bank has lengthened the average tenure of the short term wholesale book. Securitisation represents a large proportion of wholesale funding with a maturity of greater than 12 months. While this funding amortises over time, its rate of duration decline is lower than other term funding instruments.

Net interest income

The Core Bank delivered net interest income growth of 8.9%. Underlying product spreads and product mix remain relatively stable. The Core Bank was able to offset margin compression on low cost deposits and heightened price competition across retail deposits with asset re-pricing in-line with industry.

The Core Bank's NIM improved in the second half to 1.89% on the back of unwinding short term hedging costs incurred in the first half. The Bank has maintained its focus on providing a genuine alternative to the majors by offering competitive pricing for lending and deposit products across selected markets.

Net interest margin movements



Net non-interest income

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13		JUN-12 vs JUN-12	JUN-13		JUN-13	DEC-12		JUN-12	DEC-11 vs DEC-12		JUN-13
	\$M	\$M		\$M	%		\$M	\$M		\$M	%	%
Net banking fee income	70	84	(16.7)	34			36	43	41	(5.6)		(20.9)
MTM on financial instruments	(6)	15	n/a	(14)			8	1	14	n/a		n/a
Other income	5	5	-	1			4	2	3	(75.0)		(50.0)
Total net non-interest income	69	104	(33.7)	21			48	46	58	(56.3)		(54.3)

Non-interest income totalled \$69 million, with net banking fee income of \$70 million offset by a net loss in trading fees and other income of \$1 million.

The Core Bank's net banking fee income result is consistent with industry trends for retail and personal banking, reflecting the challenge associated with subdued consumer confidence, a high propensity to pay down debt and an ongoing preference for fee-free banking.

Fee generation for the Bank's key product of Mortgages compares favourably with the industry. Structural differences exist against peers, including a relatively smaller presence in the higher fee generating segments such as consumer and corporate.

The result also includes increased commissions paid to intermediaries consistent with strong lending volume growth delivered by this channel.

Financial instruments and other income

Other non-interest income was made up of net mark-to-market (MTM) losses on financial instruments of \$6 million offset by other income of \$5 million.

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

Operating expenses

The Bank maintains a strategic approach to cost management and seeks to achieve long term benefits through the optimisation of the service model and underlying processes. The Bank has made continued investment in business capability with good progress achieved in the delivery of the Core Bank system replacement, Basel II advanced accreditation and network optimisation programs.

The Bank seeks to leverage the Group's scale in technology and procurement to complement its internal process improvement agenda. Capability enhancement across front, middle and back offices is expected to deliver further productivity benefits.

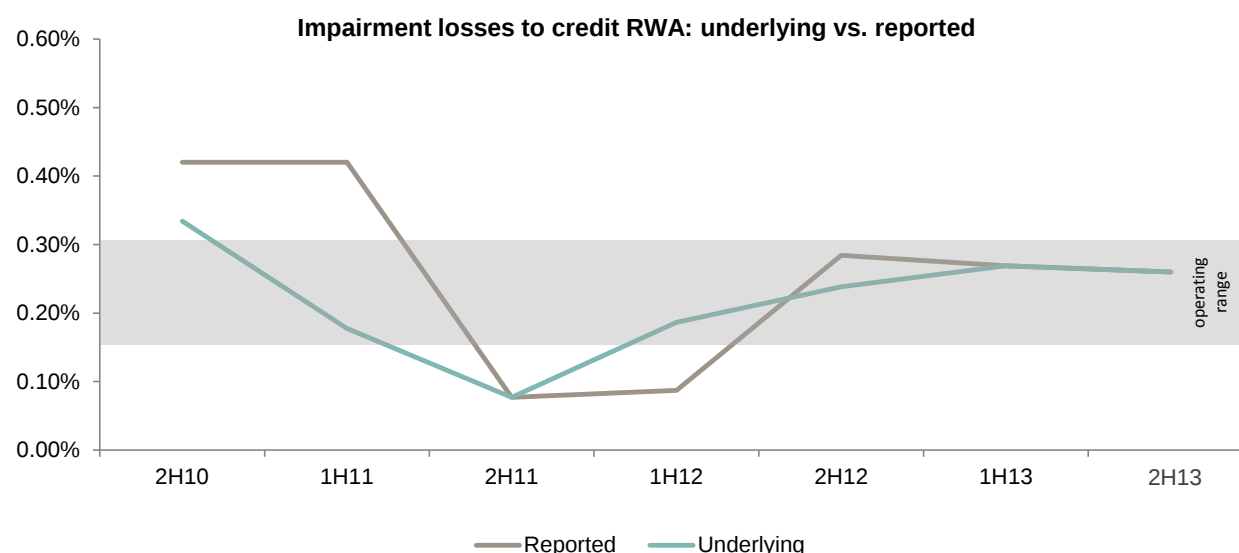
Core Bank full year operating expenses were \$554 million. The increase of 4.9% on the prior year reflects franchise investment, above system lending growth and associated volumes in deposits and total customers.

Impairment losses on loans and advances

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13		JUN-12 vs JUN-12		JUN-13		DEC-12		JUN-12		DEC-11 vs DEC-12	
	\$M	\$M	%	\$M	\$M	\$M	\$M	\$M	\$M	%	%	%
Collective provision for impairment	-	2	(100.0)	(3)	3	8	(6)	n/a	n/a			
Specific provision for impairment	57	32	78.1	33	24	19	13	37.5	73.7			
Actual net write-offs	7	7	-	2	5	5	2	(60.0)	(60.0)			
	64	41	56.1	32	32	32	9	-	-			
Impairment losses to credit risk-weighted assets (annualised)	0.26%	0.18%		0.26%	0.27%	0.28%	0.08%					

Core bad debt expense was \$64 million over the year with a stable outcome in the second half. Overall credit losses are trending within the Core Bank's normal operating range of 15 to 30 basis points of credit risk weighted assets. The Core Bank portfolio has not exhibited any systemic issues.

Core impaired assets remained stable with new or increased provisions offset by movement of exposures back to performing status or finalised and written off.



Impaired asset balances

	JUN-13 \$M	DEC-12 \$M	JUN-12 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Gross balances of individually impaired loans					
with specific provisions set aside	178	140	192	27.1	(7.3)
without specific provisions set aside	45	76	49	(40.8)	(8.2)
Gross impaired assets	223	216	241	3.2	(7.5)
Specific provision for impairment	(53)	(38)	(46)	39.5	15.2
Net impaired assets	170	178	195	(4.5)	(12.8)
Size of gross impaired assets					
Less than one million	28	30	21	(6.7)	33.3
Greater than one million but less than ten million	112	100	117	12.0	(4.3)
Greater than ten million	83	86	103	(3.5)	(19.4)
	223	216	241	3.2	(7.5)
Past due loans not shown as impaired assets	369	265	293	39.2	25.9
Gross non-performing loans	592	481	534	23.1	10.9
Analysis of movements in gross impaired assets					
Balance at the beginning of the half year	216	241	141	(10.4)	53.2
Recognition of new impaired assets	109	71	131	53.5	(16.8)
Increases in previously recognised impaired assets	3	1	1	200.0	200.0
Impaired assets written off/sold during the half year	(14)	(27)	(16)	(48.1)	(12.5)
Impaired assets which have been reclassified as performing assets or repaid	(91)	(70)	(16)	30.0	468.8
Balance at the end of the half year	223	216	241	3.2	(7.5)

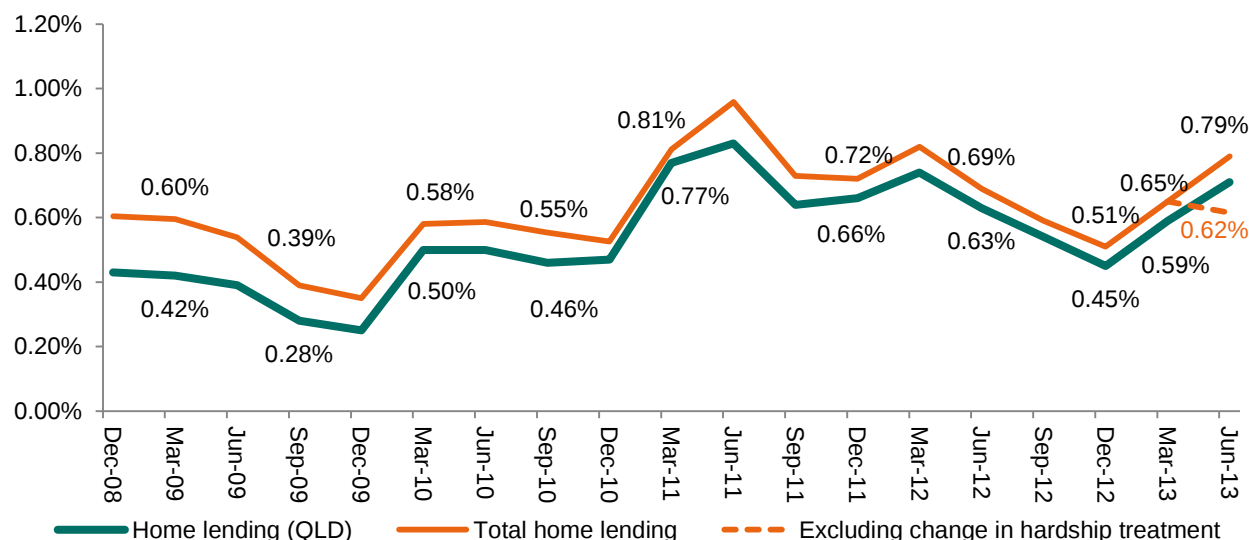
Impaired assets

Impaired assets are down 7.5% against June 2012. This was driven by a \$20 million reduction of gross impaired assets in large exposures. There has been some isolated stress in the Agribusiness portfolio due to the cyclical nature of the segment. The Core Bank portfolio remains well diversified both from a segment and geographic perspective. Approximately two thirds of gross impaired assets are related to exposures of less than \$10 million.

Past due loans not shown as impaired

Following regulatory changes, a full review of the hardship policy and processes was undertaken. As a result of the changes implemented, there was an increase in the level of arrears and past due housing loans reported. Excluding the change to hardship loans, the Bank's past due performance has improved from 0.65% to 0.62% of gross loans. The chart below details past due loans as a percentage of gross loans.

Past due loans as a percentage of gross loans



Past due performance in Queensland is trending favourably in comparison to the industry average, benefiting from the Bank's conservative target market of owner occupiers with an average home loan size of less than \$500,000. "Low doc" mortgages represent less than 5% of the home lending portfolio.

It is anticipated that historically low interest rates will limit further deterioration in non-performing loan balances.

Provision for impairment

	JUN-13	DEC-12	JUN-12	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	%	%
Collective provision					
Balance at the beginning of the period	86	83	75	3.6	14.7
Charge against contribution to profit	(3)	3	8	n/a	n/a
Balance at the end of the period	83	86	83	(3.5)	-
Specific provision					
Balance at the beginning of the period	38	46	45	(17.4)	(15.6)
Charge against impairment losses	33	24	19	37.5	73.7
Write-off of impaired assets	(14)	(27)	(13)	(48.1)	7.7
Unwind of interest	(4)	(5)	(5)	(20.0)	(20.0)
Balance at the end of the period	53	38	46	39.5	15.2
Total provision for impairment - Banking activities	136	124	129	9.7	5.4
Equity reserve for credit loss					
Balance at the beginning of the period	107	102	107	4.9	-
Transfer (to) from retained earnings	12	5	(5)	140.0	n/a
Balance at the end of the period	119	107	102	11.2	16.7
Pre-tax equivalent coverage	170	153	146	11.1	16.4
Total provision for impairment and equity reserve for credit loss coverage - Core Banking activities	306	277	275	10.5	11.3
	%	%	%		
Provision for impairment expressed as a percentage of gross impaired assets are as follows:					
Collective provision	37.2	39.8	34.4		
Specific provision	23.8	17.6	19.1		
Total provision	61.0	57.4	53.5		
Equity reserve for credit loss coverage	76.2	70.8	60.6		
Total provision and equity reserve for credit loss coverage	137.2	128.2	114.1		

The Core Bank remains well provisioned with total provision and Equity Reserve for Credit Losses (ERCL) coverage remaining above 100%. The improvement in the coverage ratio is predominantly due to higher ERCL and specific provision balances.

Average banking balance sheets

	FULL YEAR ENDED JUN-13		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	\$M	\$M	%
ASSETS			
Interest-earning assets			
Trading and Investment securities	7,102	295	4.15
Gross loans, advances and other receivables	45,398	2,752	6.06
Total interest-earning assets	52,500	3,047	5.80
Non-interest earning assets			
Other assets (inc. loan provisions)	933		
Total non-interest earning assets	933		
TOTAL ASSETS	53,433		
LIABILITIES			
Interest-bearing liabilities			
Retail deposits	30,450	1,239	4.07
Wholesale liabilities	18,289	787	4.30
Debt capital	993	45	4.53
Total interest-bearing liabilities	49,732	2,071	4.16
Non-interest bearing liabilities			
Other liabilities	951		
Total non-interest bearing liabilities	951		
TOTAL LIABILITIES	50,683		
AVERAGE SHAREHOLDERS' EQUITY	2,750		
Non-Shareholder Accounting Equity	80		
Convertible Preference Shares	(243)		
Average Shareholders' Equity	2,587		
Goodwill allocated to Banking Business	(235)		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	2,352		
Analysis of interest margin and spread			
Interest-earning assets	52,500	3,047	5.80
Interest-bearing liabilities	49,732	2,071	4.16
Net interest spread			1.64
Net interest margin (interest-earning assets)	52,500	976	1.86
Net interest margin (lending assets)	45,398	976	2.15

	HALF YEAR ENDED JUN-13			HALF YEAR ENDED DEC-12		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	\$M	\$M	%	\$M	\$M	%
ASSETS						
Interest-earning assets						
Trading and investment securities	7,436	141	3.82	6,759	153	4.49
Gross loans, advances and other receivables	46,509	1,351	5.86	44,305	1,402	6.28
Total interest-earning assets	53,945	1,492	5.58	51,064	1,555	6.04
Non-interest earning assets						
Other assets (inc. loan provisions)	977			874		
Total non-interest earning assets	977			874		
TOTAL ASSETS	54,922			51,938		
LIABILITIES						
Interest-bearing liabilities						
Retail deposits	30,784	584	3.83	30,118	656	4.32
Wholesale liabilities	19,297	382	3.99	17,283	404	4.64
Debt capital	932	20	4.33	1,053	25	4.71
Total interest-bearing liabilities	51,013	986	3.90	48,454	1,085	4.44
Non-interest bearing liabilities						
Other liabilities	868			1,033		
Total non-interest bearing liabilities	868			1,033		
TOTAL LIABILITIES	51,881			49,487		
AVERAGE SHAREHOLDERS' EQUITY	3,041			2,451		
Non-Shareholder Accounting Equity	67			93		
Convertible Preference Shares	(450)			(36)		
Average Shareholders' Equity	2,658			2,508		
Goodwill allocated to Banking Business	(235)			(235)		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	2,423			2,273		
Analysis of interest margin and spread						
Interest-earning assets	53,945	1,492	5.58	51,064	1,555	6.04
Interest-bearing liabilities	51,013	986	3.90	48,454	1,085	4.44
Net interest spread			1.68			1.60
Net interest margin (interest-earning assets)	53,945	506	1.89	51,064	470	1.83
Net interest margin (lending assets)	46,509	506	2.19	44,305	470	2.10

Life

Result overview

Suncorp Life achieved an after tax profit of \$60 million. Underlying profit was \$120 million.

Life Risk new business was \$129 million, an increase of 16%.

- Direct sold via General Insurance Brands up 16% with overall Direct new business growth of 10%
- IFA new business up 9.7%
- New Zealand new business up 42.9%.

Life risk inforce has increased by 9% to \$845 million, despite industry wide higher lapse rates, reflecting ongoing new business momentum across all lines.

Funds under administration were \$7.3 billion, up 3.2%, with good early growth in Suncorp Life's new Suncorp EveryDay Super product.

The Life Insurance industry faces a number of well publicised structural challenges and the prolonged period of economic uncertainty has impacted consumer confidence. At the same time, there has been a period of significant regulatory change across the industry. Suncorp Life recognised these challenges early and has now built a Direct business, revived the Adviser channel and significantly simplified its operating model. Based on these strong foundations Suncorp Life has reset its strategy which gives confidence in its ability to address the industry challenges and capture the opportunities for the Suncorp Group.

As part of the derisking of the Group, Suncorp Life chose to more selectively participate in the Group market. Suncorp Life will only participate whilst maintaining strict underwriting discipline. Group risk accounts for less than 10% of total inforce annual premiums.

The current market conditions have impacted Suncorp Life in a number of ways:

- As flagged at the first half, lapse experience was negative \$26 million for the year. Suncorp Life's customer retention strategy has been successfully implemented with good signs of improvement in the second half. Suncorp Life's experience across the year has been broadly in line with the reset assumptions announced at the half which will be implemented for 2014.
- Disability claims experience was negative \$20 million. When allowing for the \$6 million process change in the first half this reflects a year on year improvement.
- Superannuation profit of \$31 million was impacted by an increased spend on regulatory change and the set-up of Suncorp EveryDay Super.
- Market adjustments on policy liabilities and investments amounted to negative \$60 million (compared to gains of \$105 million last year), as a result of higher, but more stable, yields. These balance sheet revaluation adjustments are timing related and are expected to neutralise over time.

Overall expenses have been controlled with the 7% increase driven by investment in the Direct market and to support regulatory change.

Capital management is a key focus area and Suncorp Life is well progressed with plans to reduce capital and benefit from lower capital requirements under LAGIC. CET1 decreased for the half despite double digit new business growth.

Embedded Value (EV) was down marginally from \$2,604 million to \$2,569 million, with \$107m of dividend and franking credit distributions. This has also been affected by both the change in lapse assumptions at the half and market movements towards the end of year. The Value of One Year's Sales (VOYS) is \$43 million for the full year compared to \$49 million at 30 June 2012, impacted by the increase in discount rates.

Outlook

Suncorp Life is a core part of the Suncorp Group, deepening relationships with customers by leveraging the 'One Company. Many Brands' business model.

There is significant opportunity for Suncorp Life Australia and New Zealand to capitalise from under-insurance, impetus for structural change and the Suncorp Group's 4Cs. Suncorp Life is well positioned to build a business for the future through early recognition of structural challenges, adapting to the new regulatory environment and leveraging its strong building blocks to support a recently reset strategy.

Over the next three years Suncorp Life will deliver:

- a reshaped business where Direct new business sales are equivalent to sales through the continually growing advised channel
- value creation through a sustainable advice business, having addressed IFA remuneration, and product complexity
- reduced capital delivering double-digit return on capital by changing our business mix and commission structures, increasing use of reinsurance and cost control

The structural issues facing the Life Industry have been compounded as a result of the tough economic environment. While these issues are likely to persist until economic conditions improve, Suncorp Life has mitigated the impact by putting the customer at the forefront and staking a claim as an industry leader in driving sustainable change in IFA.

Profit contribution

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Life Risk												
Planned profit margin release ⁽¹⁾	99	99	-	50	49	52	47	2.0	(3.8)			
Death claims experience	(1)	1	n/a	1	(2)	-	1	n/a	n/a			
Disability claims experience	(20)	(20)	-	(10)	(10)	(6)	(14)	-	66.7			
Lapse experience	(26)	(13)	100.0	(9)	(17)	(5)	(8)	(47.1)	80.0			
Other experience	(6)	(4)	50.0	(2)	(4)	(1)	(3)	(50.0)	100.0			
Underlying investment income	43	42	2.4	21	22	19	23	(4.5)	10.5			
Life Risk	89	105	(15.2)	51	38	59	46	34.2	(13.6)			
Superannuation	31	41	(24.4)	8	23	18	23	(65.2)	(55.6)			
Total Life underlying profit after tax	120	146	(17.8)	59	61	77	69	(3.3)	(23.4)			
Market adjustments ⁽²⁾	(60)	105	n/a	(50)	(10)	41	64	400.0	n/a			
Net profit after tax	60	251	(76.1)	9	51	118	133	(82.4)	(92.4)			

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

⁽²⁾ Market adjustments consists of Annuities Market Adjustments, Life Risk Policy Discount Rate changes and Investment Income Experience

Life Risk in-force annual premium

	HALF YEAR ENDED			JUN-13			JUN-13		
	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	\$M	\$M	%	%			
Term and TPD	388	361	348	331	7.5	11.5			
Trauma	154	150	144	138	2.7	6.9			
Disability income	217	209	205	201	3.8	5.9			
Other	26	26	25	23	-	4.0			
Total Individual	785	746	722	693	5.2	8.7			
Group	60	54	53	51	11.1	13.2			
Total	845	800	775	744	5.6	9.0			
Total Australia	696	667	649	624	4.3	7.2			
Total New Zealand ⁽¹⁾	149	133	126	120	12.0	18.3			

⁽¹⁾ In-force growth for NZ includes exchange rate movements and an adjustment for Dec 12 reported numbers (NZ\$9m). The NZ In-force figures are Jun-13 \$177 million, Dec-12 \$168 million, Jun-12 \$161 million, Dec-11 \$158 million

Life Risk new business by product

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Term and TPD	76	53	43.4	38	38	30	23	-	26.7			
Trauma	8	18	(55.6)	4	4	7	11	-	(42.9)			
Disability income	29	25	16.0	15	14	13	12	7.1	15.4			
Other	8	10	(20.0)	4	4	4	6	-	-			
Total Individual	121	106	14.2	61	60	54	52	1.7	13.0			
Group ⁽¹⁾	8	5	60.0	3	5	2	3	(40.0)	50.0			
Total	129	111	16.2	64	65	56	55	(1.5)	14.3			

⁽¹⁾ Group New Business excludes NZ.

Life Risk new business by channel

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13	
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12		
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%		
IFA	68	62	9.7	33	35	32	30	(5.7)	3.1		
Direct	33	30	10.0	17	16	15	15	6.3	13.3		
New Zealand	20	14	42.9	11	9	7	7	22.2	57.1		
Total Individual	121	106	14.2	61	60	54	52	1.7	13.0		
Group ⁽¹⁾	8	5	60.0	3	5	2	3	(40.0)	50.0		
Total	129	111	16.2	64	65	56	55	(1.5)	14.3		

⁽¹⁾ Group New Business excludes NZ channel sales

Superannuation new business

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13	
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12		
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%		
Superannuation	192	241	(20.3)	113	79	96	145	43.0	17.7		
Pensions	80	73	9.6	32	48	37	36	(33.3)	(13.5)		
Investment	8	12	(33.3)	4	4	6	6	-	(33.3)		
Total	280	326	(14.1)	149	131	139	187	13.7	7.2		

Funds under administration

	HALF YEAR ENDED			JUN-13			JUN-13	
	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12		
	\$M	\$M	\$M	\$M	%	%		
Opening balance at start of period	7,230	7,111	7,311	7,694	1.7	(1.1)		
Net inflows (outflows)	(169)	(127)	(60)	(227)	33.1	181.7		
Investment income and other	278	246	(140)	(156)	13.0	n/a		
Balance at end of period	7,339	7,230	7,111	7,311	1.5	3.2		

Operating expenses

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13	
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12		
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%		
Total operating expenses ⁽¹⁾	291	271	7.4	144	147	134	137	(2.0)	7.5		

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

Shareholder investment income

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13	
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12		
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%		
Shareholder investment income on invested assets	36	63	(42.9)	4	32	25	38	(87.5)	(84.0)		
Less underlying investment income:											
Life Risk	(43)	(42)	2.4	(21)	(22)	(19)	(23)	(4.5)	10.5		
Superannuation	(14)	(13)	7.7	(6)	(8)	(6)	(7)	(25.0)	-		
Investment income experience	(21)	8	n/a	(23)	2	-	8	n/a	n/a		

Invested shareholder assets⁽¹⁾

	HALF YEAR ENDED				JUN-13	JUN-13
	JUN-13	DEC-12	JUN-12	DEC-11 vs DEC-12	vs JUN-12	
	\$M	\$M	\$M	\$M	%	%
Cash ⁽²⁾	652	548	586	209	19.0	11.3
Fixed interest securities	743	801	879	1,145	(7.2)	(15.5)
Equities	45	66	76	66	(31.8)	(40.8)
Property	4	4	3	6	-	33.3
Other	-	-	-	1	n/a	n/a
Total	1,444	1,419	1,544	1,427	1.8	(6.5)

⁽¹⁾ Excludes assets backing annuity and participating businesses

⁽²⁾ Part 9 resulted in Fixed Interest securities being converted to Cash and held in the Suncorp Group Trusts at 30 June 2012

Business results

Direct Australia

Life risk sales through mass market General Insurance brands were up 16%. Total Direct Life Risk sales increased by 10% to \$33 million with subdued growth in the Consumer Credit Insurance product constraining overall growth.

Over the last three years, Suncorp Life has built a Direct business with over 70,000 new direct customers. By working more closely with the General Insurance and Bank businesses, Suncorp Life has successfully engaged customers through the Group's mass market brands Suncorp, AAMI, GIO and Apia. This year, Suncorp Life launched three new Direct Life products: Life Protect, Bill Protect and Income Protection.

Suncorp Life continues to increase share of wallet by leveraging the Group's customer base, with 70% of sales to existing Group customers, and 30% of sales made to customers that are new to the Group. Suncorp Life has to date used an outsourced business model to accelerate entry into Direct Life. This is now being transitioned in-house to further leverage the Group's scale benefits and high quality brands.

Sales of Superannuation through Suncorp Bank increased by 12% following the successful launch of Suncorp Everyday Super. This product is an example of customer innovation, integrating with the Bank's online platform to make Super more engaging for everyday Australians.

The Direct channel is critical to Suncorp's strategy and has significant potential. The clear differentiators include the ability to leverage customers through the Group's strong brands, as well as the distribution capabilities of the General Insurance and Bank channels.

IFA

IFA Australia sales increased by 9.7% to \$68 million. The growth in this portfolio has been generated through the success of Asteron Life Complete.

Suncorp Life has also grown its aligned distribution asset within the Guardian Advice and Suncorp Advice businesses.

Suncorp Life is changing its participation in the IFA channel; improving distribution economics by reducing the proportion of new business on upfront commission, evolving its approach to product design including pricing and optimising retention outcomes based on deeper and more relevant customer engagement.

The life insurance industry is facing a number of structural challenges. The progression to a sustainable advice business model will need to be carefully managed to protect our in-force business in a constrained growth environment. However Suncorp Life has proven to be an early mover that recognises and responds to challenges.

New Zealand

New Zealand Life Risk sales increased 42.9% to \$20 million.

Asteron Life's place in the IFA market continues to grow through initiatives such as building high performing partnerships with advisers and integrating with customer based innovations. Asteron Life's 'take a fresh look' campaign has seen adviser engagement increase, with a 48% increase in sales. Suncorp Life's commitment to drive a sustainable advice business model extends to the NZ market where Asteron Life NZ is taking a leading role. This includes simplifying product and remuneration structures with a strong focus on reducing the capital intensity of remuneration.

AA Life, Life NZ's Direct channel, has maintained double digit growth, up 22%. The inbound channel has benefitted from the direct response television campaign and the new Term Life product. There has also been growth in the emerging online channel as well as AA's retail networks.

Superannuation

Suncorp Life's funds under administration (FUA) of \$7.3 billion were up 3.2%. Superannuation new business sales through Suncorp Bank were up 12%.

Suncorp Everyday Super has performed well across online, phone and in-branch sales since its recent launch. The joint initiative with Suncorp Bank has demonstrated the ability of Suncorp Life to grow the Suncorp Group customer base, with 39% of all Suncorp Everyday Super customers new to the Bank. Of these new customers, 34% now have a banking product, reflecting the potential of the 'One Company. Many Brands' business model.

The Superannuation segment is experiencing significant regulatory change through the introduction of Future of Financial Advice (FOFA), Superstream and Stronger Super reform. Suncorp is well prepared to meet all FOFA regulations as well as securing MySuper accreditation for Suncorp Everyday Super.

Experience

Adverse retention and claims experience remains a key challenge across the industry and remains one of Suncorp Life's top strategic priorities.

Consumer confidence and affordability, coupled with pricing structures, have contributed to the retention challenge as customers take a critical view of discretionary expenditure and are more proactive in seeking to reduce costs. Suncorp Life has initiated a number of programs to address this issue, for example being more proactive with customers, which has resulted in an improvement in lapses half on half.

The economic environment also impacts claims, where propensity to claim is driving higher than expected levels of incidence. The claims team has worked to offset this experience with a record number of claimants returning to work in the latter half of the year.

Suncorp's key strategic agenda of sustainable advice is seeking to further improve retention through advisor remuneration structures, product design and customer engagement.

Market adjustments

Market adjustments are comprised of balance sheet revaluations of policy liabilities and shareholder investment assets, which are expected to neutralise over time:

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Life Risk Policy Liability impact (DAC)	(37)	109	n/a	(25)	(12)	47	62	108.3	n/a			
Investment Income Experience ⁽¹⁾	(23)	(4)	475.0	(25)	2	(6)	2	n/a	316.7			
Total market adjustments	(60)	105	n/a	(50)	(10)	41	64	400.0	n/a			

⁽¹⁾ Investment Income Experience includes Annuities.

Life Risk policy liability impact (DAC)

Risk free rates are used to discount Life Risk policy liabilities. Due to deferred acquisition costs (DAC) there are net negative policy liabilities (an asset). An increase in discount rates leads to a loss whilst a decrease leads to a gain. During 2012 Suncorp Life experienced significant profits as yields on government bonds fell. As yields on Government bonds began to increase, particularly during in the second half, some of the profits in 2012 were reversed. These positive and negative revaluation adjustments for accounting purposes are expected to neutralise over time.

Investment Income experience

Suncorp Life was impacted by unfavourable yield curve changes during the year. Volatility in the financial markets, particularly in the second half, impacted the overall return on shareholder invested assets. Cash assets earned lower interest income in 2013 whilst the strong performance of government and index linked bonds in 2012 was reversed as yields increased at the longer end of the curve during the second half. This resulted in actual returns being lower than Suncorp Life's overall long term assumption, which is based on the average of the Government 10 year bond rate curve (7-year historical and 3-year market expected) with risk margins added for various asset classes.

Expense management

Overall expenses have increased due to the ongoing investment in growth, developing capabilities and products as well as undertaking significant regulatory projects impacting the Australian and New Zealand Life industries and Superannuation business in Australia.

Life Embedded Value

The Embedded Value of Suncorp Life includes the Australian life company Suncorp Life & Superannuation Limited (SLSL) and the New Zealand life company (Asteron Life Limited New Zealand) and various other legal entities in the Suncorp Life group of companies.

The Embedded Value is the sum of the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, the value of franking credits at 70% of face value and the net assets in excess of target capital requirements (adjusted net worth). The Embedded Value differs from what is known as an Appraisal Value, as it does not consider the value of future new business that the company is expected to write.

The components of value are shown in the table below:

Embedded Value

The Embedded Value decreased by \$35 million over the year from \$2,604 million at 30 June 2012 to \$2,569 million at 30 June 2013.

	JUN-13	DEC-12	JUN-12	DEC-11	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	\$M	%	%
Adjusted net worth	300	104	78	48	188.5	284.6
Value of distributable profits	1,980	2,008	2,120	2,028	(1.4)	(6.6)
Value of imputation credits	289	318	406	389	(9.1)	(28.8)
Value of in-force	2,269	2,326	2,526	2,417	(2.5)	(10.2)
Traditional Embedded Value	2,569	2,430	2,604	2,465	5.7	(1.3)
Value of one year's new sales (VOYS)	43	46	49	54	(6.5)	(12.2)

Note that in relation to the above values:

- The components of value relate to Suncorp Life in its entirety
- The risk discount rate was equal to 4% above the risk-free rate
- VOYS is based on the actual sales and acquisition expenses and includes an allowance for the cost of holding target capital

Change in Embedded Value

The prolonged period of economic uncertainty has contributed to continued adverse lapse experience. This experience has been reflected in a strengthening of the long term lapse assumption basis. This has reduced embedded value by \$184 million, with \$168 million recognised in the first half for Australia and an additional \$16 million in the second half for New Zealand.

	JUN-12 TO JUN-13
	\$M
Opening Embedded Value	2,604
Expected return	189
Experience over FY13	
Economic	21
Claims, lapse and other	(54)
Future assumption changes	
Discount rate/Economic	(89)
Expenses	(8)
Lapses	(184)
Claims and other ⁽¹⁾	154
Value Added from new business	43
Closing Embedded Value prior to	2,676
Dividends/transfers ⁽²⁾	(67)
Release of franking credits	(40)
Closing Embedded Value	2,569

⁽¹⁾ Other assumptions include LAGIC related quicker releases of capital \$70 million, repricing of legacy risk policies \$30 million, Appreciation of NZD \$40 million

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

Change in Value of One Year's Sales

The VOYS for Suncorp Life has decreased from \$49 million at 30 June 2012 to \$43 million at 30 June 2013. The decrease in VOYS is attributable to the increase in bond yields over the year and the strengthening in lapse basis. This has been offset by sales growth, including the more profitable Asteron Life Complete product, launched early in 2012.

Assumptions

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

Maintenance unit costs were based on assumptions underlying the valuation of policy liabilities. The embedded value assumes improvements in future unit costs from efficiency gains beyond the coming 12 months. These improvements aren't permitted in the valuation of policy liabilities.

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

VOYS calculations are based on new business and acquisition costs for FY13. New business includes new policies as well as voluntary increases to existing policies, whereas the EV includes contractual increases (age and CPI) on retail business but excludes voluntary increases.

	JUN-13		JUN-12	
	AUSTRALIA	NEW ZEALAND	AUSTRALIA	NEW ZEALAND
	% PER ANNUM	% PER ANNUM	% PER ANNUM	% PER ANNUM
Investment return for underlying asset classes (gross of tax)				
Risk-free rate (at 10 years)	3.9	4.2	3.1	3.4
Cash	3.9	4.6	4.0	3.9
Fixed interest	4.4	4.7	4.1	4.0
Australian equities (inc. allowance for franking credits) ⁽¹⁾	8.9	8.8	8.2	8.0
International equities	7.9	7.8	7.2	7.0
Property	6.4	6.8	5.6	6.0
Investment returns (net of tax)	3.5	3.4	2.9	3.2
Inflation				
Benefit indexation	2.5	2.5	2.5	2.5
Risk discount rate	7.9	8.2	7.1	7.4

⁽¹⁾ New Zealand assumption covers Australasian equities

Sensitivity analysis

The tables below set out the sensitivity of the Embedded Value and value of new business as at 30 June 2013 to changes in key economic and business assumptions.

	AS AT	
	JUN-13	JUN-12
	\$M	\$M
Base Embedded Value	2,569	2,604
Embedded Value assuming		
Discount rate and returns 1% higher	2,553	2,464
Discount rate and returns 1% lower	2,601	2,729
Discontinuance rates 10% lower	2,804	2,829
Renewal expenses 10% lower	2,623	2,643
Claims 10% lower ⁽¹⁾	2,787	2,804
Base value of one year's new business	43	49
Value of one year's new business assuming		
Discount rate and returns 1% higher	31	30
Discount rate and returns 1% lower	57	62
Discontinuance rates 10% lower	72	74
Acquisition expenses 10% lower	55	56
Claims 10% lower ⁽¹⁾	73	71

⁽¹⁾ Claims decrements includes mortality, lump sum morbidity, disability income incidence and 10% favourable for disability income recovery rates.

These sensitivities are indicative only as the variations caused by changes to assumptions are not always linear, symmetrical, or independent.

Note that the EV discount rate sensitivity now includes the impact of changes in interest rates on LAGIC capital as well as the underlying cashflows, hence the movement from the previous period.

Statement of assets and liabilities

	JUN-13 \$M	DEC-12 \$M	JUN-12 \$M	DEC-11 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Total assets						
Assets						
Invested assets	4,787	4,661	4,924	4,758	2.7	(2.8)
Assets backing annuity policies	135	142	145	139	(4.9)	(6.9)
Assets backing participating policies	2,549	2,524	2,434	2,379	1.0	4.7
Reinsurance ceded	445	409	443	391	8.8	0.5
Other assets	247	254	246	260	(2.8)	0.4
Goodwill and intangible assets	640	657	672	688	(2.6)	(4.8)
	8,803	8,647	8,864	8,615	1.8	(0.7)
Liabilities						
Payables	157	181	318	187	(13.3)	(50.6)
Outstanding claims liabilities	206	190	186	178	8.4	10.8
Deferred tax liabilities	66	86	48	61	(23.3)	37.5
Policy liabilities	5,270	5,058	5,224	5,178	4.2	0.9
Unvested policyholder benefits ⁽¹⁾	380	421	366	405	(9.7)	3.8
	6,079	5,936	6,142	6,009	2.4	(1.0)
Total net assets	2,724	2,711	2,722	2,606	0.5	0.1
Policyholder assets						
Invested assets	3,343	3,242	3,380	3,331	3.1	(1.1)
Assets backing annuity policies	135	142	145	139	(4.9)	(6.9)
Assets backing participating policies	2,549	2,524	2,434	2,379	1.0	4.7
Deferred tax assets	-	-	23	27	n/a	(100.0)
Other assets	33	10	-	6	230.0	n/a
	6,060	5,918	5,982	5,882	2.4	1.3
Liabilities						
Payables	-	-	10	-	n/a	(100.0)
Policy liabilities	5,680	5,497	5,606	5,477	3.3	1.3
Unvested policyholder benefits ⁽¹⁾	380	421	366	405	(9.7)	3.8
	6,060	5,918	5,982	5,882	2.4	1.3
Policyholder net assets	-	-	-	-	n/a	n/a
Shareholder assets						
Assets						
Invested assets	1,444	1,419	1,544	1,427	1.8	(6.5)
Reinsurance ceded	445	409	443	391	8.8	0.5
Other assets	214	244	246	254	(12.3)	(13.0)
Goodwill and intangible assets	640	657	672	688	(2.6)	(4.8)
	2,743	2,729	2,905	2,760	0.5	(5.6)
Liabilities						
Payables	157	181	308	187	(13.3)	(49.0)
Outstanding claims liabilities	206	190	186	178	8.4	10.8
Deferred tax liabilities	66	86	71	88	(23.3)	(7.0)
Policy liabilities	(410)	(439)	(382)	(299)	(6.6)	7.3
	19	18	183	154	5.6	(89.6)
Shareholder net assets	2,724	2,711	2,722	2,606	0.5	0.1

⁽¹⁾ Includes participating business policyholder retained profits

Non-core Bank

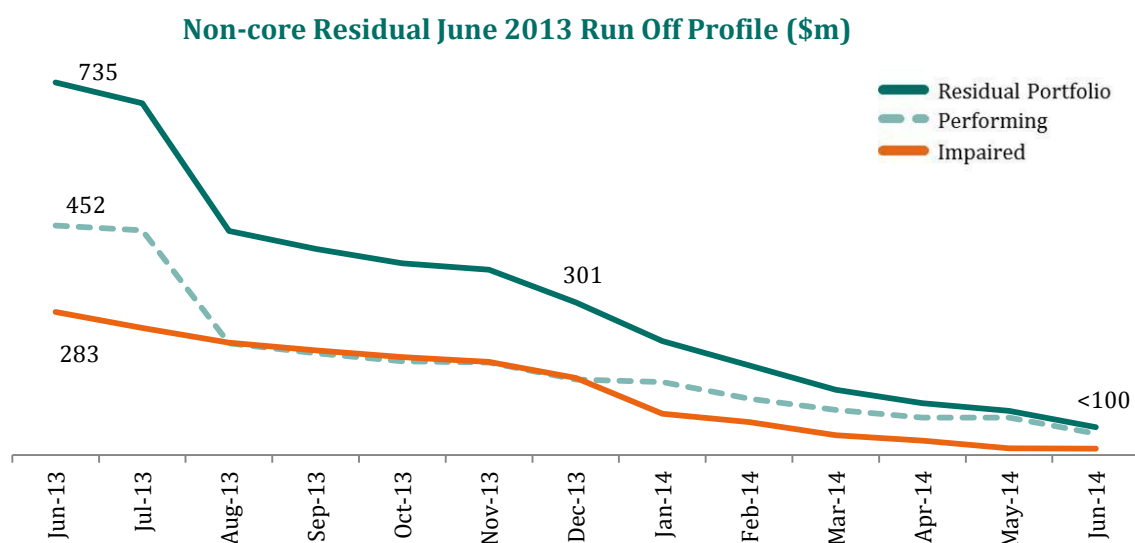
Result overview

Following the Group's strategic review of the Non-core Bank, the resolution of the Non-core banking portfolio was announced to the market on 13 June 2013. Central to the resolution was the sale of \$1.6 billion of corporate and property assets. The sale was settled on 31 July 2013. Consistent with expectations, the Non-core Bank incurred a pre-tax loss of \$484 million on the portfolio sale. This contributed to the \$632 million after tax loss for the year.

Outlook

The residual portfolio of \$735 million has continued its organic run-off and is currently tracking to expectations. Furthermore, the refinancing of a large single exposure, previously disclosed as part of the market announcement on 13 June 2013, remains on track for settlement in the next three months. The Residual portfolio has an average loan size of \$2.6 million. Additional provisioning has been allocated against impaired loans with specific provision coverage in excess of 50% and grossed up coverage in excess of 60%.

The Bank remains committed to running off the remaining loans associated with the Non-core. It is expected that future run-off will reduce the residual to below \$100 million by 30 June 2014.



Profit contribution

	FULL YEAR ENDED			JUN-13	HALF YEAR ENDED			JUN-13	JUN-13
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Net interest income	10	32	(68.8)	(4)	14	4	28	n/a	n/a
Net non-interest income									
Net banking fee income	7	12	(41.7)	4	3	5	7	33.3	(20.0)
Other income (loss)	(16)	24	n/a	(12)	(4)	(4)	28	200.0	200.0
Total net non-interest income	(9)	36	n/a	(8)	(1)	1	35	large	n/a
Total income	1	68	(98.5)	(12)	13	5	63	n/a	n/a
Operating expenses	(65)	(69)	(5.8)	(35)	(30)	(36)	(33)	16.7	(2.8)
Profit (loss) before impairment losses on loans and advances	(64)	(1)	large	(47)	(17)	(31)	30	176.5	51.6
Loss on sale of loans and advances	(527)	(27)	large	(506)	(21)	(25)	(2)	large	large
Impairment losses on loans and advances	(311)	(364)	(14.6)	(149)	(162)	(242)	(122)	(8.0)	(38.4)
Non-core Bank profit (loss) before tax	(902)	(392)	130.1	(702)	(200)	(298)	(94)	251.0	135.6
Income tax	270	129	109.3	210	60	89	40	250.0	136.0
Non-core Bank profit (loss) after tax	(632)	(263)	140.3	(492)	(140)	(209)	(54)	251.4	135.4

Ratios and statistics

	FULL YEAR ENDED		HALF YEAR ENDED		JUN-12
	JUN-13	JUN-12	JUN-13	DEC-12	
	%	%	%	%	
Net interest margin (interest-earning assets)	0.13	0.24	(0.12)	0.31	0.06
Net interest margin (lending assets)	0.25	0.50	(0.23)	0.62	0.14
Impairment losses to gross loans and advances	39.92	8.09	38.57	9.37	10.81
Impairment losses to credit risk-weighted assets	34.36	6.75	33.20	7.89	9.02

Loans, advances and other receivables

	JUN-13		DEC-12		JUN-12		JUN-13		JUN-13	
	JUN-13		DEC-12		JUN-12		vs DEC-12		vs JUN-12	
	\$M	\$M	\$M	\$M	\$M	\$M	%	%	%	%
Corporate and lease finance	131	703	1,132	(81.4)	(88.4)					
Development finance	214	1,325	1,473	(83.8)	(85.5)					
Property investment	390	1,394	1,868	(72.0)	(79.1)					
Non-core portfolio	735	3,422	4,473	(78.5)	(83.6)					
Other receivables	44	7	28	large	57.1					
Gross banking loans, advances and other receivables	779	3,429	4,501	(77.3)	(82.7)					
Provision for impairment	(164)	(349)	(408)	(53.0)	(59.8)					
Loans, advances and other receivables	615	3,080	4,093	(80.0)	(85.0)					
Credit risk-weighted assets	905	4,074	5,396	(77.8)	(83.2)					

Business portfolios

Non-core run-off was \$2.7 billion for the half, driven primarily by the portfolio sale, reducing the residual portfolio to \$735 million at 30 June 2013.

Non-core Bank funding composition

	JUN-13	DEC-12	JUN-12	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	%	%
Wholesale funding					
<i>Domestic funding sources</i>					
Short-term wholesale	1,926	1,904	1,864	1.2	3.3
Long-term wholesale	1,304	1,928	2,743	(32.4)	(52.5)
Subordinated notes	9	25	32	(64.0)	(71.9)
Reset preference shares	-	4	6	(100.0)	(100.0)
Convertible preference shares	-	108	137	(100.0)	(100.0)
	3,239	3,969	4,782	(18.4)	(32.3)
<i>Overseas funding sources ⁽¹⁾</i>					
Short-term wholesale	816	803	872	1.6	(6.4)
Long-term wholesale	1,025	1,007	3,216	1.8	(68.1)
Subordinated notes	-	14	93	(100.0)	(100.0)
	1,841	1,824	4,181	0.9	(56.0)
Total funding	5,080	5,793	8,963	(12.3)	(43.3)
Total funding is represented on the balance sheet by:					
Short-term borrowings	2,742	2,707	2,736	1.3	0.2
Bonds, notes and long-term borrowings	2,329	2,935	5,959	(20.6)	(60.9)
Subordinated notes	9	39	125	(76.9)	(92.8)
Preference shares	-	112	143	(100.0)	(100.0)
Total funding	5,080	5,793	8,963	(12.3)	(43.3)

⁽¹⁾ Foreign currency borrowings are hedged back into Australian dollars.

Net interest income

Underlying net interest income was down in line with portfolio run-off. The high level of impaired loans and liquid assets to performing lending assets suppresses net interest income by delivering low to negative returns after funding costs are taken into account. The second half result was impacted negatively by the portfolio and individual asset sales over the period.

Net non-interest income

	FULL YEAR ENDED			JUN-13	HALF YEAR ENDED			JUN-13	JUN-13
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Net banking fee income	7	12	(41.7)	4	3	5	7	33.3	(20.0)
Other income (loss)	(16)	24	n/a	(12)	(4)	(4)	28	200.0	200.0
Total net non-interest income	(9)	36	n/a	(8)	(1)	1	35	large	n/a

Net non-interest income result was negative \$9 million primarily due to the early buy back of Government Guaranteed debt.

Operating expenses

Operating expenses for the Non-core Bank were \$65 million, down 5.8% on June 2012. This result includes the one-off transaction costs associated with the Non-core portfolio sale.

Impairment losses on loans and advances

	FULL YEAR ENDED			JUN-13	HALF YEAR ENDED			JUN-13	JUN-13
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Collective provision for impairment	(43)	(34)	26.5	(36)	(7)	(29)	(5)	414.3	24.1
Specific provision for impairment	342	374	(8.6)	170	172	259	115	(1.2)	(34.4)
Actual net write-offs	12	24	(50.0)	15	(3)	12	12	n/a	25.0
	311	364	(14.6)	149	162	242	122	(8.0)	(38.4)
Impairment losses to credit risk-weighted assets (annualised)	34.36%	6.75%		33.20%	7.89%	9.02%	3.64%		

The second half impairment charge of \$149 million excludes the impact of the Non-core portfolio sale and comprises:

- \$78 million in specific provision charges on newly impaired loans, of which \$33 million related to one large new impaired exposure. The remaining charge on newly impaired exposures related to a small number of medium sized exposures
- The remainder of the specific provision charge relates to a "bulk" specific provision of approximately \$24 million, along with charges across a number of existing impaired exposures; and
- A \$36 million reduction in collective provisions due to the run off of the Non-core portfolio.

Impaired asset balances

	JUN-13	DEC-12	JUN-12	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	%	%
Gross balances of individually impaired loans					
with specific provisions set aside	282	1,601	1,823	(82.4)	(84.5)
without specific provisions set aside	1	43	26	(97.7)	(96.2)
Gross impaired assets	283	1,644	1,849	(82.8)	(84.7)
Specific provision for impairment	(145)	(294)	(346)	(50.7)	(58.1)
Net impaired assets	138	1,350	1,503	(89.8)	(90.8)
Size of gross impaired assets					
Less than one million	4	5	4	(20.0)	-
Greater than one million but less than ten million	133	165	145	(19.4)	(8.3)
Greater than ten million	146	1,474	1,700	(90.1)	(91.4)
	283	1,644	1,849	(82.8)	(84.7)
Past due loans not shown as impaired assets	65	59	27	10.2	140.7
Gross non-performing loans	348	1,703	1,876	(79.6)	(81.4)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the half year	1,644	1,849	2,163	(11.1)	(24.0)
Recognition of new impaired assets	92	156	222	(41.0)	(58.6)
Increases in previously recognised impaired assets	12	26	17	(53.8)	(29.4)
Impaired assets written off/sold during the half year	(1,422)	(164)	(221)	large	large
Impaired assets which have been reclassified as performing assets or repaid	(43)	(223)	(332)	(80.7)	(87.0)
Balance at the end of the half year	283	1,644	1,849	(82.8)	(84.7)

Gross non-performing loans

The \$1.6 billion portfolio sale of Corporate and Property assets in addition to the run-off of the Non-core portfolio resulted in a 79.6% reduction in gross non-performing loans over the second half.

Impaired assets

Significant reduction in the impaired asset balance occurred with a reduction to \$138 million as at 30 June 2013, following the portfolio resolution. The impairment of a \$60 million single name exposure occurred during the final quarter of the financial year.

Past due loans not shown as impaired

Past due loans increased marginally to \$65 million. There are no large single name exposures in the past due category at 30 June 2013.

Provision for impairment

	JUN-13	DEC-12	JUN-12	JUN-13 vs DEC-12	JUN-13 vs JUN-12
	\$M	\$M	\$M	%	%
Collective provision					
Balance at the beginning of the period	55	62	91	(11.3)	(39.6)
Charge against contribution to profit	(36)	(7)	(29)	414.3	24.1
Balance at the end of the period	19	55	62	(65.5)	(69.4)
Specific provision					
Balance at the beginning of the period	294	346	342	(15.0)	(14.0)
Charge against impairment losses	170	172	259	(1.2)	(34.4)
Write-off of impaired assets	(280)	(164)	(192)	70.7	45.8
Unwind of interest	(39)	(60)	(63)	(35.0)	(38.1)
Balance at the end of the period	145	294	346	(50.7)	(58.1)
Total provision for impairment - Banking activities	164	349	408	(53.0)	(59.8)
Equity reserve for credit loss					
Balance at the beginning of the period	26	45	69	(42.2)	(62.3)
Transfer (to) from retained earnings	(14)	(19)	(24)	(26.3)	(41.7)
Balance at the end of the period	12	26	45	(53.8)	(73.3)
Pre-tax equivalent coverage	17	37	64	(54.1)	(73.4)
Total provision for impairment and equity reserve for credit loss coverage - Non-core Banking activities	181	386	472	(53.1)	(61.7)
	%	%	%		
Provision for impairment expressed as a percentage of gross impaired assets are as follows:					
Collective provision	6.7	3.3	3.4		
Specific provision	51.2	17.9	18.7		
Total provision	58.0	21.2	22.1		
Equity reserve for credit loss coverage	6.0	2.3	3.5		
Total provision and equity reserve for credit loss coverage	64.0	23.5	25.5		

As part of the resolution of the Non-core portfolio, the Bank has increased specific provision coverage of the impaired portfolio to over 50%, with grossed up coverage (excluding partial write-downs) in excess of 60%. Overall provision coverage, including the Equity Reserve for Credit Loss, ended the second half at 64% of impaired assets.

Average banking balance sheet

	FULL YEAR ENDED JUN-13		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	\$M	\$M	%
ASSETS			
Interest earning assets			
Financial assets	3,806	135	3.55
Gross loans, advances and other receivables	3,981	232	5.83
Total interest earning assets	7,787	367	4.71
Non-interest earning assets			
Other assets (inc. loan provisions)	(727)		
Total non-interest earning assets	(727)		
TOTAL ASSETS	7,060		
LIABILITIES			
Interest bearing liabilities			
Wholesale liabilities	6,367	349	5.48
Debt capital	174	8	4.60
Total interest bearing liabilities	6,541	357	5.46
Non-interest bearing liabilities			
Other liabilities	-		
Total non-interest bearing liabilities	-		
TOTAL LIABILITIES	6,541		
AVERAGE SHAREHOLDERS' EQUITY	519		
Non-Shareholder Accounting Equity	-		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	519		
Analysis of interest margin and spread			
Interest earning assets	7,787	367	4.71
Interest bearing liabilities	6,541	357	5.46
Net interest spread			(0.75)
Net interest margin (interest earning assets)	7,787	10	0.13
Net interest margin (lending assets)	3,981	10	0.25

	HALF YEAR ENDED JUN-13			HALF YEAR ENDED DEC-12		
	AVERAGE	INTEREST	AVERAGE	AVERAGE	INTEREST	AVERAGE
	BALANCE		RATE	BALANCE		RATE
	\$M	\$M	%	\$M	\$M	%
ASSETS						
Interest-earning assets						
Financial assets	3,059	50	3.30	4,553	85	3.70
Gross loans, advances and other receivables	3,475	88	5.11	4,487	144	6.37
Total interest-earning assets	6,534	138	4.26	9,040	229	5.03
Non-interest earning assets						
Other assets (inc. loan provisions)	(599)			(844)		
Total non-interest earning assets	(599)			(844)		
TOTAL ASSETS	5,935			8,196		
LIABILITIES						
Interest-bearing liabilities						
Wholesale liabilities	5,339	139	5.25	7,395	210	5.63
Debt capital	137	3	4.42	212	5	4.68
Total interest-bearing liabilities	5,476	142	5.23	7,607	215	5.61
Non-interest bearing liabilities						
Other liabilities	-			-		
Total non-interest bearing liabilities	-			-		
TOTAL LIABILITIES	5,476			7,607		
AVERAGE SHAREHOLDERS' EQUITY	459			589		
Non-Shareholder Accounting Equity	-			(1)		
AVERAGE SHAREHOLDERS' EQUITY	459			588		
Analysis of interest margin and spread						
Interest-earning assets	6,534	138	4.26	9,040	229	5.03
Interest-bearing liabilities	5,476	142	5.23	7,607	215	5.61
Net interest spread			(0.97)			(0.58)
Net interest margin (interest-earning assets)	6,534	(4)	(0.12)	9,040	14	0.31
Net interest margin (lending assets)	3,475	(4)	(0.23)	4,487	14	0.62

Appendix 1 – Consolidated statement of comprehensive income and financial position

Consolidated statement of comprehensive income

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

	FULL YEAR ENDED			JUN-13		HALF YEAR ENDED			JUN-13	
	JUN-13		JUN-12 vs DEC-12		%	JUN-13		DEC-12		%
	\$M	\$M				\$M	\$M	\$M	\$M	%
Revenue										
Insurance premium income	9,134	8,355	9.3	4,635		4,499	4,262	4,093	3.0	8.8
Reinsurance and other recoveries income	1,538	1,917	(19.8)	813		725	770	1,147	12.1	5.6
Banking interest income	3,420	4,025	(15.0)	1,633		1,787	1,937	2,088	(8.6)	(15.7)
Investment revenue	1,523	1,183	28.7	556		967	716	467	(42.5)	(22.3)
Other income	571	581	(1.7)	305		266	267	314	14.9	14.3
Total revenue	16,186	16,061	0.8	7,942		8,244	7,952	8,109	(3.7)	(0.1)
Expenses										
General insurance claims expense	(6,264)	(7,122)	(12.0)	(3,334)		(2,930)	(3,251)	(3,871)	13.8	2.6
Life insurance claims expense and movement in policyowners liabilities	(1,142)	(314)	263.7	(525)		(617)	(340)	26	(14.9)	54.4
Outwards reinsurance premium expense	(1,203)	(946)	27.2	(618)		(585)	(497)	(449)	5.6	24.3
Interest expense	(2,477)	(3,146)	(21.3)	(1,153)		(1,324)	(1,499)	(1,647)	(12.9)	(23.1)
Fees and commissions expense	(700)	(535)	30.8	(336)		(364)	(294)	(241)	(7.7)	14.3
Operating expenses	(2,732)	(2,603)	5.0	(1,388)		(1,344)	(1,315)	(1,288)	3.3	5.6
Losses on Banking loans, advances and other receivables	(902)	(432)	108.8	(687)		(215)	(299)	(133)	220.2	129.9
Total expenses	(15,420)	(15,098)	2.1	(8,041)		(7,379)	(7,495)	(7,603)	9.0	7.3
Profit before income tax	766	963	(20.5)	(99)		865	457	506	n/a	(121.7)
Income tax expense	(270)	(235)	14.9	18		(288)	(119)	(116)	n/a	(115.1)
Profit for the period	496	728	(31.9)	(81)		577	338	390	n/a	(124.0)
Other comprehensive income										
Items that may be reclassified subsequently to profit or loss										
Net change in fair value of cash flow hedges	61	(66)	n/a	23		38	(126)	60	(39.5)	n/a
Net change in fair value of available-for-sale financial assets	-	(60)	(100.0)	4		(4)	6	(66)	n/a	(33.3)
Exchange differences on translation of foreign operations	68	10	large	56		12	22	(12)	366.7	154.5
Income tax on benefit (expense)	(18)	38	n/a	(3)		(15)	36	2	(80.0)	(108.3)
	111	(78)	n/a	80		31	(62)	(16)	158.1	(229.0)
Items that will not be reclassified subsequently to profit or loss										
Actuarial gains (losses) on defined benefit plans	20	(51)	n/a	16		4	(51)	-	300.0	n/a
Income tax on other comprehensive income	(6)	15	n/a	(6)		-	15	-	n/a	(140.0)
	14	(36)	n/a	10		4	(36)	-	150.0	n/a
Total Other comprehensive income net of income tax	125	(114)	n/a	90		35	(98)	(16)	157.1	n/a
Total comprehensive income for the period	621	614	1.1	9		612	240	374	(98.5)	(96.3)
Profit for the period attributable to:										
Owners of the Company	491	724	(32.2)	(83)		574	335	389	n/a	n/a
Non-controlling interests	5	4	25.0	2		3	3	1	(33.3)	(33.3)
Profit for the period	496	728	(31.9)	(81)		577	338	390	n/a	n/a
Total comprehensive income for the period attributable to:										
Owners of the Company	616	610	1.0	7		609	237	373	(98.9)	(97.0)
Non-controlling interests	5	4	25.0	2		3	3	1	(33.3)	(33.3)
Total comprehensive income for the period	621	614	1.1	9		612	240	374	(98.5)	(96.3)

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

Consolidated statement of financial position

	GENERAL INSURANCE JUN-13 \$M	BANKING JUN-13 \$M	LIFE JUN-13 \$M	CORPORATE JUN-13 \$M	ELIMINATIONS JUN-13 \$M	CONSOLIDATION JUN-13 \$M
Assets						
Cash and cash equivalents	146	905	610	47	(314)	1,394
Receivables due from other banks	-	1,460	-	-	-	1,460
Trading securities	-	3,462	-	-	-	3,462
Derivatives	39	667	-	-	(79)	627
Investment securities	12,305	6,640	8,413	14,983	(16,158)	26,183
Banking loans, advances and other receivables	-	47,999	-	-	-	47,999
General Insurance assets	7,158	-	-	-	-	7,158
Life assets	-	-	666	-	-	666
Due from Group entities	-	251	-	703	(954)	-
Property, plant and equipment	34	-	4	174	-	212
Deferred tax assets	-	141	-	124	(178)	87
Other assets	176	272	24	46	(6)	512
Goodwill and intangible assets	5,145	262	640	122	(1)	6,168
Total assets	25,003	62,059	10,357	16,199	(17,690)	95,928
Liabilities						
Deposits and short-term borrowings	-	43,861	-	-	(314)	43,547
Derivatives	116	984	18	-	(79)	1,039
Payables due to other banks	-	213	-	-	-	213
Payables and other liabilities	1,333	640	105	401	(1)	2,478
Current tax liabilities	2	-	-	-	-	2
Due to Group entities	269	-	8	-	(277)	-
General Insurance liabilities	14,496	-	-	-	-	14,496
Life liabilities	-	-	5,869	-	-	5,869
Deferred tax liabilities	112	-	66	-	(178)	-
Managed funds units on issue	-	-	1,567	-	(1,559)	8
Securitisation liabilities	-	4,802	-	-	(25)	4,777
Debt issues	-	7,313	-	-	(22)	7,291
Subordinated notes	720	840	-	756	(670)	1,646
Preference shares	-	30	-	549	-	579
Total liabilities	17,048	58,683	7,633	1,706	(3,125)	81,945
Net assets	7,955	3,376	2,724	14,493	(14,565)	13,983
Equity						
Share capital						12,682
Reserves						40
Retained profits						1,245
Total equity attributable to owners of the Company						13,967
Non-controlling interests						16
Total equity						13,983

Appendix 2 – Ratio calculations

Earnings per share

Numerator	FULL YEAR ENDED			HALF YEAR ENDED		
	JUN-13 \$M	JUN-12 \$M	JUN-13 \$M	DEC-12 \$M	JUN-12 \$M	DEC-11 \$M
Earnings:						
Earnings used in calculating basic earnings per share	491	724	(83)	574	335	389
Interest expense on convertible preference shares (SBKPB) (net of tax)	-	41	-	17	20	21
Interest expense on convertible preference shares (SUNPC) (net of tax)	-	-	-	5	-	-
Earnings used in calculating diluted earnings per share	491	765	(83)	596	355	410
Denominator						
	FULL YEAR ENDED			HALF YEAR ENDED		
	JUN-13 NO. OF SHARES	JUN-12 NO. OF SHARES	JUN-13 NO. OF SHARES	DEC-12 NO. OF SHARES	JUN-12 NO. OF SHARES	DEC-11 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,277,858,329	1,277,409,855	1,278,106,483	1,277,614,221	1,277,417,013	1,277,402,775
Effect of conversion of convertible preference shares (SBKPB)	-	94,021,565	-	74,166,507	94,021,565	87,874,490
Effect of conversion of convertible preference shares (SUNPC)	-	-	-	22,439,264	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,277,858,329	1,371,431,420	1,278,106,483	1,374,219,992	1,371,438,578	1,365,277,265

Return on average shareholders' equity

Numerator

Earnings for return on average shareholders' equity is as per 'earnings per share' information above.

Denominator

	FULL YEAR ENDED			HALF YEAR ENDED		
	JUN-13 \$M	JUN-12 \$M	JUN-13 \$M	DEC-12 \$M	JUN-12 \$M	DEC-11 \$M
Adjusted average shareholders' equity						
Opening total equity	14,127	14,018	14,289	14,127	14,133	14,018
Less non-controlling interests	(17)	(17)	(14)	(17)	(12)	(17)
Opening adjusted equity	14,110	14,001	14,275	14,110	14,121	14,001
Closing total equity	13,983	14,127	13,983	14,289	14,127	14,133
Less non-controlling interests	(16)	(17)	(16)	(14)	(17)	(12)
Closing adjusted equity	13,967	14,110	13,967	14,275	14,110	14,121
Average adjusted equity	14,039	14,056	14,121	14,193	14,116	14,061

Appendix 2 – Ratio calculations (continued)

ASX listed securities

		HALF YEAR ENDED			
	JUN-13	DEC-12	JUN-12	DEC-11	
Ordinary shares (SUN) each fully paid					
Number at the end of the period	1,286,600,980	1,286,600,980	1,286,600,980	1,286,600,980	
Dividend declared for the period (cents per share)	50	25	35	20	
Convertible preference shares (SUNPC) each fully paid					
Number at the end of the period	5,600,000	5,600,000	-	-	
Dividend declared for the period (\$ per share) ⁽¹⁾	2.70	0.61	-	-	
Subordinated Notes (SUNPD)					
Number at the end of the period	7,700,000	-	-	-	
Interest per note	1.43	-	-	-	
Floating Rate Capital Notes (SBKHB)					
Number at the end of the period	1,698,008	1,698,008	1,698,008	1,698,008	
Interest per note	1.91	2.25	2.61	2.87	
Reset preference shares (SBKPA) each fully paid					
Number at the end of the period	304,063	304,063	304,063	304,063	
Dividend declared for the period (\$ per share) ⁽¹⁾	2.09	2.12	2.10	2.55	
Convertible preference shares (SBKPB) each fully paid					
Number at the end of the period	-	7,350,000	7,350,000	7,350,000	
Dividend declared for the period (\$ per share) ⁽¹⁾	2.20	2.38	2.70	2.86	

⁽¹⁾ Classified as interest expense

Appendix 3 – Group capital

Group capital position

AS AT 30 JUNE 2013

	GENERAL INSURANCE \$M	BANKING \$M	LIFE \$M	SGL, CORP SERVICES \$M	TOTAL \$M
Common Equity Tier 1					
Ordinary share capital	-	-	-	12,717	12,717
Subsidiary share capital (eliminated upon consolidation)	7,977	3,675	2,435	(14,087)	-
Reserves	(50)	(991)	274	807	40
Retained profits and non-controlling interests	22	173	14	1,052	1,261
Insurance liabilities in excess of liability valuation	650	-	-	-	650
	8,599	2,857	2,723	489	14,668
Adjustments to Common Equity Tier 1					
Less goodwill, brands	(5,067)	(262)	(593)	-	(5,922)
Less other intangible assets	(7)	(122)	-	(147)	(276)
Less deferred tax asset	-	(113)	(24)	(123)	(260)
Less policy liability adjustment ⁽¹⁾	-	-	(1,354)	-	(1,354)
Less other required deductions	(11)	-	-	(105)	(116)
	(5,085)	(497)	(1,971)	(375)	(7,928)
Common Equity Tier 1 capital	3,514	2,360	752	114	6,740
Additional Tier 1					
Eligible hybrid capital	-	450	-	110	560
Transitional hybrid capital	-	30	-	-	30
Additional Tier 1 Capital	-	480	-	110	590
Tier 2					
APRA general reserve for credit losses	-	195	-	-	195
Eligible Subordinated notes	-	670	-	-	670
Transitional Subordinated notes	643	170	-	-	813
Total Tier 2 capital	643	1,035	-	-	1,678
APRA Capital base	4,157	3,875	752	224	9,008
Represented by:					
Capital in Australian regulated entities	3,620	3,847	587	-	8,054
Capital in New Zealand regulated entities	464	-	90	-	554
Capital in unregulated entities ⁽²⁾	73	28	75	224	400

⁽¹⁾ Policy liability adjustments equate to the difference between adjusted policy liabilities and the sum of policy liabilities and policyowner retained profits. This mainly represents the implicit Deferred Acquisition Costs (DAC) for the life risk business.

⁽²⁾ All unregulated entities are adequately capitalised. Capital in unregulated entities includes capital in authorised NOHCs such as Suncorp Group Limited (SGL), consolidated adjustments within a business unit and other diversification adjustments.

Appendix 3 – Group capital (continued)

Group capital position

	AS AT 30 JUNE 2013				
	GENERAL INSURANCE	BANKING	LIFE	SGL, CORP SERVICES & CONSOL	TOTAL
	\$M	\$M	\$M	\$M	\$M
Reconciliation of total capital base to net assets					
Net assets	7,955	3,376	2,724	(72)	13,983
Equity items not eligible for inclusion in capital for APRA purposes					
Reserves	(5)	62	-	5	62
Additional items allowable for capital for APRA purposes					
Eligible hybrid capital	-	-	-	560	560
Eligible Subordinated notes	-	670	-	-	670
Transitional hybrid capital	-	30	-	-	30
Transitional Subordinated notes	643	170	-	-	813
Insurance liabilities in excess of liability valuation	650	-	-	-	650
Eligible collective provision	-	64	-	-	64
Other items, adjustments	(1)	-	(1)	1	(1)
Deductions from capital for APRA purposes					
Goodwill, brands	(5,067)	(262)	(593)	-	(5,922)
Software assets	(3)	-	-	(122)	(125)
Deductible capitalised expenses	(4)	(122)	-	(25)	(151)
Deferred tax asset	-	(113)	(24)	(123)	(260)
Policy Liability adjustment	-	-	(1,354)	-	(1,354)
Other assets excluded from regulatory capital	(11)	-	-	-	(11)
APRA Capital base	4,157	3,875	752	224	9,008

Appendix 3 – Group capital (continued)

General Insurance Prescribed Capital Amount

	GI GROUP ⁽¹⁾ JUN-13 \$M
Common Equity Tier 1	
Ordinary share capital	7,977
Reserves	(50)
Retained profits and non-controlling interests	22
Insurance liabilities in excess of liability valuation	929
Less: Tax effect of excess insurance liabilities	(279)
	8,599
Adjustments to Common Equity Tier 1	
Goodwill and other intangible assets	(5,074)
Net deferred tax assets	-
Other Tier 1 deductions	(11)
Total deductions from Common Equity Tier 1 Capital	(5,085)
Common Equity Tier 1 Capital	3,514
Additional Tier 1 Capital	-
Tier 1 Capital	3,514
Tier 2	
Eligible hybrid capital - Subordinated notes	-
Transitional Subordinated notes	643
Tier 2 Capital	643
APRA Capital base	4,157
Prescribed Capital Amount	
Outstanding claims risk capital charge	835
Premium liabilities risk capital charge	475
Total insurance risk capital charge	1,310
Insurance concentration risk charge	250
Asset Risk Charge	751
Asset concentration risk charge	-
Operational risk charge	261
Aggregation benefit	(449)
Total Prescribed Capital Amount (PCA)	2,123
CET1 Coverage Ratio	1.66
Capital Coverage Ratio	1.96

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

Appendix 3 – Group capital (continued)

Banking capital adequacy

	REGULATORY BANKING GROUP	OTHER ENTITIES	STATUTORY BANKING GROUP
	\$M	\$M	\$M
Common Equity Tier 1			
Ordinary share capital	2,452	1,223	3,675
Eligible reserves	(4)	(987)	(991)
Retained profits	170	3	173
	2,618	239	2,857
Adjustments to Common Equity Tier 1			
Goodwill and other intangibles arising on acquisition	(26)	(236)	(262)
Other intangible assets	(122)	-	(122)
Deferred tax asset	(113)	-	(113)
Other required deductions	-	-	-
CET1 deductions for investments in subsidiaries, capital support	(25)	25	-
Total deductions from Common Equity Tier 1 Capital	(286)	(211)	(497)
Common Equity Tier 1 Capital	2,332	28	2,360
Additional Tier 1			
Eligible hybrid capital	450	-	450
Transitional hybrid capital	30	-	30
	480	-	480
Tier 1 Capital	2,812	28	2,840
Tier 2			
APRA general reserve for credit losses	195	-	195
Eligible Subordinated notes	670	-	670
Transitional Subordinated notes	170	-	170
Total Tier 2 Capital	1,035	-	1,035
APRA Capital base	3,847	28	3,875
Risk-weighted exposures	27,029	-	27,029
Market risk capital charge	385	-	385
Operational risk capital charge	3,308	-	3,308
Total assessed risk	30,722	-	30,722
Common Equity Tier 1 Capital	2,332	28	2,360
Common Equity Tier 1 Ratio	7.59%	-	7.68%
Total Capital Ratio	12.52%	-	12.61%

Appendix 3 – Group capital (continued)

Life Prescribed Capital Amount

	LIFE CO AUSTRALIA JUN-13 \$M	LIFE CO NEW ZEALAND ⁽¹⁾ JUN-13 \$M	OTHER ENTITIES ⁽²⁾ \$M	TOTAL LIFE GROUP JUN-13 \$M
Common Equity Tier 1				
Ordinary share capital ⁽³⁾	664	203	1,568	2,435
Reserves	-	(5)	279	274
Retained profits and non-controlling interests	1,037	124	(1,147)	14
	1,701	322	700	2,723
Adjustments to Common Equity Tier 1				
Goodwill and other intangible assets	-	(1)	(592)	(593)
Net deferred tax assets	-	(24)	-	(24)
Policy liability adjustment ⁽⁴⁾	(1,147)	(207)	-	(1,354)
Other Tier 1 deductions	-	-	-	-
Total deductions from Common Equity Tier 1 Capital	(1,147)	(232)	(592)	(1,971)
Common Equity Tier 1 Capital	554	90	108	752
Additional Tier 1 Capital	-	-	-	-
Tier 1 Capital	554	90	108	752
Tier 2				
Eligible Subordinated notes	-	-	-	-
APRA Capital base	554	90	108	752
Prescribed Capital Amount				
Insurance risk capital charge	43	24	-	67
Asset risk charge	81	29	-	110
Asset concentration risk charge	-	-	-	-
Operational risk charge	35	-	-	35
Aggregation benefit	(25)	-	-	(25)
Combined stress scenario adjustment	62	-	-	62
Other regulatory requirements	-	-	19	19
Total Life Insurance Prescribed Capital Amount (PCA) ⁽⁵⁾	196	53	19	268
CET1 Coverage Ratio	2.83	1.70	5.68	2.81
Capital Coverage Ratio	2.83	1.70	5.68	2.81

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

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

⁽³⁾ Life Co Australia and Other Entities include a prior period reclass of ordinary share capital and retained profits that was transferred under Part 9 of the Life Insurance Act 1995. There was no impact on the Total Life Group.

⁽⁴⁾ Policy liability adjustments equate to the difference between adjusted policy liabilities and the sum of policy liabilities and policyowner retained profits. This mainly represents the implicit Deferred Acquisition Costs (DAC) for the life risk business.

⁽⁵⁾ PCA in other entities is reflective of AFSL requirements being the greater of NTA, surplus liquid fund (SLF) or cash reserve requirements (CRR)

Appendix 4 – General Insurance short-tail and long-tail (includes NZ)

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Short-tail												
Gross written premium	6,587	6,145	7.2	3,303	3,284	3,157	2,988	0.6	4.6			
Net earned premium	5,570	5,222	6.7	2,828	2,742	2,663	2,559	3.1	6.2			
Net incurred claims	(3,675)	(3,909)	(6.0)	(2,001)	(1,674)	(1,949)	(1,960)	19.5	2.7			
Acquisition expenses	(724)	(667)	8.5	(360)	(364)	(344)	(323)	(1.1)	4.7			
Other underwriting expenses	(657)	(587)	11.9	(343)	(314)	(304)	(283)	9.2	12.8			
Total operating expenses	(1,381)	(1,254)	10.1	(703)	(678)	(648)	(606)	3.7	8.5			
Underwriting result	514	59	large	124	390	66	(7)	(68.2)	87.9			
Investment income - insurance funds	118	90	31.1	42	76	59	31	(44.7)	(28.8)			
Insurance trading result	632	149	324.2	166	466	125	24	(64.4)	32.8			
	%	%		%	%	%	%					
Ratios												
Acquisition expenses ratio	13.0	12.8		12.7	13.3	12.9	12.6					
Other underwriting expenses ratio	11.8	11.2		12.1	11.5	11.4	11.1					
Total operating expenses ratio	24.8	24.0		24.9	24.7	24.3	23.7					
Loss ratio	66.0	74.9		70.8	61.1	73.2	76.6					
Combined operating ratio	90.8	98.9		95.6	85.8	97.5	100.3					
Insurance trading ratio	11.3	2.9		5.9	17.0	4.7	0.9					

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%			
Long-tail												
Gross written premium	2,002	1,810	10.6	1,061	941	943	867	12.8	12.5			
Net earned premium	1,728	1,582	9.2	869	859	782	800	1.2	11.1			
Net incurred claims	(1,244)	(1,487)	(16.3)	(613)	(631)	(627)	(860)	(2.9)	(2.2)			
Acquisition expenses	(212)	(236)	(10.2)	(83)	(129)	(125)	(111)	(35.7)	(33.6)			
Other underwriting expenses	(160)	(125)	28.0	(85)	(75)	(59)	(66)	13.3	44.1			
Total operating expenses	(372)	(361)	3.0	(168)	(204)	(184)	(177)	(17.6)	(8.7)			
Underwriting result	112	(266)	n/a	88	24	(29)	(237)	266.7	n/a			
Investment income - insurance funds	215	628	(65.8)	36	179	286	342	(79.9)	(87.4)			
Insurance trading result	327	362	(9.7)	124	203	257	105	(38.9)	(51.8)			
	%	%		%	%	%	%					
Ratios												
Acquisition expenses ratio	12.3	14.9		9.6	15.0	16.0	13.9					
Other underwriting expenses ratio	9.3	7.9		9.8	8.7	7.5	8.3					
Total operating expenses ratio	21.5	22.8		19.3	23.7	23.5	22.2					
Loss ratio	72.0	94.0		70.5	73.5	80.2	107.5					
Combined operating ratio	93.5	116.8		89.9	97.2	103.7	129.7					
Insurance trading ratio	18.9	22.9		14.3	23.6	32.9	13.1					

Appendix 5 – General Insurance New Zealand results expressed in NZ\$

	FULL YEAR ENDED			JUN-13			HALF YEAR ENDED			JUN-13		
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12	JUN-13	DEC-12	vs JUN-12
	NZ\$M	NZ\$M	%	NZ\$M	NZ\$M	NZ\$M	NZ\$M	%	%	%	%	%
Gross written premium	1,180	1,066	10.7	588	592	534	532	(0.7)	10.1			
Net earned premium	855	719	18.9	444	411	364	355	8.0	22.0			
Net incurred claims	(477)	(496)	(3.8)	(251)	(226)	(240)	(256)	11.1	4.6			
Acquisition expenses	(223)	(152)	46.7	(112)	(111)	(95)	(57)	0.9	17.9			
Other underwriting expenses	(81)	(61)	32.8	(43)	(38)	(31)	(30)	13.2	38.7			
Total operating expenses	(304)	(213)	42.7	(155)	(149)	(126)	(87)	4.0	23.0			
Underwriting result	74	10	large	38	36	(2)	12	5.6	n/a			
Investment income - insurance funds	17	15	13.3	7	10	7	8	(30.0)	-			
Insurance trading result	91	25	264.0	45	46	5	20	(2.2)	large			
	%	%		%	%	%	%					
Ratios												
Acquisition expenses ratio	26.1	21.1		25.2	27.0	26.1	16.1					
Other underwriting expenses ratio	9.5	8.5		9.7	9.2	8.5	8.5					
Total operating expenses ratio	35.6	29.6		34.9	36.3	34.6	24.6					
Loss ratio	55.8	69.0		56.5	55.0	65.9	72.1					
Combined operating ratio	91.3	98.6		91.4	91.2	100.5	96.7					
Insurance trading ratio	10.6	3.5		10.1	11.2	1.4	5.6					

Appendix 6 – Underlying ITR

	JUN-13 \$M	JUN-12 \$M	JUN-11 \$M
Reported ITR	959	511	412
Reported ITR ratio	13.1%	7.5%	6.6%
Reported reserve releases (above) below long-run expectations (page 24)	4	(64)	(212)
Natural hazards (below) above long-run allowances (page 23)	75	278	325
Investment income mismatch (page 26)	(102)	197	(55)
Other:			
Risk margin (page 23)	(24)	(97)	(44)
Abnormal (Simplification/restructuring) expenses (page 25)	94	11	12
LAT/DAC movement (page 25)	(21)	(14)	35
Reinsurance reinstatement premiums	-	-	232
Underlying ITR	985	822	705
Underlying ITR ratio	13.5%	12.1%	10.8%

Appendix 7 – General Insurance profit excluding the discount rate movements and Fire Service Levies

	FULL YEAR ENDED			JUN-13	HALF YEAR ENDED			JUN-13	JUN-13
	JUN-13	JUN-12	vs JUN-12	JUN-13	DEC-12	JUN-12	DEC-11	vs DEC-12	vs JUN-12
	\$M	\$M	%	\$M	\$M	\$M	\$M	%	%
Gross written premium ⁽¹⁾	8,302	7,652	8.5	4,265	4,037	3,947	3,705	5.6	8.1
Gross unearned premium movement	(301)	(340)	(11.5)	(201)	(100)	(233)	(107)	101.0	(13.7)
Gross earned premium	8,001	7,312	9.4	4,064	3,937	3,714	3,598	3.2	9.4
Outwards reinsurance expense	(1,026)	(780)	31.5	(528)	(498)	(412)	(368)	6.0	28.2
Net earned premium	6,975	6,532	6.8	3,536	3,439	3,302	3,230	2.8	7.1
Net incurred claims									
Claims expense	(6,390)	(6,683)	(4.4)	(3,389)	(3,001)	(3,093)	(3,590)	12.9	9.6
Reinsurance and other recoveries revenue	1,345	1,726	(22.1)	720	625	675	1,051	15.2	6.7
	(5,045)	(4,957)	1.8	(2,669)	(2,376)	(2,418)	(2,539)	12.3	10.4
Total operating expenses									
Acquisition expenses	(936)	(903)	3.7	(443)	(493)	(469)	(434)	(10.1)	(5.5)
Other underwriting expenses	(494)	(440)	12.3	(267)	(227)	(220)	(220)	17.6	21.4
	(1,430)	(1,343)	6.5	(710)	(720)	(689)	(654)	(1.4)	3.0
Underwriting result	500	232	115.5	157	343	195	37	(54.2)	(19.5)
Investment income - insurance funds	459	279	64.5	133	326	187	92	(59.2)	(28.9)
Insurance trading result	959	511	87.7	290	669	382	129	(56.7)	(24.1)
Managed schemes net contribution	25	13	92.3	29	(4)	11	2	n/a	163.6
Joint venture and other income	10	9	11.1	9	1	3	6	large	200.0
General Insurance operational earnings	994	533	86.5	328	666	396	137	(50.8)	(17.2)
Investment revenue - shareholder funds	288	203	41.9	128	160	77	126	(20.0)	66.2
General Insurance profit before tax and capital funding	1,282	736	74.2	456	826	473	263	(44.8)	(3.6)
Capital funding	(33)	(66)	(50.0)	(9)	(24)	(29)	(37)	(62.5)	(69.0)
General Insurance profit before tax	1,249	670	86.4	447	802	444	226	(44.3)	0.7
Income tax	(366)	(177)	106.8	(128)	(238)	(113)	(64)	(46.2)	13.3
General Insurance profit after tax	883	493	79.1	319	564	331	162	(43.4)	(3.6)

⁽¹⁾ Net of Fire Service Levies (FSL) 30 June 2013 \$99 million, 31 December 2012, \$188 million, 30 June 2012, \$153 million, 31 December 2011, \$150 million.

	FULL YEAR ENDED		HALF YEAR ENDED		JUN-13		JUN-13		JUN-13		JUN-13	
	JUN-13		JUN-12		JUN-13		DEC-12		JUN-12		DEC-11	
	%	%	%	%	%	%	%	%	%	%	%	%
Acquisition expenses ratio	13.4	13.8	12.5	14.3	14.2	13.4						
Other underwriting expenses ratio	7.1	6.7	7.6	6.6	6.7	6.8						
Total operating expenses ratio	20.5	20.5	20.1	20.9	20.9	20.2						
Loss ratio	72.3	75.9	75.5	69.1	73.2	78.6						
Combined operating ratio	92.8	96.4	95.6	90.0	94.1	98.8						

Appendix 8 – Consolidated Bank

Profit contribution

	FULL YEAR ENDED			TOTAL JUN-12 \$M	JUN-13 vs JUN-12 %
	CORE JUN-13	NON-CORE JUN-13	TOTAL JUN-13		
	\$M	\$M	\$M		
Net interest income	976	10	986	928	6.3
Net non-interest income					
Net banking fee income	70	7	77	96	(19.8)
MTM on financial instruments	(6)	-	(6)	15	n/a
Other income (loss)	5	(16)	(11)	29	n/a
Total net non-interest income	69	(9)	60	140	(57.1)
Total income from Banking activities	1,045	1	1,046	1,068	(2.1)
Operating expenses	(554)	(65)	(619)	(597)	3.7
Consolidated Bank profit before losses on loans and advances	491	(64)	427	471	(9.3)
Loss on sale of loans and advances	-	(527)	(527)	(27)	large
Impairment losses on loans and advances	(64)	(311)	(375)	(405)	(7.4)
Consolidated Bank profit before tax	427	(902)	(475)	39	n/a
Income tax	(138)	270	132	(13)	n/a
Consolidated Bank profit after tax	289	(632)	(343)	26	n/a

	FULL YEAR ENDED			TOTAL JUN-12 %
	CORE JUN-13	NON-CORE JUN-13	TOTAL JUN-13	
	%	%	%	
Net interest margin (interest-earning assets)	1.86	0.13	1.64	1.54
Net interest margin (lending assets)	2.15	0.25	2.00	1.97
Cost to income ratio	53.0	large	59.2	55.9
Impairment losses to gross loans and advances	0.13	39.92	0.78	0.85
Impairment losses to credit risk-weighted assets	0.26	34.36	1.48	1.45

Appendix 8 – Consolidated Bank (continued)

Statement of assets and liabilities

	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M	DEC-12 \$M	JUN-12 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Assets							
Cash and cash equivalents	366	539	905	341	549	165.4	64.8
Receivables due from other banks	189	1,271	1,460	1,031	2,044	41.6	(28.6)
Trading securities	1,245	2,217	3,462	4,077	4,787	(15.1)	(27.7)
Derivatives	455	212	667	427	424	56.2	57.3
Investment securities	6,002	638	6,640	5,114	6,308	29.8	5.3
Loans, advances and other receivables	47,384	615	47,999	48,770	47,320	(1.6)	1.4
Due from Group entities	251	-	251	190	144	32.1	74.3
Deferred tax assets	82	59	141	185	241	(23.8)	(41.5)
Other assets ⁽¹⁾	249	23	272	319	350	(14.7)	(22.3)
Goodwill and intangible assets	262	-	262	262	262	-	-
Total assets	56,485	5,574	62,059	60,716	62,429	2.2	(0.6)
Liabilities							
Deposits and short-term borrowings	41,119	2,742	43,861	41,828	41,521	4.9	5.6
Derivatives	693	291	984	1,287	2,369	(23.5)	(58.5)
Payables due to other banks	213	-	213	46	64	363.0	232.8
Payables and other liabilities	640	-	640	502	634	27.5	0.9
Securitisation liabilities	4,802	-	4,802	4,326	3,839	11.0	25.1
Debt issues	4,984	2,329	7,313	8,250	9,598	(11.4)	(23.8)
Subordinated notes	831	9	840	267	666	214.6	26.1
Preference shares	30	-	30	764	762	(96.1)	(96.1)
Total liabilities	53,312	5,371	58,683	57,270	59,453	2.5	(1.3)
Net assets	3,173	203	3,376	3,446	2,976	(2.0)	13.4
Reconciliation of net equity to Common Equity Tier 1 Capital							
Net equity - Banking line of business			3,376	3,446	2,976		
Additional Tier 1 capital			(450)	(450)	-		
Goodwill allocated to Banking Business			(235)	(235)	(235)		
Regulatory capital equity adjustments			58	90	112		
Regulatory capital deductions			(286)	(277)	(297)		
Other reserves excluded from CET1 ratio			(131)	(133)	(147)		
Common Equity Tier 1 Capital			2,332	2,441	2,409		

⁽¹⁾ Other assets are mainly made up of accrued interest and prepayments

Appendix 8 – Consolidated Bank (continued)

Loans, advances and other receivables

	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M	TOTAL DEC-12 \$M	TOTAL JUN-12 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Housing loans	29,399	-	29,399	28,614	27,639	2.7	6.4
Securitised housing loans and covered bonds	7,759	-	7,759	7,349	6,316	5.6	22.8
Total housing loans	37,158	-	37,158	35,963	33,955	3.3	9.4
Consumer loans	463	-	463	464	482	(0.2)	(3.9)
Retail loans	37,621	-	37,621	36,427	34,437	3.3	9.2
Commercial (SME)	5,531	-	5,531	5,297	5,063	4.4	9.2
Corporate and lease finance	-	131	131	703	1,132	(81.4)	(88.4)
Development finance	-	214	214	1,325	1,473	(83.8)	(85.5)
Property investment	-	390	390	1,394	1,868	(72.0)	(79.1)
Agribusiness	4,311	-	4,311	4,039	3,856	6.7	11.8
Business loans	9,842	735	10,577	12,758	13,392	(17.1)	(21.0)
Total lending	47,463	735	48,198	49,185	47,829	(2.0)	0.8
Other receivables	57	44	101	58	28	74.1	260.7
Gross banking loans, advances and other receivables	47,520	779	48,299	49,243	47,857	(1.9)	0.9
Provision for impairment	(136)	(164)	(300)	(473)	(537)	(36.6)	(44.1)
Loans, advances and other receivables	47,384	615	47,999	48,770	47,320	(1.6)	1.4
Credit-risk weighted assets	24,459	905	25,364	27,423	28,002	(7.5)	(9.4)
Geographical breakdown - Total lending							
Queensland	28,000	254	28,254	28,889	28,711	(2.2)	(1.6)
New South Wales	10,887	325	11,212	11,431	10,698	(1.9)	4.8
Victoria	4,142	131	4,273	4,487	4,377	(4.8)	(2.4)
Western Australia	3,042	24	3,066	3,059	2,807	0.2	9.2
South Australia and other	1,392	1	1,393	1,319	1,236	5.6	12.7
Outside of Queensland loans	19,463	481	19,944	20,296	19,118	(1.7)	4.3
Total lending	47,463	735	48,198	49,185	47,829	(2.0)	0.8

Appendix 8 – Consolidated Bank (continued)

Funding and deposits

	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M	TOTAL DEC-12 \$M	TOTAL JUN-12 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Retail funding							
<i>Retail deposits</i>							
Transaction	6,335	-	6,335	6,269	5,764	1.1	9.9
Investment	4,639	-	4,639	4,329	3,826	7.2	21.2
Term deposits	16,599	-	16,599	15,486	15,316	7.2	8.4
Core retail deposits	27,573	-	27,573	26,084	24,906	5.7	10.7
Retail treasury deposits	3,981	-	3,981	4,061	4,985	(2.0)	(20.1)
Total retail funding	31,554	-	31,554	30,145	29,891	4.7	5.6
Wholesale funding							
<i>Domestic funding sources</i>							
Short-term wholesale	6,382	1,926	8,308	8,231	7,914	0.9	5.0
Long-term wholesale	1,562	1,304	2,866	3,975	3,683	(27.9)	(22.2)
Covered bonds	2,196	-	2,196	2,195	1,598	0.0	37.4
Subordinated notes	831	9	840	170	170	394.1	394.1
Reset preference shares	30	-	30	30	31	-	(3.2)
Convertible preference shares	-	-	-	734	731	(100.0)	(100.0)
	11,001	3,239	14,240	15,335	14,127	(7.1)	0.8
<i>Overseas funding sources ⁽¹⁾</i>							
Short-term wholesale	3,183	816	3,999	3,452	3,716	15.8	7.6
Long-term wholesale	1,226	1,025	2,251	2,080	4,317	8.2	(47.9)
Subordinated notes	-	-	-	97	496	(100.0)	(100.0)
	4,409	1,841	6,250	5,629	8,529	11.0	(26.7)
Total wholesale funding	15,410	5,080	20,490	20,964	22,656	(2.3)	(9.6)
Total funding (excluding securitisation)	46,964	5,080	52,044	51,109	52,547	1.8	(1.0)
Securitised funding							
APS 120 qualifying ⁽²⁾	3,733	-	3,733	3,552	2,936	5.1	27.1
APS 120 non-qualifying	1,069	-	1,069	774	903	38.1	18.4
Total securitised funding	4,802	-	4,802	4,326	3,839	11.0	25.1
Total funding (including securitisation)	51,766	5,080	56,846	55,435	56,386	2.5	0.8
Total funding is represented on the balance sheet by:							
Deposits	31,554	-	31,554	30,145	29,891	4.7	5.6
Short-term borrowings	9,565	2,742	12,307	11,683	11,630	5.3	5.8
Securitisation liabilities	4,802	-	4,802	4,326	3,839	11.0	25.1
Bonds, notes and long-term borrowings	4,984	2,329	7,313	8,250	9,598	(11.4)	(23.8)
Subordinated notes	831	9	840	267	666	214.6	26.1
Preference shares	30	-	30	764	762	(96.1)	(96.1)
Total	51,766	5,080	56,846	55,435	56,386	2.5	0.8

⁽¹⁾ Foreign currency borrowings are hedged back into Australian dollars.

⁽²⁾ Qualifies for capital relief under APS 120

Appendix 8 – Consolidated Bank (continued)

Wholesale funding instruments maturity profile

	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M	TOTAL DEC-12 \$M	TOTAL JUN-12 \$M	JUN-13 vs DEC-12 %	JUN-13 vs JUN-12 %
Maturity							
0 to 3 months	7,291	3,357	10,648	9,696	11,957	9.8	(10.9)
3 to 6 months	2,721	601	3,322	3,815	2,441	(12.9)	36.1
6 to 12 months	2,091	604	2,695	2,055	1,846	31.1	46.0
1 to 3 years	5,373	509	5,882	7,161	7,180	(17.9)	(18.1)
3+ years	2,736	9	2,745	2,563	3,071	7.1	(10.6)
Total wholesale funding instruments	20,212	5,080	25,292	25,290	26,495	0.0	(4.5)

Net non-interest income

	FULL YEAR ENDED			TOTAL JUN-12 \$M	JUN-13 vs JUN-12 %
	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M		
Net banking fee income	70	7	77	96	(19.8)
MTM on financial instruments	(6)	-	(6)	15	n/a
Other income (loss)	5	(16)	(11)	29	n/a
Total net non-interest income	69	(9)	60	140	(57.1)

Appendix 8 – Consolidated Bank (continued)

Operating expenses

	FULL YEAR ENDED		JUN-13
	JUN-13	JUN-12	vs JUN-12
	\$M	\$M	%
Total operating expenses			
Core operating expenses	(554)	(529)	4.7
Non-core operating expenses	(65)	(68)	(4.4)
	(619)	(597)	3.7
Consisting of:			
Staff expenses	(360)	(340)	5.9
Equipment and occupancy expenses	(112)	(107)	4.7
Hardware, software and dataline expenses	(36)	(42)	(14.3)
Advertising and promotion	(30)	(35)	(14.3)
Office supplies, postage and printing	(28)	(24)	16.7
Other ⁽¹⁾	(53)	(49)	8.2
	(619)	(597)	3.7

⁽¹⁾ Other operating expenses are primarily made up of financial, legal, motor vehicle, travel and accommodation expenses.

Impairment losses on loans and advances

	FULL YEAR ENDED			JUN-13
	CORE	NON-CORE	TOTAL	vs JUN-12
	JUN-13	JUN-13	JUN-13	
	\$M	\$M	\$M	%
Collective provision for impairment	-	(43)	(43)	34.4
Specific provision for impairment	57	342	399	(1.7)
Actual net write-offs	7	12	19	(38.7)
	64	311	375	(7.4)
Impairment losses to credit risk-weighted assets (annualised)	0.26%	34.36%	1.48%	1.45%

Appendix 8 – Consolidated Bank (continued)

Impaired asset balances

	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M	TOTAL JUN-12 \$M	JUN-13 vs JUN-12 %
Gross balances of individually impaired loans					
with specific provisions set aside	178	282	460	2,015	(77.2)
without specific provisions set aside	45	1	46	75	(38.7)
Gross impaired assets	223	283	506	2,090	(75.8)
Specific provision for impairment	(53)	(145)	(198)	(392)	(49.5)
Net impaired assets	170	138	308	1,698	(81.9)
Size of gross individually impaired assets					
Less than one million	28	4	32	25	28.0
Greater than one million but less than ten million	112	133	245	262	(6.5)
Greater than ten million	83	146	229	1,803	(87.3)
	223	283	506	2,090	(75.8)
Past due loans not shown as impaired assets	369	65	434	320	35.6
Gross non-performing loans	592	348	940	2,410	(61.0)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the year	241	1,849	2,090	2,381	(12.2)
Recognition of new impaired assets	180	248	428	478	(10.5)
Increases in previously recognised impaired assets	4	38	42	38	10.5
Impaired assets written off/sold during the year	(41)	(1,586)	(1,627)	(286)	468.9
Impaired assets which have been reclassified as performing assets or repaid	(161)	(266)	(427)	(521)	(18.0)
Balance at the end of the year	223	283	506	2,090	(75.8)

Appendix 8 – Consolidated Bank (continued)

Provision for impairment

	CORE JUN-13 \$M	NON-CORE JUN-13 \$M	TOTAL JUN-13 \$M	TOTAL JUN-12 \$M	JUN-13 vs JUN-12 %
Collective provision					
Balance at the beginning of the period	83	62	145	177	(18.1)
Charge against contribution to profit	-	(43)	(43)	(32)	34.4
Balance at the end of the period	83	19	102	145	(29.7)
Specific provision					
Balance at the beginning of the period	46	346	392	387	1.3
Charge against impairment losses	57	342	399	406	(1.7)
Write-off of impaired assets	(41)	(444)	(485)	(255)	90.2
Unwind of interest	(9)	(99)	(108)	(146)	(26.0)
Balance at the end of the period	53	145	198	392	(49.5)
Total provision for impairment - Banking activities	136	164	300	537	(44.1)
Equity reserve for credit loss					
Balance at the beginning of the period	102	45	147	157	(6.4)
Transfer to retained earnings	17	(33)	(16)	(10)	60.0
Balance at the end of the period	119	12	131	147	(10.9)
Pre-tax equivalent coverage	170	17	187	210	(11.0)
Total provision for impairment and equity reserve for credit loss - Banking activities	306	181	487	747	(34.8)
	%	%	%	%	
Provision for impairment expressed as a percentage of gross impaired assets are as follows:					
Collective provision	37.2	6.7	20.2	6.9	
Specific provision	23.8	51.2	39.1	18.8	
Total provision	61.0	58.0	59.3	25.7	
Equity reserve for credit loss coverage	76.2	6.0	37.0	10.0	
Total provision and equity reserve for credit loss coverage	137.2	64.0	96.3	35.7	

Appendix 8 – Consolidated Bank (continued)

Average banking balance sheet

	FULL YEAR ENDED JUN-13								
	CORE PORTFOLIO			NON-CORE PORTFOLIO			TOTAL PORTFOLIO		
	AVERAGE	INTEREST	AVERAGE	AVERAGE	INTEREST	AVERAGE	AVERAGE	INTEREST	AVERAGE
	BALANCE		RATE	BALANCE		RATE	BALANCE		RATE
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
Assets									
Interest-earning assets									
Trading and investment securities	7,102	295	4.15	3,806	135	3.55	10,908	430	3.94
Gross loans, advances and other receivables	45,398	2,752	6.06	3,981	232	5.83	49,379	2,984	6.04
Total interest-earning assets	52,500	3,047	5.80	7,787	367	4.71	60,287	3,414	5.66
Non-interest earning assets									
Other assets (inc. loan provisions)	933			(727)			206		
Total non-interest earning assets	933			(727)			206		
TOTAL ASSETS	53,433			7,060			60,493		
Liabilities									
Interest-bearing liabilities									
Retail deposits	30,450	1,239	4.07	-	-	-	30,450	1,239	4.07
Wholesale liabilities	18,289	787	4.30	6,367	349	5.48	24,656	1,136	4.61
Debt capital	993	45	4.53	174	8	4.60	1,167	53	4.54
Total interest-bearing liabilities	49,732	2,071	4.16	6,541	357	5.46	56,273	2,428	4.31
Non-interest bearing liabilities									
Other liabilities	951			-			951		
Total non-interest bearing liabilities	951			-			951		
TOTAL LIABILITIES	50,683			6,541			57,224		
AVERAGE SHAREHOLDERS' EQUITY	2,750			519			3,269		
Non-Shareholder Accounting Equity	80			-			80		
Convertible Preference Shares	(243)			-			(243)		
Average Shareholders' Equity	2,587			519			3,106		
Goodwill allocated to Banking Business	(235)			-			(235)		
Average Shareholders' Equity (ex Goodwill)	2,352			519			2,871		
Analysis of interest margin and spread									
Interest-earning assets	52,500	3,047	5.80	7,787	367	4.71	60,287	3,414	5.66
Interest-bearing liabilities	49,732	2,071	4.16	6,541	357	5.46	56,273	2,428	4.31
Net interest spread			1.64			(0.75)			1.35
Net interest margin (interest-earning assets)	52,500	976	1.86	7,787	10	0.13	60,287	986	1.64
Net interest margin (lending assets)	45,398	976	2.15	3,981	10	0.25	49,379	986	2.00

Appendix 8 – Consolidated Bank (continued)

Average banking balance sheet (continued)

	HALF YEAR ENDED JUN-13		
	TOTAL PORTFOLIO		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	\$M	\$M	%
Assets			
Interest-earning assets			
Trading and investment securities	10,495	191	3.67
Gross loans, advances and other receivables	49,984	1,439	5.81
Total interest-earning assets	60,479	1,630	5.43
Non-interest earning assets			
Other assets (inc. loan provisions)	378		
Total non-interest earning assets	378		
TOTAL ASSETS	60,857		
Liabilities			
Interest-bearing liabilities			
Retail deposits	30,784	584	3.83
Wholesale liabilities	24,636	521	4.26
Debt capital	1,069	23	4.34
Total interest-bearing liabilities	56,489	1,128	4.03
Non-interest bearing liabilities			
Other liabilities	868		
Total non-interest bearing liabilities	868		
TOTAL LIABILITIES	57,357		
AVERAGE SHAREHOLDERS' EQUITY	3,500		
Non-Shareholder Accounting Equity	67		
Convertible Preferences Shares	(450)		
Average Shareholders' Equity	3,117		
Goodwill allocated to Banking Business	(235)		
Average Shareholders' Equity (ex Goodwill)	2,882		
Analysis of interest margin and spread			
Interest-earning assets	60,479	1,630	5.43
Interest-bearing liabilities	56,489	1,128	4.03
Net interest spread			1.40
Net interest margin (interest-earning assets)	60,479	502	1.67
Net interest margin (lending assets)	49,984	502	2.03

Appendix 8 – Consolidated Bank (continued)

Average banking balance sheet (continued)

	FULL YEAR ENDED JUN-12			HALF YEAR ENDED DEC-12		
	TOTAL PORTFOLIO			TOTAL PORTFOLIO		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	\$M	\$M	%	\$M	\$M	%
Assets						
Interest-earning assets						
Trading and investment securities	12,949	652	5.04	11,312	238	4.17
Gross loans, advances and other receivables	47,217	3,347	7.09	48,792	1,546	6.29
Total interest-earning assets	60,166	3,999	6.65	60,104	1,784	5.89
Non-interest earning assets						
Other assets (inc. loan provisions)	(224)			30		
Total non-interest earning assets	(224)			30		
TOTAL ASSETS	59,942			60,134		
Liabilities						
Interest-bearing liabilities						
Retail deposits	28,418	1,427	5.02	30,118	656	4.32
Wholesale liabilities	26,071	1,566	6.01	24,678	614	4.94
Debt capital	1,416	78	5.51	1,265	30	4.70
Total interest-bearing liabilities	55,905	3,071	5.49	56,061	1,300	4.60
Non-interest bearing liabilities						
Other liabilities	941			1,033		
Total non-interest bearing liabilities	941			1,033		
TOTAL LIABILITIES	56,846			57,094		
AVERAGE SHAREHOLDERS' EQUITY	3,096			3,040		
Non-Shareholder Accounting Equity	81			92		
Convertible Preference Shares	-			(36)		
Average Shareholders' Equity	3,177			3,096		
Goodwill allocated to Banking Business	(235)			(235)		
Average Shareholders' Equity (ex Goodwill)	2,942			2,861		
Analysis of interest margin and spread						
Interest-earning assets	60,166	3,999	6.65	60,104	1,784	5.89
Interest-bearing liabilities	55,905	3,071	5.49	56,061	1,300	4.60
Net interest spread			1.16			1.29
Net interest margin (interest-earning assets)	60,166	928	1.54	60,104	484	1.60
Net interest margin (lending assets)	47,217	928	1.97	48,792	484	1.97

Appendix 9 – Definitions

ADI	Authorised Deposit-taking Institutions
Acquisition expense ratio	Acquisition expenses expressed as a percentage of net earned premium
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from Suncorp Life's Underlying Profit and recorded as annuity market adjustments
APRA	Australian Prudential Regulation Authority
Basis points (BPS)	A 'basis point' is 1/100th of a percentage point
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets (net of tax) and the profit or loss after tax on divestments
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 shareholders' equity
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Common Equity Tier 1	Common Equity Tier 1 Capital ("CET1") comprises accounting equity plus adjustments for intangible assets and regulatory reserves;
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by total assessed risk
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

Appendix 9 – Definitions (continued)

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

Appendix 9 – Definitions (continued)

Life underlying profit after tax	Life underlying profit refers to net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Net interest margin	Net interest income divided by average interest-earning assets or lending assets, as specified
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
Net profit after tax	Net profit after tax attributable to owners of the Company derived in accordance with Australian Accounting Standards
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Profit after tax from core business lines	The net profit after tax for the General Insurance, Core Bank and Life business lines
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on average shareholders' equity	Net profit after tax divided by adjusted average ordinary shareholders' equity. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Total assessed risk	Bank Risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Total Group operating expenses	Group operating expenses comprises General Insurance acquisition and other underwriting expenses (as shown on page 18), Consolidated Bank operating expenses (as shown on page 77), Life operating expenses (as shown on page 48) and integration expenses in prior periods. This is a management view of operating expenses and differs from the financial statement presentation of operating expense.
Total operating expense ratio	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Treasury shares	Ordinary shares of the Suncorp Group Limited that are acquired by subsidiaries

Appendix 10 – 2013/14 key dates⁽¹⁾

Ordinary shares (SUN)

Full year results and final dividend announcement	21 August 2013
Ex dividend date	26 August 2013
Dividend payment	1 October 2013
Annual General Meeting	24 October 2013
Half year results announcement	19 February 2014
Ex dividend date	24 February 2014
Dividend payment	1 April 2014

Convertible Preference Shares 2 (SUNPC)

Ex dividend date	4 September 2013
Dividend payment	17 September 2013
Ex dividend date	4 December 2013
Dividend payment	17 December 2013
Ex dividend date	3 March 2014
Dividend payment	17 March 2014
Ex dividend date	3 June 2014
Dividend payment	17 June 2014

Subordinated Notes (SUNPD)

Interest payment	22 August 2013
Ex interest date	8 November 2013
Interest payment	22 November 2013
Ex interest date	10 February 2014
Interest payment	24 March 2014
Ex interest date	8 May 2014
Interest payment	22 May 2014

Floating Rate Capital Notes (SBKHB)

Interest payment	30 August 2013
Ex interest date	11 November 2013
Interest payment	2 December 2013
Ex interest date	11 February 2014
Interest payment	4 March 2014
Ex interest date	9 May 2014
Interest payment	30 May 2014

Reset Preference Shares (SBKPA)

Ex dividend date	23 August 2013
Dividend payment	16 September 2013
Additional Payment	19 September 2013

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