

Financial Results for the half year ended 31 December 2018

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DATA PACK
RELEASE DATE 14 FEBRUARY 2019

SUNCORP GROUP LIMITED
ABN 66 145 290 124



Michael Cameron
CEO & Managing Director

Result overview

- 1H19 NPAT **\$250m** (1H18: \$452m)
- Result includes:
 - Write down of Life goodwill \$145m
 - Investment market impact \$140m¹
 - Natural hazards increase of \$167m¹
 - Reserve release increase of \$47m¹
 - Doubling of regulatory project costs to \$39m¹
 - Prior period included \$36m accelerated investment in strategic programs¹
- Dividend payout ratio of 81%, reflecting strong capital position

1. Pre tax impact

2. 'Other' includes: Investment income on capital held at Group level (Dec-18: \$13m, Jun-18: \$7m), consolidation adjustments and transaction costs (Dec-18: loss \$11m, Jun-18: loss \$8m), non-controlling interests (Dec-18: loss \$9m, Jun-19: loss \$4m), net internal funding expenses (Dec-18: \$33m, Jun-18: \$27m), income tax expense (Dec-18: \$3m, Jun-18: \$17m), Marketplace accelerated investment (Dec-18: nil, Jun-18: \$36m).

	HY19 (\$m)	HY18 (\$m)	Change (%)
Insurance (Australia)	133	234	(43.2)
Banking & Wealth	183	185	(1.1)
New Zealand	111	61	82.0
Australian Life Business held for sale	23	42	(45.2)
NPAT from functions	450	522	(13.8)
Other ²	(37)	(50)	(26.0)
Cash earnings	413	472	(12.5)
Acquisition Amortisation	(18)	(20)	n/a
Write-down of Goodwill	(145)	-	n/a
Reported NPAT	250	452	(44.7)
Interim dividend (cps)	26 cps	33 cps	

Result highlights

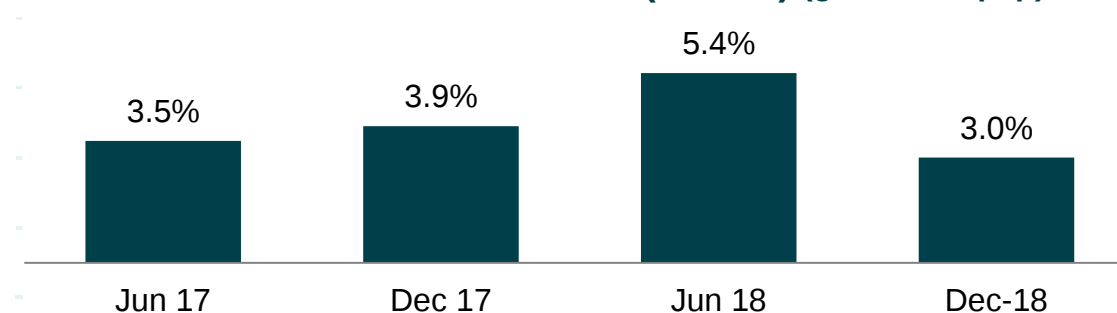
1. Core Insurance portfolios **performing well**
2. **Stable** Bank earnings amid industry slow down
3. Business Improvement Program **exceeding targets**
4. Digital to drive **retention and new business**
5. **Resilient** underlying business

1.

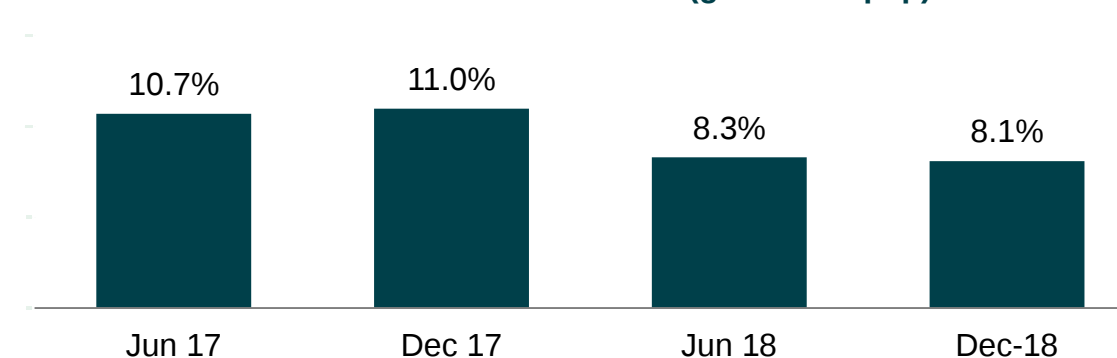
Core Insurance portfolios performing well

- **Australian** Motor & Home GWP grew 3%
- **New Zealand** Motor & Home GWP grew 8%
- Improved performance from **Commercial** in Australia and NZ following portfolio remediation
- **Positive contribution from BIP** to claims and expenses
- **Australian NPAT** impacted by natural hazards and investment markets
- Insurance (Australia) operating expenses (excluding FSL) **reduced by 3.8%**
- Further improvement in **General Insurance UTR**
- World class response to Sydney Hailstorms
- **Strong New Zealand NPAT** growth of 82% reflecting benign weather and working claims improvement

Australian GWP – Motor and Home (ex-FSL) (growth on pcp)



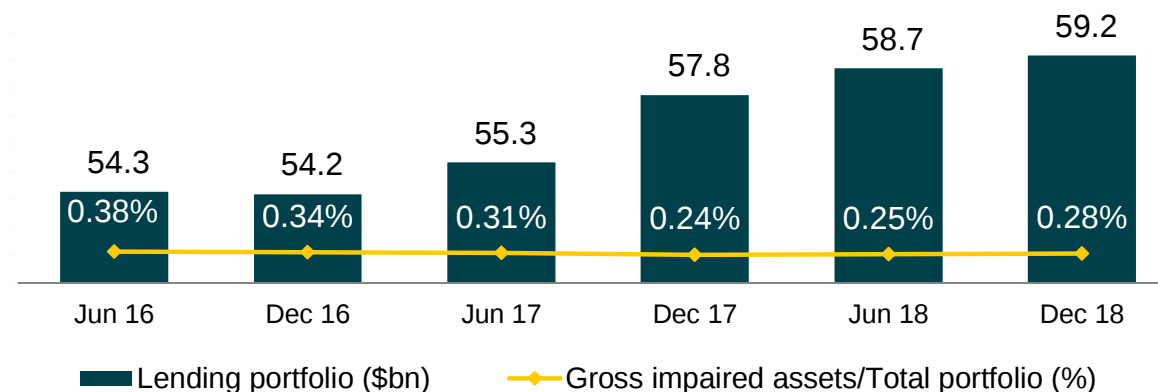
New Zealand GWP – Motor and Home (growth on pcp)



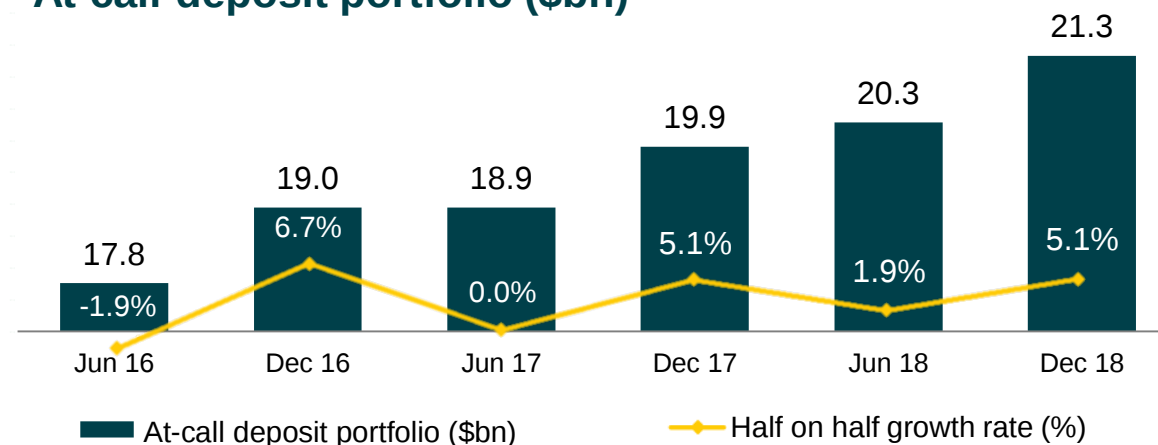
2. Stable Bank earnings amid industry slow down

- **Home lending** grew below system reflecting competition and ongoing focus on credit selection
- **At-call deposits grew 5.1%**, materially above system, underpinned by new digital capabilities
- **Agribusiness portfolio** performing well in current environment
- Selective growth in the Commercial sector
- **Impairment losses of 2bps** reflects quality of portfolio
- Conservative home lending book (total retail book):
 - Owner Occupied 72%
 - Principal & Interest 79%
 - LVR < 80%, 78%
- **Operating expenses** of \$341m (pcp \$347m), CTI 56.1%
- NIM of 1.79% reflects elevated BBSW and aggressive price competition

Total lending portfolio (\$bn)



At-call deposit portfolio (\$bn)



3. Business Improvement Program **exceeding targets**

- Net BIP benefits for FY19 expected to exceed original target of \$195m. New target is at least \$225m
- Locked in gross annualised benefits of \$296m (\$187m at 30 June 2018)
- Operating expenses for the 1H19 contained to \$1.3bn

Pre-tax (\$m)	Cost		Benefit		Net Benefit	
	Target	Actual	Target	Actual	Target	Actual
Actual 1H19	51	42	116	137	65	95
Actual FY18	97	104	107	144	10	40
Target FY19	79	-	304	-	225 ¹	-
Target FY20	62	-	391	-	329	-

1. Target upgraded from \$195m to \$225m

4. Digital to drive retention and new business

- Investment in digitisation drives customer benefits
 - Digital users increased 17% in the half
 - 8% increase in online origination of at-call deposits
 - Home and Motor digital claims increased to 14.3%
- App downloads and active users increasing as additional functionality improves experience
- Reward & Recognition platform now has +500,000 registrations, 2% uplift in retention amongst active users
- Investment in frontline systems and functionality delivering enhanced capability to assist with customer inquiry
- Foundations now established to convert better customer experiences into higher revenue
- Robust governance to capture value creation

	HY19	FY18
Connected customers		
Proportion of customers with multiple needs met (%)	35	35
Consumer Net Promotor Score (NPS)	+5.8	+7.3
Business Net Promotor Score (NPS)	+1.2	+2.7
Customer engagement via digital channels		
Number of digital users (m)	3.20	2.74
Proportion of digital claims (%)	15	12
Proportion of 'zero touch' digital claims (%)	36	33
Proportion of digital Insurance sales (%)	24	25
Proportion of digital Banking sales (%)	33	25

Refer to definitions and calculations in the 1H19 Investor pack Customer Section 1.6

5.

Resilient underlying business

Metric	HY19	HY18
Group top line growth ¹ (%)	3.2	1.6
Expense base ² (\$bn)	1.3	1.4
UITR (%)	12.2	9.4
CTI (%)	56.1	54.9
NIM (%)	1.79	1.86
Cash ROE (%)	6.0	6.8
Ordinary dividend payout ratio ³ (%)	81.4	90.1

1. Excluding the impact of FSL and CTP, 1H19 growth was 3.7%

2. The forecast is ex FSL which is a pass through

3. Cash earnings excluding special dividend



Steve Johnston
Chief Financial Officer

Sale of Australian Life business on track

- Suncorp continues to target a completion date of 28 February 2019 subject to regulatory approvals being received
- Consideration approximately \$725m, non cash write off of \$880m, goodwill component of \$145m recognised in HY19 result
- Approximately \$600m of capital to be returned to shareholders
- 20 year strategic alliance
- Annualised stranded costs of ~\$30m pre-tax will be addressed immediately post sale by Program Excellence Office, and plans are in place to remove by the end of FY20. Impact in FY19 expected to be ~\$10m
- Transition Service Arrangement's (TSA) currently being finalised will run across 2-3 years. Costs covered by TSA's will be progressively removed

Insurance (Australia) NPAT

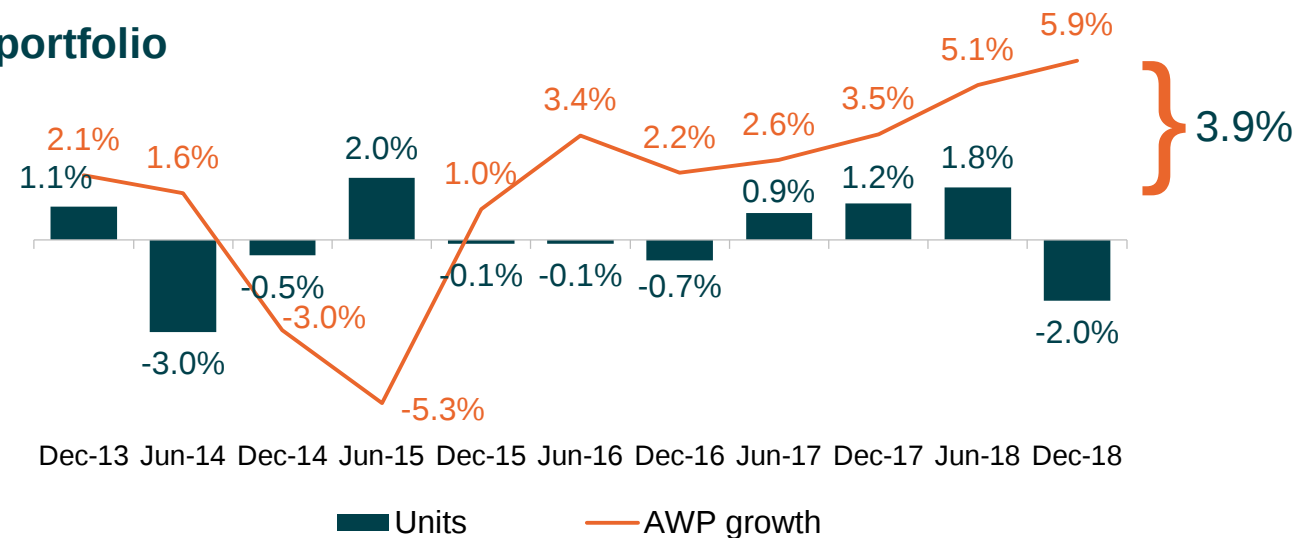
- NPAT down 43.2% to \$133m
- Insurance trading result \$190m (HY18: \$266m)
- GWP up 2.4% to \$4.1bn
- Home and Motor GWP up 3.0%
- Natural hazards \$573m (HY18: \$395m)
- Reserve releases of \$170m (HY18: \$129m)
- Underlying investment yield of 2.5%

	HY19 (\$m)	HY18 (\$m)	Change (%)
Gross written premium	4,101	4,004	2.4
Net earned premium	3,689	3,643	1.3
Net incurred claims	(2,855)	(2,724)	4.8
Operating expenses	(769)	(773)	(0.5)
Investment income - insurance funds	125	120	4.2
Insurance trading result	190	266	(28.6)
Investment income – shareholder funds	(3)	72	n/a
Insurance (Australia) NPAT	133	234	(43.2)
Australian Life Business held for sale profit after tax	23	42	(45.2)

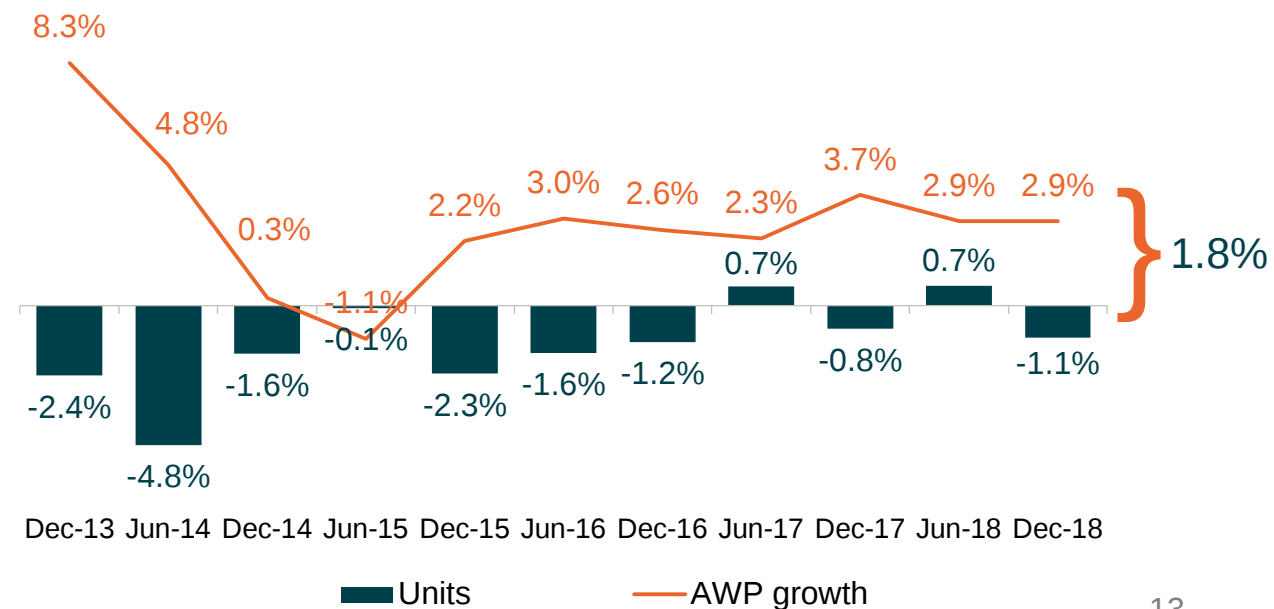
Home and Motor portfolio

- Positive momentum in premium growth across the consumer portfolio
- Home and motor positive premium rates partially offset by unit losses
- Lower new business volumes partially offset by strong retention
- Improved consumer unit growth expected over the remainder of FY19 and into FY20

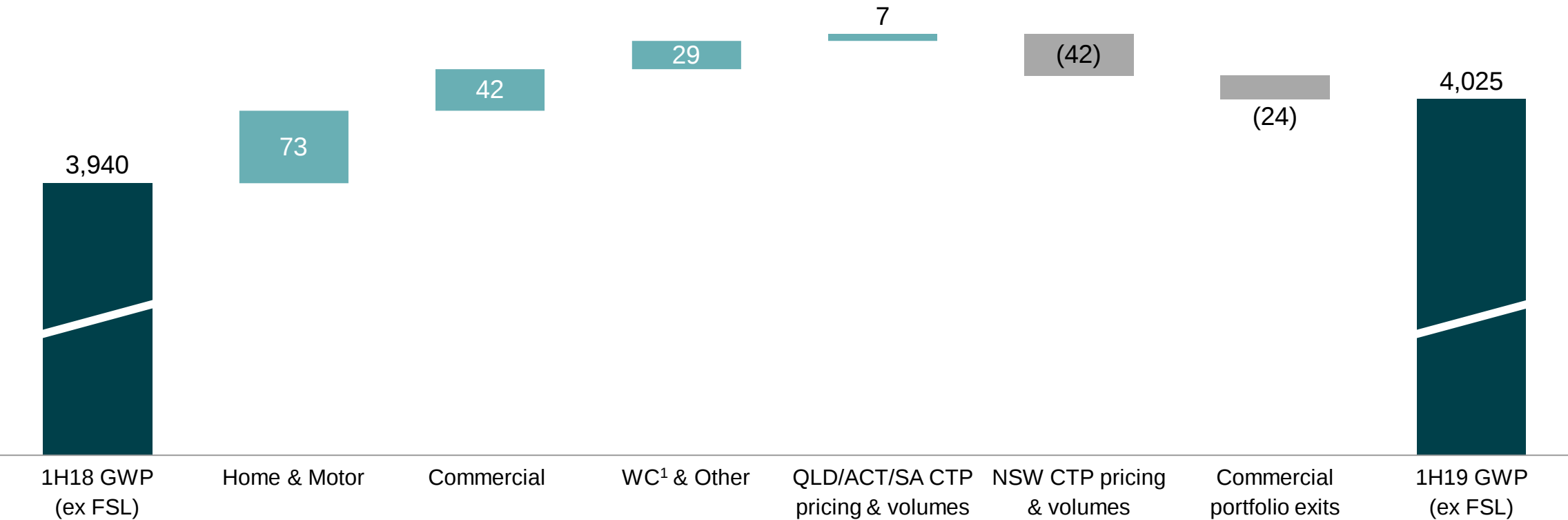
Motor portfolio



Home portfolio



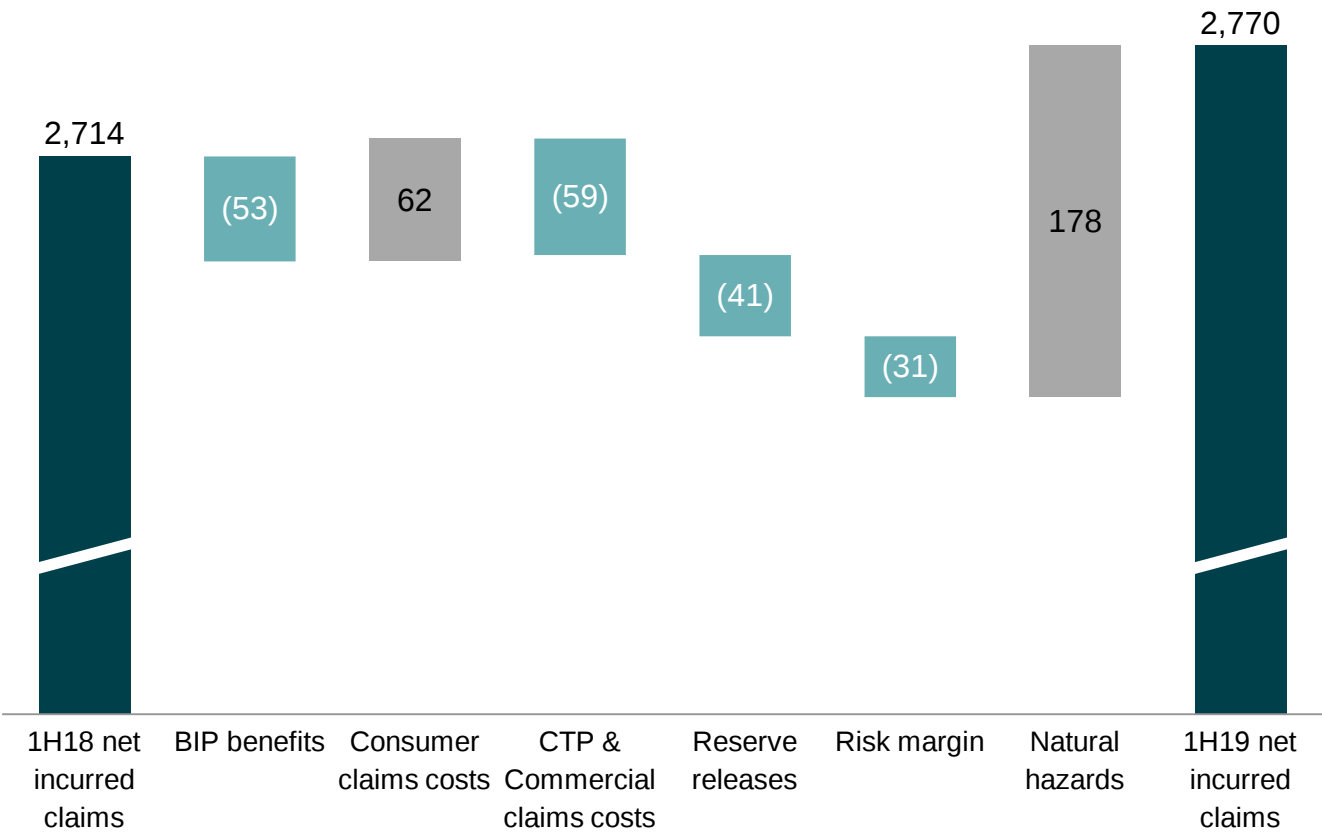
Gross written premiums (\$m)



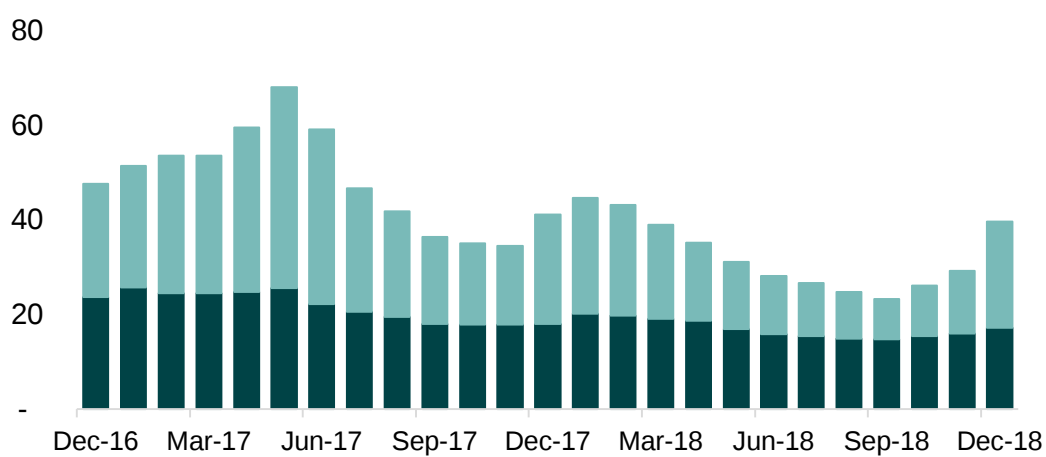
1. Workers Compensation

Claims

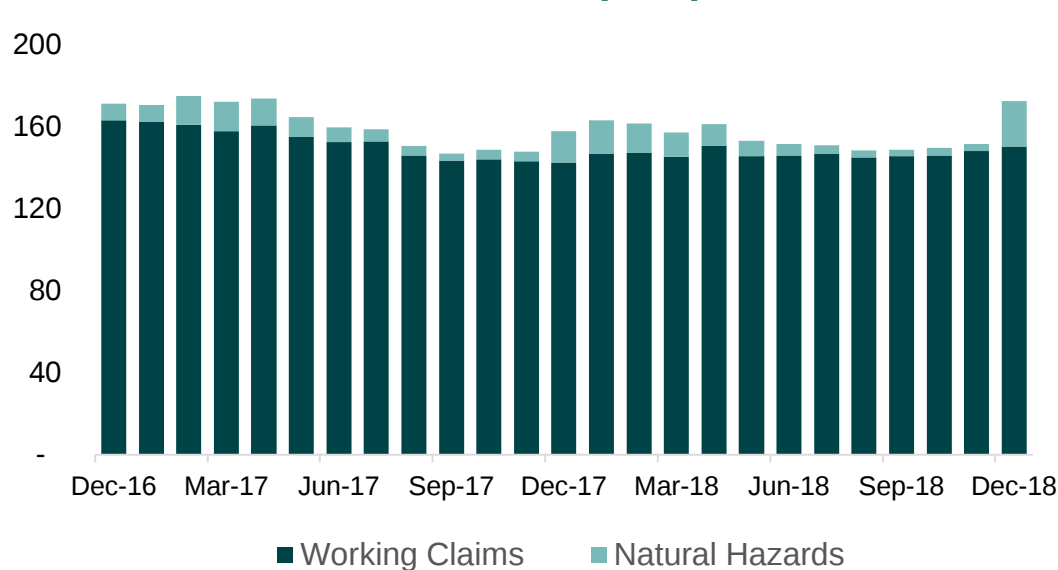
Net Incurred Claims (ex-discounting) (\$m)



Home active claims volumes ('000)



Motor active claims volumes ('000)



Investments

Insurance funds \$9.1bn

- Investment income of \$125m (HY18: \$120m)
- \$62m MTM gain from a decrease in risk-free rates
- \$5m MTM loss from narrowing credit spreads
- \$46m MTM loss from underperformance of ILBs
- 2.5% annualised underlying return

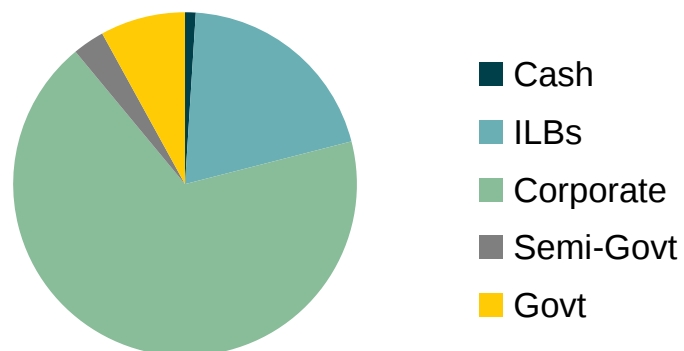
Shareholders' funds \$3.0bn

- Investment income of \$(3)m (HY18: \$72m)
- -0.2% annualised return
- Returns driven primarily by weak equity markets

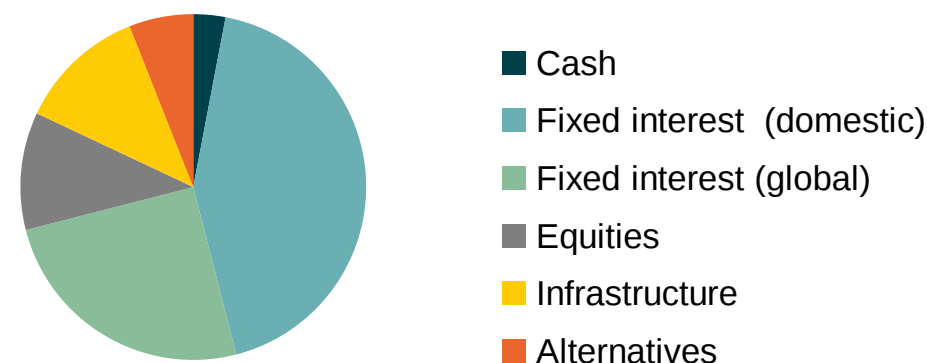
Key investment market indicators

	8-Feb 19	31-Dec-18	Δ
ASX200 Accum	63,132	58,710	+7.5%
MSCI World ex-Aus Hedged	1,623	1,514	+7.2%
3 year AA credit spread	90	88	+2bp
10 year breakeven calculation	1.59	1.64	-5bp
3 year bond	1.61	1.85	-24bp
10 year bond	2.10	2.32	-22bp

Insurance funds Mix at 31 Dec 2018 (%)



Shareholders' funds Mix at 31 Dec 2018 (%)



Banking & Wealth NPAT

- Lending growth of 1.5% (annualised)
- At-call deposit growth of 5.1%
- NIM of 1.79% (2H18: 1.82%)
- Impairment losses 2 bps of GLA
- Strong capital and balance sheet
- Awaiting release of draft standards incorporating Basel III reforms and APRA's unquestionably strong benchmarks
- Wealth PAT of \$1m

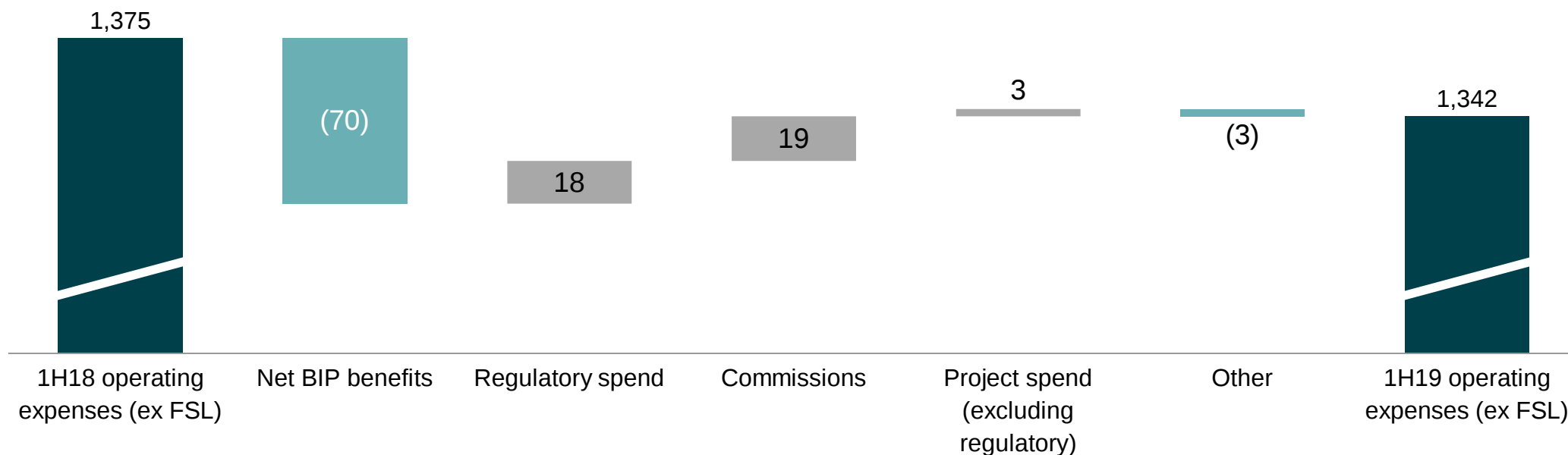
	HY19 (\$m)	HY18 (\$m)	Change (%)
Net interest income	585	598	(2.2)
Net non-interest income	23	34	(32.4)
Operating expenses	(341)	(347)	(1.7)
Profit before impairment losses	267	285	(6.3)
Impairment losses	(7)	(13)	(46.2)
Income tax	(78)	(81)	(3.7)
Banking profit after tax	182	191	(4.7)
Wealth profit after tax	1	(6)	n/a
Banking & Wealth NPAT	183	185	(1.1)

New Zealand NPAT

- NPAT increased 79.1% driven by strong top-line growth
- GI GWP grew 8.2%, driven by premium rate increases and unit growth
- Favourable natural hazards and working claims experience
- Life in-force premium up 4.0%, supported by strong policy retention

	HY19 (NZ\$m)	HY18 (NZ\$m)	Change (%)
Gross written premium	831	768	8.2
Net earned premium	693	616	12.5
Net incurred claims	(340)	(348)	(2.3)
Operating expenses	(217)	(199)	9.0
Investment income – insurance funds	7	7	-
Insurance trading result	143	76	88.2
General Insurance profit after tax	103	50	106.0
Life Insurance profit after tax	17	17	-
New Zealand NPAT	120	67	79.1

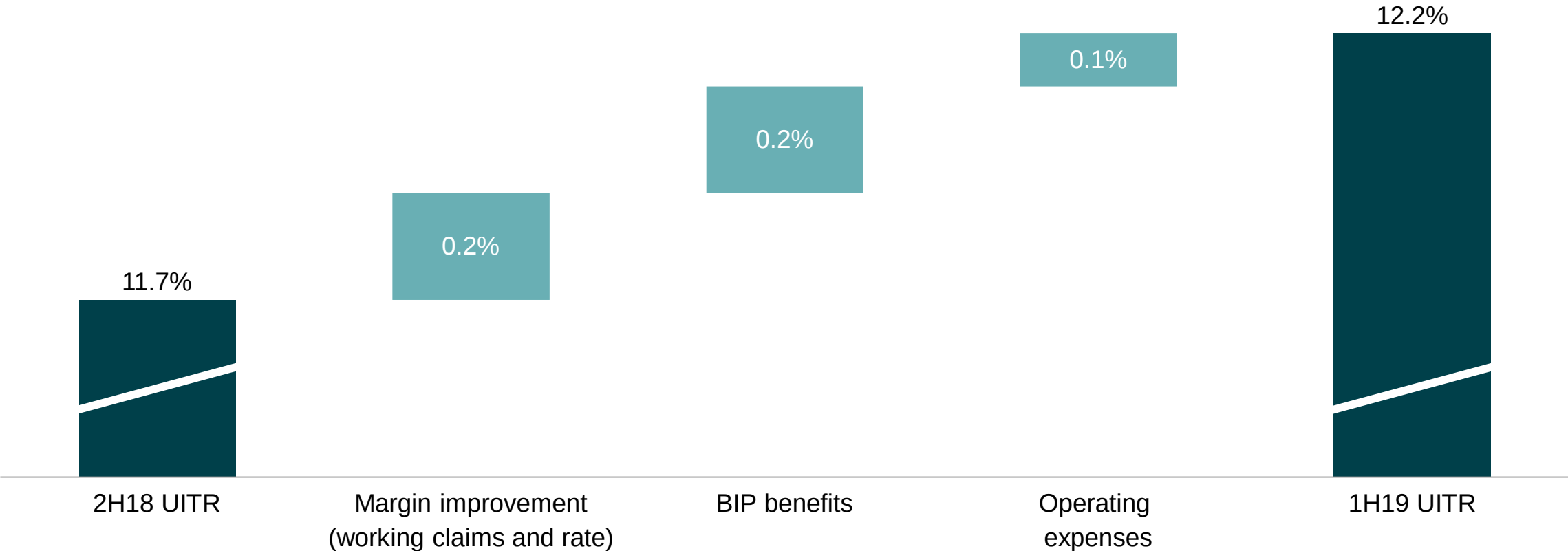
Group operating expenses (ex-FSL) (\$m)



Group operating expenses: BIP net cost / (benefits) (\$m)

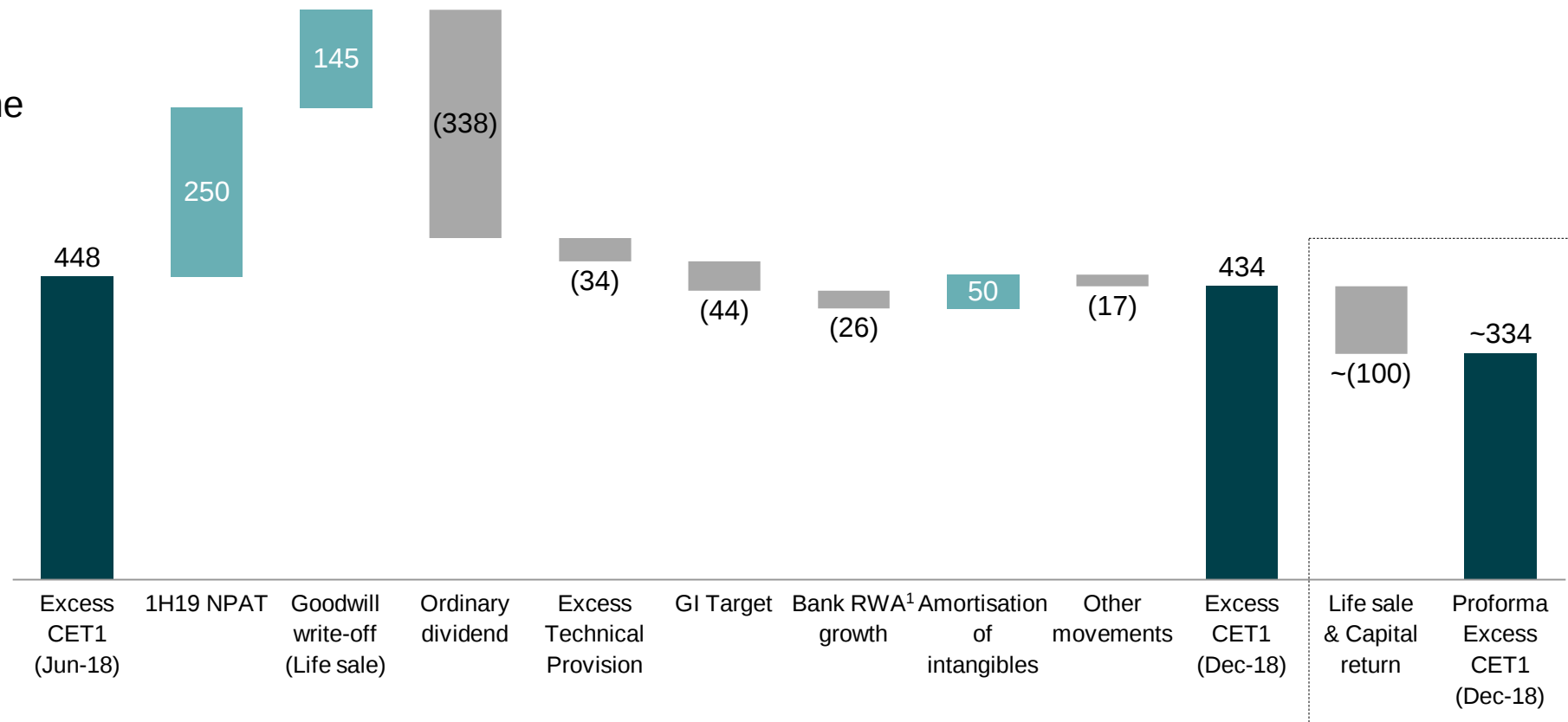
	1H19	1H18	Δ
Insurance net cost / (benefit)	(24)	19	(43)
B&W net cost / (benefit)	(14)	13	(27)
Total BIP net cost / (benefit)	(38)	32	(70)
Total Group operating expenses	1,342	1,375	(33)

GI Underlying ITR – 1H19 vs 2H18



CET1 capital base (\$m)

- CET1 excess of \$434m
- 1H19 NPAT of \$250m
- Goodwill write-off relating to the Australian Life business sale
- Reduction in GI Excess Technical Provisions due to normal seasonality
- Higher GI target largely as a result of December weather events
- The sale of the Life business and return of capital is expected to reduce Excess CET1 by ~\$100m

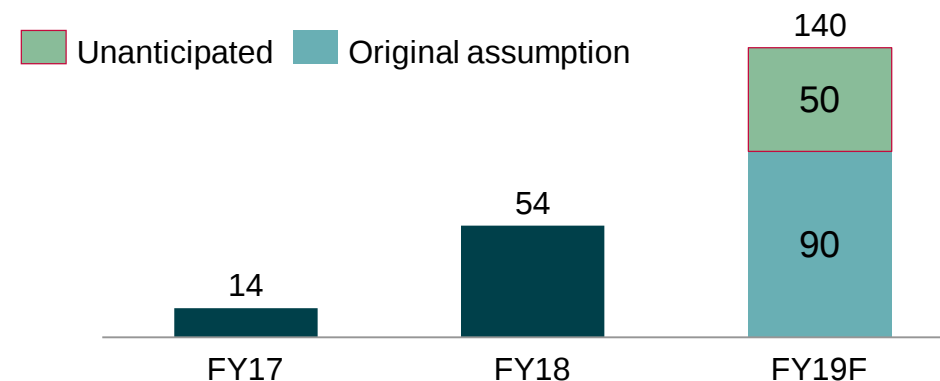


1. Risk-weighted assets

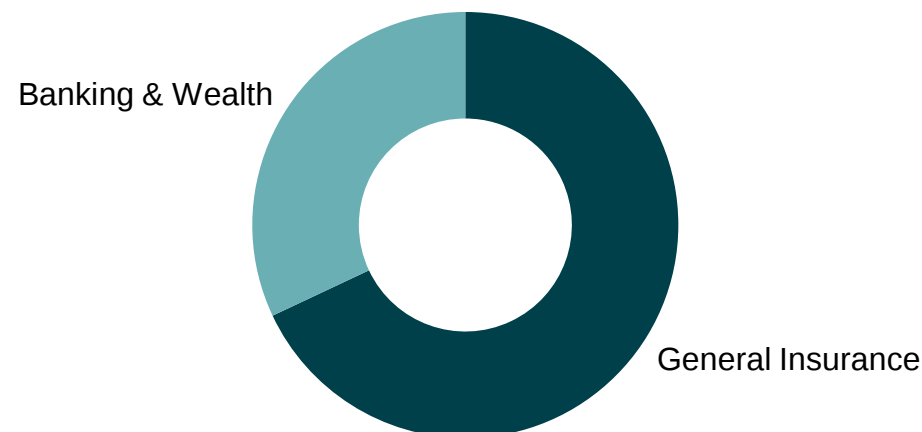
Regulatory project costs above expectations

- Projects over the half include:
 - Responding to the Royal Commission inquiries
 - CTP scheme changes across ACT, SA, Queensland and NSW
 - Delivery of ASIC requirements in the Wealth regulatory environment
 - Additional training and compliance costs associated with call centres
- Regulatory project spend expected to be \$140m in FY19 ahead of expectation of ~\$90m. Key projects include:
 - Responding to the Royal Commission report
 - Continuation of payment schemes data security compliance
 - Commencement of IFRS 17 compliance project
 - Code of Practice changes for both Banking and Insurance
 - Continuation of CTP scheme reforms
- FY20 likely to require elevated levels of spend to support Royal Commission recommendations

Regulatory project spend* (\$m)



Indicative Regulatory project portfolio* (%)



* Forecast regulatory project spend

Natural Hazards and Reinsurance

- Natural hazards costs \$220m above 1H19 allowance
- NSW & SEQ hailstorm impact limited to \$250m pre-tax under maximum first event retention
- Well protected against further natural hazard events in H219
 - Following Townsville floods, the remaining \$97m aggregate deductible under the NHAP has been eroded
 - No recoveries made under Dropdown aggregate cover as at H119

Date	Event	Net costs (\$m)
Oct 2018	Wide Bay Burnett	63
Nov 2018	NSW Severe Low	19
Dec 2018	East Coast Low	75
Dec 2018	NSW & SEQ Hailstorm	250
	Total events over \$10m	407
	Other natural hazards attritional claims	173
	Total natural hazards	580
	Less: allowance for natural hazards	(360)
	Natural hazards costs above allowance	220
Feb 2019	Townsville Floods	97



Michael Cameron
CEO & Managing Director

Outlook – Royal Commission

- Preliminary assessment; Overarching observation is the recommendations focus on the lifecycle of customer interactions across the financial services sector
- 76 Recommendations (Banking - 17; Insurance - 15; Financial advice - 10; Super - 9; Culture - 7; Reg - 14; Other - 4)

10 Key Recommendations with potential impact	Suncorp relevant activity – completed or underway
1. Culture, remuneration, compliance, accountability	Establishment of Customer Advocate, Board Customer Committee, implementing Sedgwick recommendations
2. Mortgage broker remuneration and obligations	Seeking to preserve competition, customer choice & transparency
3. Compensation of last resort scheme / AFCA extension	Increasing capacity to respond to customer concerns
4. Regulatory approach	Addressing increased complexity of twin peaks model
5. Unfair contract terms	Continue discussions already on-foot with Government
6. Claims handling exemption	Working with industry & Government to obtain details, and determine any potential unintended consequences
7. Sales practices – Hawking	Seeking greater clarity
8. BEAR for insurance and superannuation	ADI progressing towards implementation on 1 July 2019. Well placed to extend to insurance and superannuation.
9. Codes of practice	Support in principle; seeking clarity on enforceable provisions
10. Agri lending reforms	Current practices largely align with recommendations

Outlook – Customer

- **Foundations are now established** to convert better customer experiences into broader and more frequent customer interactions, and higher revenue
- Key to success is our growing ability to **segment and tailor propositions** to suit our customers
- **Top 5 priorities are:**
 - Consolidate to a single app for banking customers
 - Promote and leverage the reward and recognition platform to drive retention
 - Embed a single customer view across all assisted channels
 - New payments platform, open banking, transparency & choice
 - Enhancing our digital sales capability, making it easier for customers to buy online
- Well placed to deliver a **return on our investment**

Outlook – Insurance (Australia)

Results in 2H19 will benefit from the following actions:

- **Consumer** portfolio team implemented a plan to drive **unit growth** over the remainder of FY19 and into FY20
- Investment in claims function will continue to **improve customer experience** and **claims metrics**
- **Commercial** portfolio will continue to improve **profitability** through rate increases and targeted growth
- **CTP** will leverage the benefits of a national portfolio by **optimising growth and profit** through targeted opportunities
- **Workers Compensation** to exercise **discipline in pricing** to achieve rate increases across the book
- **Reserve releases** are expected to remain **above the long-run expectation** of 1.5% of Group NEP, provided inflation remains below current average assumptions
- **Well protected** against the impact of further **natural hazard** events in 2H19 through a combination of the main catastrophe program, dropdown aggregate protection and natural hazard aggregate protection

Outlook – Banking & Wealth

- The outlook for Banking & Wealth will be influenced by **shifts in regulatory focus, external funding pressures** and market dynamics
 - We expect **NIM to be at, or just below the bottom of our 1.8% - 1.9% range**, given elevated funding costs and heightened competition. Continued focus on at-call deposit growth and flexible funding options
- We will continue to target:
 - Sustainable lending growth, and deposit **growth above system**
 - A stable and diverse funding profile with a **NSFR above 105%**
 - **A return on CET1 capital of 12.5% to 15%**
- Impairment losses are expected to remain **at or below the bottom of the ‘through the cycle’** operating range of 10-20 basis points
- Regulatory cost increases are expected to continue throughout 2H19, and combined with the competitive credit market, we anticipate **FY19 CTI to be consistent with 1H19**
- Wealth will focus on a program of regulatory change, remediation and stabilisation

Outlook – New Zealand

- **Positive outlook** for New Zealand, market **growth expected to moderate** to lower single digit levels over the medium term
- **GWP growth** is expected to **remain above system** benefiting from corporate partner and direct channels, supported by new initiatives
- **BIP (NZ) is underway**, driving operational excellence and delivering improved customer outcomes
- **Motor claims cost inflation is moderating** across the industry. SUN will continue to address claims inflation with product changes, pricing and claims process efficiency initiatives
- **Life Underlying profit** levels are expected to be **maintained** with no significant movements in experience. Life in-force premium growth is expected to be maintained with an ongoing focus on sustainable commissions, intermediary relationships and retention
- Industry conduct and culture is under **increased regulatory scrutiny**

Outlook and FY19 Targets

- Higher Natural Hazards and volatile investment markets have dampened an otherwise solid 1H19 result
- Adjusting for these items, Cash ROE for the 1H19 would have been 9.7%
- FY19 regulatory costs, including Royal Commission impacts, expected to be circa \$140m, compared with original guidance of \$90m
- **For the full year, the business is well placed on an underlying basis to perform in line with original guidance**
- Maintaining a dividend payout ratio of 60% to 80% of cash earnings and returning surplus capital to shareholders

	HY19	FY19 ¹
Cash Earnings (\$m)	413	
Natural Hazards above allowance (\$m)	220	Following the Townsville flood the remaining \$97m under the NHAP has been eroded triggering recoveries under the \$300m cover
GI Investment market volatility (\$m) ³	134	Subject to market movements
Regulatory costs higher than anticipated (\$m) ³	10	50
Less: Tax (\$m)	(109)	tbd
Cash Earnings (including Life) – adjusted (\$m)	668	1,380+⁴
Average Shareholder Equity (\$m)	13,709	-
Adjusted ROE (%)	9.7	10+
Life Sale adjustments ² (\$m)	-	(31)
Loss on sale (\$m)	-	(880)

1. Subject to Natural Hazards, investment performance and unforeseen regulatory costs

2. Assumes sale occurs at 28 February 2019 reflects earnings for remaining 4 months of FY19 included in original budget

3. Forecast costs for regulatory projects (including Royal Commission impacts) and investment market movements above the original unadjusted full year forecast for FY19 cash earnings

4. The \$1,380m+ represents the original unadjusted full year forecast for FY19 cash earnings

Summary

1. Core Insurance Portfolios **performing well**
2. **Stable** Bank earnings amid industry slow down
3. Business Improvement Program **exceeding targets**
4. Digital to drive **retention and new business**
5. **Resilient** underlying business



Group



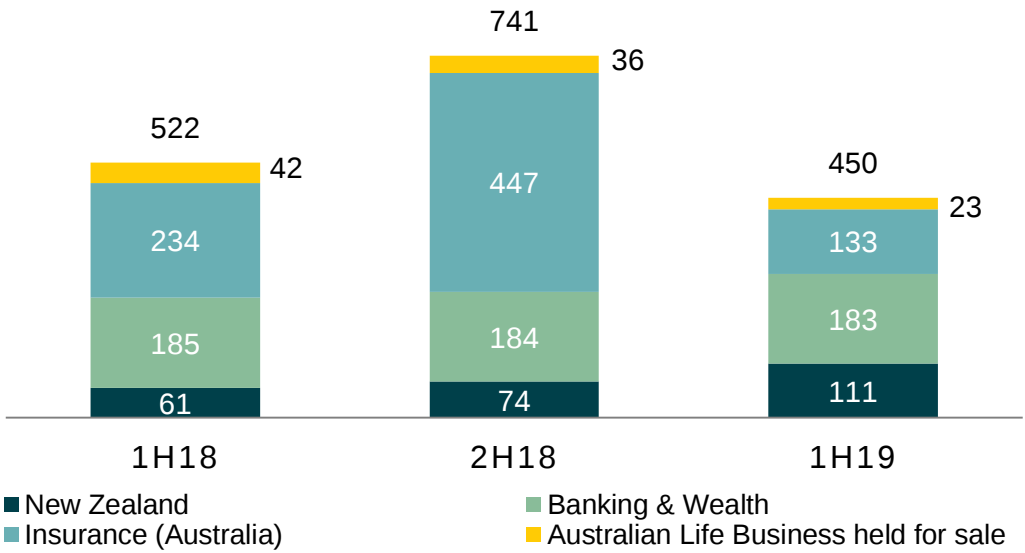
Financial Results for the half year
ended 31 December 2018

Key financial highlights

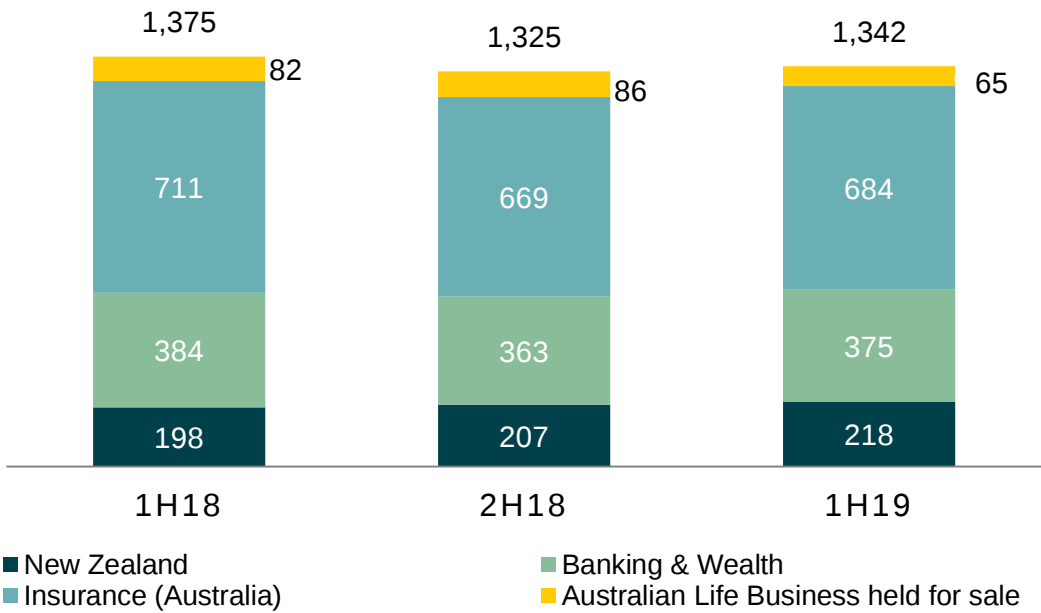
		HY19	HY18	Change (%)
Net profit after tax	\$m	250	452	(44.7)
Cash earnings	\$m	413	472	(12.5)
Profit after tax from functions	\$m	450	522	(13.8)
Insurance trading ratio	%	7.4	8.0	
Underlying insurance trading ratio	%	12.2	9.4	
Bank net interest margin (interest-earning assets)	%	1.79	1.86	
Cash return on average shareholders' equity	%	6.0	6.8	
Cash earnings per share – diluted	cents	31.5	36.1	(12.7)
Ordinary dividends per ordinary share	cents	26.0	33.0	(21.2)
Payout ratio – cash earnings	%	81.4	90.1	
General Insurance Group PCA coverage	times	1.67	1.66	
Bank Common Equity Tier 1 ratio	%	9.16	9.01	

Group profit and operating expenses (\$m)

Profit after tax from functions

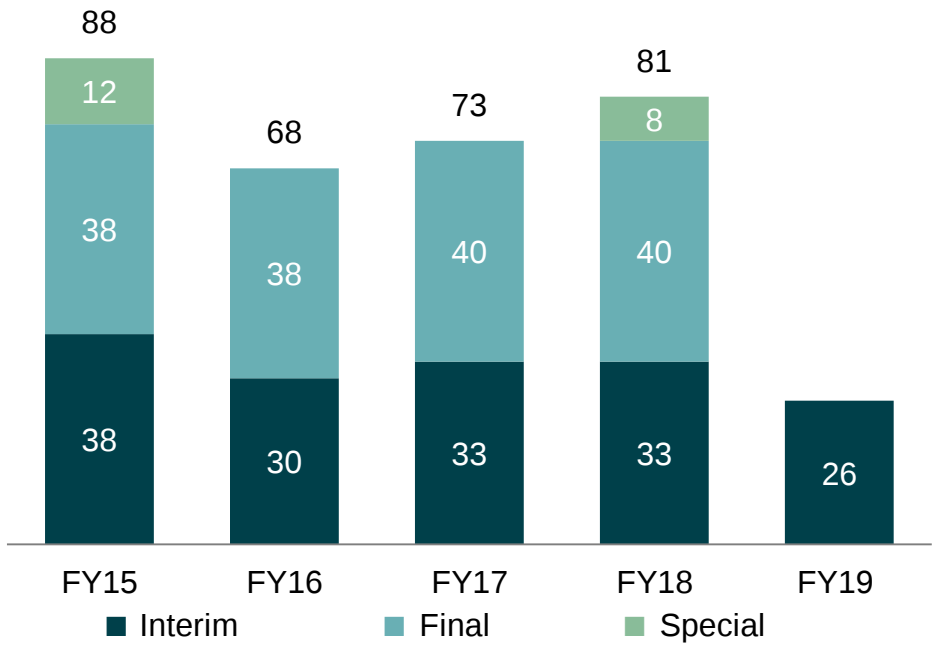


Operating expenses (excluding FSL)

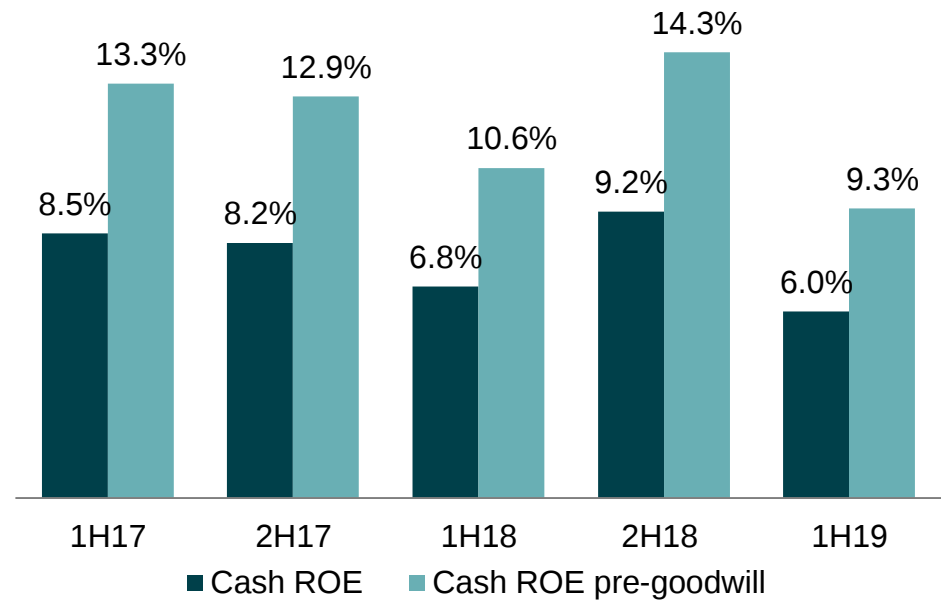


Shareholder returns

Dividends (cps)

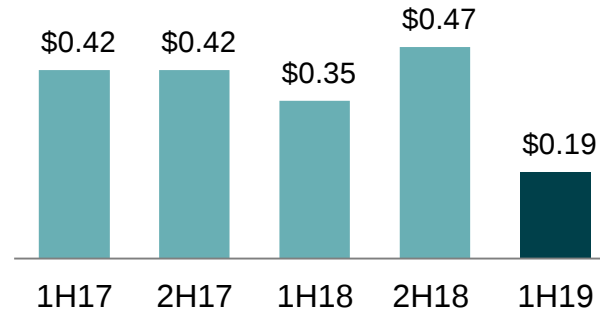


Cash ROE

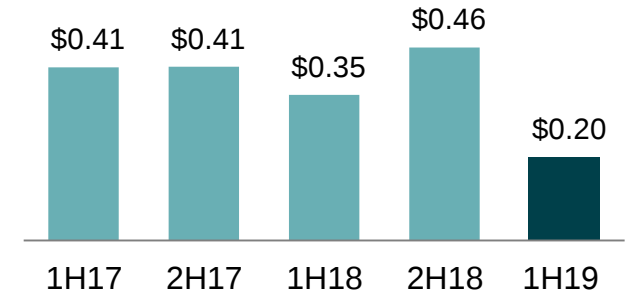


Shareholder metrics

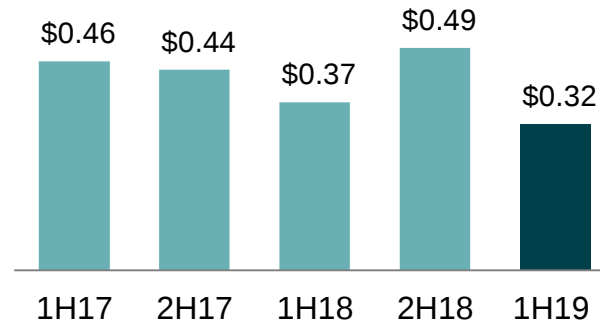
EPS (basic)



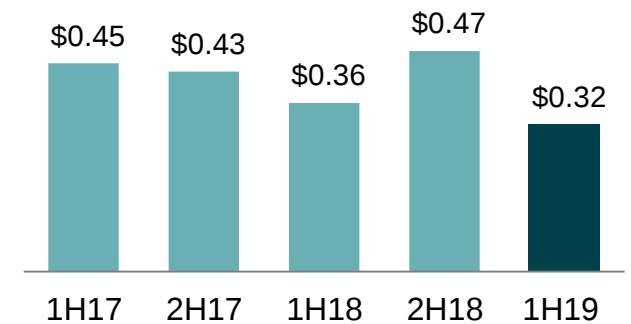
EPS (diluted)



Cash EPS (basic)



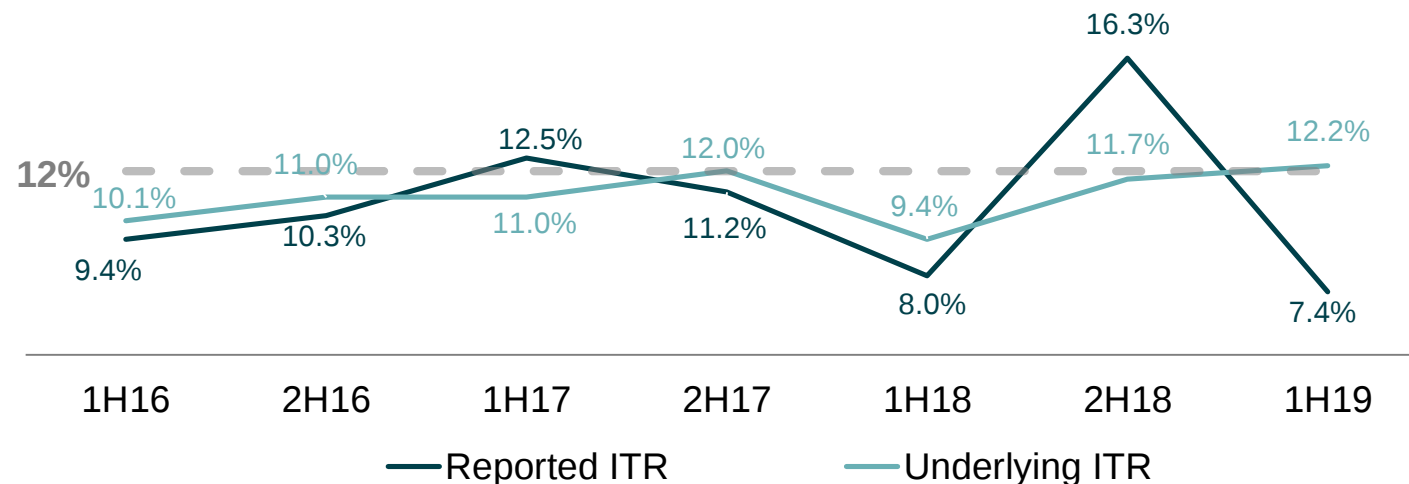
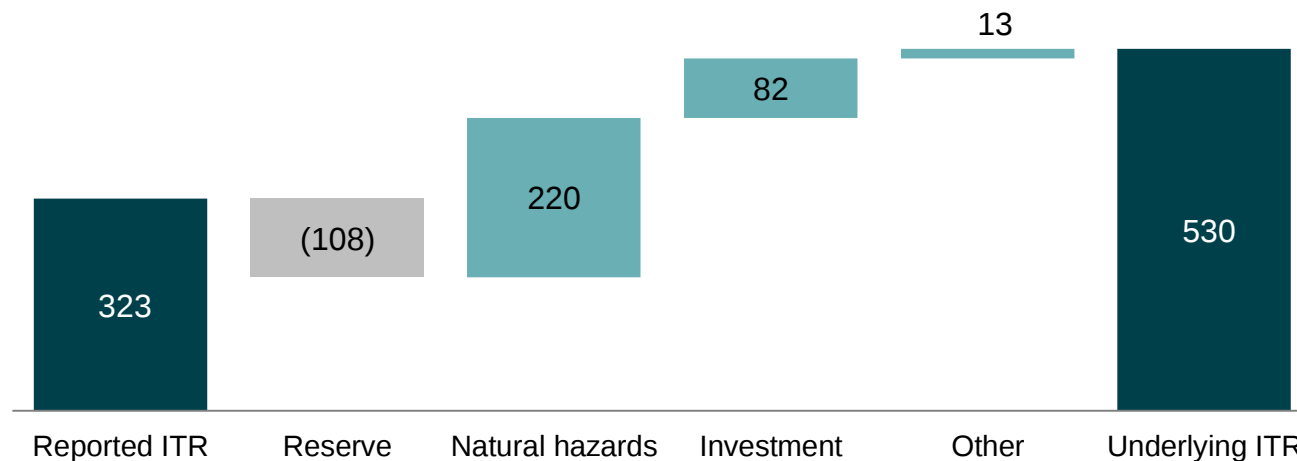
Cash EPS (diluted)



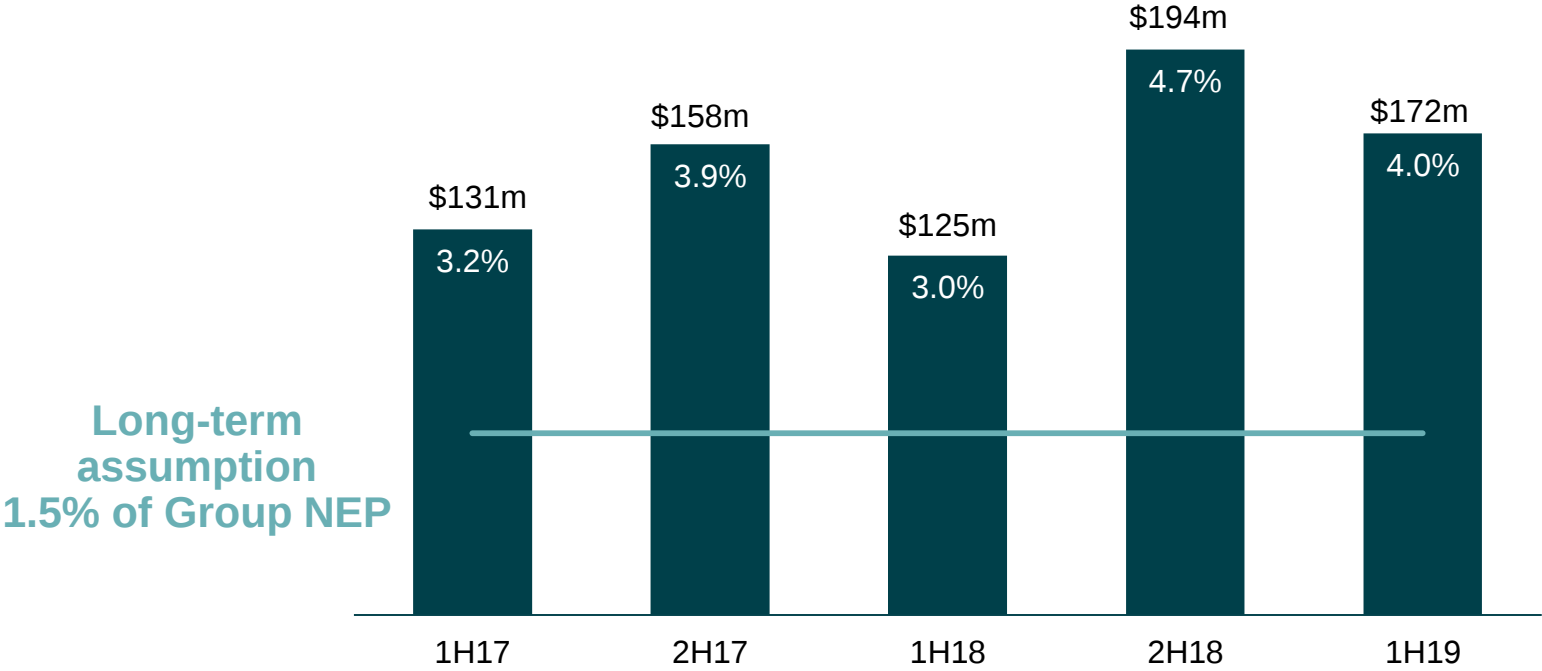
General Insurance ITR (\$m)

The Group underlying ITR has improved from 11.7% in 2H18 to 12.2% in 1H19 reflecting:

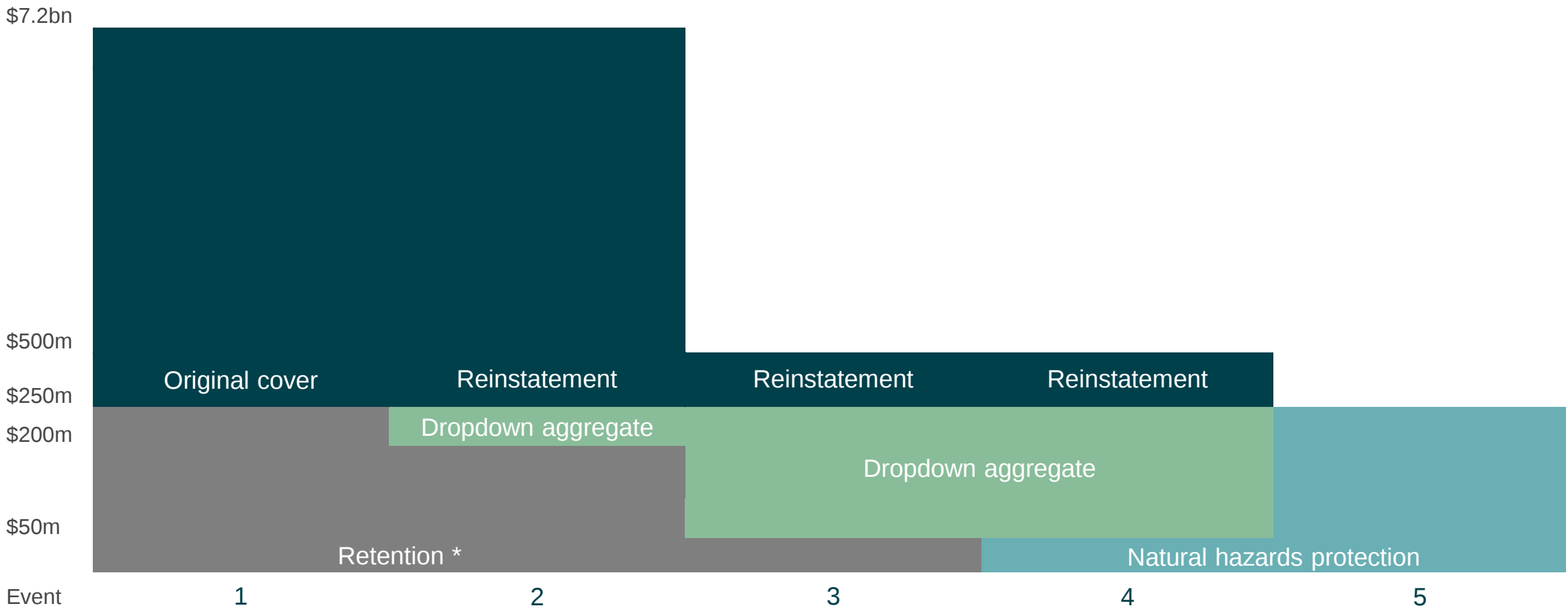
- Margin expansion in New Zealand
- Ongoing BIP benefits in the Australian Consumer portfolio
- Remediation in the Australian Commercial portfolio
- Continued solid underlying ITRs in CTP



General Insurance reserve releases (\$m)



Reinsurance program – natural hazards



Reinsurance program – dropdown aggregate cover erosion

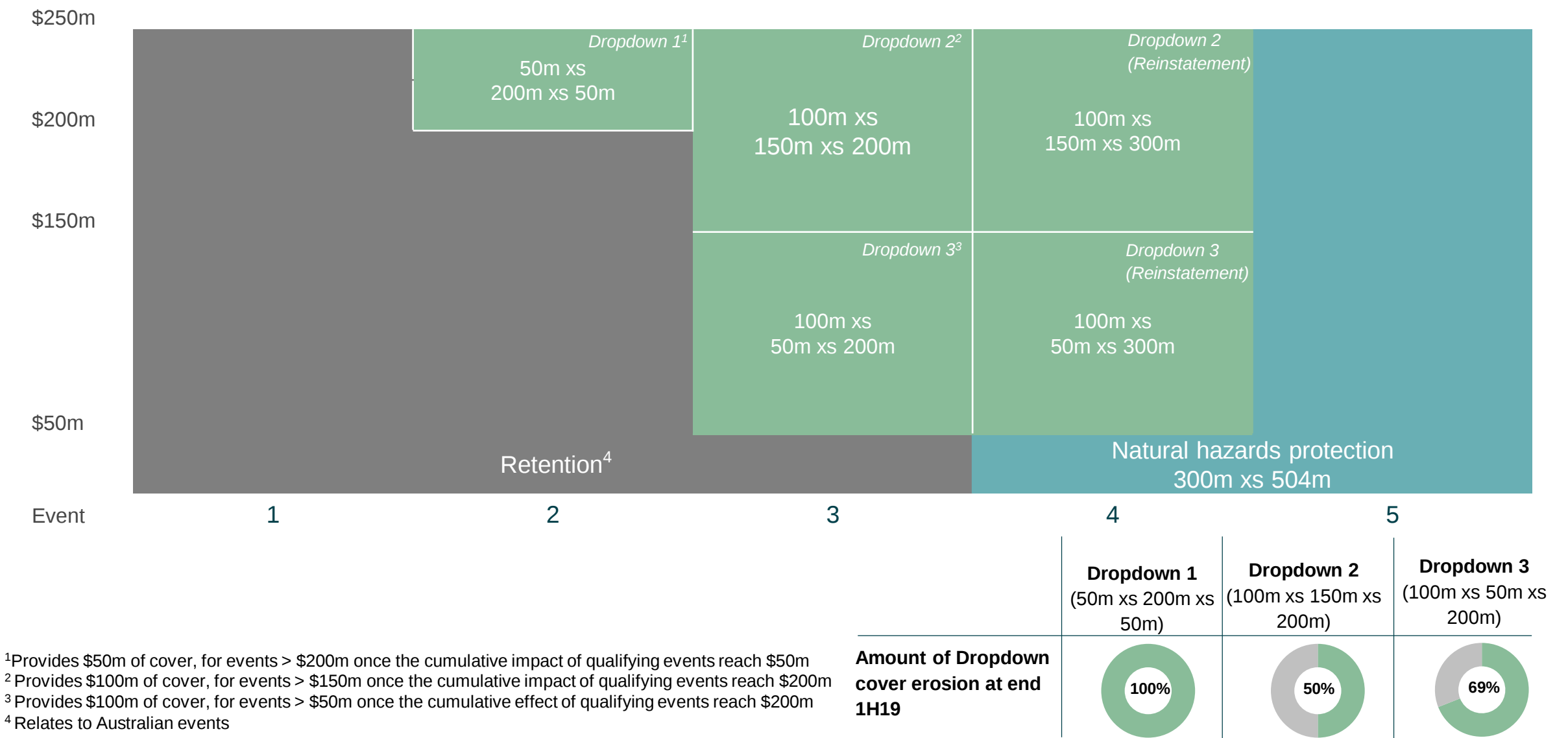


Illustration of reinsurance response to multiple subsequent events in 2H19

Scenario A considers the impact of multiple events > \$250m

AU Events (\$m)		Dropdown (Otherwise Recoverable Erosion)			Dropdown (Recoveries)			Dropdown Reinstatement (Recoveries)		NHAP Agg Erosion	NHAP Recovery	Main CAT Recovery	Retained Loss
Name	UNL	DD1	DD2	DD3	DD1	DD2	DD3	DD2	DD3	\$300m x/s \$504m		x/s 250m	(\$m)
Wide Bay Burnett	63	-	-	13	-	-	-	-	-	63	-	-	63
NSW Severe Low	19	-	-	-	-	-	-	-	-	19	-	-	19
East Coast Low	75	-	-	25	-	-	-	-	-	75	-	-	75
NSW & SEQ Hailstorm	366	50	100	100	-	-	-	-	-	250	-	116	250
Subsequent Event 1	300	-	100	62	50	-	38	-	-	97	65	50	97
Subsequent Event 2	320	-	-	-	-	100	62	-	38	-	50	70	-
Subsequent Event 3	275	-	-	-	-	-	-	100	62	-	88	25	-
Subsequent Event 4	350	-	-	-	-	-	-	-	-	-	97	100	153
Totals		50	200	200	50	100	100	100	100	504	300	361	657

Scenario A events (>\$250m)

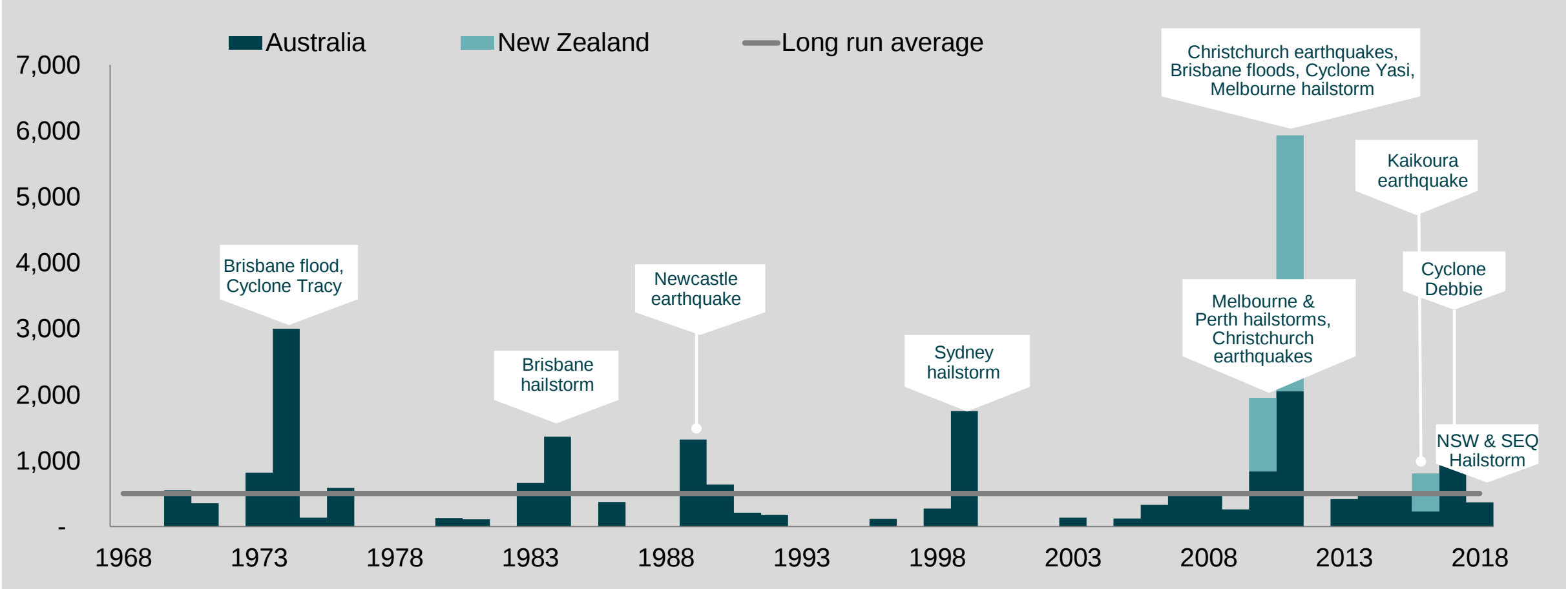
Illustration of reinsurance response to multiple subsequent events in 2H19

Scenario B considers the impact of multiple small and large events

AU Events (\$m)		Dropdown (Otherwise Recoverable Erosion)			Dropdown (Recoveries)			Dropdown Reinstatement (Recoveries)		NHAP Agg Erosion	NHAP Recovery	Main CAT Recovery	Retained Loss
Name	UNL	DD1	DD2	DD3	DD1	DD2	DD3	DD2	DD3	\$300m x/s \$504m	x/s 250m		(\$m)
Wide Bay Burnett	63	-	-	13	-	-	-	-	-	63	-	-	63
NSW Severe Low	19	-	-	-	-	-	-	-	-	19	-	-	19
East Coast Low	75	-	-	25	-	-	-	-	-	75	-	-	75
NSW & SEQ Hailstorm	366	50	100	100	-	-	-	-	-	250	-	116	250
Subsequent Event 1	65	-	-	15	-	-	-	-	-	65	-	-	65
Subsequent Event 2	110	-	-	47	-	-	13	-	-	32	65	-	32
Subsequent Event 3	275	-	100	-	50	-	87	-	13	-	100	25	-
Subsequent Event 4	75	-	-	-	-	-	-	-	25	-	50	-	-
Totals		50	200	200	50	-	100	-	38	504	215	141	504

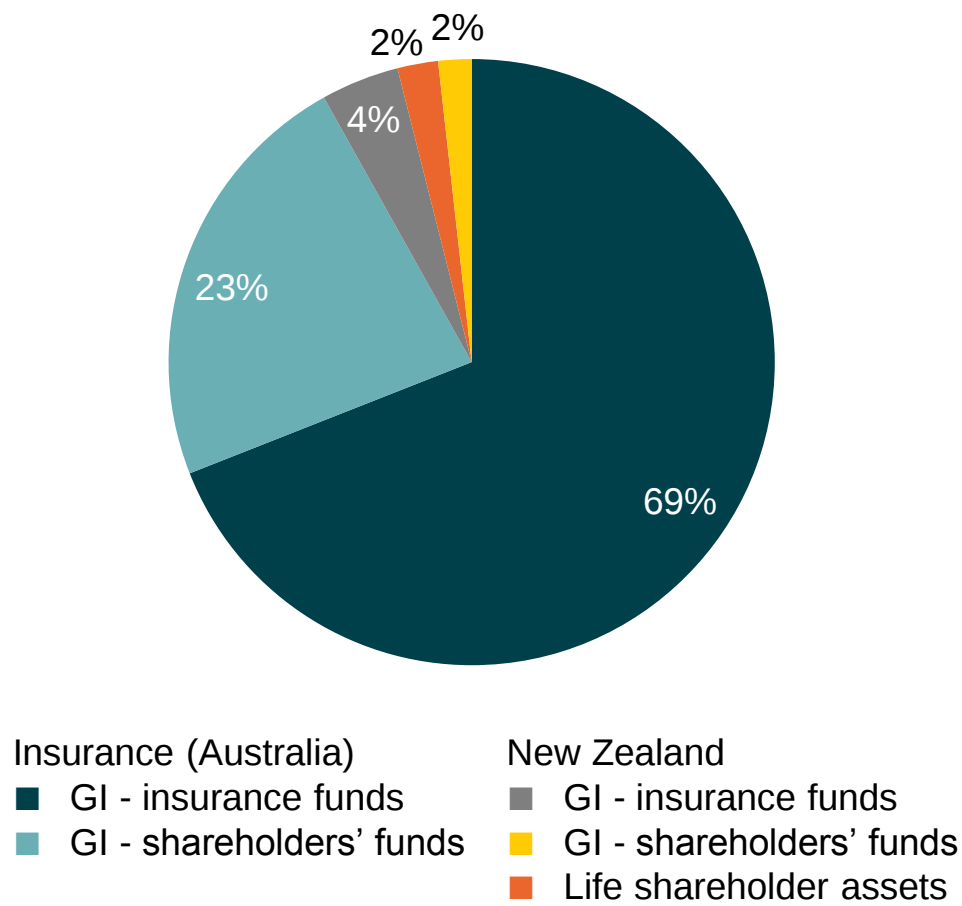
Scenario B events (combination of small and large events)

50 year history of major weather events (\$m)



Adjusted for inflation, population growth and market share

Insurance investment assets



	HY19 (\$m)
Insurance (Australia) investments	
General Insurance - insurance funds	9,110
General Insurance - shareholders' funds	3,019
Insurance (Australia) total	12,129
New Zealand investments (A\$)	
General Insurance - insurance funds	550
General Insurance - shareholders' funds	286
Life shareholder assets	234
New Zealand total	1,070
Total investments	13,199

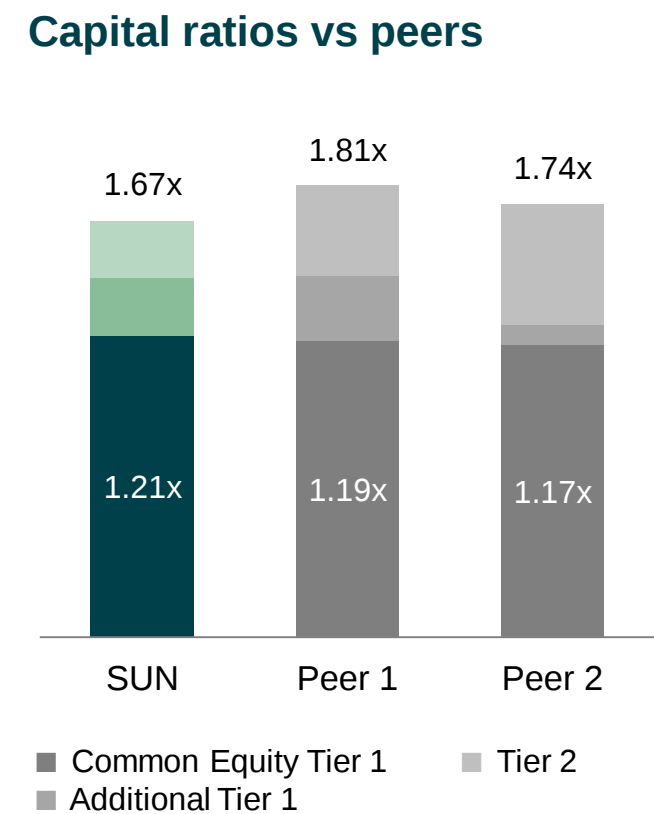
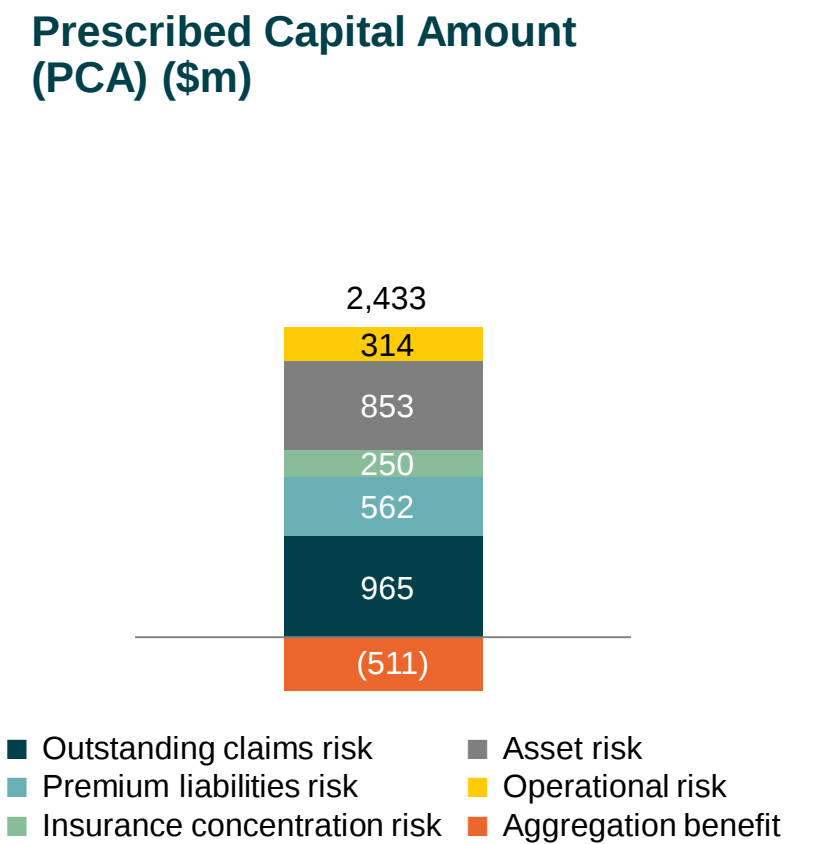
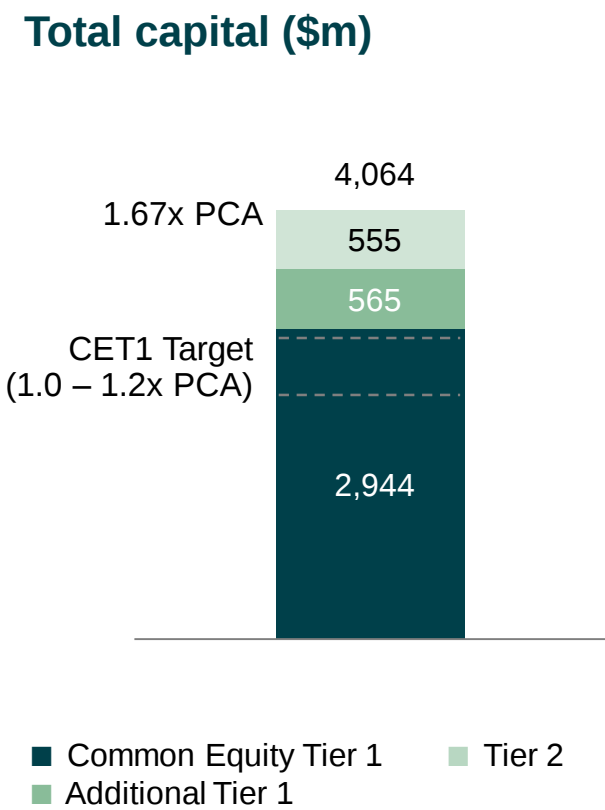
Group capital position (\$m)

	As at 31 December 2018					
	GI ²	Bank ²	Life	SGL, Corp Services & Consol	Total	Total as at 30 June 2018
CET1	2,944	3,012	485	208	6,649	6,881
CET1 target	2,676	2,876	323	2	5,877	5,810
Excess to CET1 target (pre div)	268	136	162	206	772	1,071
Group dividend					(338)	(623)
Group excess to CET1 target (ex div)					434	448
Common Equity Tier 1 ratio¹	1.21x	9.16%	2.11x			
Total capital	4,064	4,386	520	208	9,178	9,585
Total target capital	3,650	4,026	381	(18)	8,039	7,952
Excess to target (pre div)	414	360	139	226	1,139	1,633
Group dividend					(338)	(623)
Group excess to target (ex div)					801	1,010
Total capital ratio¹	1.67x	13.35%	2.26x			

¹ Capital ratios are expressed as coverage of the PCA for General Insurance and Life, and as a percentage of Risk Weighted Assets for the Bank

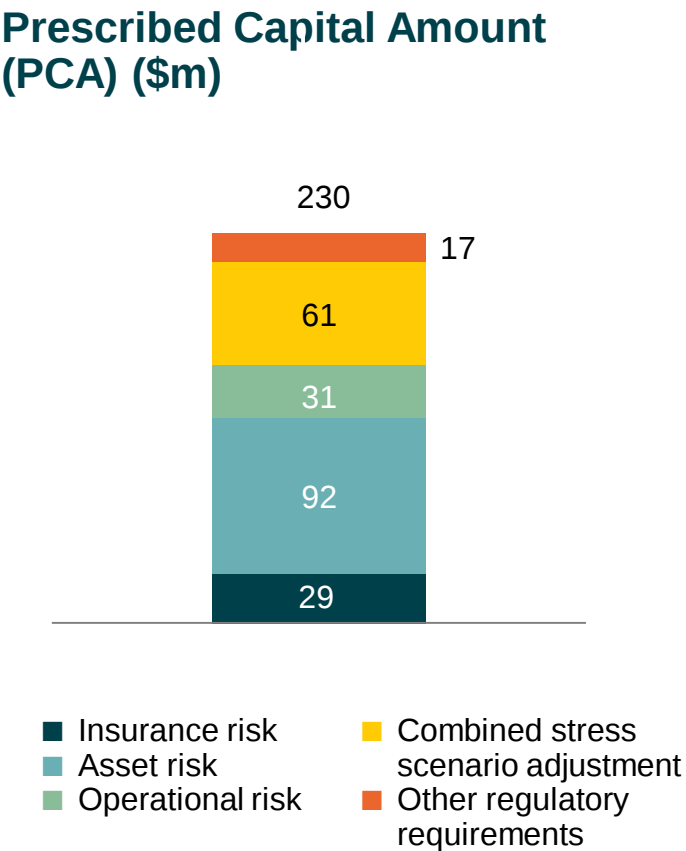
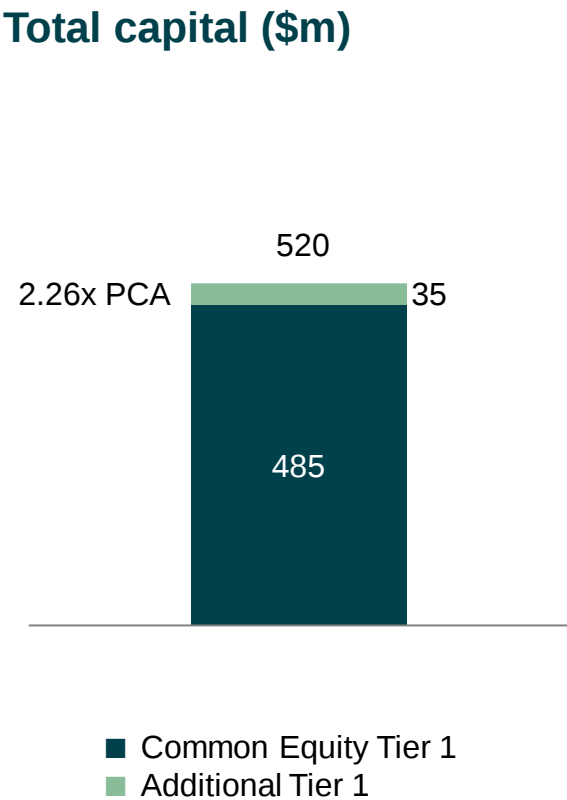
² The Bank and General Insurance targets are shown as the midpoint of the target operating ranges

Group General Insurance capital



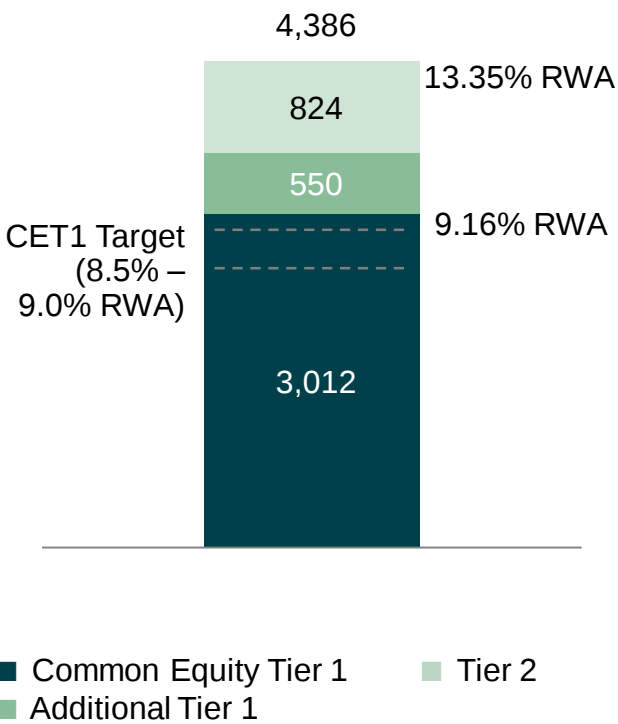
Source: Latest published company reports

Group Life Insurance capital

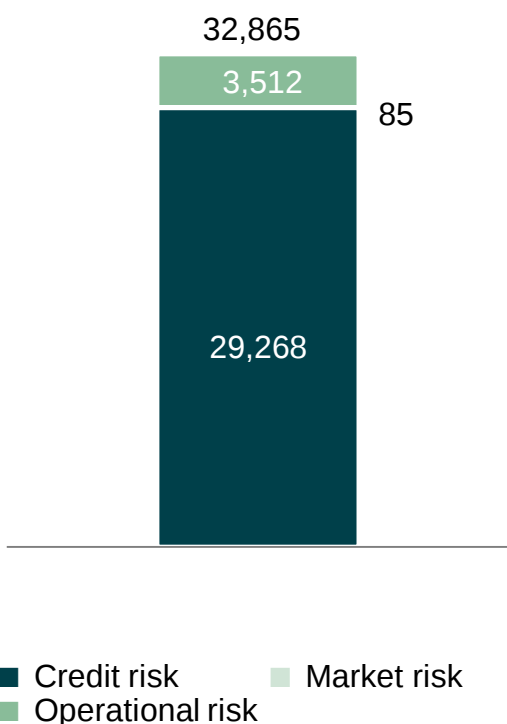


Bank capital

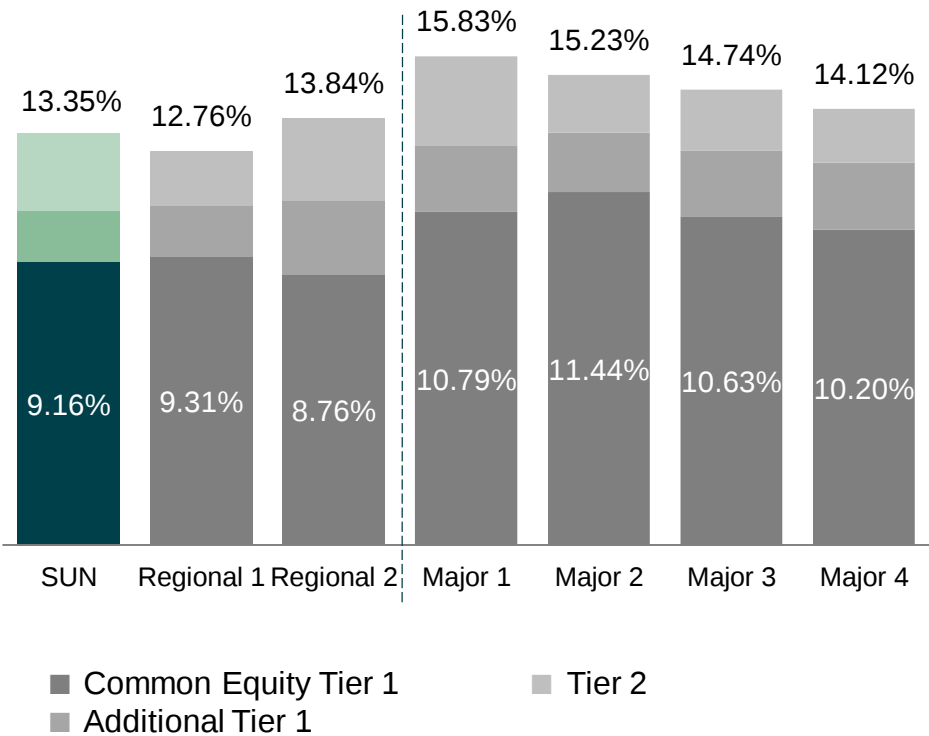
Total capital (\$m)



Risk-weighted assets (\$m)



Capital ratios vs peers



Source: Latest published company reports



Insurance (Australia)



Financial Results for the half year
ended 31 December 2018

Insurance (Australia)

NPAT

- NPAT down 43.2% to \$133m
- Insurance trading result \$190m (HY18: \$266m)
- Insurance trading ratio 5.2% (HY18: 7.3%)
- GWP up 2.4% to \$4.1bn
- Home and Motor GWP up 3.0%
- Natural hazards \$573m (HY18: \$395m)
- Reserve releases of \$170m (HY18: \$129m)
- Underlying investment yield of 2.5%

	HY19 (\$m)	HY18 (\$m)	Change (%)
Gross written premium	4,101	4,004	2.4
Net earned premium	3,689	3,643	1.3
Net incurred claims	(2,855)	(2,724)	4.8
Operating expenses	(769)	(773)	(0.5)
Investment income - insurance funds	125	120	4.2
Insurance trading result	190	266	(28.6)
Investment income – shareholder funds	(3)	72	n/a
Insurance (Australia) NPAT	133	234	(43.2)
Australian Life Business held for sale profit after tax	23	42	(45.2)

Insurance (Australia)

Gross Written Premium (GWP)

- Motor GWP increased 3.9%, driven by targeted pricing changes with units reducing by 2.0%
- Home premium rate increases of 2.9%, partially offset by unit reduction of 1.1%
- Commercial portfolio continues to achieve strong premium rate increases
- CTP GWP decreased by 5.7% as scheme reforms take effect
- Strong retention in workers' compensation

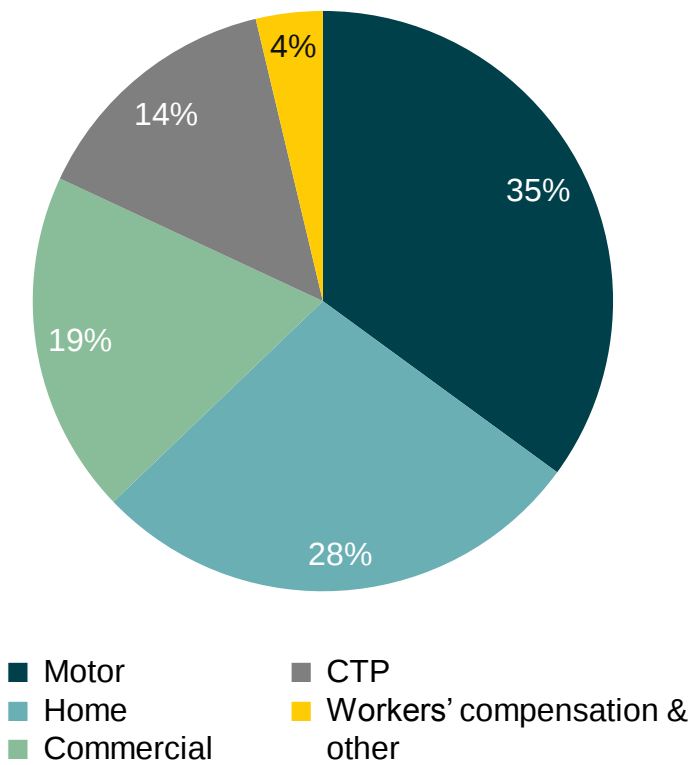
	HY19 (\$m)	HY18 (\$m)	Change (%)
Motor	1,403	1,350	3.9
Home	1,113	1,093	1.8
Commercial	786	768	2.3
Compulsory third party	574	609	(5.7)
Workers' compensation and other	149	120	24.2
Total GWP	4,025	3,940	2.2
Fire Service Levies (FSL) ¹	76	64	18.8
Total GWP including FSL	4,101	4,004	2.4

¹ HY19: Home \$41m, Commercial \$27m and Motor \$8m,
HY18: Home \$45m, Commercial \$16m and Motor \$3m

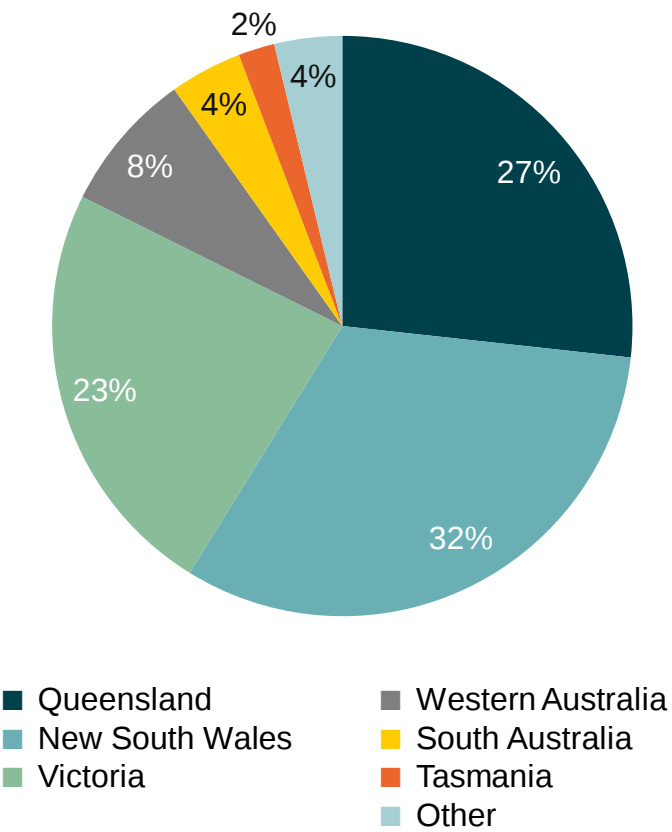
Insurance (Australia) GWP excluding FSL

Total GWP of \$4.0bn

Portfolio by product



Portfolio by geography



Insurance (Australia)

GWP - Compulsory Third Party (CTP)

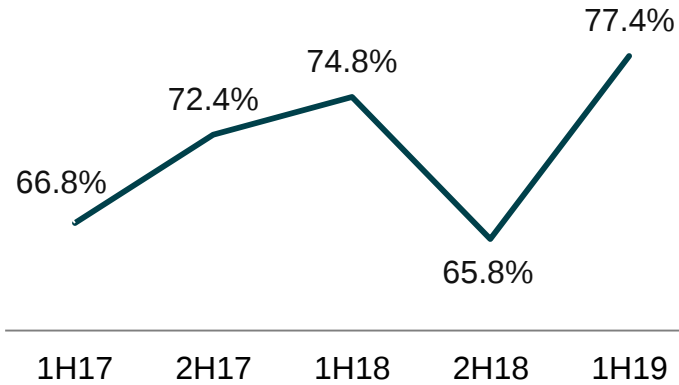
- CTP GWP decreased by 5.7% as scheme reforms take effect
- **NSW** GWP contracted 14.0% driven by scheme reform which became effective on 1 Dec 2017
- **Qld** GWP remained flat with improved units partially offset by a reduction in the ceiling price
- In **ACT**, the scheme has continued to grow, with market share at 47% following sustained growth since entering the market in 2013
- In **SA**, Suncorp will continue to be allocated 30% market share until 30 June 2019, the scheme will then transition to competitive underwriting

	HY19 (\$m)	HY18 (\$m)	Change (%)
Queensland	221	221	-
New South Wales	257	299	(14.0)
ACT	36	31	16.1
South Australia	60	58	3.4
Total CTP GWP	574	609	(5.7)

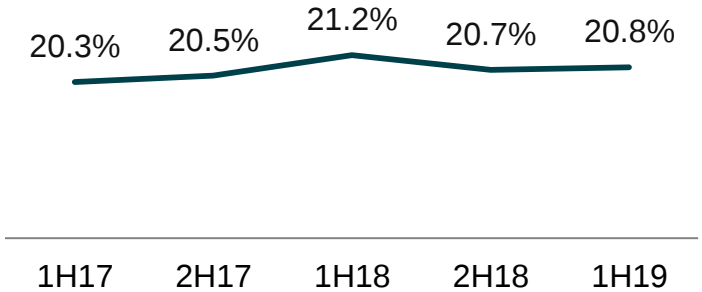
Insurance (Australia)

key ratios

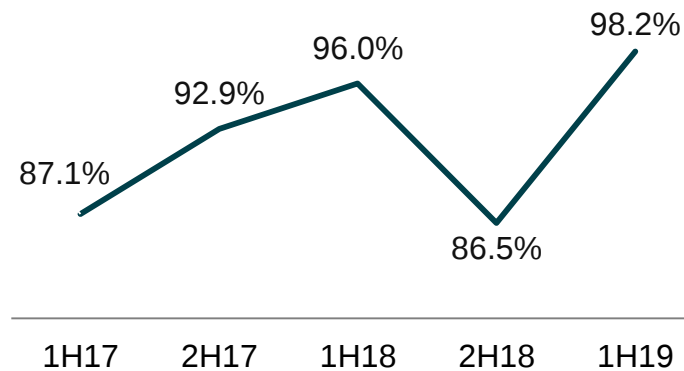
Loss ratio



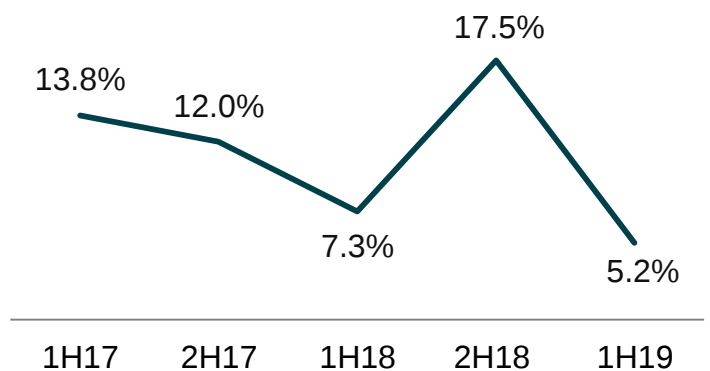
Total operating expenses ratio



Combined operating ratio



Reported ITR



Insurance (Australia)

natural hazard events

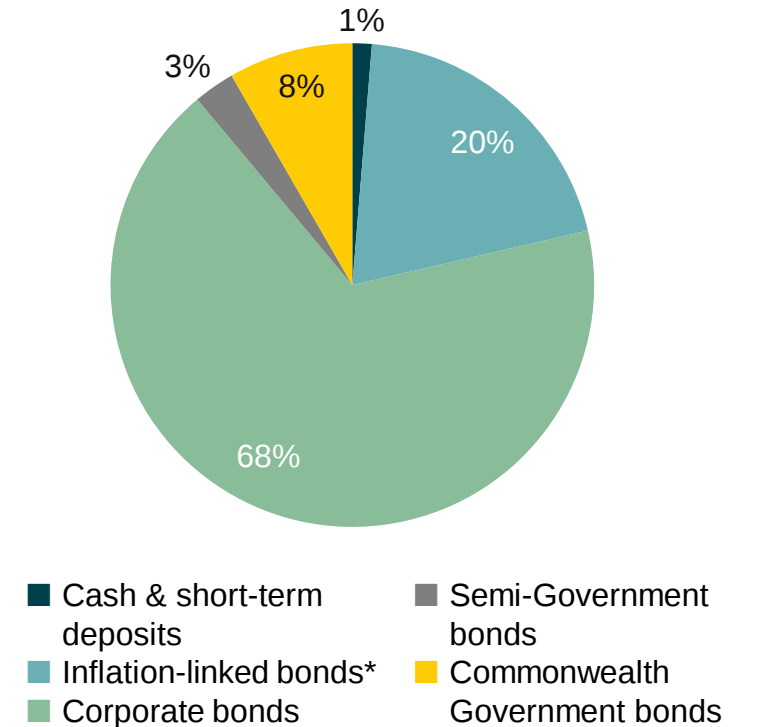
- Australian natural hazard costs were \$573m for the half year, \$233m above the allowance
- Group natural hazard costs were \$580m for the half year, \$220m above the allowance
- In FY20 Suncorp will increase its Group natural hazard allowance from \$720m to \$820m
- In FY20 Suncorp will also purchase an additional \$200m natural perils reinsurance cover to sit on-top of the allowance providing a further level of cover that will work in conjunction with the main catastrophe program and natural hazard aggregate protection program

Date	Event	Net costs (\$m)
Oct 18	Wide Bay Burnett	63
Nov 18	NSW Severe Low	19
Dec 18	East Coast Low	75
Dec 18	NSW & SEQ Hailstorm	250
	Total events over \$10m	407
	Other natural hazards attritional claims	166
	Total natural hazards	573
	Less: allowance for natural hazards	(340)
	Natural hazards costs above allowance	233

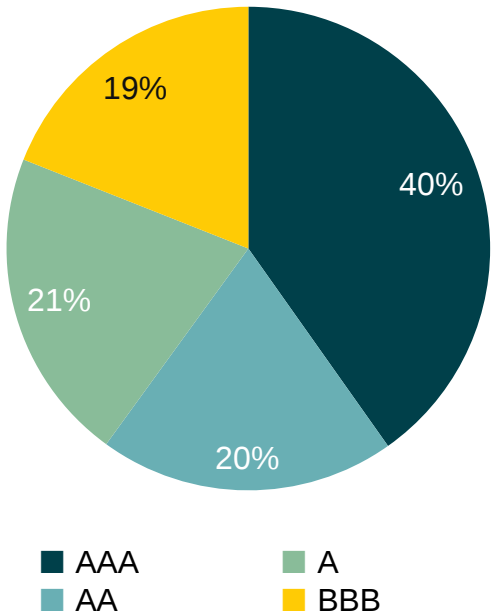
Insurance (Australia)

investment asset allocation

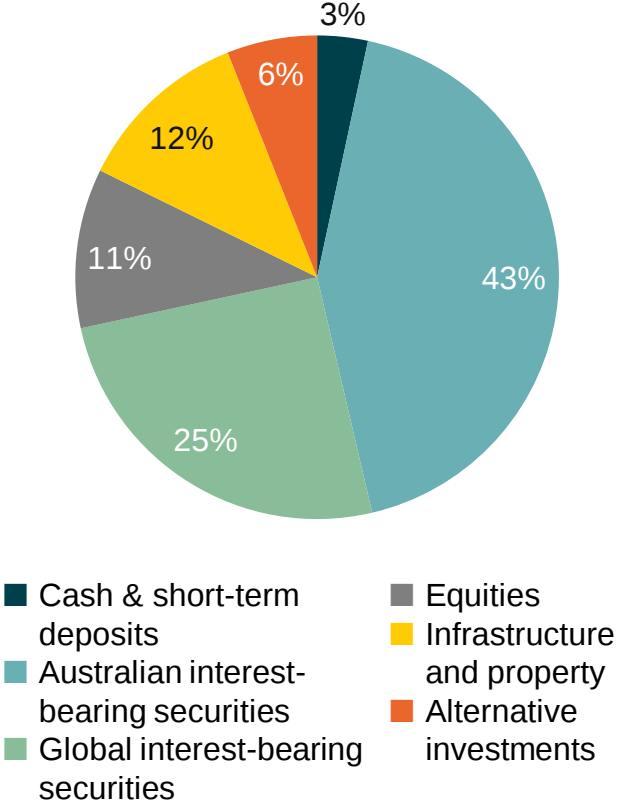
Insurance funds
\$9.1bn



Fixed income credit quality

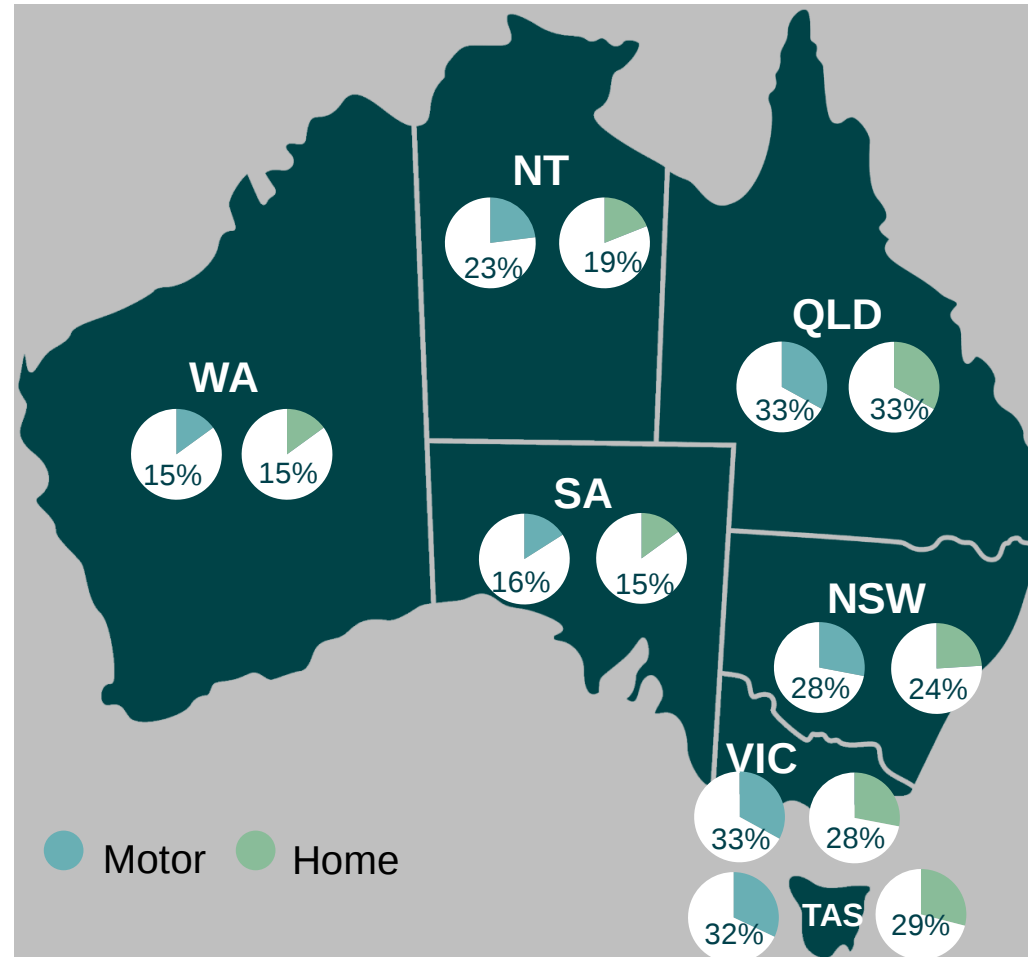


Shareholders' funds
\$3.0bn



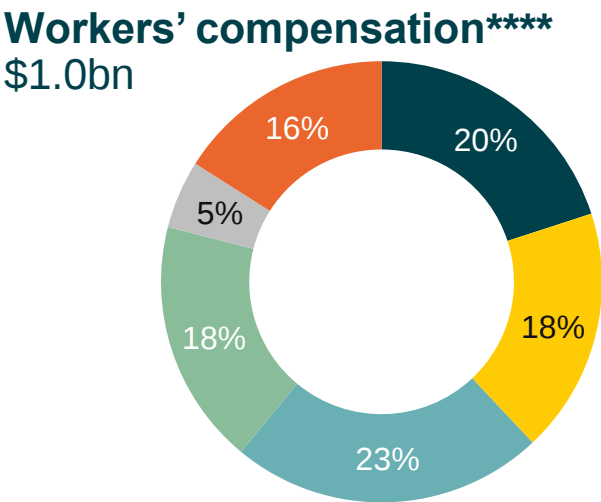
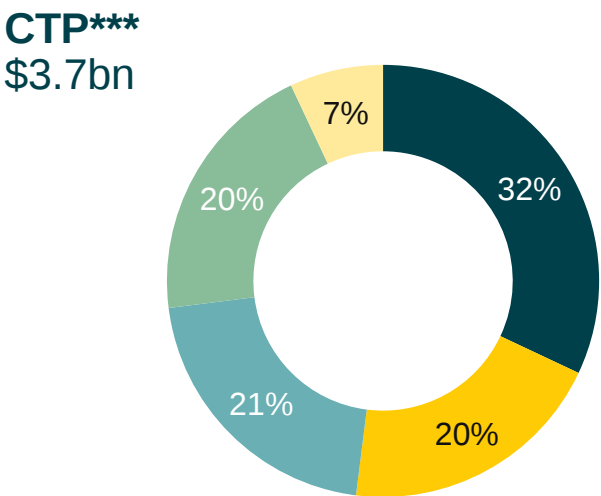
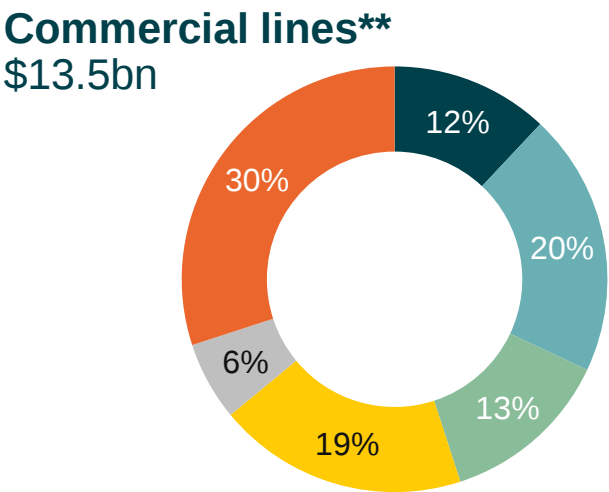
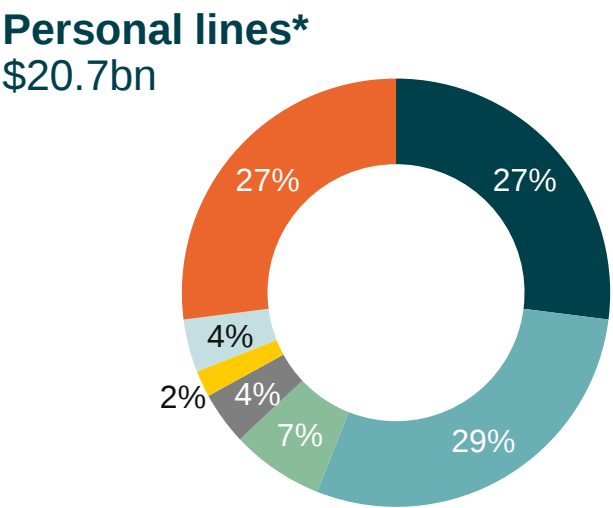
* The notional exposure to inflation-linked securities is: Dec-18 \$1.9bn, Jun-18 \$2.3bn, Dec-17 \$2.4bn. Although the notional exposure has decreased, the dollar sensitivity from inflation-linked securities remains unchanged from Jun-18 to the longer duration of these remaining securities.

Insurance (Australia) personal lines market share



Source: Roy Morgan, May 2018

Insurance (Australia) market share

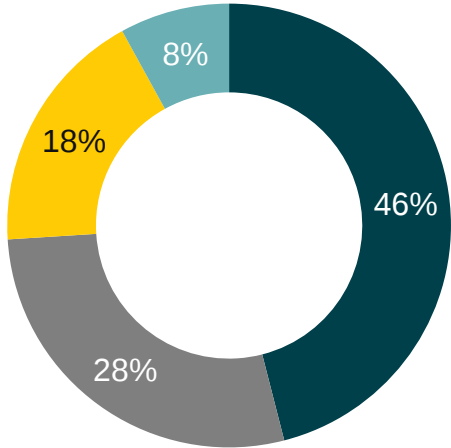


■ Suncorp
■ Peer 1
■ Peer 2
■ Peer 3
■ Peer 4
■ Peer 5
■ Peer 6
■ Peer 7
■ Others

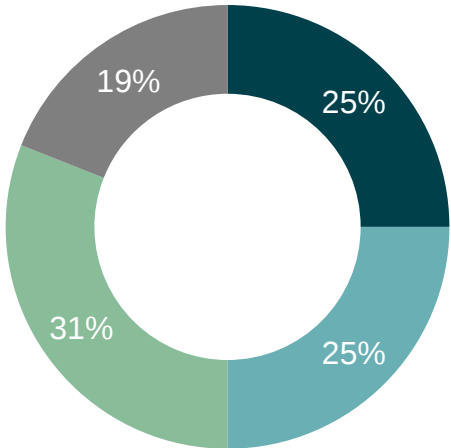
* Source: Roy Morgan, May 2018
 ** Source: Latest Suncorp estimates
 *** Source: Latest Suncorp estimates
 Includes QLD, NSW, ACT & SA schemes
 **** Source: Latest Suncorp estimates
 Includes WA only

Insurance (Australia) CTP market share

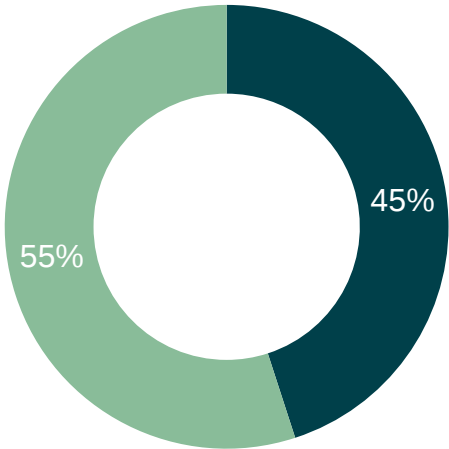
QLD *
\$1.0bn



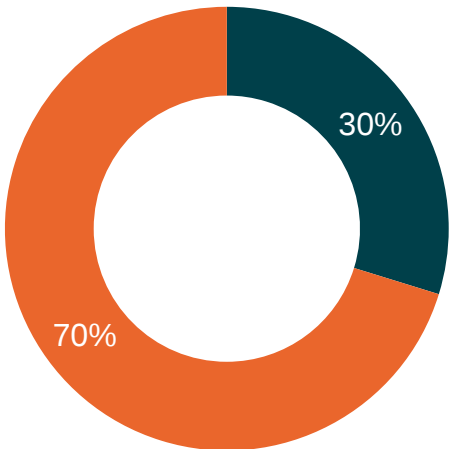
NSW **
\$2.1bn



ACT *
\$174m



SA *
\$386m



Source: State scheme regulators
* as at October 2018 (rolling 12 months)
** as at September 2018 (rolling 12 months)

■ Suncorp ■ Peer 1 ■ Peer 2 ■ Peer 3 ■ Peer 4 ■ Rest of market

Australian Life Business (held for sale)

- NPAT of \$23m down 45% reflecting reduced experience profits, partially offset by one-off adjustments in the Wealth business
- On 4 September 2018, Suncorp announced the execution of a share sale deed with TAL Dai-ichi Life Australia Pty Ltd to sell the Australian business
- Suncorp continues to target a completion date of 28 February 2019 subject to receipt of regulatory approvals
- Following completion of the transaction, Suncorp will commence a 20-year strategic alliance with TAL to offer market-leading life insurance solutions through Suncorp's Australian distribution channels
- Under the terms of the strategic alliance Suncorp will continue to earn income on the distribution of life insurance

	HY19 (\$m)	HY18 (\$m)	Change (%)
Planned profit margin release	11	12	(8.3)
Experience	(5)	2	n/a
Life other and investments	3	25	(88.0)
Wealth products	25	11	127.3
Market and other adjustments	(11)	(8)	37.5
Australian Life Business held for sale NPAT	23	42	(45.2)



Banking & Wealth



Financial Results for the half year
ended 31 December 2018

Banking & Wealth

NPAT

- Lending growth of 1.5% (annualised)
- At-call deposit growth of 5.1%
- NIM of 1.79% (2H18: 1.82%)
- Impairment losses 2 bps of GLA
- Strong capital and balance sheet
- Wealth PAT of \$1m

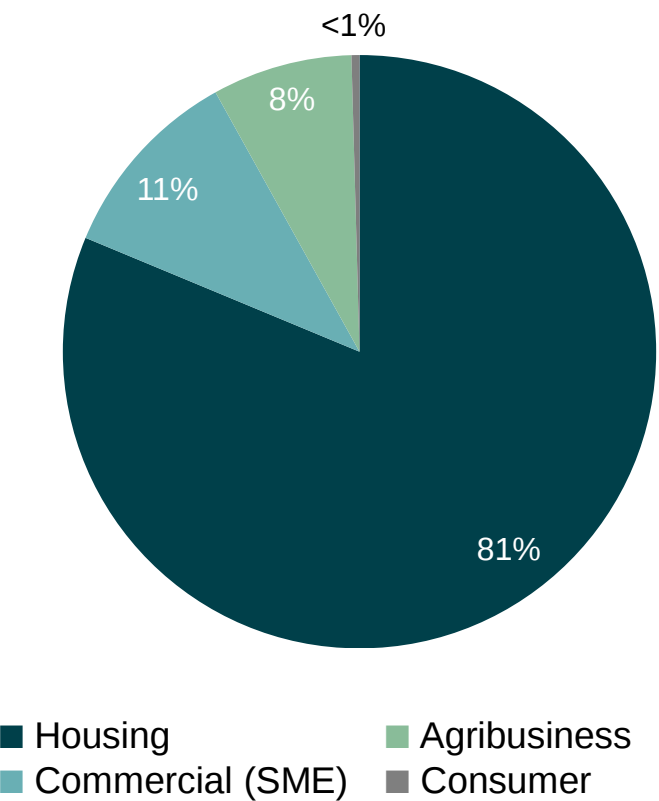
	HY19 (\$m)	HY18 (\$m)	Change (%)
Net interest income	585	598	(2.2)
Net non-interest income	23	34	(32.4)
Operating expenses	(341)	(347)	(1.7)
Profit before impairment losses	267	285	(6.3)
Impairment losses	(7)	(13)	(46.2)
Income tax	(78)	(81)	(3.7)
Banking profit after tax	182	191	(4.7)
Wealth profit after tax	1	(6)	n/a
Banking & Wealth NPAT	183	185	(1.1)

Banking & Wealth

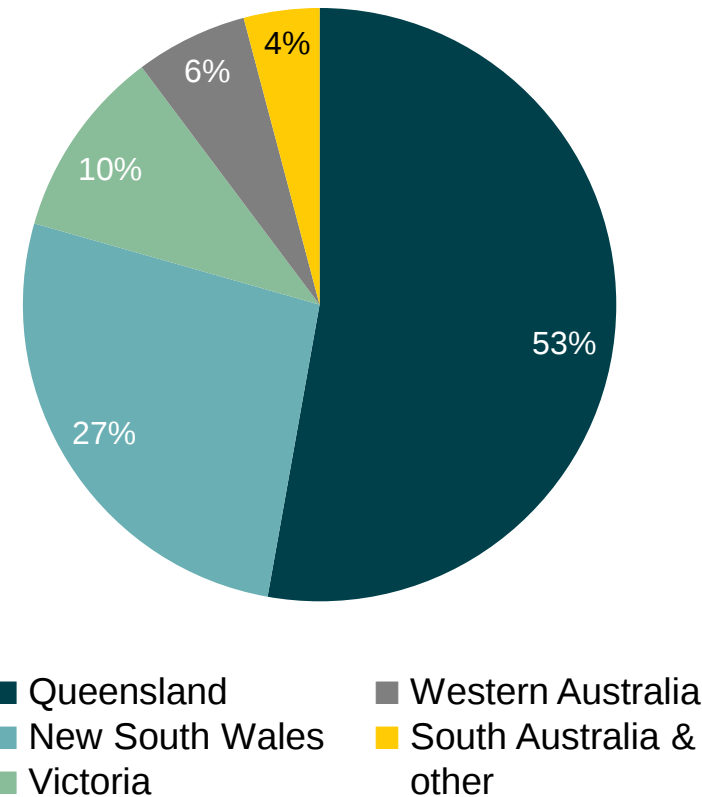
total lending portfolio

Total assets of \$59.2bn up 0.8% since 30 June 2018

Lending assets by portfolio



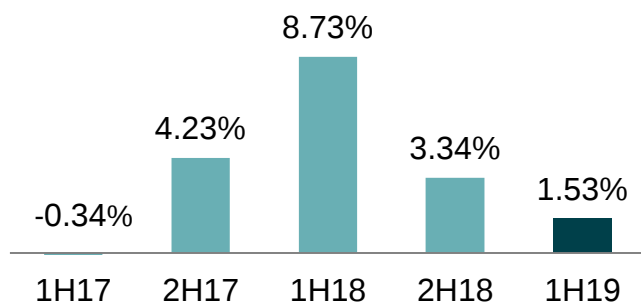
Lending assets by geography



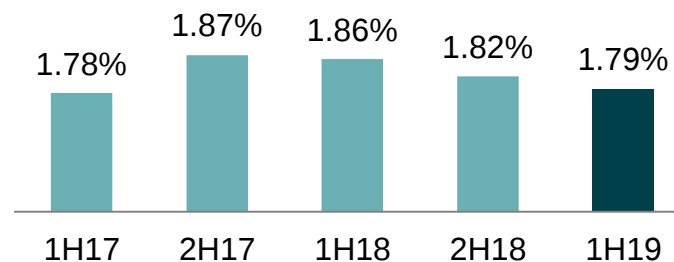
Banking & Wealth

key ratios

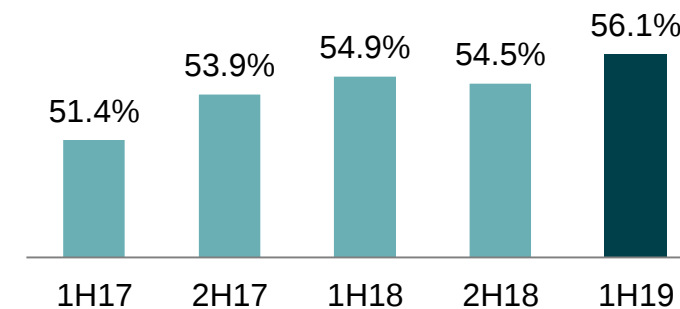
Lending growth (annualised)



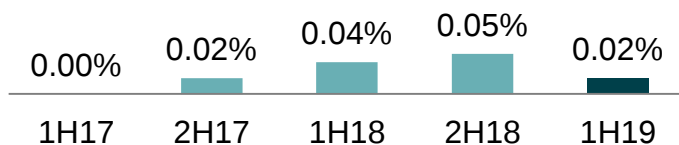
Net interest margin (interest-earning assets)



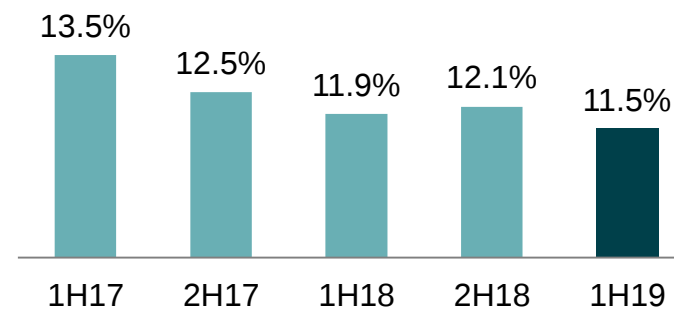
Cost to income ratio



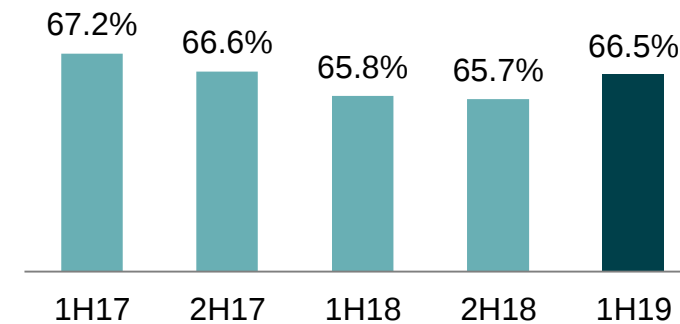
Impairment losses to gross loans and advances (annualised)



Return on Common Equity Tier 1



Deposit to loan ratio

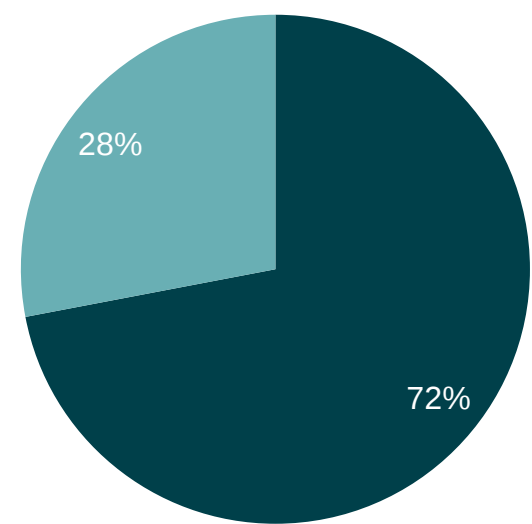


Banking & Wealth

home lending portfolio

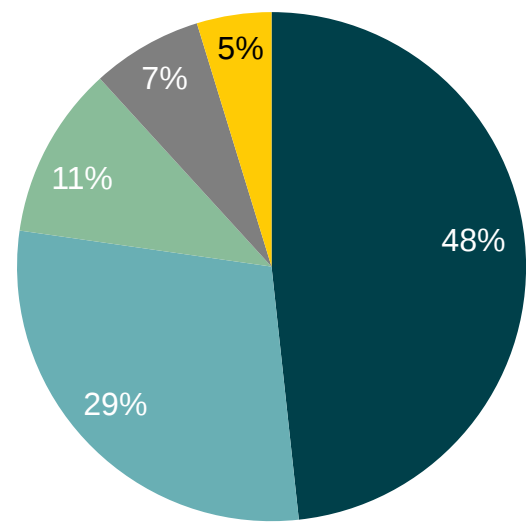
Total home lending assets of \$48.0bn up 0.8% since 30 June 2018

Portfolio by borrower type



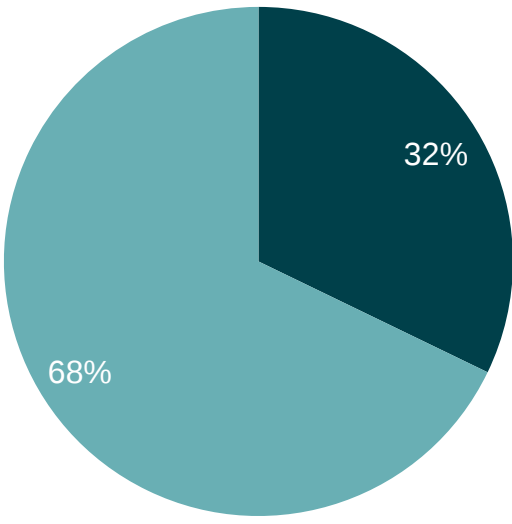
■ Owner occupied ■ Investor

Portfolio by geography



■ Queensland ■ Western Australia
■ New South Wales ■ South Australia & other
■ Victoria

Portfolio by channel



■ Direct ■ Intermediaries

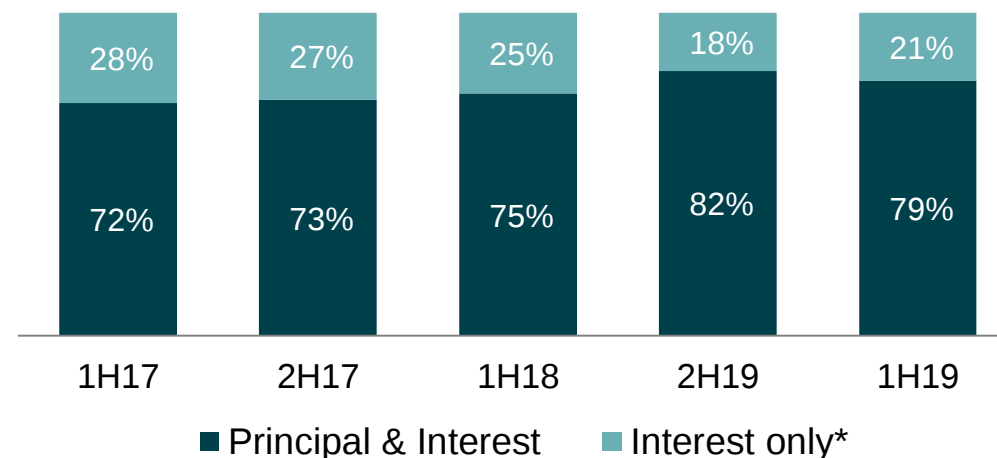
Banking & Wealth

home lending origination by repayment type

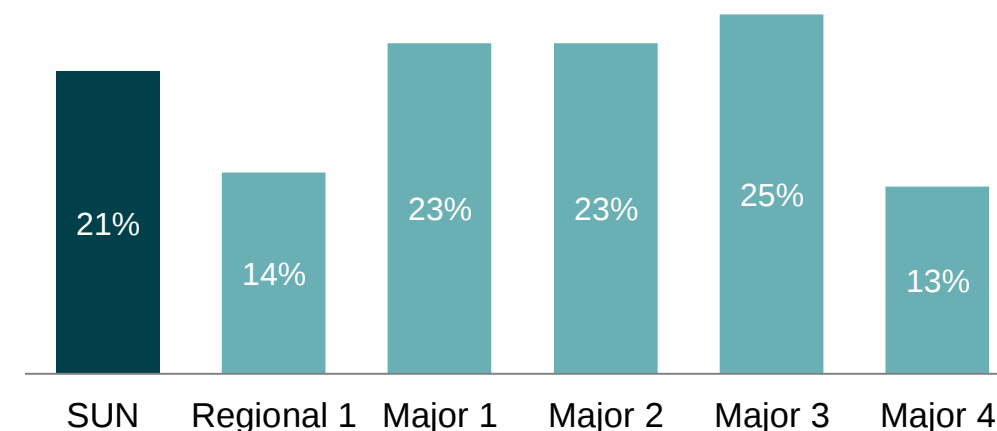
- Continued focus on high quality lending including serviceability, credit quality and loan-to-value ratios
- Interest-only loans comprised 21% of new business for the half

* excludes Lines of Credit (Asset Lines)
Source: Latest peer financial reports

New business origination by repayment type



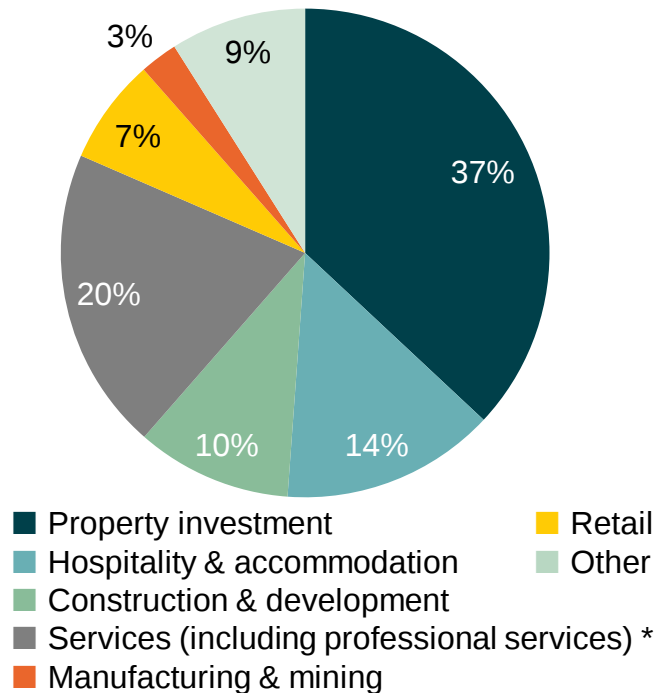
Interest only* proportion of new business home lending vs peers



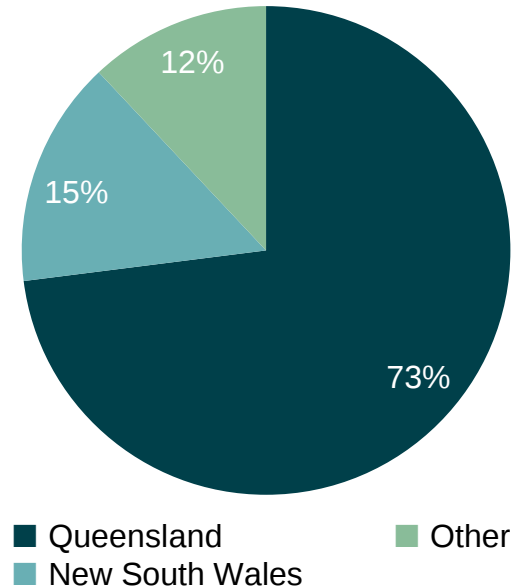
Banking & Wealth commercial (SME) portfolio

Total assets of \$6.7bn up 4.1% since 30 June 2018

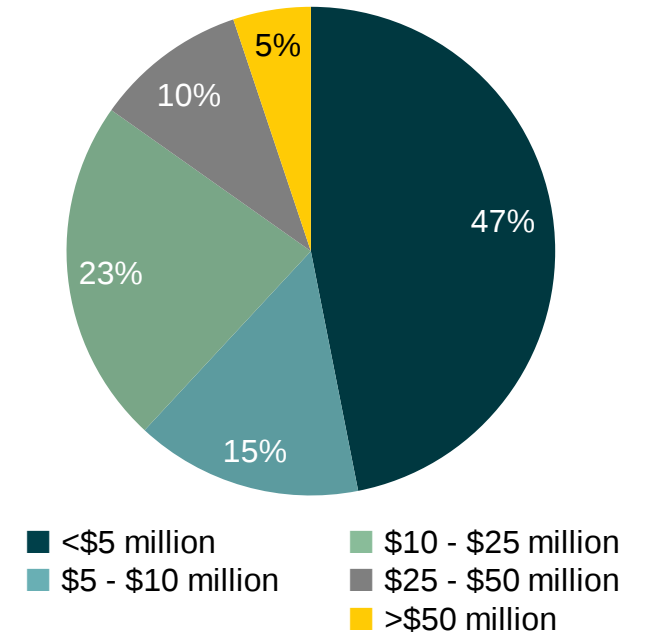
Portfolio by industry



Portfolio by geography



Portfolio by exposure size



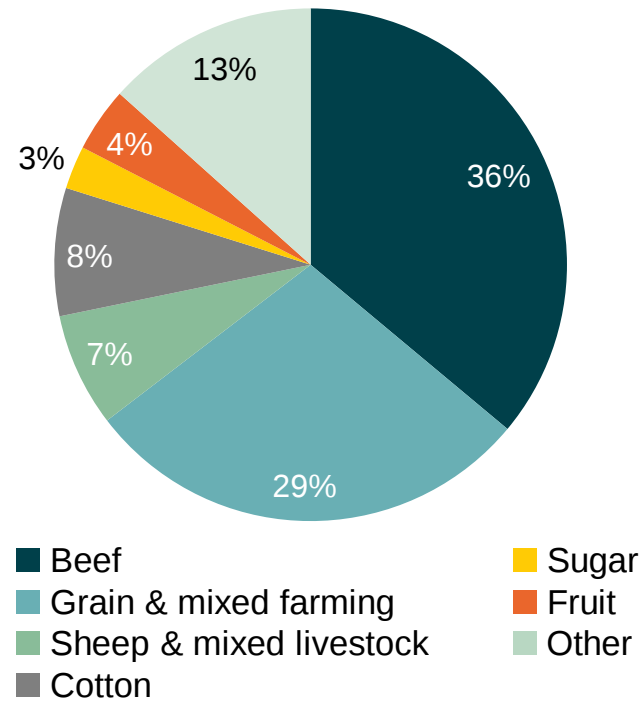
* Includes a portion of small business loans, with limits below \$1 million, that are not classified

Banking & Wealth

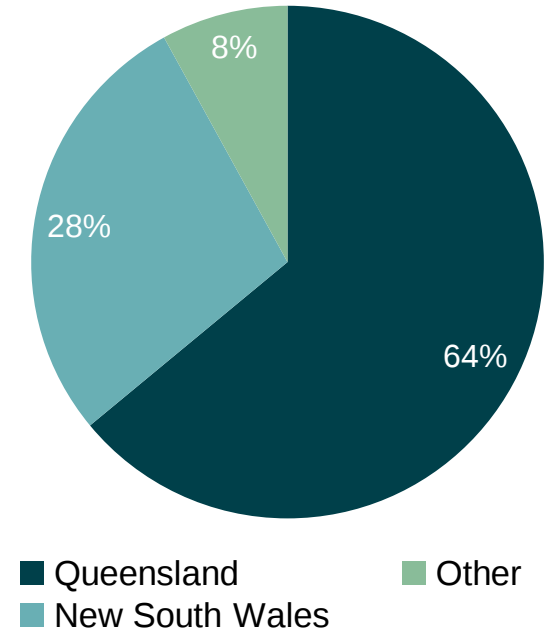
agribusiness portfolio

Total assets of \$4.4bn down 3.8% since 30 June 2018 primarily due to prevailing drought conditions, seasonal trends and the paydown of debt by customers

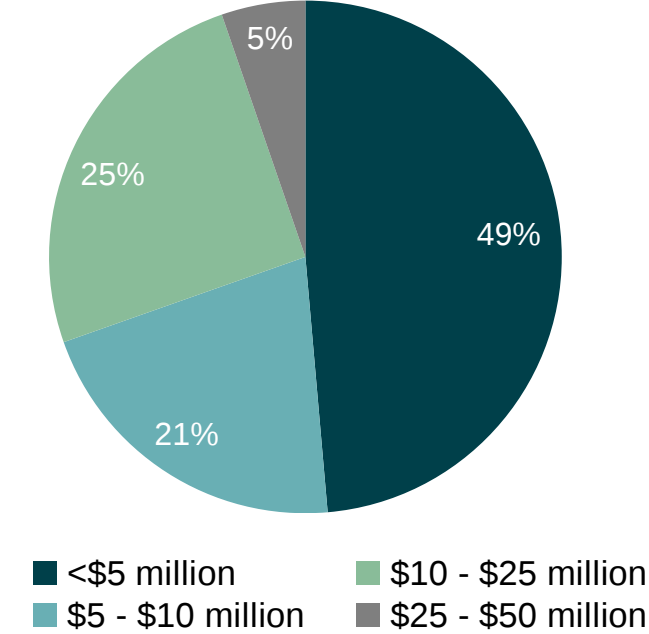
Portfolio by industry



Portfolio by geography

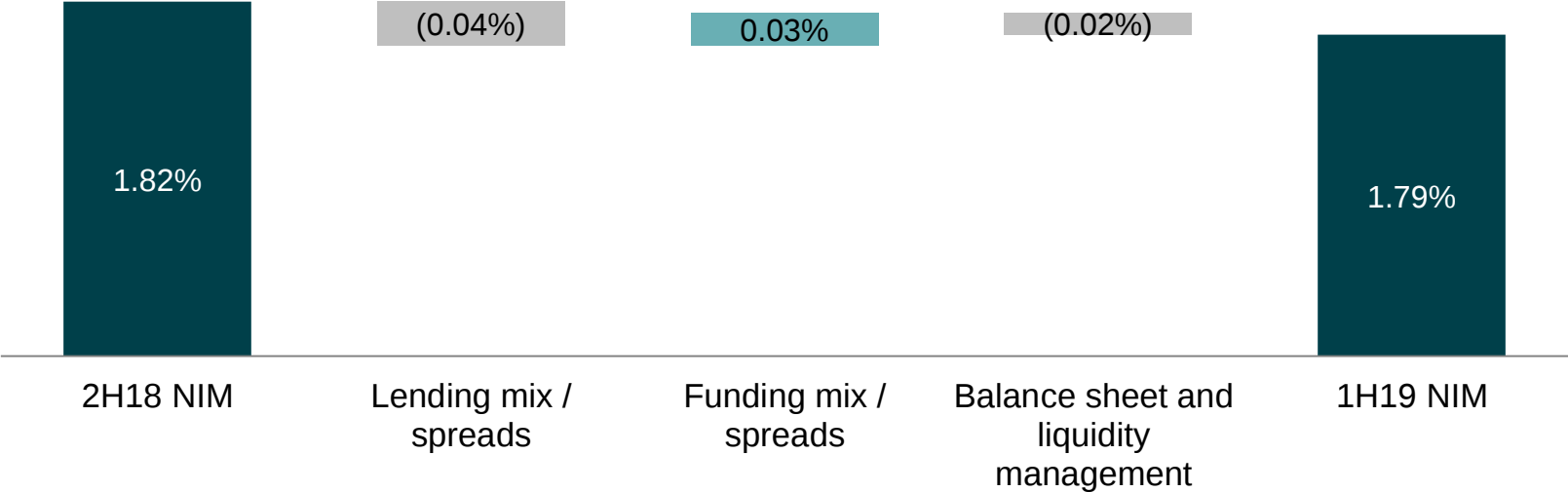


Portfolio by exposure size



Banking & Wealth

NIM movements



*Consistent with prior periods, the interest-earning assets used in calculating Suncorp’s NIM are gross of offset accounts

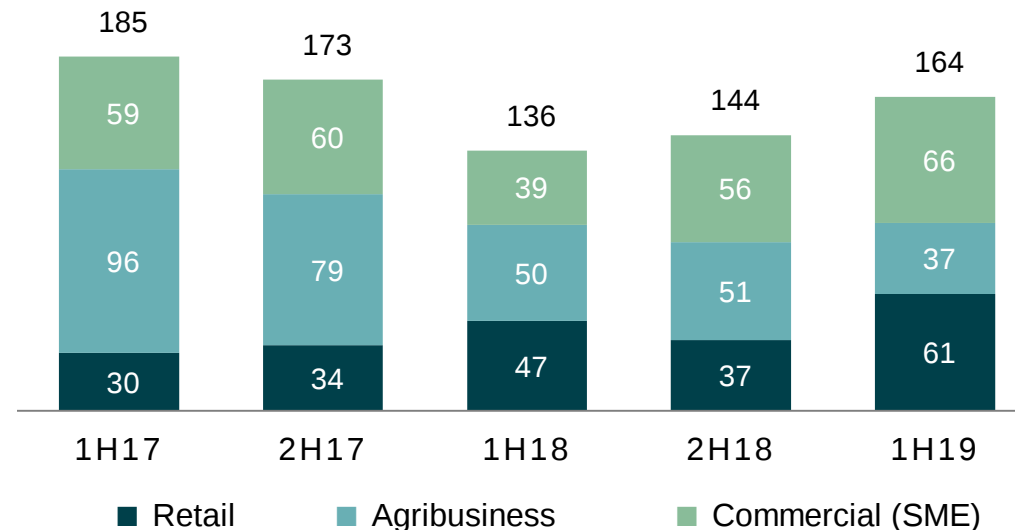
Banking & Wealth

credit quality

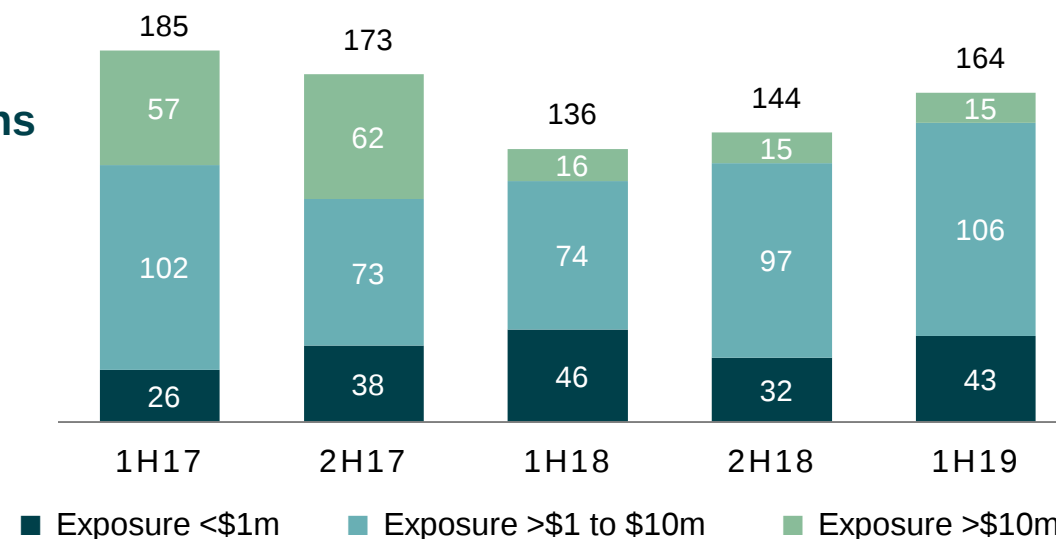
impaired loans (\$m)

- Gross impaired assets increased 14% to \$164m, representing 28bps of gross loans and advances, primarily driven by an increase in retail impaired assets
- The \$24m increase in retail impaired loans over the half was largely driven by a review of longer dated arrears and the application of more conservative property valuations in line with market trends
- The associated increase in specific provision was small with actual losses remaining low

Gross impaired loans by segment



Gross impaired loans by exposure



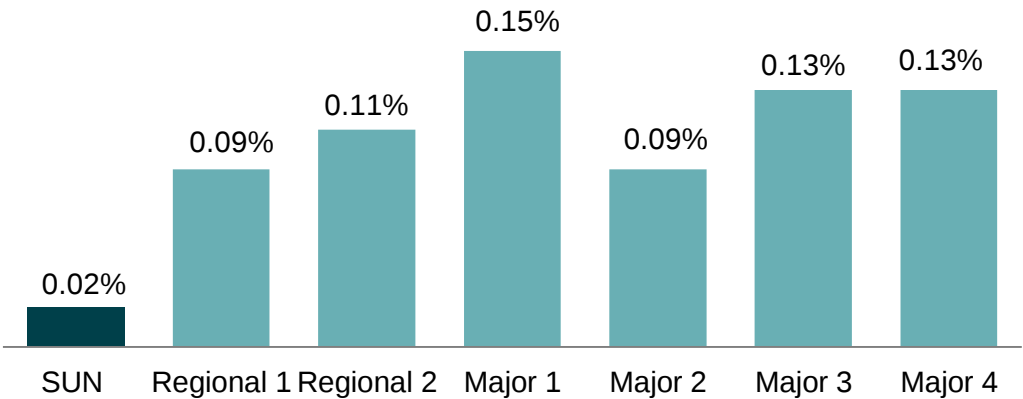
Banking & Wealth credit quality

Relativity to peers

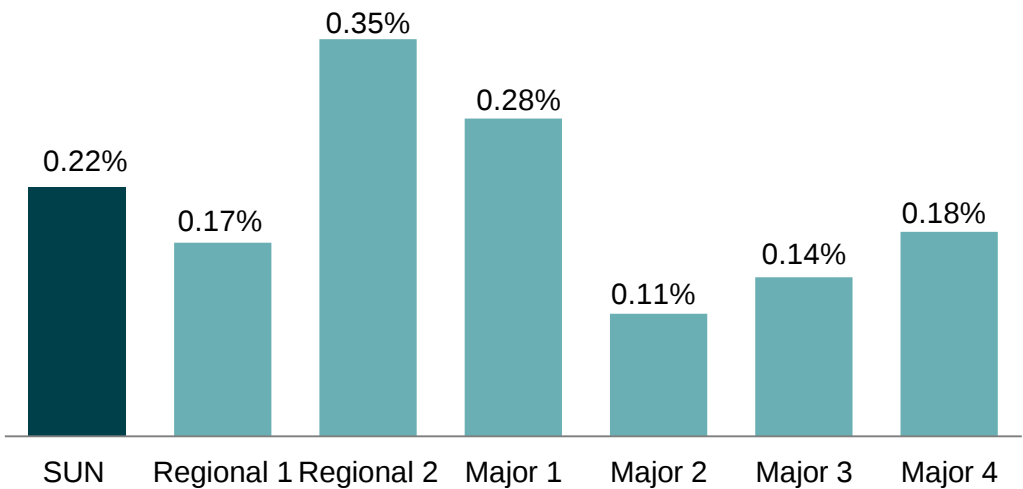
- Continued focus on credit quality and prudent risk management
- Impairment losses 2bps of gross loans and advances remains low and below the industry average

Source: Latest peer financial reports

Impairment losses to gross loans



Net impaired assets to gross loans



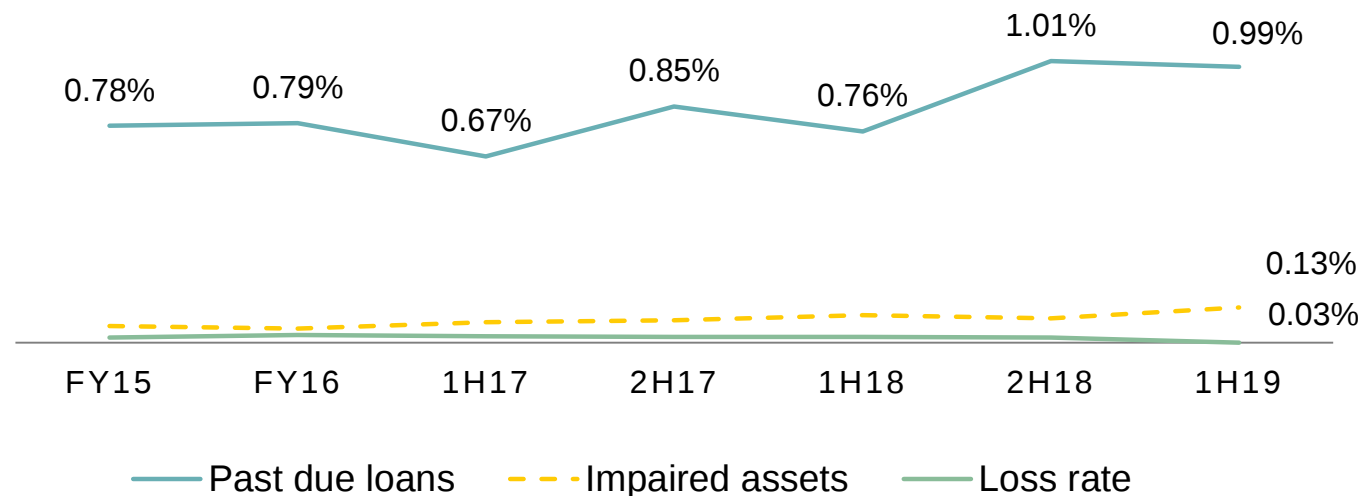
Banking & Wealth

credit quality

home lending

- In recent periods, changes to the hardship and recoveries process were implemented to better support customers genuinely experiencing hardship
- Over the half, this revised approach matured as expected, resulting in a significant reduction in hardship customers
- Retail past due loans are primarily comprised of loans originated pre 2014, in line with the less conservative risk appetite at that time

% gross home loans



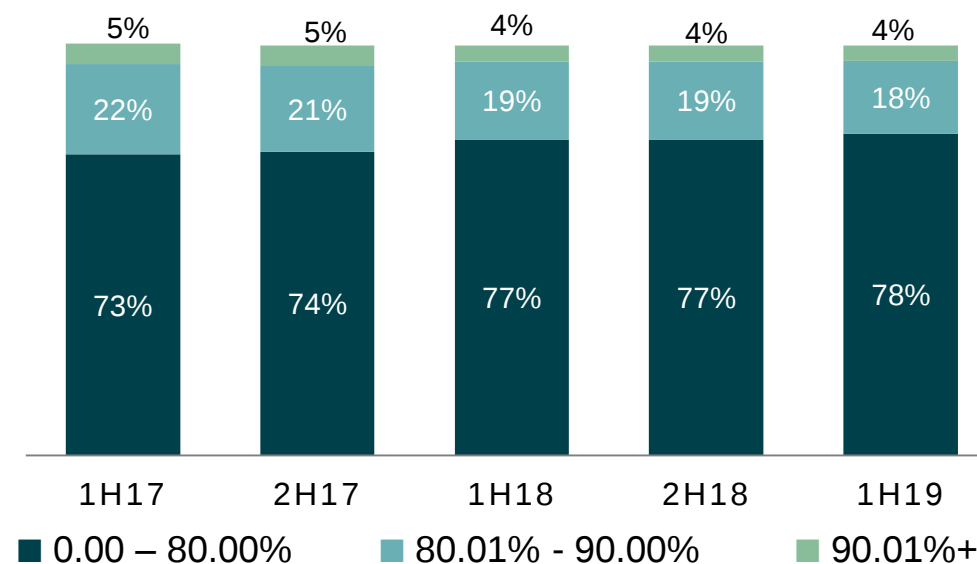
Banking & Wealth

loan-to-value ratio (LVR)

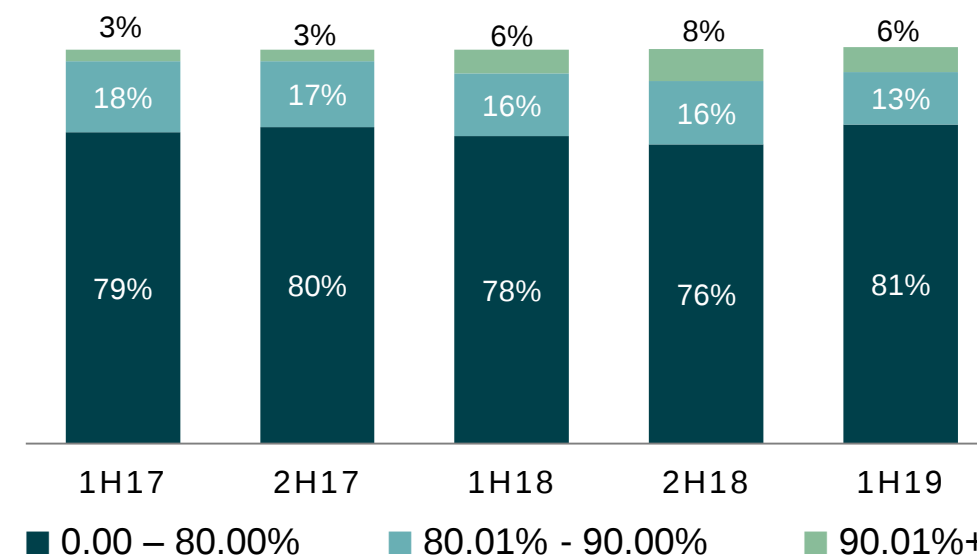
Total home lending assets of \$48.0bn

- Decrease in home lending new business with >90% LVR
- Home lending assets with 80%-90% LVR continue to reduce as a proportion of the home loan portfolio

Home lending assets by LVR

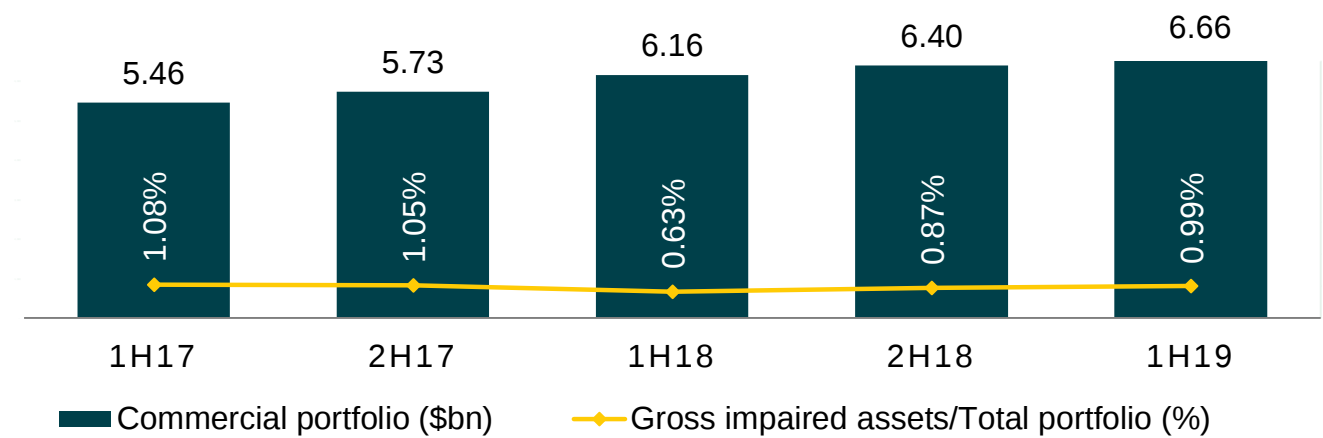


Home lending new business by LVR

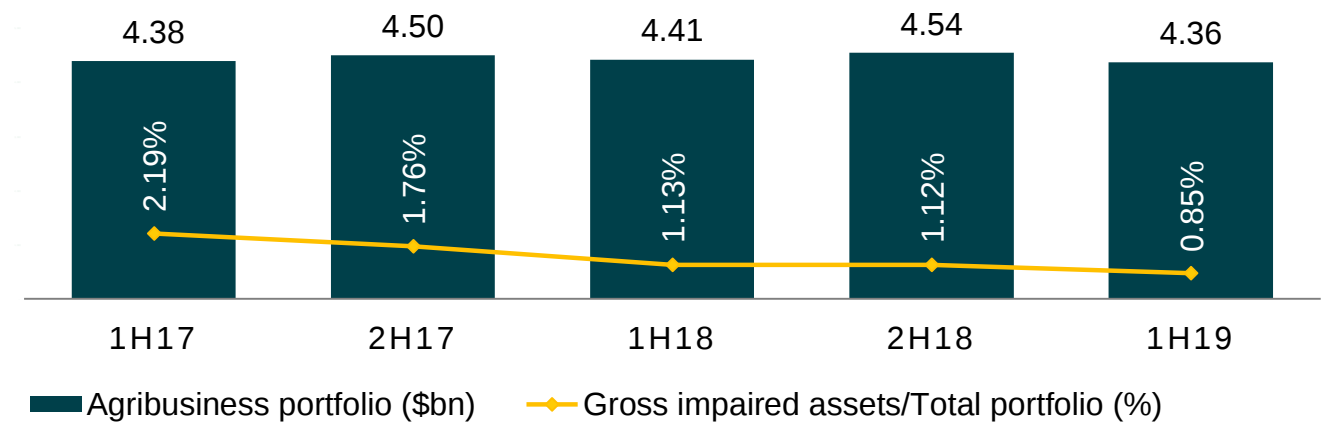


Banking & Wealth
credit quality
business lending

Commercial (SME) portfolio

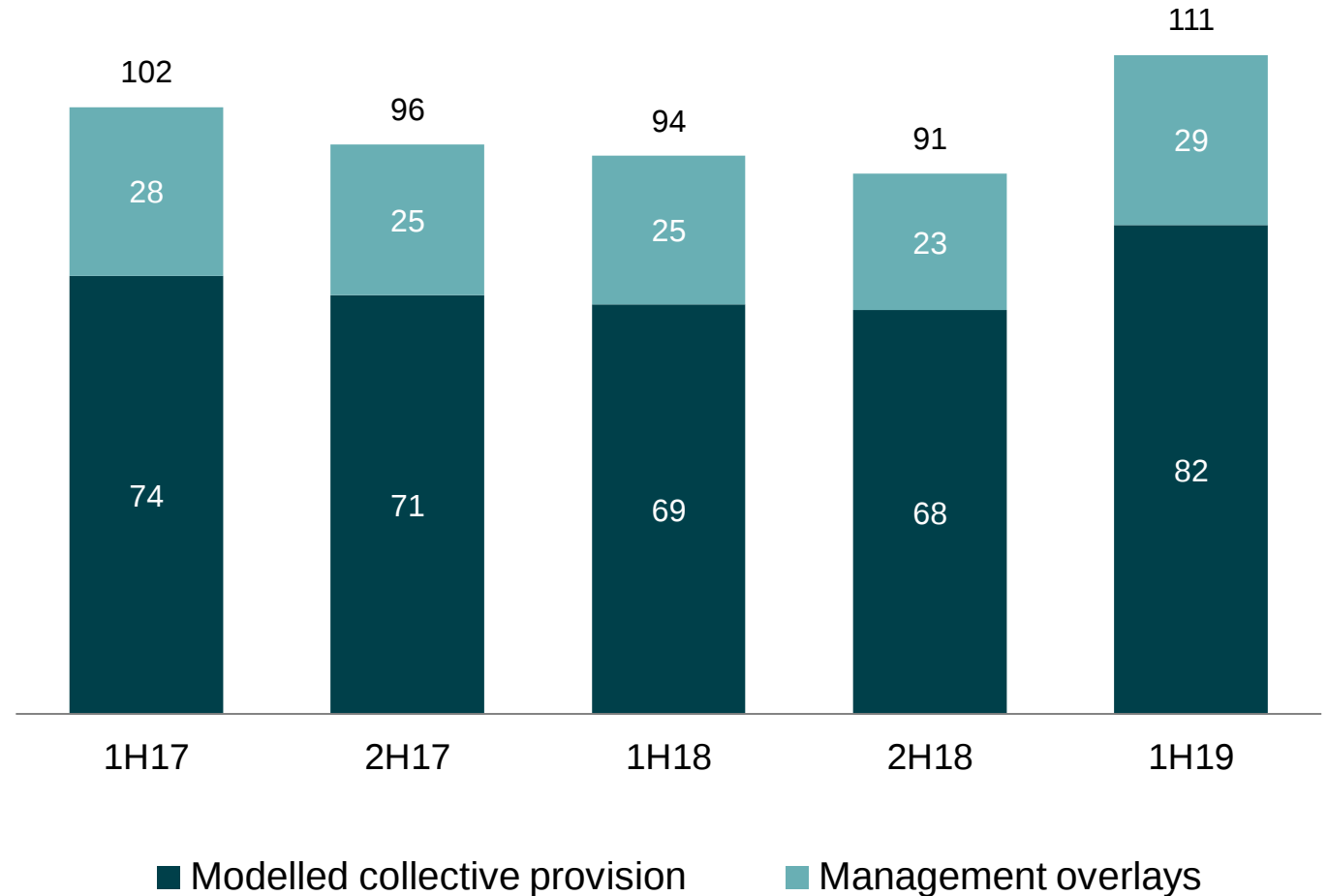


Agribusiness portfolio



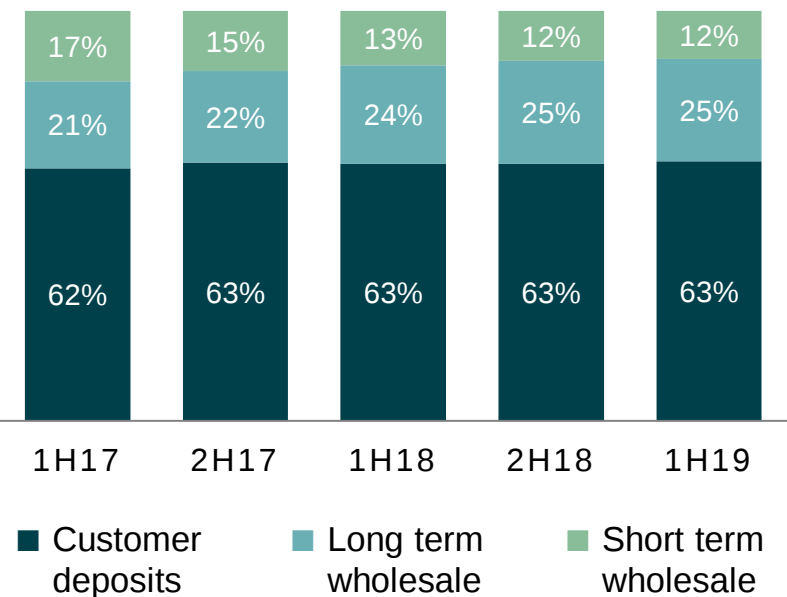
Banking & Wealth collective provision (\$m)

- On 1 July 2018, the transition to AASB 9 increased the collective provision by \$20m
- Suncorp continuously reviews its management and operational overlays and is comfortable that the levels adopted are adequate

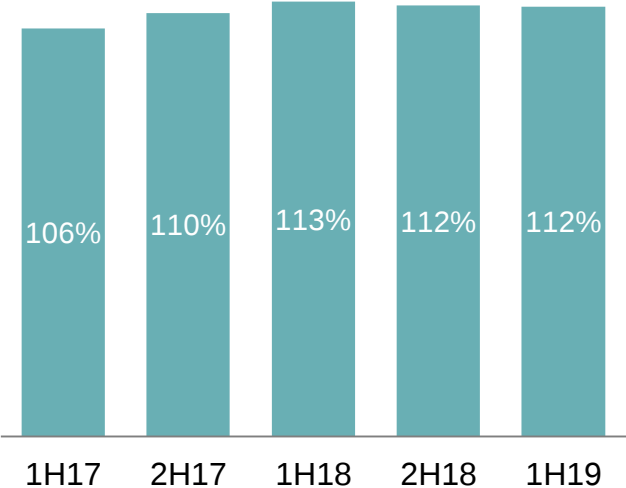


Banking & Wealth funding mix

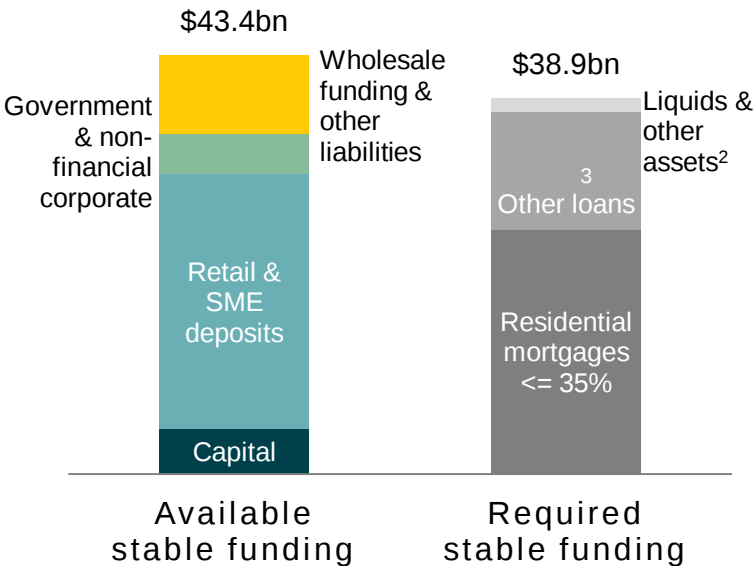
Overall funding mix



Net stable funding ratio¹



Stable funding composition

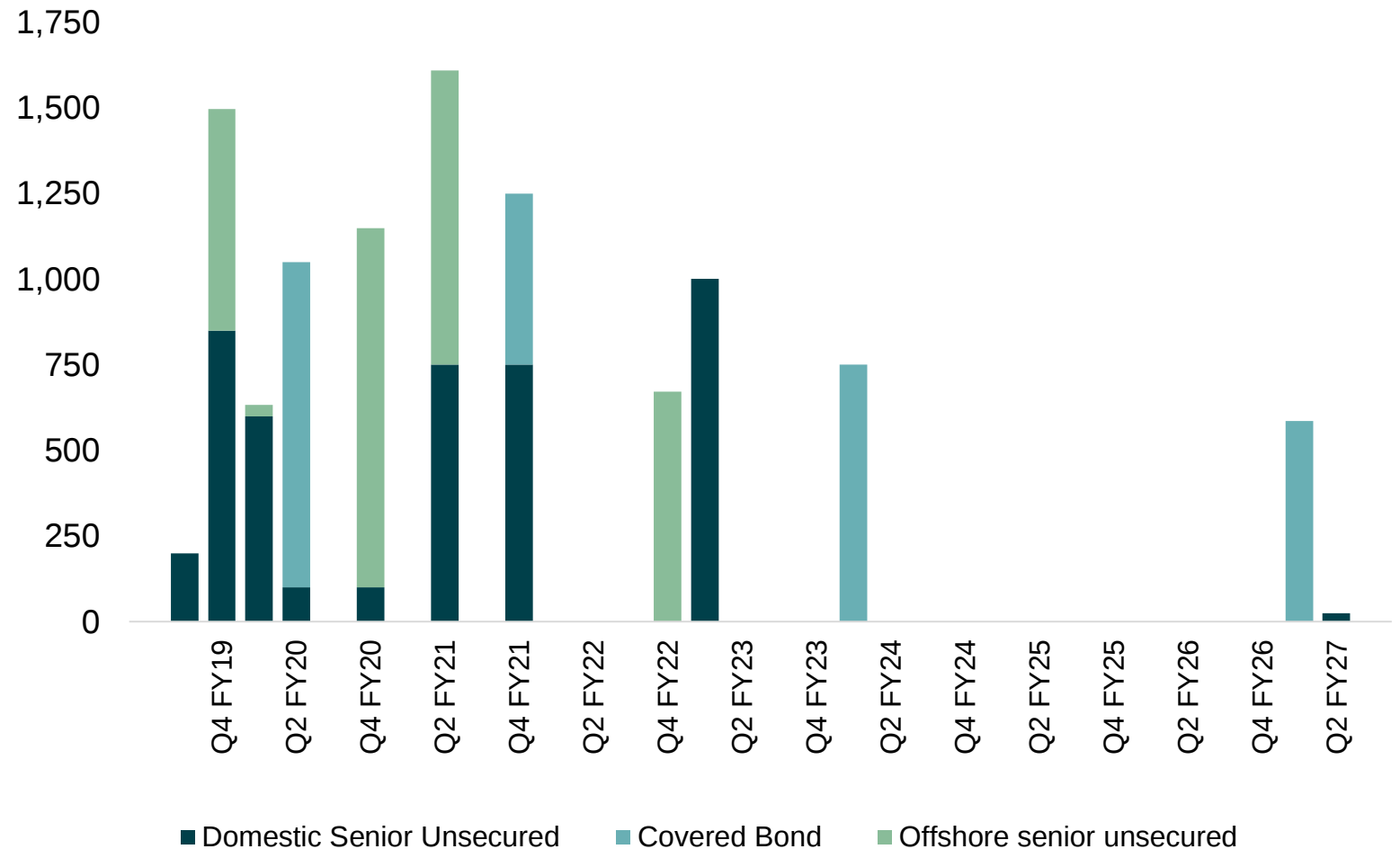


¹ Historical NSFR figures disclosed are based on regulatory instructions available at the relevant reporting dates
² Other assets includes derivatives and other assets
³ Other loans includes off balance sheet exposures and residential mortgages >35% risk weight

Banking & Wealth

long-term funding profile (\$m)

- Suncorp demonstrated its funding flexibility and responsiveness to market conditions through a range of long-term issuances over the half
- Banking completed \$1.7bn in term wholesale issuance at a weighted average term of 3.8 years in 1H19
- The weighted average term remaining of Banking's long-term wholesale portfolio is 2.7 years



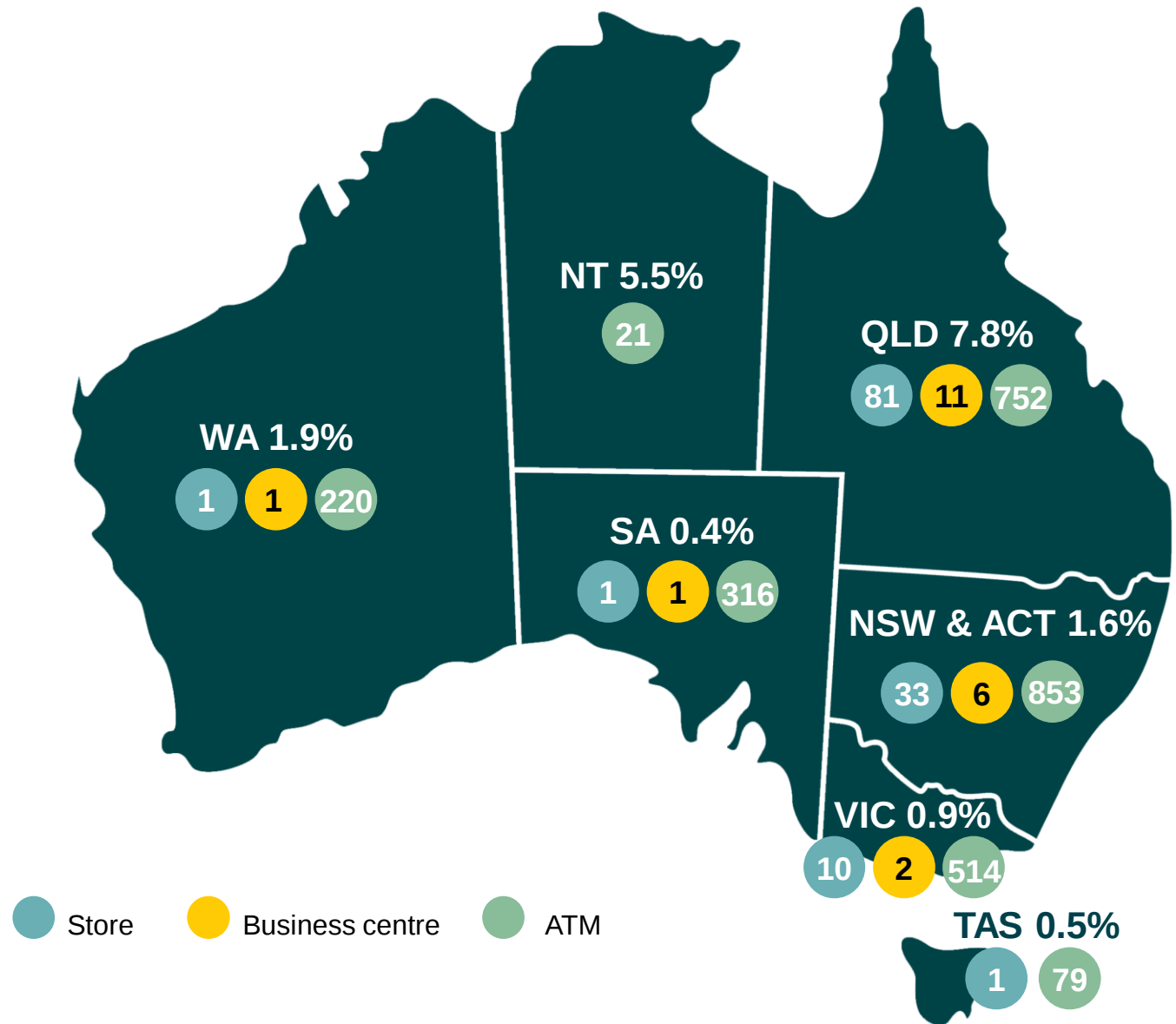
Note: maturity profile shown on a quarterly basis

Banking & Wealth market share

Retail banking market share and Suncorp footprint

- The rediATM network is an Australian ATM network with more than 30 partner financial institutions including Suncorp
- NAB exited the rediATM scheme on 1 January 2019 and therefore will reduce the overall ATM points of presence moving forward
- Suncorp has recently signed a five-year partnership deal with Australia Post to help continue delivery of over-the-counter banking services for more than 3,500 communities across Australia

Market share source: Customer Atlas, December 2018
(Please note change of source from FY18 Data Pack)
Footprint as at October 2018



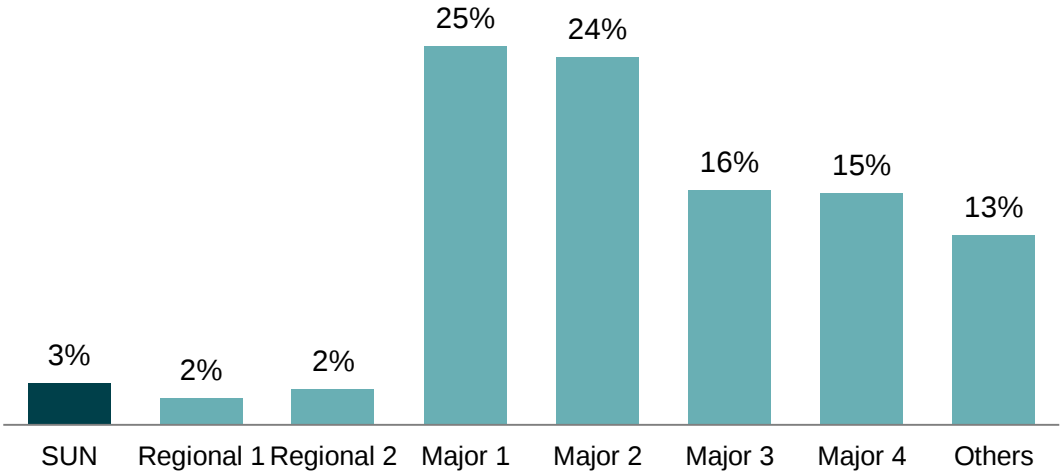
Banking & Wealth

housing lending growth vs system

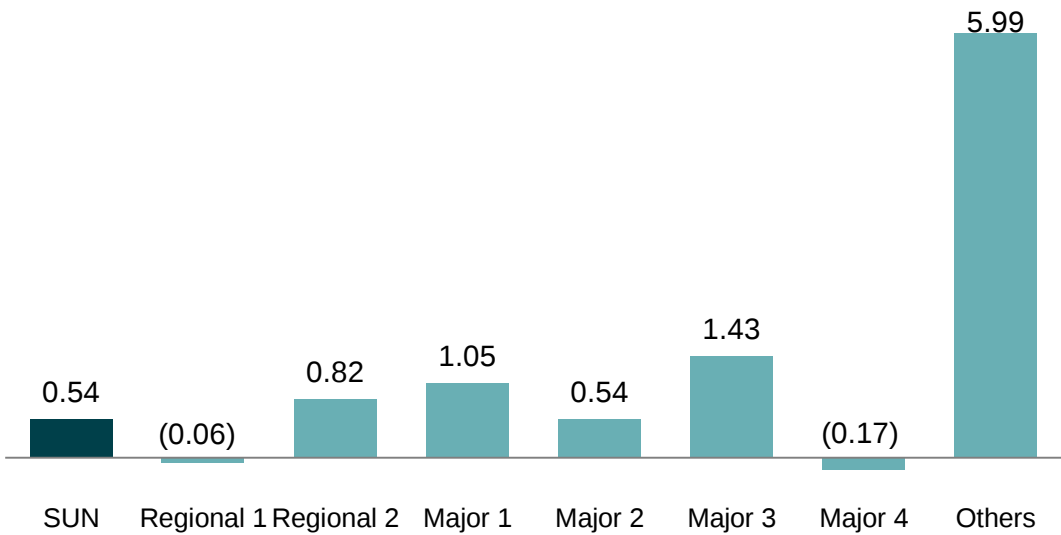
- Home lending grew 0.8% over the half to \$48.0bn as growth was balanced with appropriate returns within a competitively priced and moderating credit market
- Focus remains on appropriate risk selection to maintain a high-quality lending portfolio

Source: APRA, December 2018

Housing lending market share



Housing lending vs system growth (times)



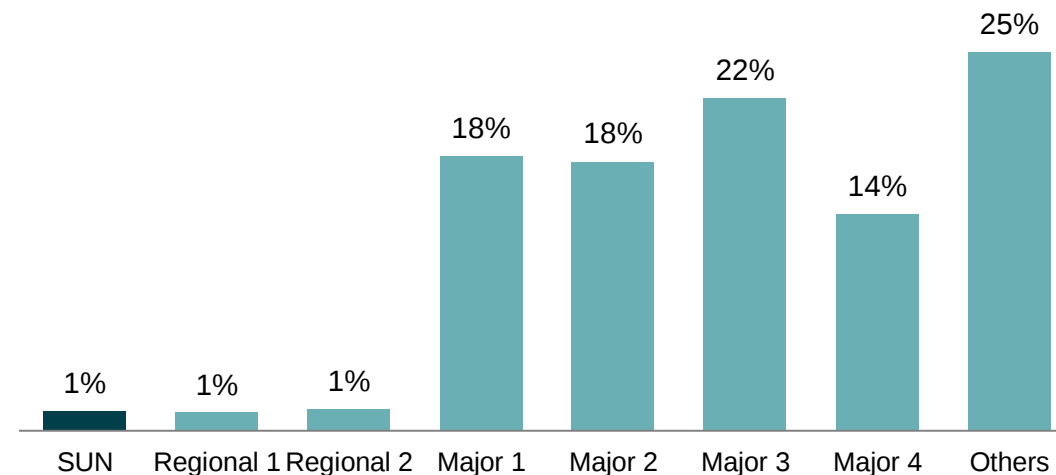
Banking & Wealth

business lending growth vs system

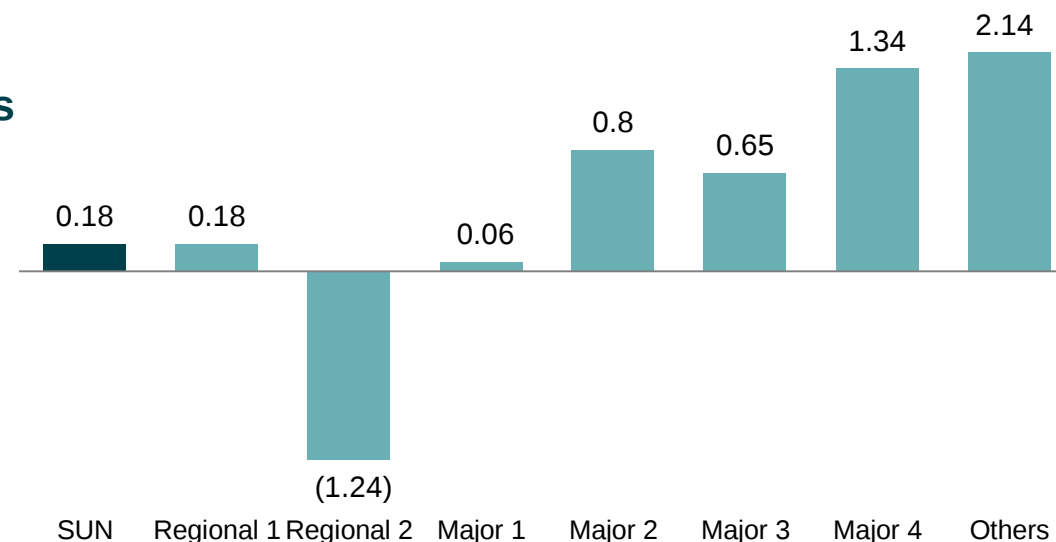
- Solid growth in commercial lending of 4.1% to \$6.7bn was achieved over the half
- The portfolio continues to be of high quality with acceptable risk profiles, low arrears and low impairment charges
- The agribusiness portfolio contracted \$171m over the half to \$4.4bn primarily due to prevailing drought conditions, seasonal trends and the paydown of debt by customers

Source: APRA, December 2018

Business lending market share



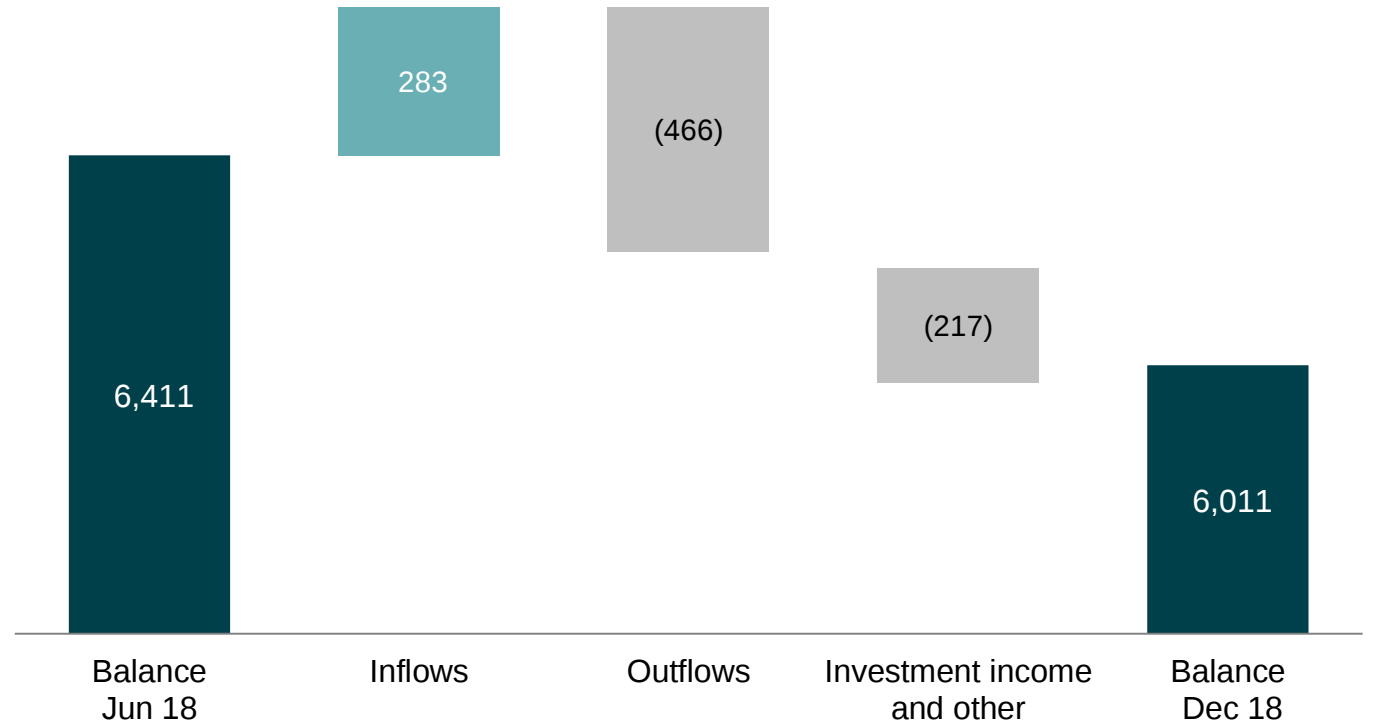
Business lending vs system growth (times)



Banking & Wealth

funds under administration (\$m)

- Funds under administration were impacted by elevated outflows and a downturn in international investment markets
- The higher outflows were approximately in line with retail superfund peers and the growing trend to industry superfunds
- Wealth profit attributed to shareholders improved due to the completion of the Super Simplification Program in FY18
- The remaining Wealth business will continue the implementation of its regulatory change program





New Zealand



Financial Results for the half year
ended 31 December 2018

New Zealand NPAT

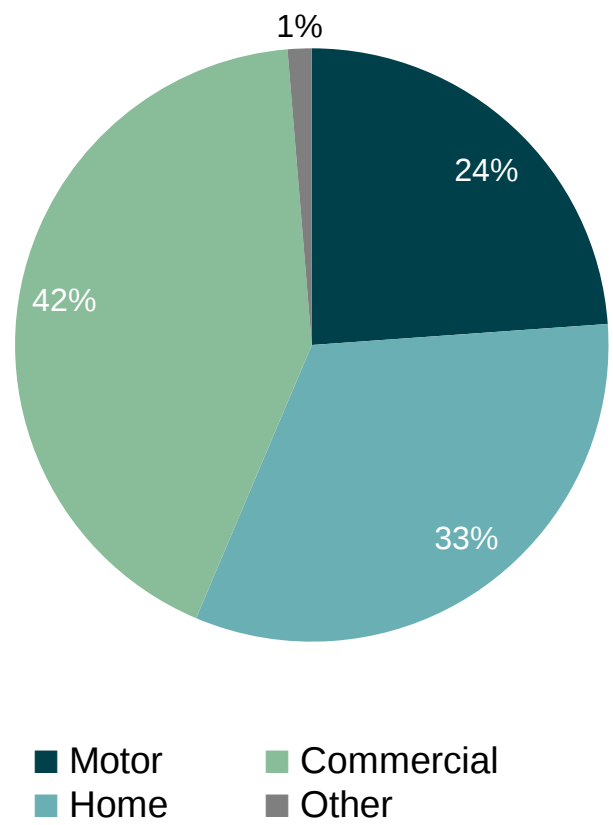
- NPAT increased 79.1% driven by strong top-line growth
- GI GWP grew 8.2%, driven by premium rate increases and unit growth
- Favourable natural hazards and working claims experience
- Life in-force premium up 4.0%, supported by strong policy retention

	HY19 (NZ\$m)	HY18 (NZ\$m)	Change (%)
Gross written premium	831	768	8.2
Net earned premium	693	616	12.5
Net incurred claims	(340)	(348)	(2.3)
Operating expenses	(217)	(199)	9.0
Investment income - insurance funds	7	7	-
Insurance trading result	143	76	88.2
General Insurance profit after tax	103	50	106.0
Life Insurance profit after tax	17	17	-
New Zealand NPAT	120	67	79.1

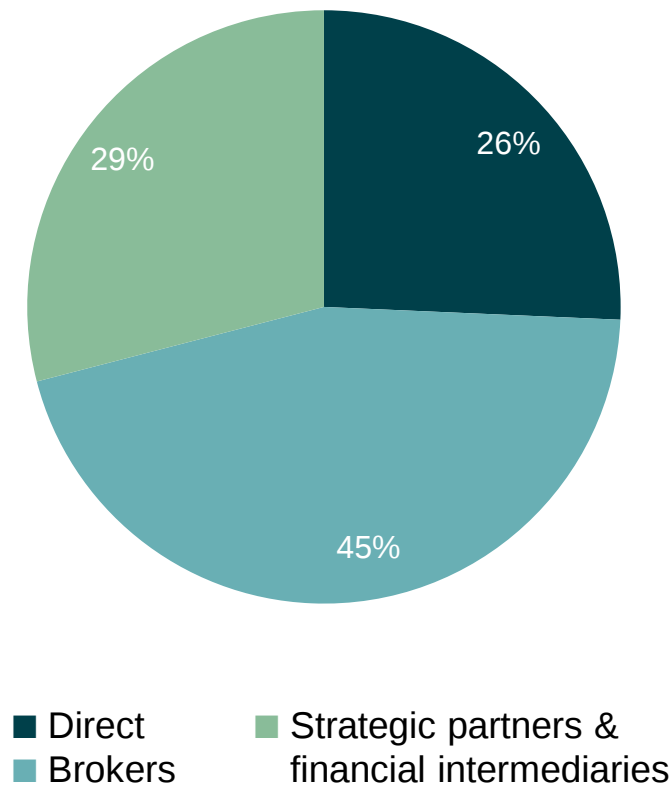
New Zealand general insurance GWP

Total GWP of NZ\$831m

Portfolio by product

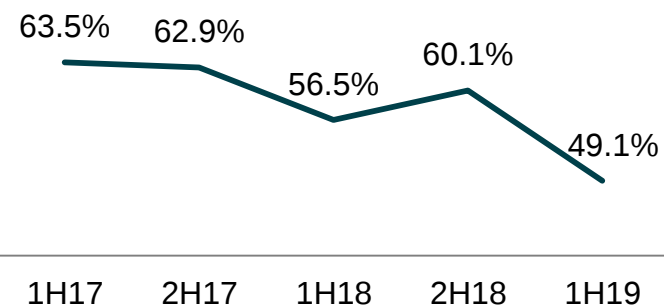


Portfolio by channel

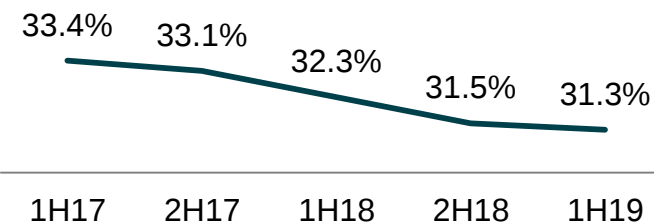


New Zealand general insurance key ratios

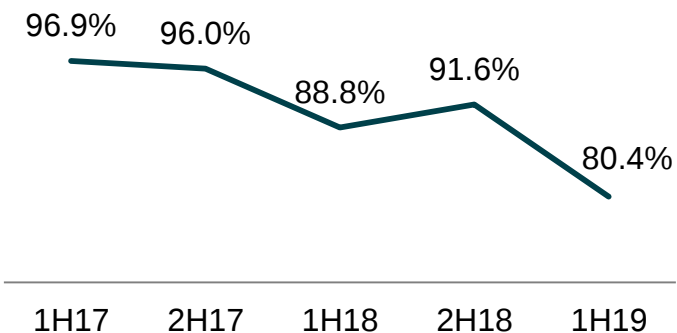
Loss ratio



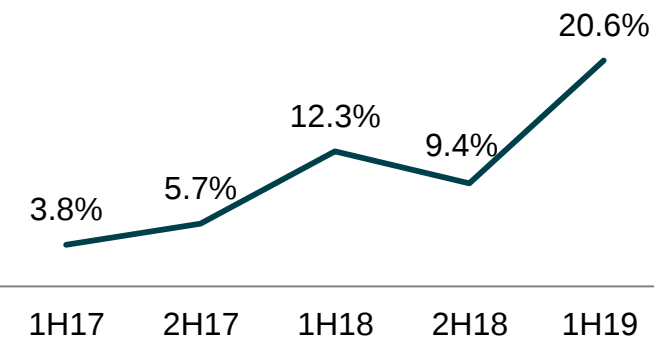
Total operating expenses ratio



Combined operating ratio



Reported ITR



New Zealand natural hazard events

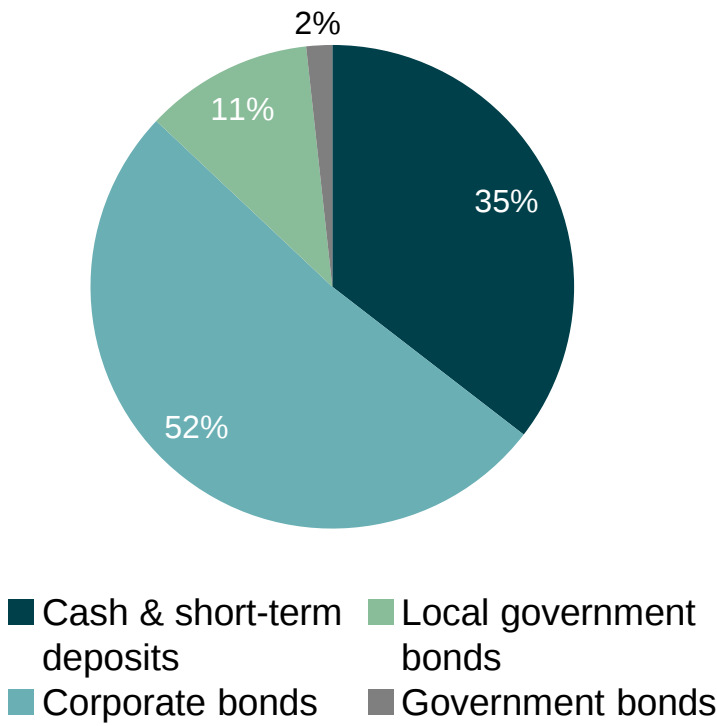
- New Zealand natural hazard costs were \$8m for the half year, \$15m below the allowance
- Group natural hazard costs were \$580m for the half year, \$220m above the allowance
- In FY20 Suncorp will increase its Group natural hazard allowance from \$720m to \$820m
- In FY20 Suncorp will also purchase an additional \$200m natural perils reinsurance cover to sit on-top of the allowance providing a further level of cover that will work in conjunction with the main catastrophe program and natural hazard aggregate protection program

Date	Event	Net costs (NZ\$m)
	Total events over \$10 million*	-
	Other natural hazards attritional claims	8
	Total natural hazards	8
	Less: allowance for natural hazards	(23)
	Natural hazards costs below allowance	(15)

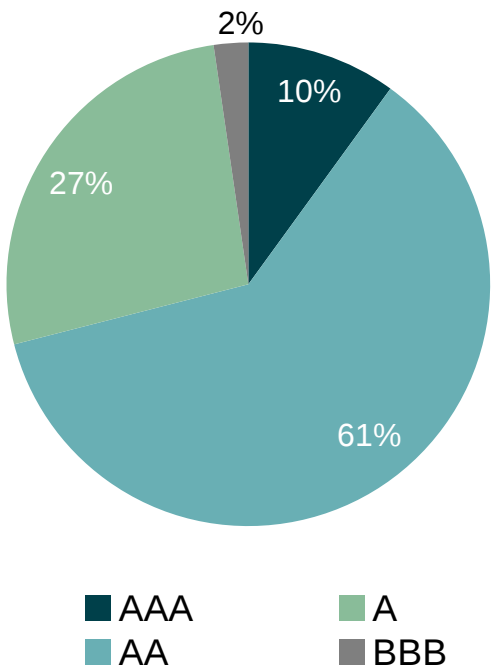
* Events with a gross cost over NZ\$10m, shown net of recoveries from reinsurance.

New Zealand general insurance investment asset allocation

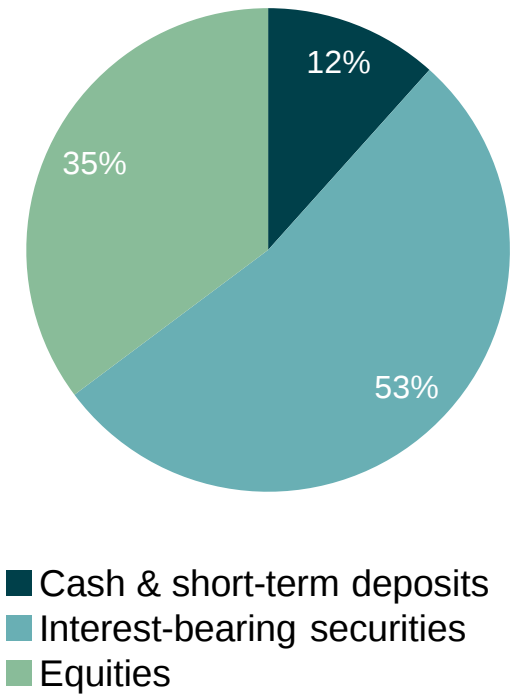
Insurance funds
NZ\$578m



Fixed income credit quality

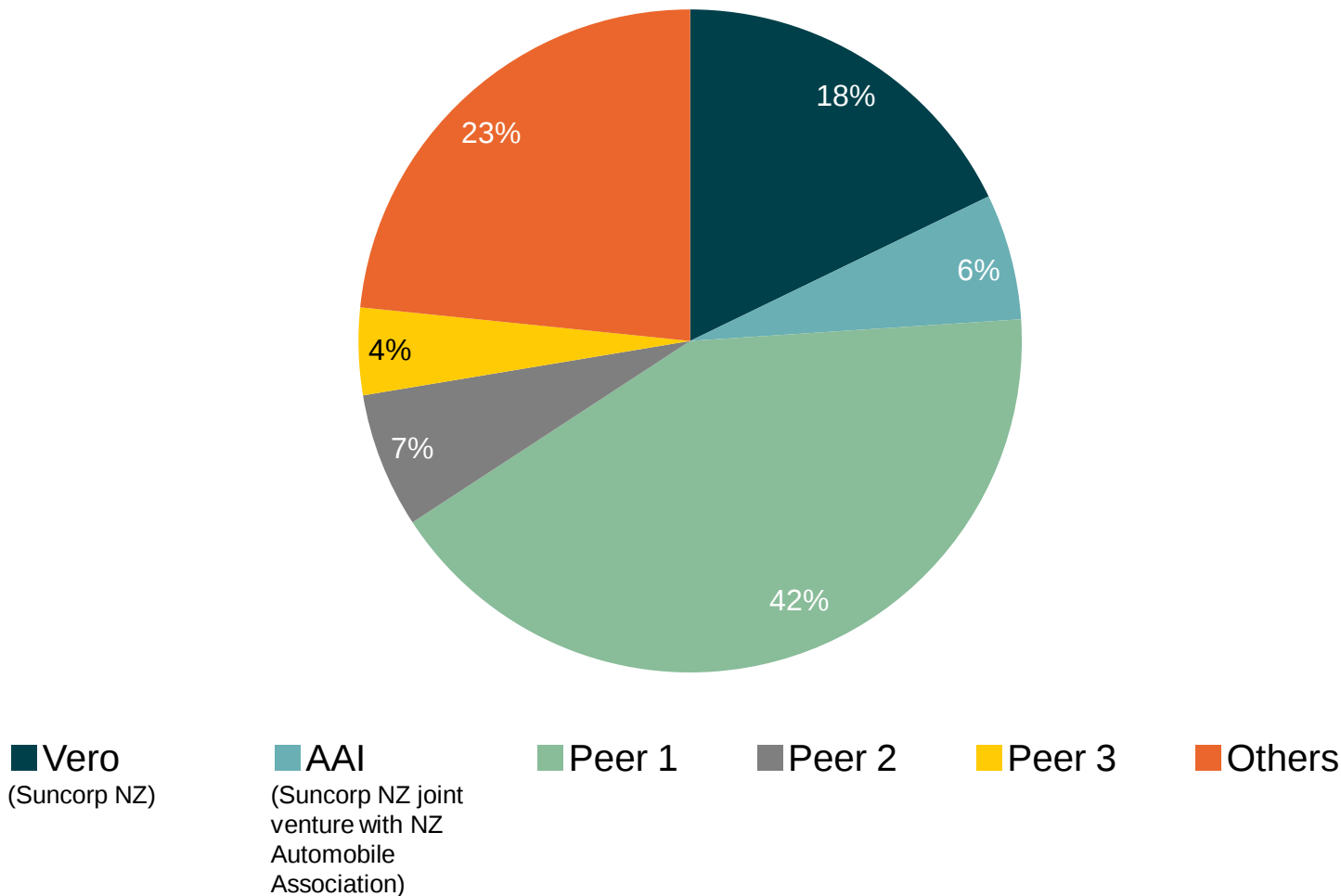


Shareholders' funds
NZ\$301m



New Zealand general insurance market share

Total market NZ\$6.5bn



Source: Insurance Council New Zealand, September 2018

New Zealand life insurance NPAT

- Planned margins driven by in-force premium growth
- Claims experience reflected general volatility of claims
- The closure and settlement of disability income claims remaining in line with expectations

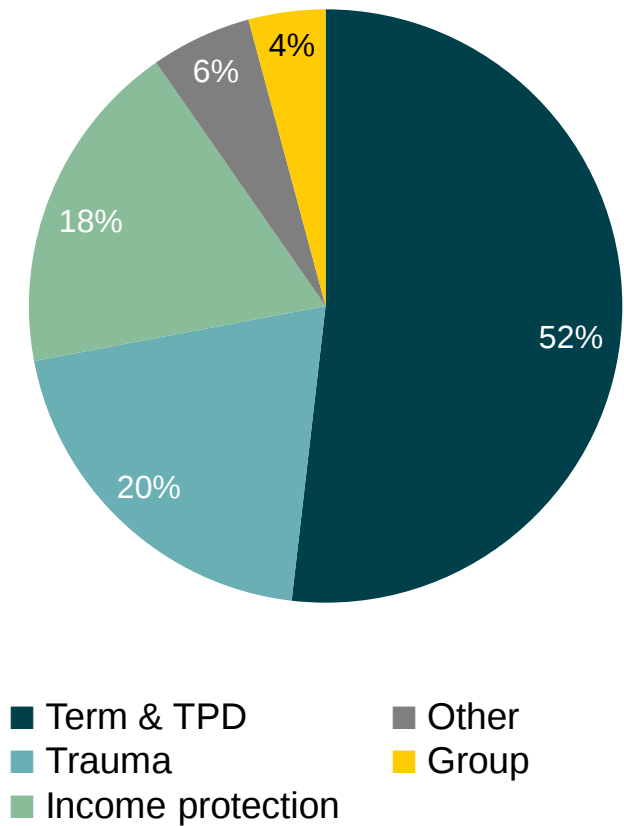
	HY19 (NZ\$m)	HY18 (NZ\$m)	Change (%)
Planned profit margin	17	16	6.3
Experience	(5)	(5)	-
Other	4	3	33.3
Underlying profit after tax	16	14	14.3
Market adjustments	1	3	(66.7)
Life Insurance NPAT	17	17	-
In-force annual premium	262	252	4.0
Total new business	11	12	(8.3)

New Zealand

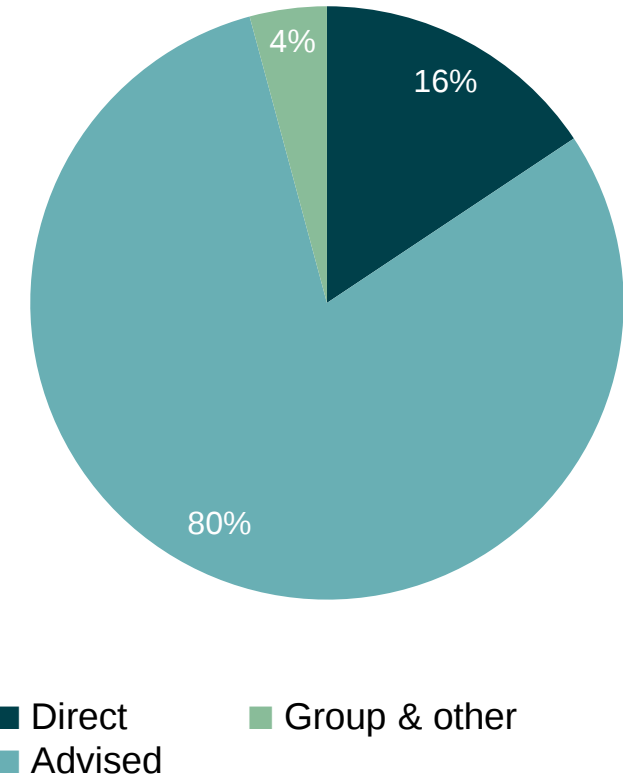
life insurance in-force premium

Total in-force premium of
NZ\$262m

Premium by product

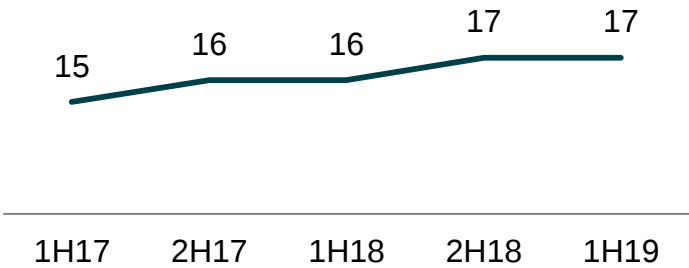


Premium by channel

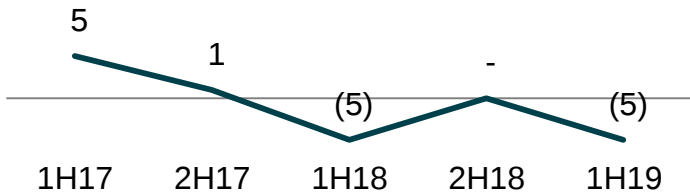


New Zealand life insurance key metrics (NZ\$m)

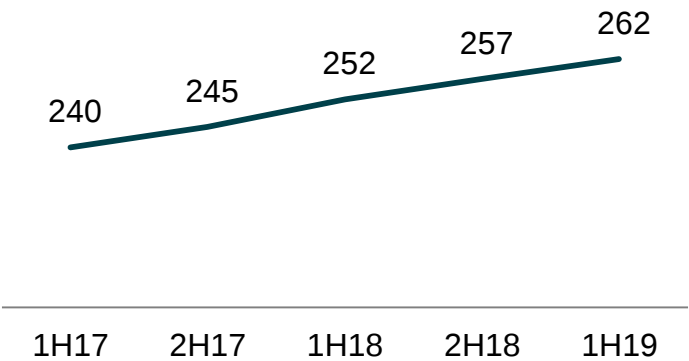
Planned margins



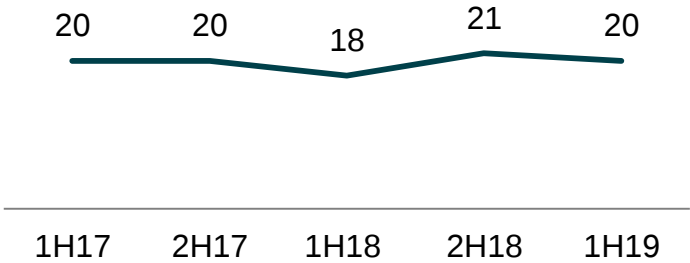
Experience



In-force premium



Operating expenses*

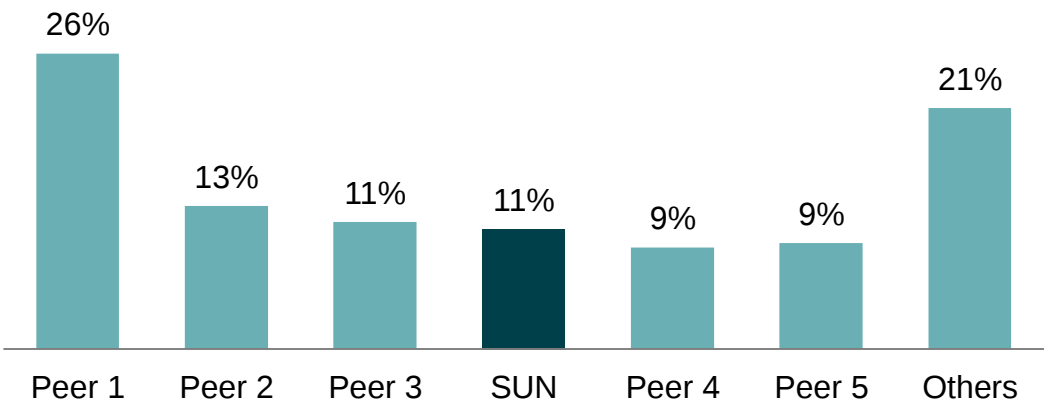


* Includes investment expenses

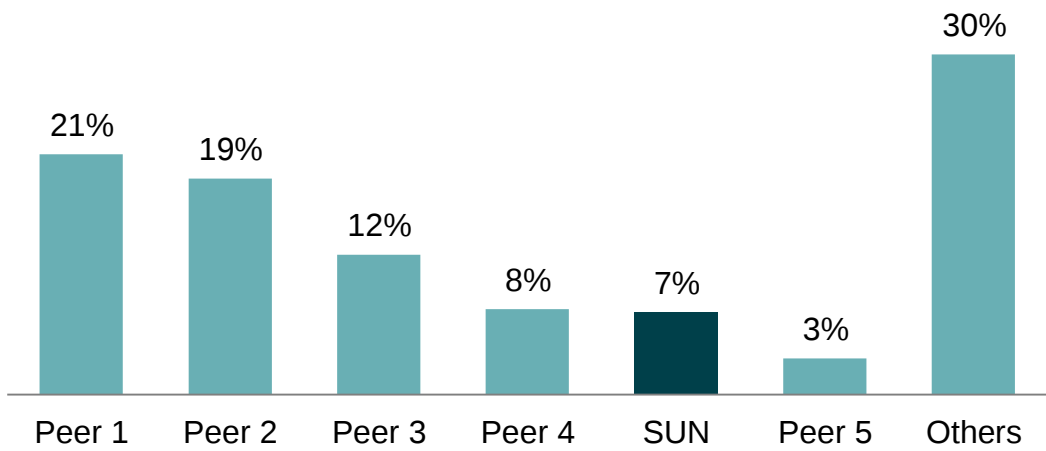
New Zealand life insurance market share

Individual risk

In-force
NZ\$2.4bn



New business
NZ\$225m*



Source: Melville Jessup Weaver, September 2018
Note: excludes Group policies
* New Business is 12 months to September 2018

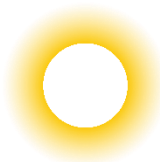


About Suncorp

—

Suncorp Group

SUNCORP



Our network of brands

AA Insurance

AA Life

AAMI



bingle
com.au



Resilium



vero

Top 20 ASX listed company
ASX: SUN | ADR: SNMCY

\$16 billion market capitalisation
at 31 December 2018¹

\$99 billion in group assets

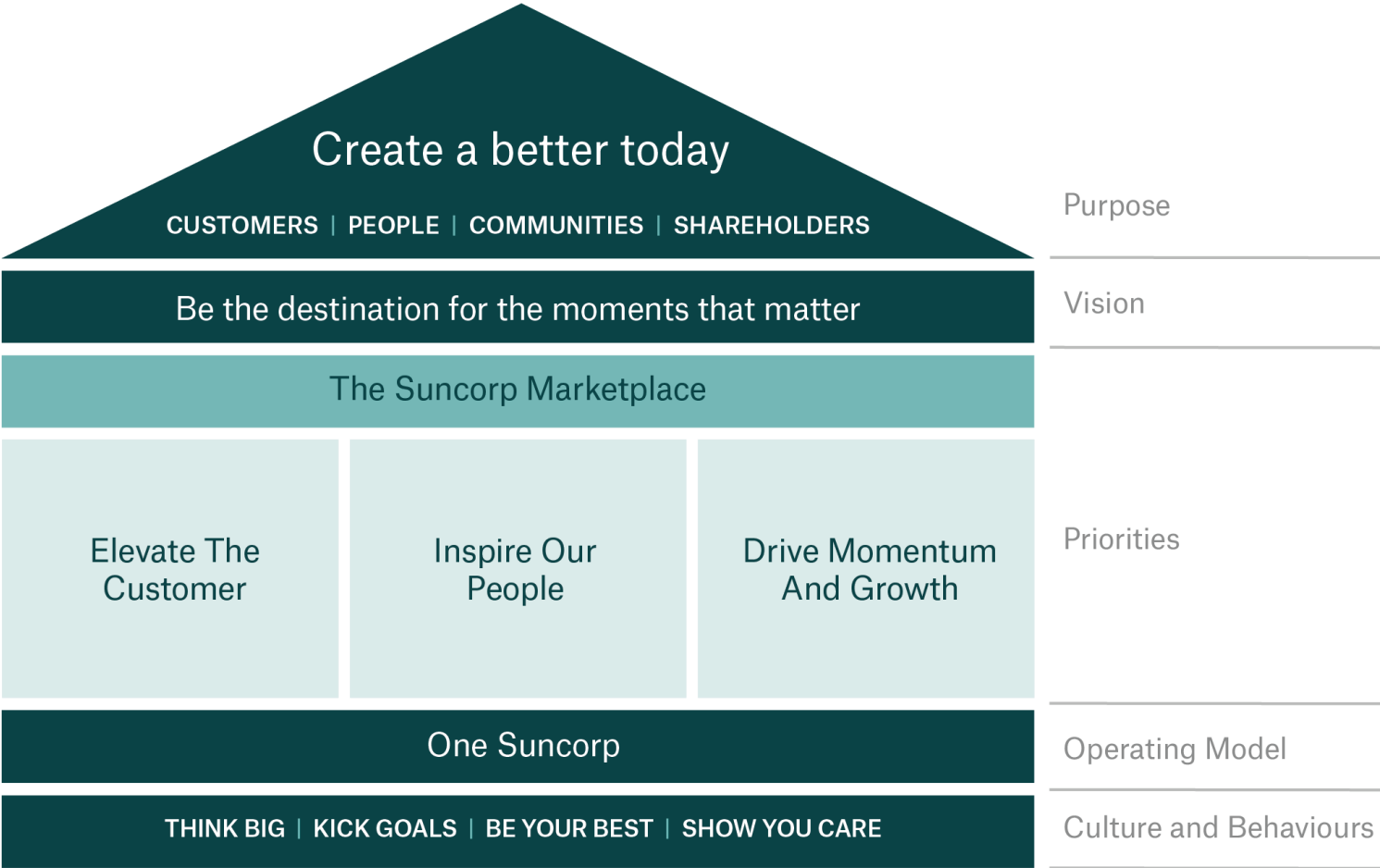
13,300 employees in Australia
and New Zealand ²

Approximately
9.6 million customers ²

Credit ratings A+ / A1 / A+ ³

¹ Based on share price at 31 December 2018 of \$12.63. ² As at 30 June 2018 and reported in the 2017-18 Annual Review.

³ S&P Global Ratings, Moody's Investors Service and Fitch Ratings. Suncorp Group ratings are on a stable outlook.



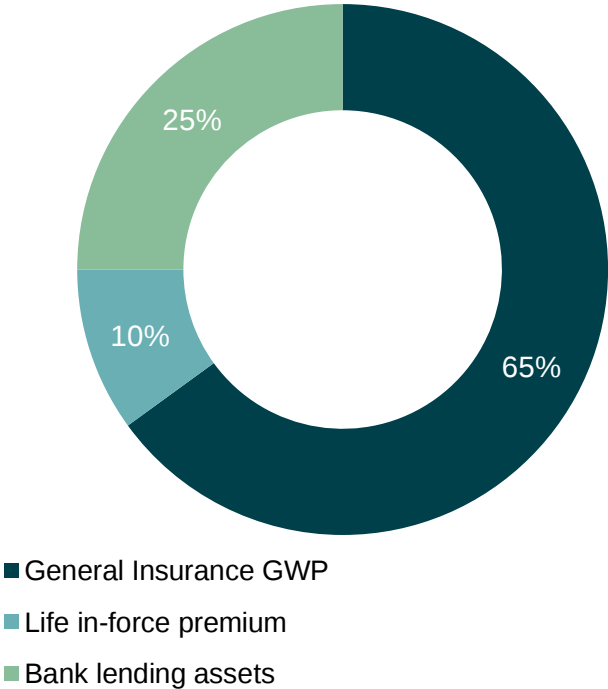
Operating model

- The One Suncorp operating model brings complementary disciplines together, with a common goal to put customers at the heart of everything Suncorp does
- In Australia, customer-facing, marketing and insights teams work together under the Customer Marketplace function
- The Insurance and Banking & Wealth teams lead the portfolio, pricing and claims fulfilment activities. A similar operating model is in place in New Zealand
- Finance, Legal & Advice, Technology, Data & Labs, People Experience, and Risk provide expertise and insights to support delivery of the customer-centric strategy
- The Program Excellence function provides a cross-functional approach to the management and prioritisation of the project investment portfolio

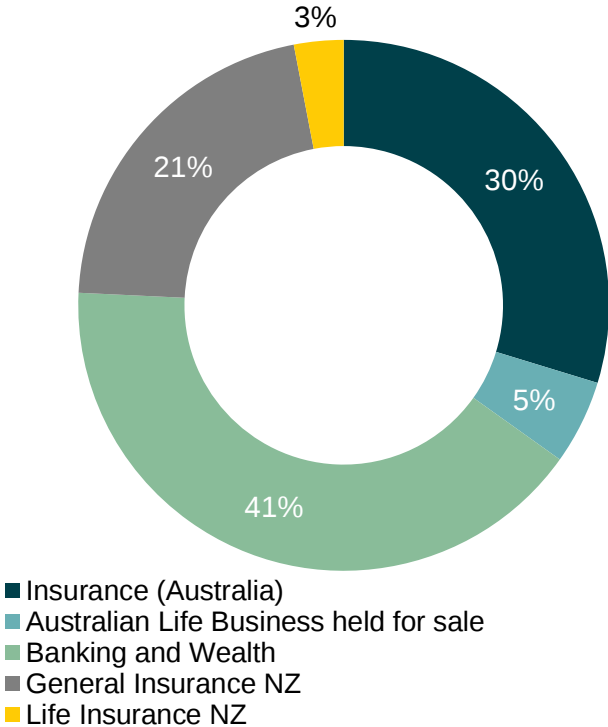


Group result snapshot

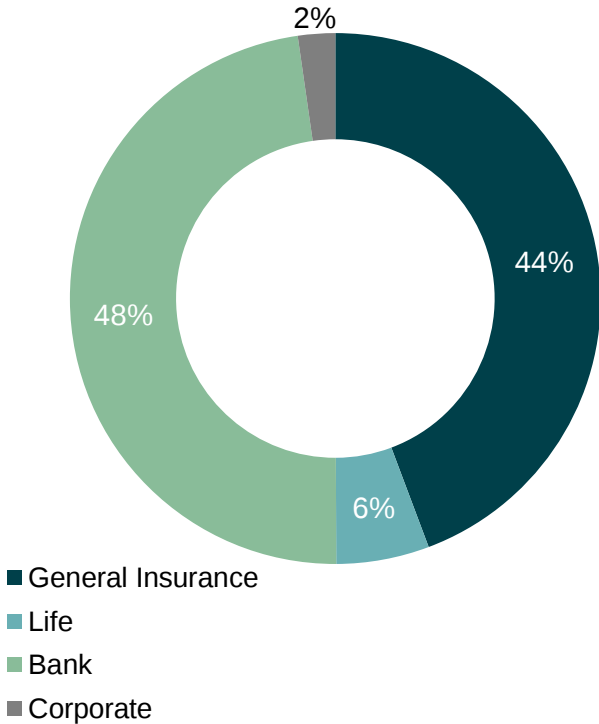
Contribution to top-line growth



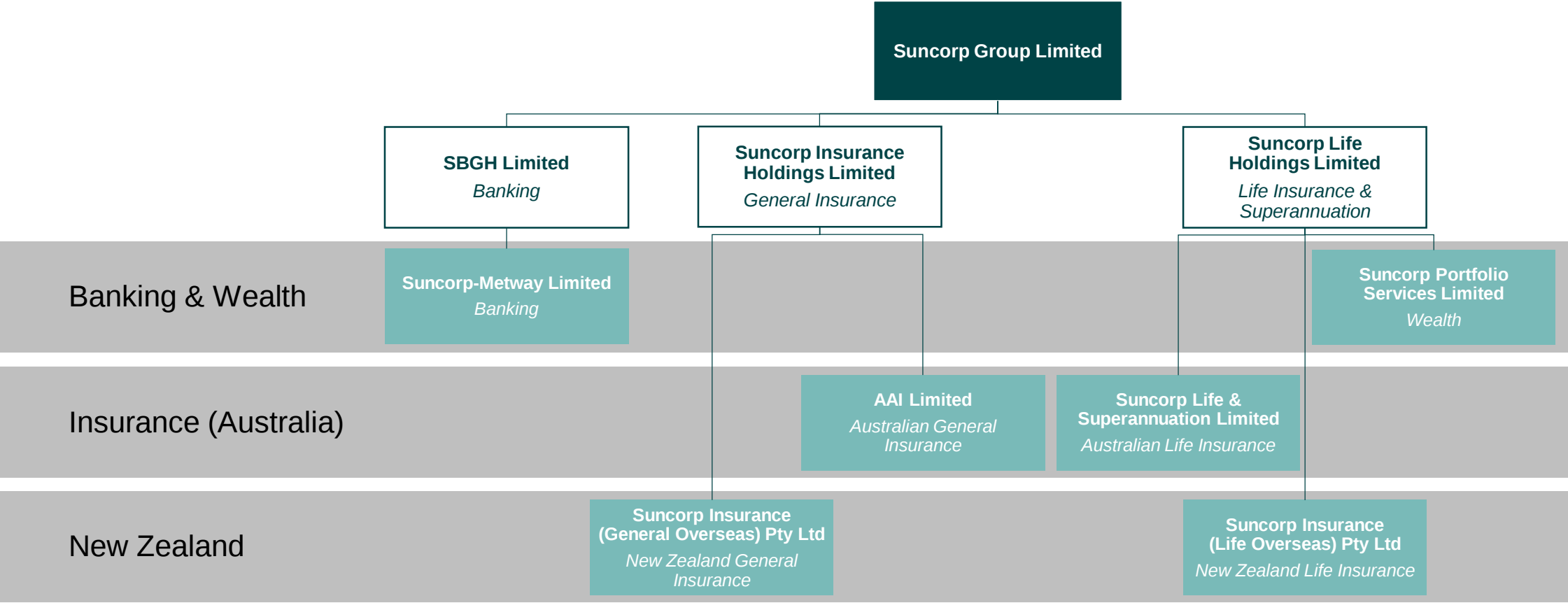
Contribution to profit by function



Total capital invested

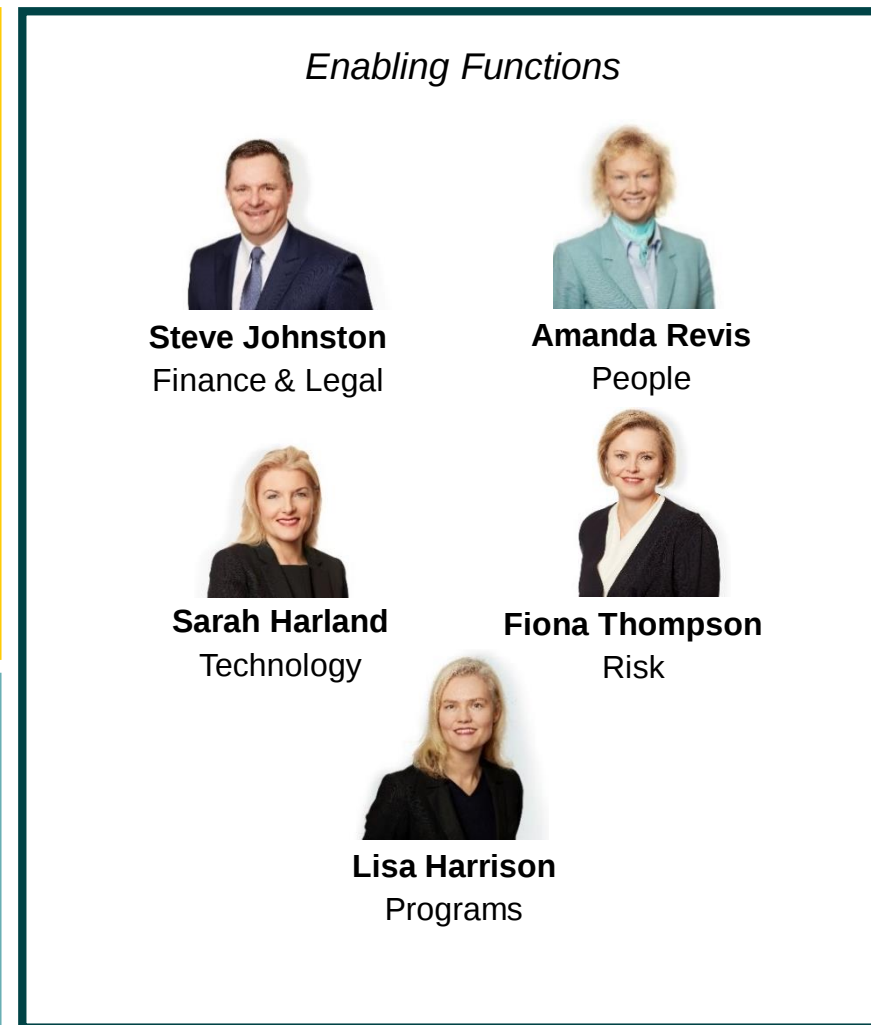
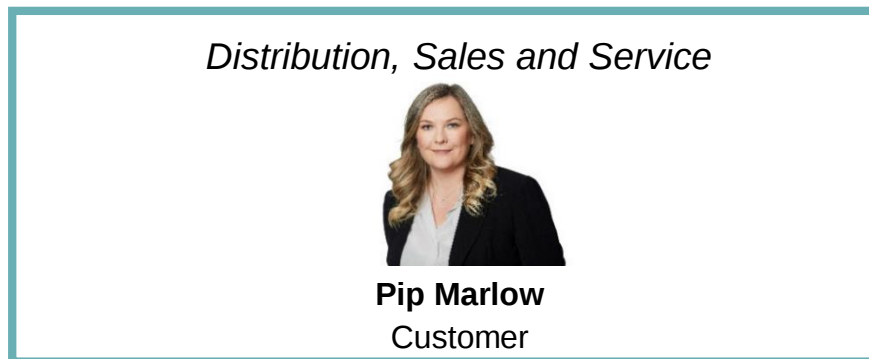
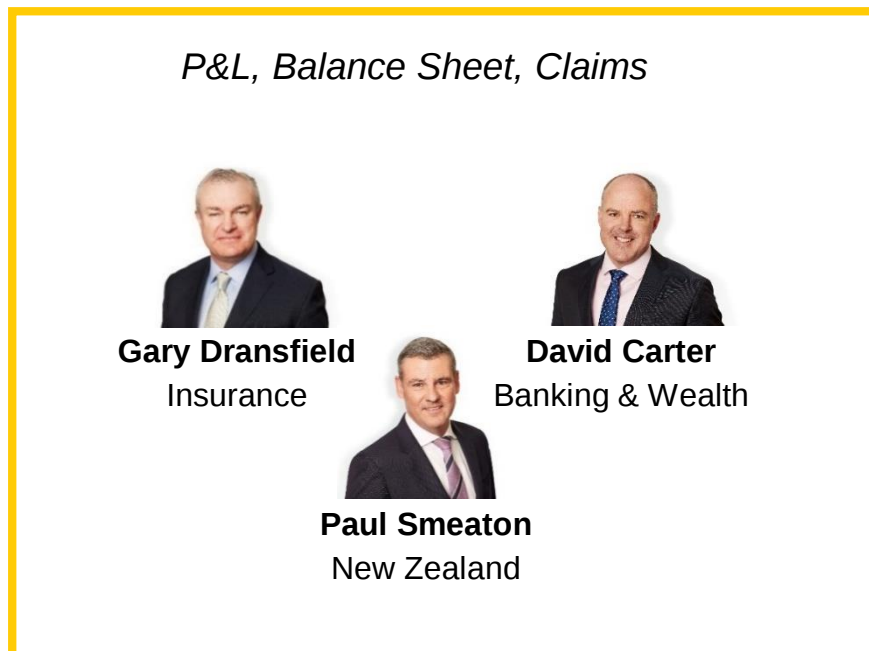


Simplified corporate structure



Note: The above diagram is illustrative in nature and does not include all the legal entities within the Suncorp Group.

Senior Leadership Team – deep industry experience across functions



Insurance (Australia) overview

OVERVIEW

- Provides consumer, commercial, personal injury and life insurance products to the Australian market
- Suncorp is one of Australia's largest general insurers by GWP and the largest personal-injury insurer combining CTP, workers compensation and life insurance
- Innovative approach to claims cost management
- Suncorp has signed a share sale deed with TAL Dai-ichi Life Australia Pty Ltd (TAL) for the sale of the Australian Life business
- Suncorp is currently targeting a 28 February 2019 completion date
- Following completion of the transaction, Suncorp will commence a 20-year strategic alliance with TAL to offer market-leading life insurance solutions through Suncorp's Australian distribution channels

CURRENT OPERATING ENVIRONMENT

- Increasing regulatory compliance obligations
- Ongoing reform and change in the CTP operating environment
- Increasing digital capability in emerging business models, targeting specific pieces of the insurance value chain

OPPORTUNITIES

- Continued BIP benefits across both claims and operating expenses
- Suncorp will continue to leverage the benefits of a national CTP strategy with a focus on optimising growth and profit through targeted opportunities in each scheme
- Further investment in operational claims efficiencies are expected to improve both customer experience and operational claims metrics

Banking & Wealth overview

OVERVIEW

- Suncorp's core banking business is focused on lending, deposit gathering and transaction account services to personal, small and medium enterprise, commercial and agribusiness customers
- The Wealth division creates, administers and distributes superannuation through the Brighter Super product

CURRENT OPERATING ENVIRONMENT

- Increasing regulatory compliance obligations
- Competitive landscape for retail and business lending
- Low interest rate environment
- Slowing mortgage market
- Rising wholesale funding costs and persistent divergence of the BBSW and the RBA's cash rate

OPPORTUNITIES

- Continue to build customer confidence and trust through clear product and service offerings that meet the financial needs of customers
- Increase customer retention and account activation by providing customer focused experiences and processes
- Banking continues to have a strong balance sheet, and unchanged A+/A1/A+ issuer credit ratings. This provides a comparative advantage to peers and will allow Suncorp to maintain a sustainable and diversified funding base

New Zealand overview

OVERVIEW

- Suncorp distributes consumer, commercial and life insurance products through intermediaries and corporate partners as well as directly to customers via a joint venture with the New Zealand Automobile Association
- Shares a singular purpose and strategy with the Australian insurance business with an aligned vision and priorities that have been localised for the New Zealand market

CURRENT OPERATING ENVIRONMENT

- Strong GWP growth over the last 18 months has been supported by repricing activity across the market, this is expected to return to lower single-digit levels over the medium term
- Claims inflation moderating across the industry
- The New Zealand Government is engaged in a significant financial services regulatory reform program

OPPORTUNITIES

- Suncorp is targeting above system GWP growth via corporate partner and direct channels, supported by new initiatives such as the launch of the online AA Small Business Insurance proposition
- Increasing repair volumes through approved repairers nationwide and the SMART centres in Auckland and Christchurch, will continue to assist the management of claims costs going forward
- BIP NZ is underway, driving operational efficiencies and delivering improved customer outcomes

Suncorp Insurance Ventures (SIV)

- SIV is an investment vehicle used to scope, execute and manage Suncorp's strategic insurance investments. The portfolio is regularly reviewed and valued
- The SIV model is based on partnerships with innovative industry participants to create operationally independent businesses which generate claims cost benefits and enhanced customer service, in addition to stand-alone equity value
- SIV has three 100% owned operating subsidiaries:



- Established in 2010
- Industry leader in best practices, innovative and adaptive repair model
- Network Includes SMART (lower severity) and SMARTPlus (higher severity)
- Provides repair service capacity of 200k+ repairs annually
- 47 sites across Australia and New Zealand
- 55% of Suncorp's total drivable repairs in Australia



- Established in 2013
- One of the largest alternative parts suppliers in Australia and is the largest recycler
- Customers include Capital SMART, Gemini/AMA Group
- Suncorp supplies written off vehicles for resale of parts to wider market
- 7 operating sites across VIC, NSW and QLD



- Established in 2002 and partnered with Suncorp in 2015
- Proven success in low complexity repairs, focused on repairs of <\$10k
- Innovative repair methods with a key focus on reducing overall repair times and costs
- HomeRepair have become the primary 'Make-safe' provider for Suncorp nationally
- The flexible operating model continues to enable HomeRepair to respond to spikes in weather related demand

Capital Structure and Dividend Policy

DIVIDEND POLICY

- The Group aims to pay annual dividends based on a target payout ratio of 60%-80% of cash earnings
- Suncorp is committed to returning excess capital to shareholders

CAPITAL MANAGEMENT STRATEGY

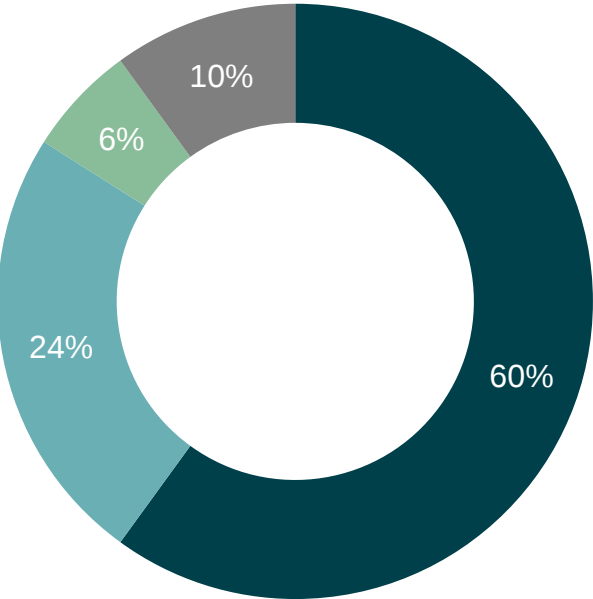
- Optimise shareholder value by managing the level, mix and use of capital resources
- Ensure there are sufficient capital resources to maintain and grow the business, in accordance with risk appetite
- Compliant with external capital requirements set and monitored by APRA and the RBNZ
- Suncorp's Internal Capital Adequacy Assessment Process (ICAAP) provides a framework to ensure that the Group and each regulated entity, is capitalised to meet both internal and external requirements.
- It is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the Group's capital requirements
- A range of instruments and methodologies are used to effectively manage capital including share issues, reinsurance, dividend policies and Tier 1 and Tier 2 instruments, Capital targets are structured according to risk appetite, business lines regulatory frameworks and APRA's Non-Operating Holding Company conditions

CAPITAL CLASSIFICATIONS

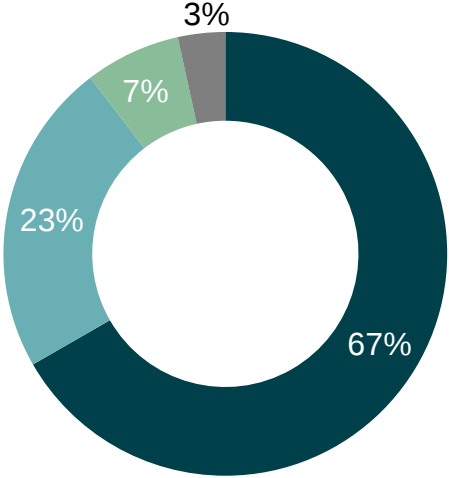
- . For regulatory purposes, capital is classified as follows;
 - **CET1** comprising accounting equity with adjustments for intangible assets and regulatory reserves
 - **Tier 1 Capital** comprising CET1 plus Additional Tier 1 Capital such as hybrid securities with 'equity-like' qualities
 - **Tier 2 Capital** comprising certain securities recognised as Tier 2 Capital, together with specific Bank reserves eligible as regulatory capital
 - **Total Capital** is the sum of Tier 1 Capital and Tier 2 Capital
- CET1 has the greatest capacity to absorb potential losses, followed by Additional Tier 1 Capital and then Tier 2 Capital

Group risk based capital

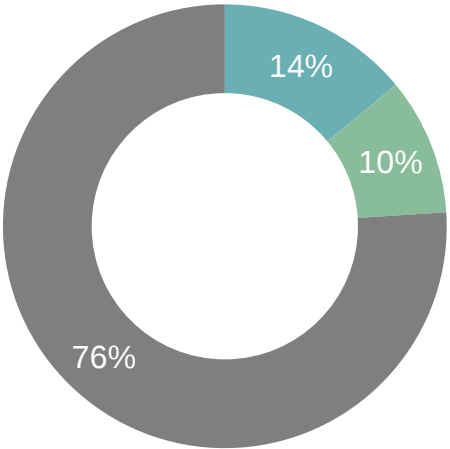
Group



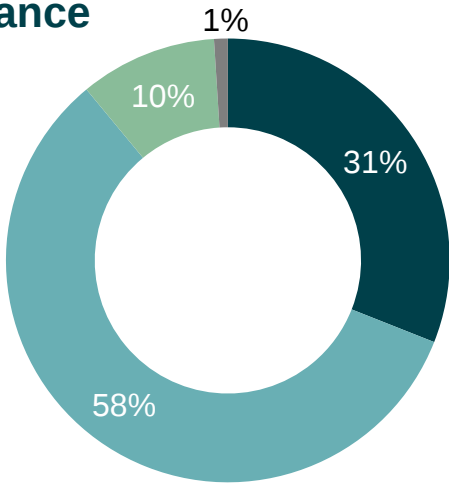
General Insurance



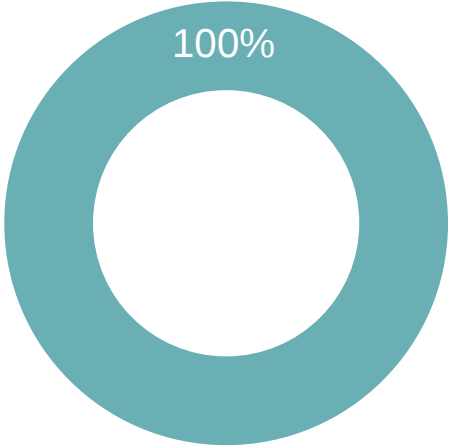
Bank



Life Insurance



Corporate



■ Insurance risk ■ Market risk ■ Operational risk ■ Counterparty credit risk

Credit ratings

	S&P Global Ratings	Moody's Investors Service	Fitch Ratings
Suncorp Group	A+ Stable	A1 Stable	A+ Stable
Major banks ¹	AA- Negative	Aa3 Stable	AA- Stable ²
Regional banks ³	BBB+ Stable	A3 Stable	A- Stable

¹ Major banks include Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation

² Fitch Ratings has a 'Negative Outlook' on Commonwealth Bank of Australia

³ Regional banks include Bank of Queensland Limited and Bendigo and Adelaide Bank Limited

Customer value

Through personalised, digital led customer engagement and an enhanced customer experience, Suncorp is making it easier for customers, removing pain points and giving more choice

Suncorp creates value for customers through

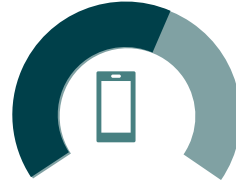
				
Digital	Ecosystems	Reward and Recognition	Customer Experience	Customer Foundations
A new Suncorp App and portal for all brands, creating a single view of banking and insurance to enable our customers to manage their finances and relationship with the Suncorp network in one place.	Finding solutions for customers that make managing their financial wellbeing easier by complementing existing Suncorp products with adjacent customer needs through partnered offerings.	Extending the benefits of being part of the Suncorp network to all customers, rewarding their loyalty regardless of brand. Helping customers with savings on everyday purchases such as discounts on groceries.	Making it easier and more convenient for customers to get consistent information and advice across all channels. Using the Voice of the Customer to identify pain points and enhance the customer experience.	Building the capabilities to create a single view of customers and their relationship with the Suncorp network to personalise solutions and have more informed, needs based conversations supported through a refreshed advice model.

Customer – Top focus areas



CUSTOMER OF THE GROUP

- Enabling compliant cross brand conversations
- Implemented general advice conversations in assisted channel
- Enabled Group Customer Consent capture and system integration



SUNCORP APP

- Created a single Destination of service for Insurance and Bank, with partial native enablement of transactional capabilities.
- Enabled Group Identity and Single Customer Portfolio view in the App
- Delivered comprehensive layer of Domain and experience APIs.



WORKBENCH

- Enabled single (standard) view of Customer Information and Insights
- Replaced 12 disparate knowledge management systems
- Improved speed, accuracy and quality of customer data search by staff
- Uplifted webchat, email, quoting (multi-brand) and Insurance-based transactions



BRAND & MARKETING

- Defined positioning of Group Brands within the “One Suncorp” context
- Accelerated Digital marketing and marketing automation (Active Profile) for stronger digital reach and engagement
- Supported and drove value creation at Brand and Group level
- Rolled-out Master Branding to Discovery Stores, Branches, Suncorp Stadium & Digital assets.



REWARD & RECOGNITION

- Established the new system for rewarding customers daily through a digital channel.
- Settled the new Reward & Recognition as a stable BAU operation both internally and externally



ECOSYSTEMS

- Onboarded small number of partner organisations that provide adjacent services and create new value for customers
- Integrated new partner services and offers into existing digital platform for seamless uptake
- Established a business function to monitor, control and drive the ecosystems growth.



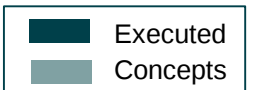
CUSTOMER DATA

- Streamlined customer data to enable access & activation of marketplace assets
- Enabled single customer portfolio view cross-brand, cross-function through digital channel
- Enabled easy digital access through the new customer identification & authentication flow

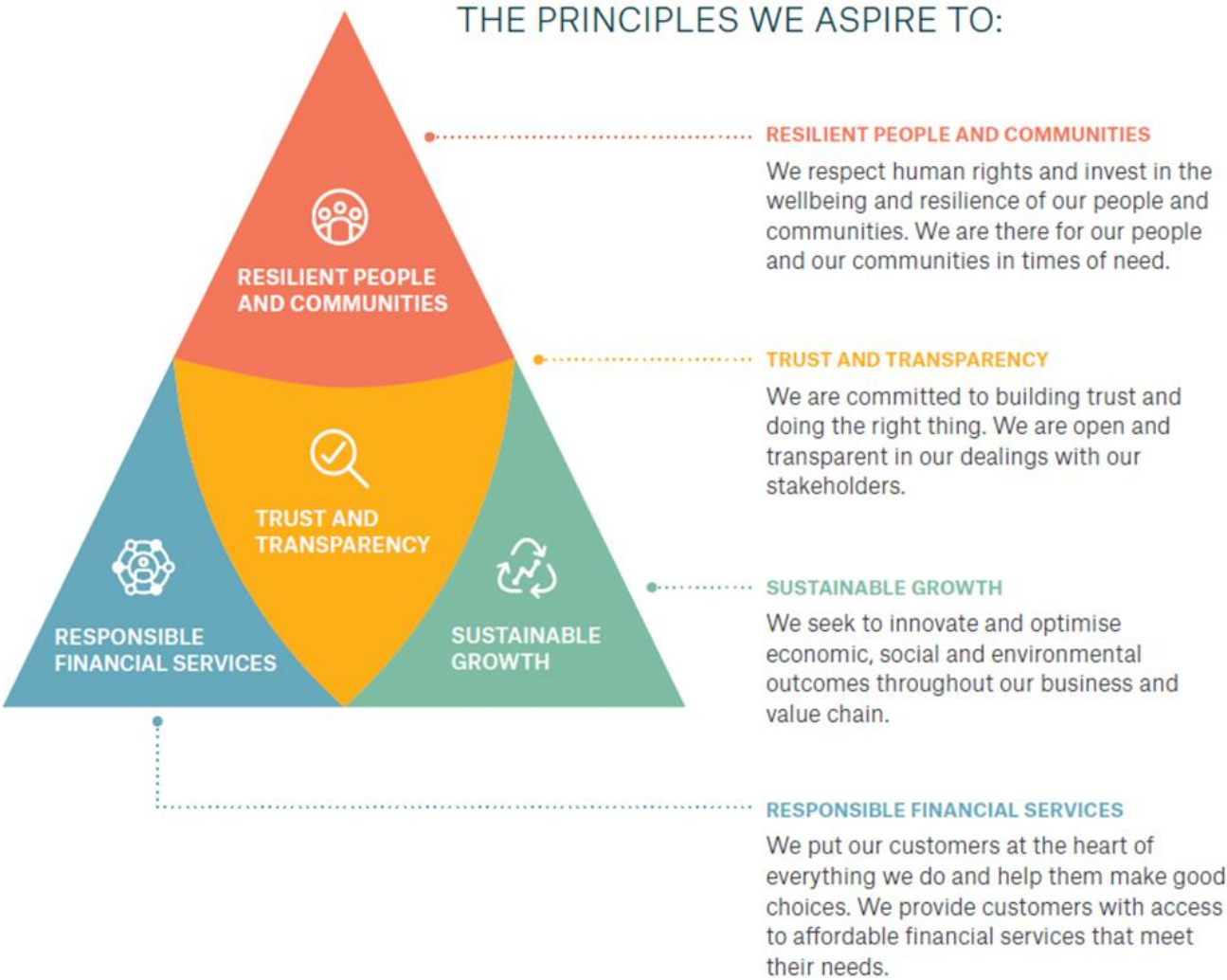


INTEGRATED OFFERS

- Delivered several proof-points to test the potential of integrated offers' appeal
- Designed a number of new integrated offers to drive connected customers and new business growth



Corporate Responsibility Framework



Corporate Responsibility roadmap

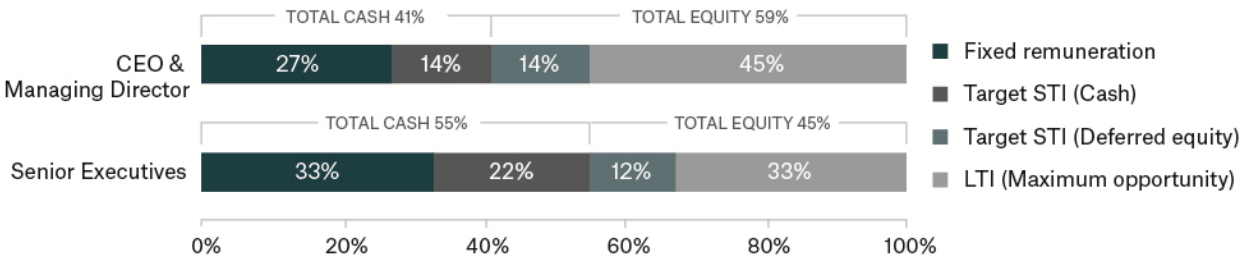
	Performance highlights	Focus for 2H19
	✓ Refreshed Suncorp's commitments to future corporate responsibility activity ✓ Expanded disclosure of non-financial performance metrics in the 2017-18 Suncorp Annual Review	– Conduct a full materiality assessment of environmental, social and governance topics – Publish targets for key non-financial performance metrics – Implement refreshed Banking and General Insurance Codes of Practice
	✓ Progressed implementation of Suncorp's Climate Change Action Plan and Environmental Performance Plan ✓ Progressed approach to meeting Modern Slavery Act reporting requirements, including updates to the Procurement policy	– Publish targets to reduce Scope 1 and Scope 2 greenhouse gas emissions – Complete climate-related risk and opportunity assessment – Develop approach to technical climate scenario analysis
	✓ Continued to implement recommendations of the Vulnerable Customer Review, including training for key employees ✓ Developed new partnerships to provide financial literacy and employment pathways for vulnerable and culturally diverse communities	– Develop a Responsible Insurance and Banking Policy to strengthen business practices in line with community expectations
	✓ Launched Aboriginal and Torres Strait Islander Cultural Handbook for Suncorp employees ✓ Completed the Employee Engagement Survey and action planning process	– Launch partnership to support Suncorp's Reconciliation Action Plan – Further embed social impact measurement into new community partnerships

FY19 Executive remuneration structure

Full details are provided in the Remuneration Report

Remuneration mix

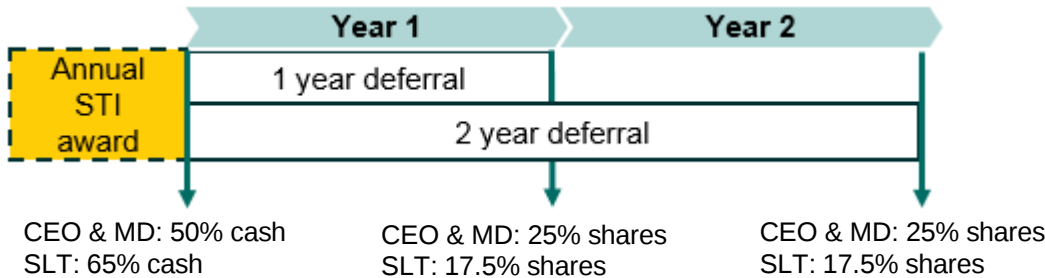
The CEO & Managing Director’s remuneration mix is heavily focused on longer term performance and two-thirds of total remuneration for Senior Executives is ‘at risk’.



Target STI is 100% of fixed remuneration, with maximum STI being 150% of fixed remuneration.

Performance measures and delivery of variable pay

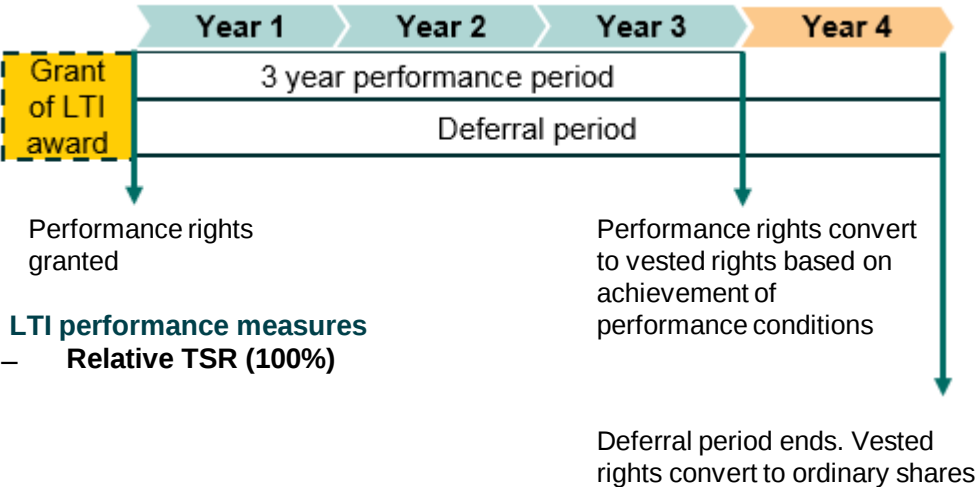
Annual short-term incentive



STI performance measures

- **Profit & Financials** | Adjusted NPAT: 40% and Cash RoE: 20%
- **Customer** | Key Customer Measures: 20%
- **Risk** | Group Risk Maturity Model and Risk Management and Compliance Measures: 10%
- **People** | Key People Measures, Talent and People Development, and Organisational Culture: 10%

Long-term incentive (LTI)



LTI performance measures

- **Relative TSR (100%)**

Risk management at Suncorp

Risk management at Suncorp uses a comprehensive group-wide approach that is embedded into everyday business activity. It is based on the following risk culture principles:

1. Managing risk is everyone's responsibility, with leaders focusing on mitigating those risks that matter the most
2. We support our people to do the right thing in any situation, balancing customer, performance and risk considerations
3. We make it easy and safe for our people to raise concerns and encourage transparency and open dialogue
4. We embrace managing risk in a dynamic, agile way and will leverage data to assist in decisions making
5. We embrace thinking big and challenging the status quo where improvements can be made. We acknowledge we will not always get it right and have tolerance for failures or mis-steps that fall within our risk appetite, provided we apply the learnings to continually improve our business
6. We welcome a diverse range of views, as this leads to better decision making

Suncorp is investing in:

- **Enhancing the risk experience** for everyone using risk systems, processes and reporting across Suncorp
- Continuing to enhance our **risk maturity** and measurement mechanisms
- Building our risk and compliance **capability** within the Risk Job Family
- Embedding the **Enterprise Compliance Strategy**
- Embedding the Risk Job Family and optimising the **Three Lines of Defence** model
- Enhancing our approach to **Conduct Risk**
- Clarifying **Accountabilities** through the BEAR program
- Advancing the **Customer Advocate** Strategy

Risk culture

It is recognised that Suncorp's overall culture is underpinned by three core elements:

- customer culture
- risk culture
- performance culture

Suncorp's culture is defined as the aggregation of observed behaviours across all employees in the organisation arising from our shared values and beliefs and shaped by our symbols, systems and structures. Risk culture is defined as identifying, understanding, and managing Suncorp's current and future risks within our risk appetite.

There continues to be ongoing developments in all elements. In the past year, there has been overall focus on monitoring and measurement to support Board and remuneration outcomes. Specifically relating to risk culture, there is ongoing development to better support management of conduct risks in our core risk management and governance frameworks.

OUR CULTURE



Enterprise Risk Management Framework

- Suncorp uses a Board Approved Enterprise Risk Management Framework (ERMF) to set out our approach to risk management
- The ERMF provides a summary of the Governance frameworks, policies, processes and key accountabilities that govern risk management at Suncorp



Risk categorisation

Material risks are those that have the potential to adversely impact Suncorp's ability to meet its key financial and non-financial business objectives, operate within its stated risk appetite or otherwise cause the Board or senior management to fail to meet its risk management obligations. Suncorp's material risks include:

Category	Description	Key policies and controls	
Strategic risk	Strategic risk is the most fundamental of business risks. At its most basic, it is the risk associated with Suncorp's operating model and how it wants to position itself strategically. Strategic risk threatens the viability of the operating model and our strategic position and emerges from external changes and the execution of Suncorp's strategy.	– Strategic and Business Planning – Internal Capital Adequacy Assessment Processes (ICAAPs)	– Risk Appetite Statement – Enterprise Risk Management – Mergers and Acquisitions
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, but excludes strategic and reputational risks.	– Business Continuity Management – Delegations of Authority – Anti-Fraud – Group Security – IT Acceptable Use	– Procurement – Product & Platform Management – Human Resources – Model Integrity – Code of Conduct
Compliance risk	The risk of legal or regulatory sanctions, financial loss, or loss to reputation which Suncorp may suffer as a result of its failure to comply with all applicable regulations, codes of conduct and good practice standards.	– Accounting Standards – Code of Conduct – Compliance Management and Regulator Engagement – Conflicts of Interest – Disclosure	– Fit and Proper – Privacy Management – AML/CTF and Sanctions – Securities Trading – Whistleblower

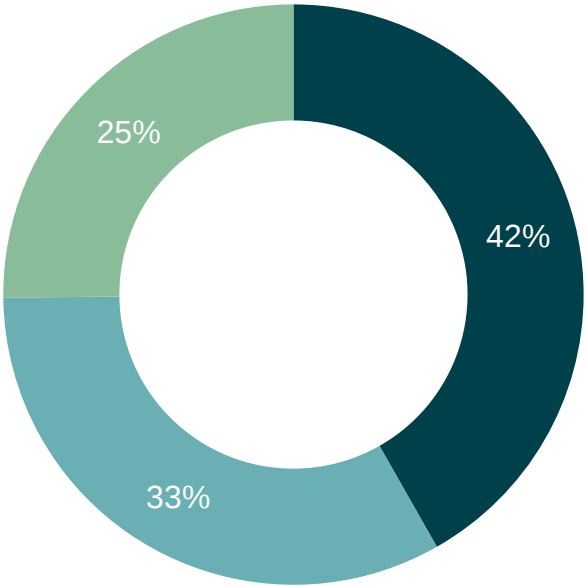
Risk categorisation

Material risks are those that have the potential to adversely impact Suncorp's ability to meet its key financial and non-financial business objectives, operate within its stated risk appetite or otherwise cause the Board or senior management to fail to meet its risk management obligations. Suncorp's material risks include:

Category	Description	Key policies and controls	
Financial risk	Credit and Counterparty risk: The risk that the other party in an agreement will default / will not meet its contractual obligations in accordance with agreed terms. Market risk: The risk of unfavourable changes in foreign exchange rates, interest rates, equity prices, credit spreads, commodity prices, and market volatilities. Asset and Liability risk: The risk to earnings and capital from mismatches between assets and liabilities with varying maturity and repricing profiles and from mismatches in term. Liquidity risk: The risk that Suncorp will be unable to service its cash flow requirements.	– Bank Credit Risk Management – Counterparty Risk Management – Intra-group Transactions and Exposures – Investment Governance – Foreign Exchange Risk Management – Bank Traded Market Risk – Interest Rate Risk in the Banking Book	– Bank Securitisation and Covered Bonds – Liquidity Management – Life Product Pricing and Reinsurance Advice – Bank Funds Transfer Pricing – Derivatives Management – Unit Pricing – Aggregate Risk Exposures
Insurance risk	Insurance risk is the risk of financial loss and the inability to meet liabilities due to inadequate or inappropriate insurance product design, pricing, underwriting, concentration risk, reserving, claims management or reinsurance management.	– Reinsurance Programmes – Underwriting Rules, Guidelines and Policy	– Claims Management Guidelines – Insurance Risk Committee oversight of insurance products

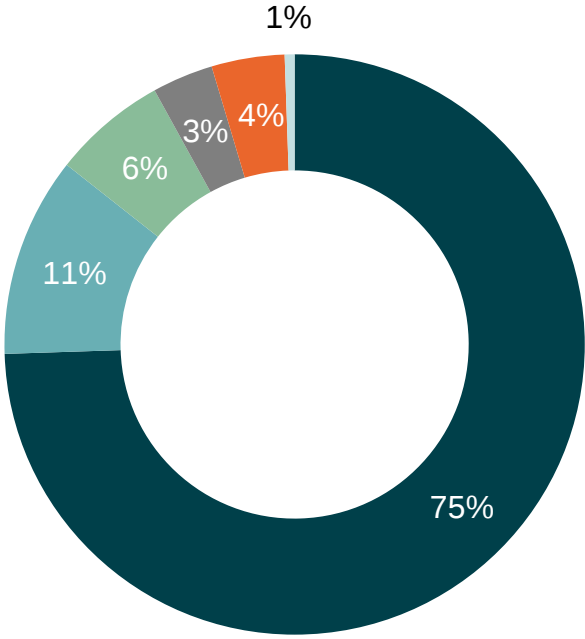
Shareholder overview

SUN shareholders by type



- Domestic Institutions
- Retail Investors
- International Institutions

SUN shareholders by geography



- Australia (Institutions & Retail)
- United States
- United Kingdom
- Asia
- Rest of Europe
- Rest of World

Source: Orient Capital, 13 December 2018

Australia

economic fundamentals

- Activity is being supported by population growth, infrastructure spending, non-mining business investment, net exports and accommodative monetary conditions
- The labour market has strengthened, however housing and consumption risks remain
- Queensland is seeing higher interstate migration and benefits from a lower Australian dollar

	Australia	Queensland	Data
Population growth	1.6%	1.7%	Jun-18, annual
Economic growth (GDP & State Final Demand)	2.8%	2.2%	Sep-18, annual
Unemployment rate	5.1%	6.4%	Nov-18
Inflation	1.8%	1.5%	Dec-18, annual
Budget position	\$5.2bn deficit (0.3% of GDP)	\$0.5bn surplus (0.2% of GSP)	2018-19 estimate
Credit rating (S&P / Moody's)	(AAA stable / Aaa stable)	(AA+ stable / Aa1 stable)	Jan-19

“Australia’s growth is solid and national income gains are strong, but the challenges are mounting....The housing correction is occurring amid great job gains and falling unemployment, which makes it rather less dangerous than otherwise. And there’s known good news on the horizon”

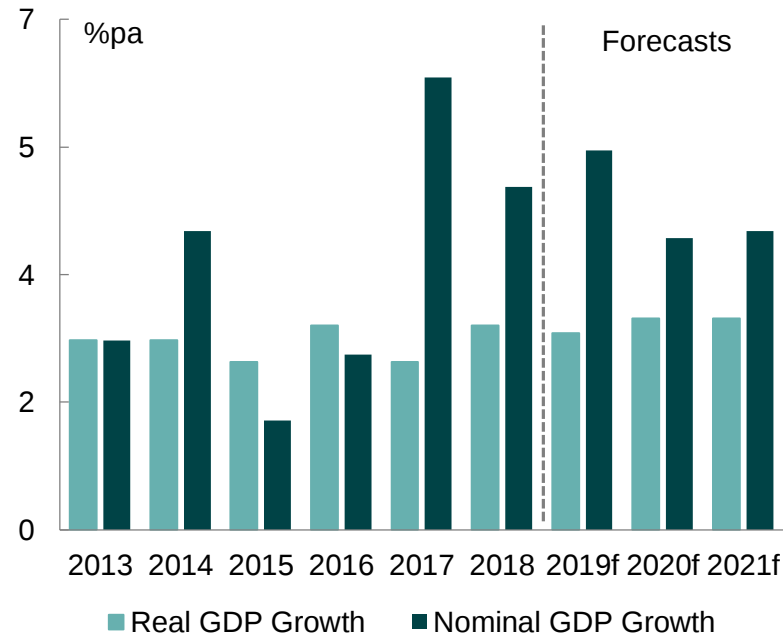
Source: Deloitte Access Economics, Dec 2018

Australia

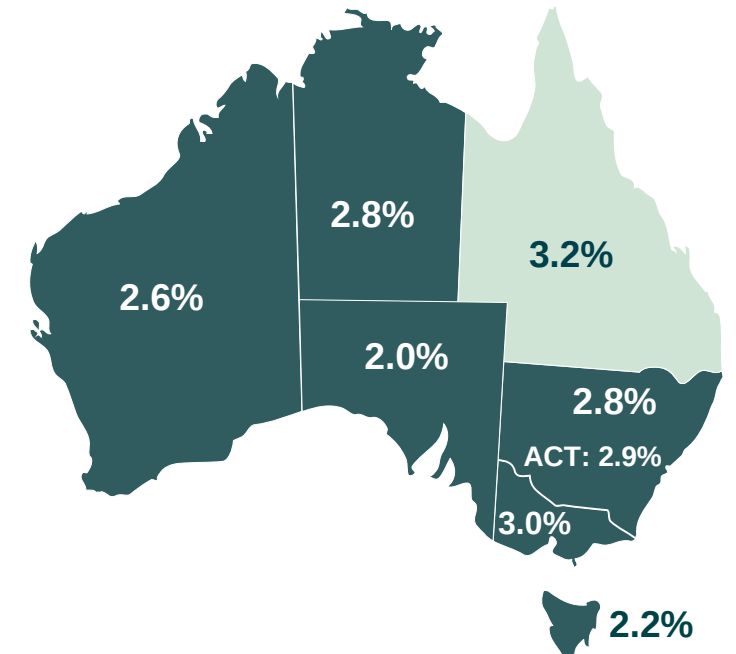
growth outlook

- Australia's economy continues to adapt, helped by accommodative policy settings and a floating Australian dollar
- GDP growth is projected to remain at an above-trend pace over coming years as various drivers counter housing-related headwinds
- Queensland is expected to benefit from net migration, firmer commodity prices, rising LNG exports, affordable housing, and tourism

National GDP outlook



State prospects



“Qld’s growth has well and truly recovered from the tricky times that flowed from the downturn in resource investment of just a few years ago. Higher prices for the State’s resource exports and an inflow of tourists thanks to the falling \$A have revved up the State once more”

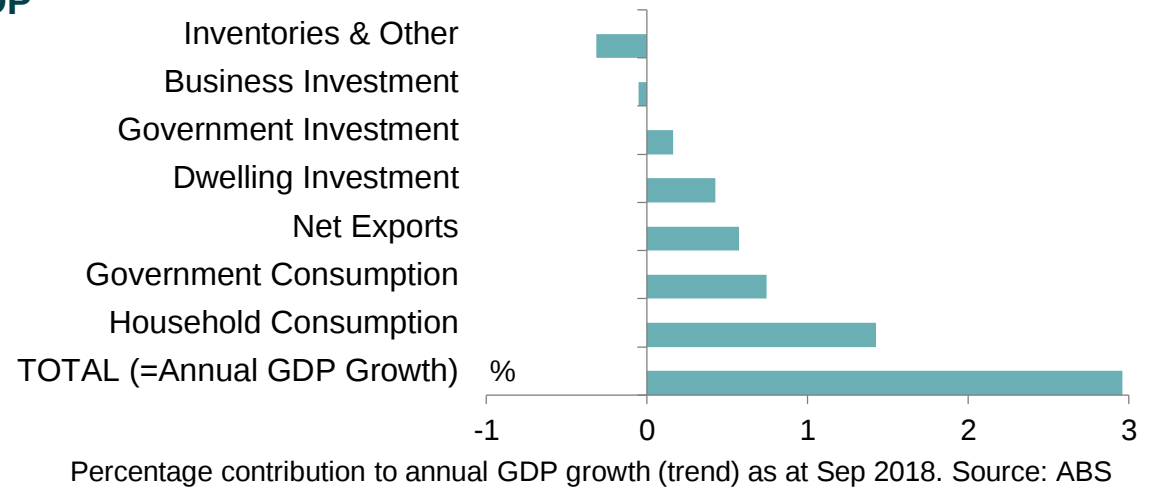
Source: Deloitte Access Economics, Dec 2018

Australia

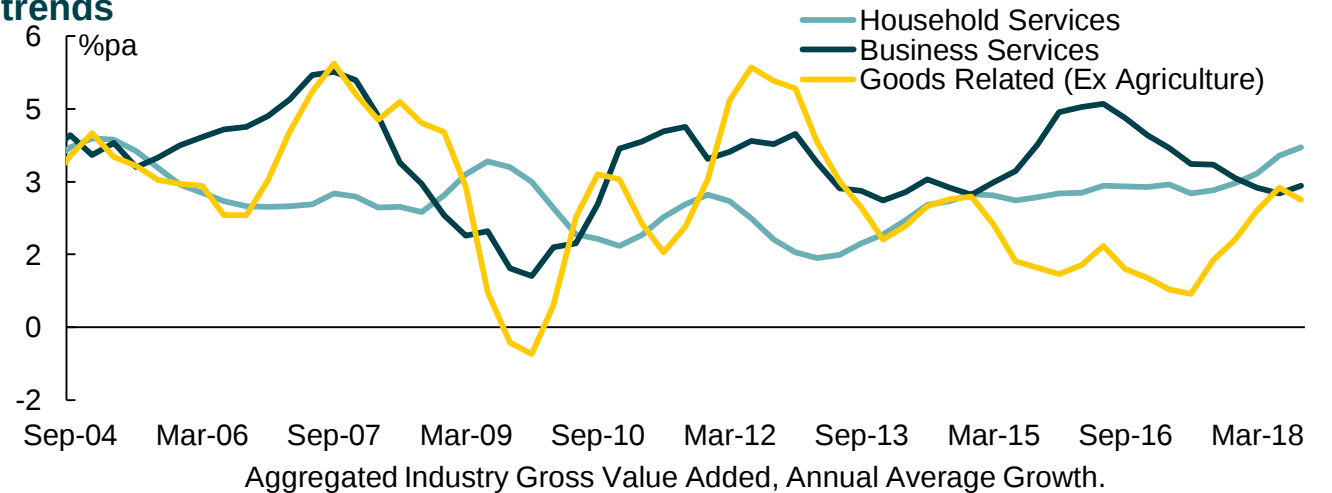
changing landscape

- Broadening non-mining business investment, a pick-up in mining investment, rising resource exports, the infrastructure pipeline, and positive labour market trends should support activity
- The services-related sectors are expected to remain growth drivers
- The housing cycle, and potential spill-overs to consumption, remain in focus and uncertain

Sources of GDP growth



Sector trends



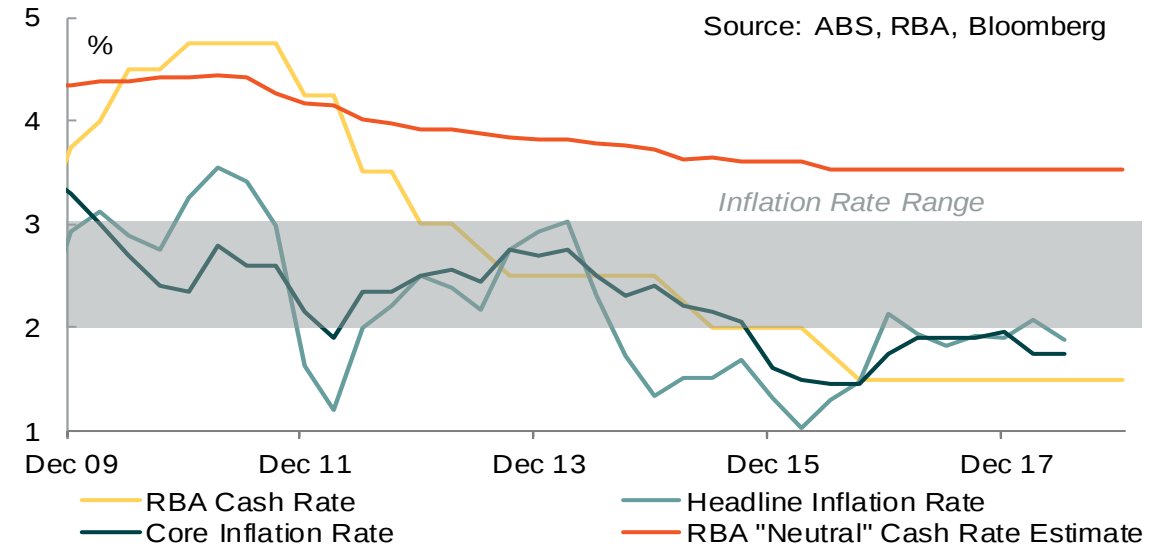
Source: ABS, Suncorp

Australia

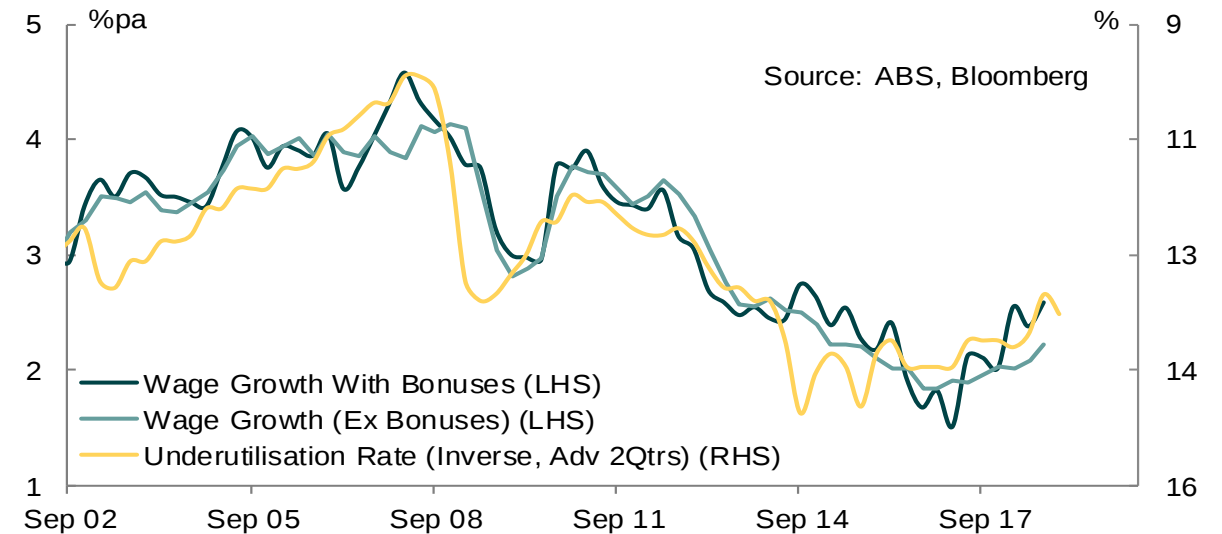
monetary policy and labour market

- Monetary policy remains expansionary and, despite selected repricing, the average interest rate on outstanding mortgages is still near it's long term low
- The labour market has improved. The reduction in spare capacity is gradually feeding into firmer wage growth
- Given current uncertainty, the RBA has acknowledged the next move could be either up or down

Inflation and interest rates



Labour market

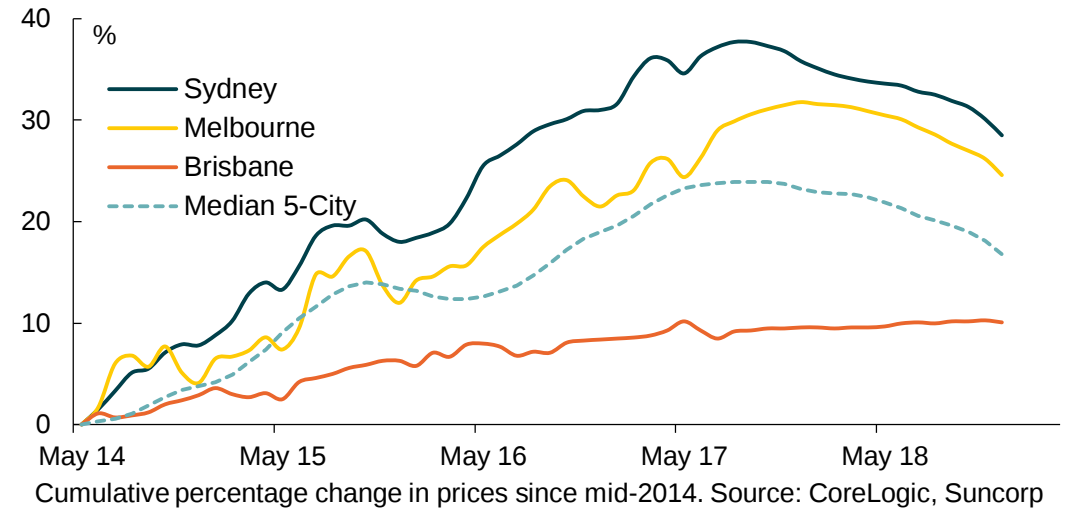


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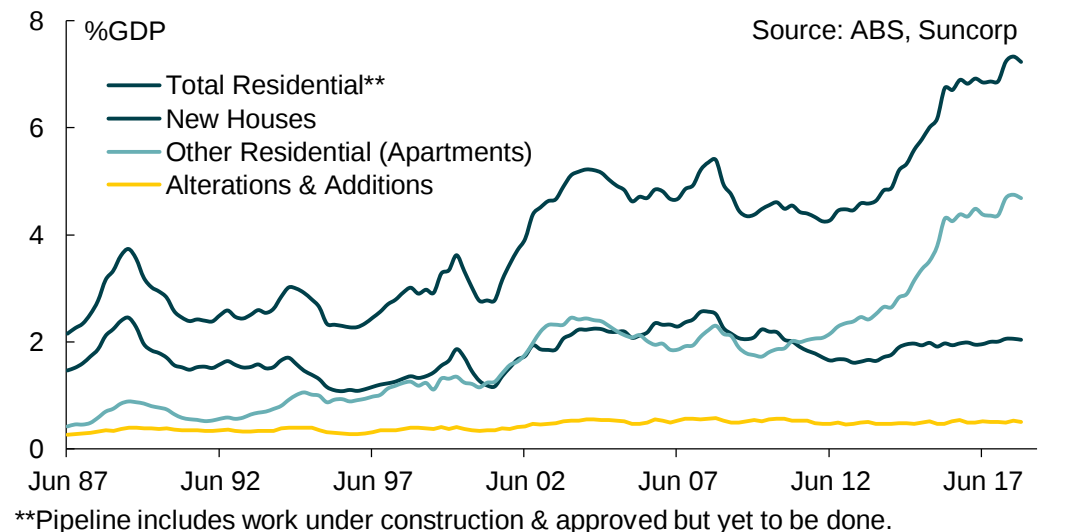
housing market in focus

- House prices, led by Sydney and Melbourne, have moderated. In part, this reflects policy measures designed to strengthen lending and prudential standards. Despite the price falls, non-performing loans remain low
- Indicators, such as building approvals are consistent with softer housing activity going forward. However, the still elevated pipeline of work should cushion the impact near-term
- In contrast to past cycles, multi-storey apartments, which have a longer construction time, have been the main source of approvals

House prices



Dwelling supply and demand

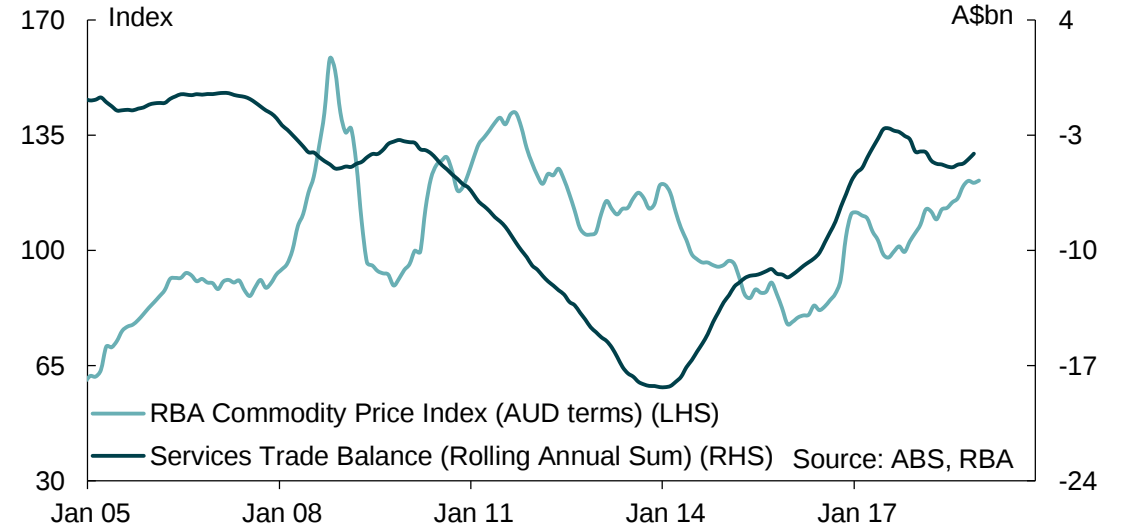


Australia

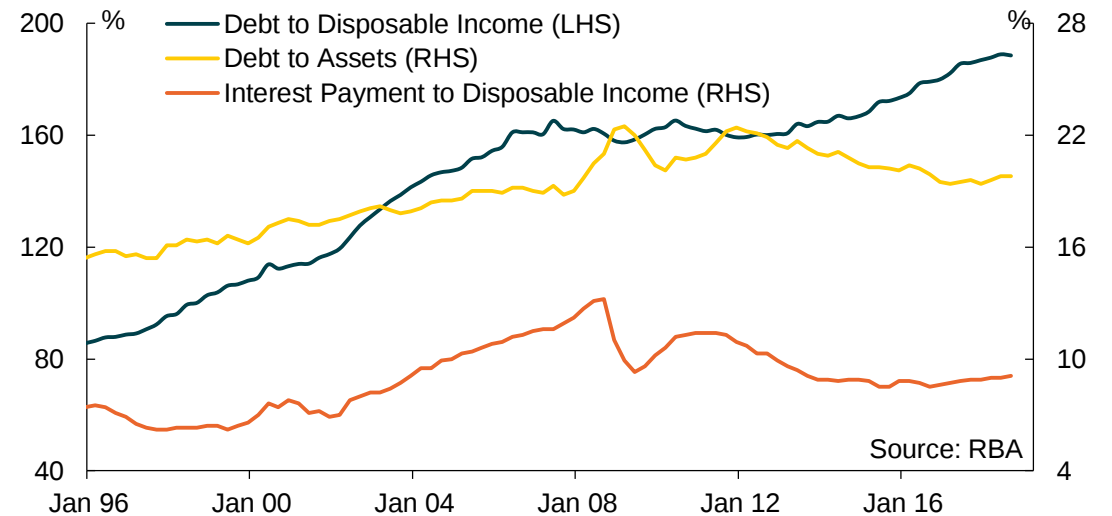
opportunities and risks

- Firmer commodity prices are supportive for national incomes and mining-related sectors
- A competitive Australian dollar is boosting services sectors such as education / tourism
- However, international trade tensions remain a threat to global trade and GDP growth
- Domestically, the mix of high household debt, falling asset prices, and subdued income growth are risk factors. Trends in household consumption (the largest part of the economy) remain on the radar

Commodity prices



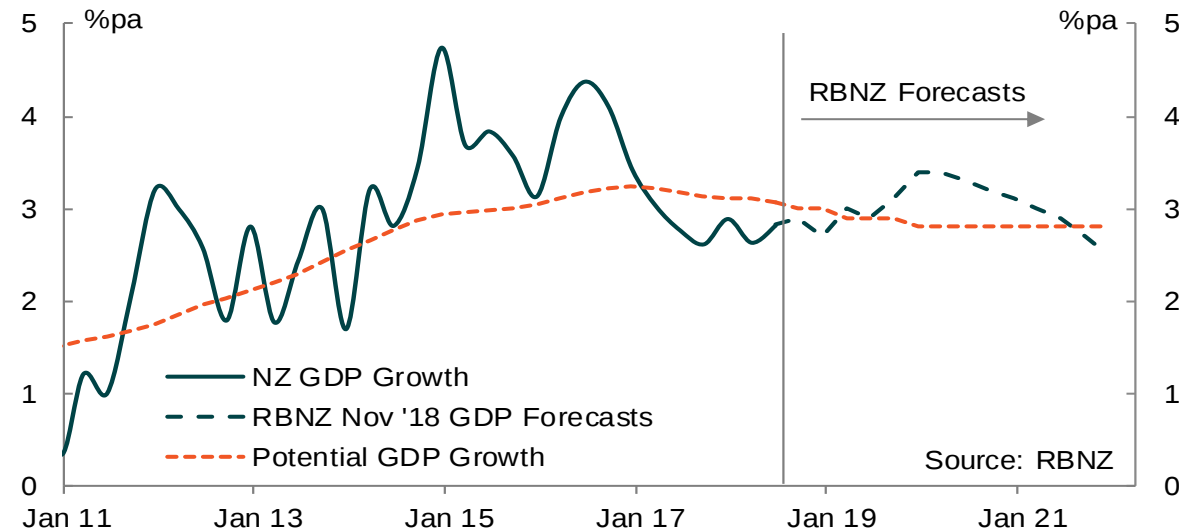
Household debt & debt servicing



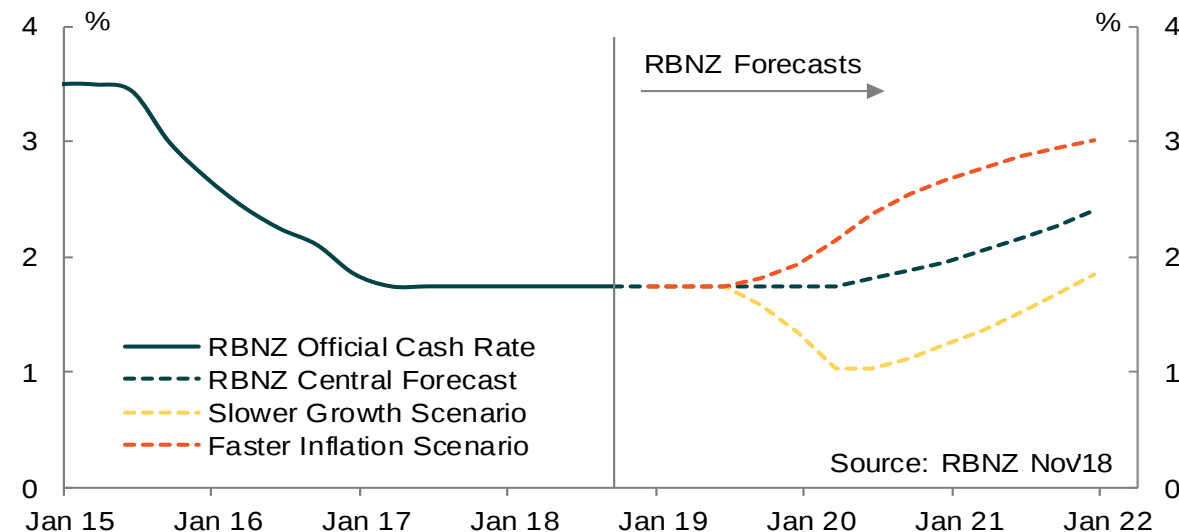
New Zealand economic cross-currents

- GDP growth has slowed after a prolonged period of outperformance
- Growth is forecast to pick up over 2019/20, underpinned by a strong labour market, fiscal spending, accommodative monetary policy and population growth
- However, countering this is the lower levels of business confidence and moderation in global growth
- Our base case is for the next move by the RBNZ to be a rate hike, although not for some time. However, the RBNZ has flagged both upside and downside risks to its central outlook

GDP growth



RBNZ policy outlook



Glossary



Financial Results for the half year
ended 31 December 2018

Glossary

Acquisition expense ratio – general insurance	Acquisition expenses expressed as a percentage of net earned premium
Acquisition expense ratio – life insurance	Acquisition expenses, including upfront commissions, as a percentage of new business
ADI	Authorised Deposit-taking Institution
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from the Life Insurance underlying profit and recorded as annuity market adjustments
APRA	Australian Prudential Regulation Authority
Banking & Wealth function	Suncorp's Banking & Wealth business provides banking and wealth solutions to personal, small to medium enterprise and agribusiness customers
Basis points (bps)	A 'basis point' is 1/100th of a percentage point
Business Improvement Program (BIP)	A three-year, company-wide program focusing on five streams of work including digitising of customer experiences, sales and service channel optimisation, end-to-end process improvement, claims supply chain re-design and smarter procurement and streamlining the business
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets, the profit or loss on divestments and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period

Glossary

Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Commercial Insurance	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, and public liability and professional indemnity insurance
Common Equity Tier 1 (CET1)	Common Equity Tier 1 Capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 Ratio	Common Equity Tier 1 divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank
Connected customers	A customer is considered to be connected if they have two or more needs met across the need categories of Home, Self, Mobility and Money, or if they hold four or more Suncorp products in a single need
Consumer Insurance	Consumer Insurance products consist of home and contents insurance, motor insurance, boat insurance, and travel insurance
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk-weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA

Glossary

Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods
Deposit to loan ratio	Total retail deposits divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 Earnings per Share
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded Value is equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Fire service levies (FSL) – Insurance (Australia)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Fire service levies (FSL) – New Zealand	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by Fire and Emergency New Zealand. Fire service levies were established to cover corresponding fire brigade charges
Funds under management and administration	Funds where the Wealth business, in Australia and New Zealand, receives a fee for the administration and management of an asset portfolio
General insurance businesses	General insurance businesses include Insurance (Australia)'s general insurance business and New Zealand's general insurance business. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure rather than business functions structure

Glossary

Gross earned premium	The total premium on insurance earned by an insurer during a specified period on premiums underwritten in the current and previous underwriting years
Gross non-performing loans	Gross impaired assets plus past due loans
Gross written premium	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross loans and advances. The ratio is annualised for half years
Insurance (Australia) function	Suncorp's Insurance (Australia) business provides consumer, commercial, personal injury and life insurance products to the Australian market. Consumer insurance products include home and contents insurance, motor insurance and travel insurance. Commercial insurance products include commercial motor insurance, commercial property insurance, industrial special risk insurance, public liability and professional indemnity insurance. Personal injury insurance products includes CTP insurance and workers' compensation insurance
Insurance funds	Insurance funds explicitly back insurance liabilities. They are designed to match the insurance liabilities and are managed separately from shareholders' funds
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Life insurance businesses	Following the announcement of the sale of the Australian Life business in August 2018, the Insurance (Australia) Life Insurance business, combined with the Participating Wealth business previously reported through the Banking and Wealth function, has been disclosed separately as 'Australian Life Business held for sale'. The remaining Life insurance business is the New Zealand's life insurance business
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

Glossary

Life planned profit margin release	It includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the date (including new business written during the reporting period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Life underlying profit after tax	Net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
Liquidity Coverage Ratio (LCR)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario
Loan-to-value ratio (LVR)	Ratio of a loan to the value of the asset purchased
Long-tail	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consists of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Maintenance (or renewal) expense ratio	Expenses related to servicing in-force life insurance policies, including renewal or trail commissions, policy management and claim costs, expressed as a percentage of in-force premiums

Glossary

Marketplace	Suncorp's Marketplace is a connected network of brands, solutions, partners, and channels to empower customers to improve their financial wellbeing and deliver outstanding customer experiences and deepen Suncorp's relationships with its customers. This involves building an ecosystem of partners that will provide a suite of relevant products and offers that meet the needs of the customer in the key moments that matter in their lives
Maximum Event Retention	This is an estimate of the largest accumulated property loss (from a single event) to which Suncorp will be exposed (taking into account the likelihood of this event is up to one in 200 years), after netting off any potential reinsurance recoveries
Net earned premium (NEP)	Net written premium adjusted by the change in net unearned premium for a year
Net incurred claims – Insurance (Australia)	The amount of claims incurred during an accounting period after deducting reinsurance recoveries
Net incurred claims - New Zealand	The amount of claims incurred during an accounting period after deducting reinsurance recoveries and non-reinsurance recoveries
Net interest margin (NIM)	Net interest income divided by average interest earning assets (gross of offset accounts). NIM is the percentage difference between revenue earned on interest bearing assets (loans) minus the cost of interest bearing liabilities (funding)
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net profit after tax (NPAT)	Net profit after tax attributable to owners of Suncorp derived in accordance with Australian Accounting Standards
Net Stable Funding Ratio (NSFR)	The NSFR measures the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF is the amount of capital and liabilities that are expected to be a reliable source of funds over a 1-year time horizon. The amount of RSF is based on the liquidity characteristics and residual maturity of assets and off-balance sheet activities. The requirement to maintain an NSFR of at least 100% was introduced on 1 January 2018

Glossary

Net tangible asset backing per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
New Zealand function	Suncorp's New Zealand business distributes consumer, commercial and life insurance products through intermediaries and corporate partners as well as directly to customers via joint ventures
Operating functions	Suncorp has three operating functions - Insurance (Australia), Banking & Wealth and New Zealand. The operating functions are responsible for product design, manufacturing, claims management and end-to-end responsibility for the statutory entities within Suncorp Group
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Outstanding claims provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Prescribed capital amount (PCA)	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk, operational risk, combined stress scenario and aggregation benefit as required by APRA
Profit after tax from functions	The net profit after tax for the Insurance (Australia), Banking & Wealth and New Zealand functions

Glossary

Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all or a share of certain claims incurred by the insurance company. Suncorp's reinsurance arrangements currently include a main catastrophe program, a 30 percent, multi-year, proportional quota share arrangement to reduce geographic concentration to the Queensland home insurance market and a natural hazards aggregate protection cover
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months
Top-line growth	Top-line growth is derived from a weighted-average calculation of underlying year-on-year growth in Suncorp Group's key business segments. Top-line growth percentage is calculated as growth in general insurance gross written premium (65% weighting), growth in retail and business lending assets (weighting 25%) and growth in life insurance in-force premium (10% weighting)

Glossary

Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty
Underlying Insurance Trading Ratio (underlying ITR)	The insurance trading ratio is adjusted for reported prior year reserve releases and natural hazards claims costs above/below long-run expectations, investment income mismatch and any abnormal expenses

Important disclaimer

This report contains general information on the Group and its operations which is current as at 14 February 2019. It is information given in summary form and does not purport to be complete.

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

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

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

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

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