SUNCORP

ASX announcement

21 August 2020

Suncorp announces FY20 Results

FY20 key points:

- **The Suncorp Group Board has determined a fully franked final ordinary dividend of 10 cents per share**, bringing total FY20 ordinary dividends to 36 cents per share, reflecting a payout ratio of 60.7% of cash earnings.
- **The Group remains well capitalised** with excess common equity tier 1 (CET1) of $823 million adjusting for the final dividend, with all businesses holding CET1 within their target operating ranges.
- Suncorp recently confirmed a **new leadership team structure** and will continue to embed recent changes to its **operating model** to further reduce duplication, clarify accountabilities and enable greater efficiency and innovation.
- **The Group has continued to leverage its investment in digital and data** with 14% growth in digital users and continued increases in new business sales and claims lodgements through digital channels.
- **Group net profit after tax of $913 million** includes a $285 million after-tax profit from the sale of the Capital SMART and ACM Parts businesses, and the $89 million non-cash impairment charge relating to the core banking platform.
- **Cash earnings of $749 million** were down 32.8% on the prior comparative period (pcp) as a result of reduced profit from Insurance (Australia) (down 33.9%) and Banking & Wealth divisions (down 33.5%), and New Zealand in-line with the pcp.
- **The COVID-19 pandemic has had a range of impacts on the Group's financial performance.** The FY20 impact on the general insurance businesses is estimated to be broadly neutral [1], excluding the impacts of investment markets, and the Bank has been impacted by higher COVID-19-driven impairment losses.
- **Insurance (Australia) has recognised $85 million in additional claims provisions and risk margins** to cover COVID-19 uncertainty, including landlord loss of rent and potential business interruption claims.
- **The Bank's collective provision** has increased to $255 million at 30 June, up from $233 million at 31 March, reflecting conservative economic assumptions and additional overlays given the uncertain outlook. As at 31 July 2020, 5% of the home lending portfolio is under temporary loan deferral arrangements, down from 8% at 30 June.
- **Group General Insurance underlying insurance trading ratio (ITR) was 11.1%,** down from 12.3% in the pcp, as a result of a higher natural hazard allowance and reinsurance costs, lower investment income and higher expenses.
- **Group natural hazard costs were in-line with the FY20 allowance of $820 million** despite the significant natural hazards that occurred during the year, benefitting from the Group's strengthened reinsurance program and protecting shareholders from $1 billion in claims costs.
- **Group prior year reserve releases** were $103 million, representing 1.2% of Group net earned premium (NEP). Personal injury prior year reserve releases were 2.3%, above the Group's long-term expectation of 1.5% of NEP.
- **Operating expenses increased 2.3%** on the pcp. Excluding costs associated with the Australian Life business, expenses increased 5.7% as a result of one-off COVID-19 costs, the $60 million provision relating to the ongoing pay and leave entitlements review, higher project and technology costs, commissions and marketing.

	FY20	FY19	Change (%)
Insurance (Australia) profit after tax ($m)	384	581	(33.9)
Banking & Wealth profit after tax ($m)	242	364	(33.5)
New Zealand profit after tax ($m)	245	245	-
Profit after tax from ongoing functions ($m)	**871**	**1,190**	**(26.8)**
Other profit (loss) after tax ($m)	(123)	(105)	17.1
Cash earnings ($m)	**749**	**1,115**	**(32.8)**
Net profit after tax ($m)	**913**	**175**	**421.7**
Ordinary dividend per share (cps)	**36**	**70**	**(48.6)**
Payout ratio – Cash Earnings (%)	60.7	81.2	

[1] The broadly neutral outcome is indicative of key items related to COVID-19 and does not capture all impacts.

Group CEO commentary

Group CEO Steve Johnston said: "It has been a challenging 12 months for Suncorp and for the customers and communities we support: first a season of extreme weather conditions, and then the global COVID-19 pandemic which will result in long-lasting economic disruption and fundamentally change the way we live.

"Suncorp entered the COVID-19 crisis in a solid position and responded quickly to keep our people safe and our customers in need protected through access to financial relief measures. At the same time, we have maintained the financial and operational strength of our business.

"The strength of our balance sheet has enabled the Board to determine a fully franked final ordinary dividend of 10 cents per share. It is pleasing we are able to deliver on our commitment to shareholders by paying a modest final dividend."

"While our financial performance, particularly in the second half, has not been immune from the negative impacts of COVID-19, there were a number of highlights which demonstrate the Group has solid foundations.

"Digital channels helped drive favourable growth in our Australian motor and home insurance portfolios, and natural hazard costs remained in-line with allowance as a result of our strengthened reinsurance program.

Mr Johnston said that while the COVID-19 pandemic would have long-lasting health and economic implications, it had presented opportunities to accelerate the pace of organisational transformation.

"The growing preference for digital and reliance on technology is shifting the way we work and the way we support customers. Our teams embraced more agile ways of working to fast-track digital solutions including enhanced webchat capabilities, online claims functionality and virtual claims assessments," he said.

"This period has fundamentally changed our perspective on what's possible, and how quickly and efficiently we can adapt to deliver new customer experiences and drive greater efficiencies within the organisation."

On 1 July 2020, Suncorp announced a new operating model to improve the performance of the core insurance and banking businesses. This model aims to reduce duplication, embed more efficient ways of working and embrace opportunities for greater innovation.

Mr Johnston said that while governments had rightly responded swiftly to deal with the impacts of the COVID-19 crisis, it was critical that the nation did not lose sight of the significant risks posed by the changing climate.

"Suncorp has long argued for a national, coordinated response to disaster mitigation and natural hazard resilience to deal with the impacts of climate change," he said.

"This can no longer remain in the too-hard basket. Now is the time for governments at all levels to work with businesses, big and small, and to invest in a nation-building program encompassing infrastructure, incentives, improved building standards and the removal of inefficient taxes and charges.

"This will not only reduce the impact of natural disasters on our communities; it will provide much-needed economic stimulus at a time when it is desperately needed, particularly in regional communities."

Mr Johnston reaffirmed his confidence in the company's ability to deliver sustainable shareholder returns over the long-term.

"The health and economic headwinds of COVID-19 will continue to be felt for some time but the lessons of the past year position us to withstand future challenges and to continue executing against our key priorities. These priorities include improving the performance of our core businesses, improving operational efficiency, leveraging our investments in data and digital and embracing regulatory change."

Group financial results overview

Group net profit after tax of $913 million, up $738 million or 421.7% on the pcp, included the profit after tax on the sale of Capital S.M.A.R.T and ACM Parts to AMA Group Limited of $285 million and the $89 million non-cash impairment charge relating to the core banking platform.The pcp was impacted by a $910 million after tax non-cash loss on the sale of the Australian Life business.

Cash earnings of $749 million, down 32.8% on the pcp, were impacted by lower prior year reserve releases; higher reinsurance costs and the impact of the low yield environment in the general insurance businesses; significantly higher credit provisioning in the Bank; and higher Group operating expenses which includes a $60 million provision relating to the ongoing pay and leave entitlement review.

The Group General Insurance underlying ITR was 11.1%, down from 12.3% in the pcp. This reflects the impact of a higher natural hazard allowance, an increase in reinsurance costs, higher expenses, and the impact of lower yields, partially offset by underlying margin expansion and reduced claims frequency as a result of COVID-19 mobility restrictions.

Group natural hazard costs remained in-line with the FY20 allowance of $820 million, despite the significant natural hazards that occurred during the year, benefitting from the Group's strengthened reinsurance program.

Net reserve releases of $103 million, representing 1.2% of net earned premium, were below the pcp. Personal injury reserve releases were 2.3%, above the Group's long-term expectation of 1.5% of NEP. This was partially offset by strengthening of prior period claims in the commercial and consumer portfolios which were largely one-off in nature.

Total Group operating expenses were up 2.5% on the pcp on a like-for-like basis, excluding costs associated with the Australian Life business which was sold in FY19, the $22 million of one-off costs associated with COVID-19 and the $60 million provision relating to the ongoing pay and leave entitlements review in FY20.

Capital and dividends

The Group adopted a conservative approach to capital management during the year in order to maintain a strong position in a period of heightened uncertainty.

At 30 June, the Group's excess to CET1 target was $823 million after adjusting for the final dividend, with all businesses holding CET1 within their target operating range and $605 million held at Group.

Taking into account the Group's robust balance sheet and recent regulatory guidance, the Board has determined a fully franked final ordinary dividend of 10 cents per share equating to a cash payout ratio of 60.7 per cent for the full year.

COVID-19 operational impacts

Following the introduction of restrictions, Suncorp transitioned 90% of its workforce to working remotely and implemented a range of hygiene measures to protect the health and safety of customers and team members. A significant number of employees were redeployed to customer-facing and business-critical roles to assist with the significant increase in call volumes and online enquiries from customers.

Suncorp has worked alongside industry bodies, governments and regulators to ensure a well-coordinated approach to delivering financial relief for customers impacted by COVID-19. Since March 2020, Suncorp has provided financial relief to customers in the form of premium waivers, discounts, temporary loan repayment deferrals and practical measures based on the individual needs of customers, including:

- 9,800 customer loans were under temporary loan repayment deferral arrangements as at 31 July (30 June: 14,400). Bank customers received access to a range of support options including removing fees, lowering overdraft limits and deferring repayments.
- 31,000 motor and home insurance customers received three-month premium waivers or discounts as at the end of June.
- 26,000 doctors, nurses, hospital staff and first responders received free AAMI roadside assist as at 31 July.
- Access to free counselling as part of the Insurance Peace of Mind package aimed at providing practical measures to support customers facing hardship.

As the impacts of COVID-19 continue, Suncorp is working closely with customers to ensure they have the right support available to them.

Key estimated COVID-19 financial impacts

COVID-19 had an approximately $140 million pre-tax negative impact on the Group's FY20 result. The table below provides details of the impacts on each of the businesses.

	Impact (Pre-tax)	Description
Insurance (Australia)[2]	~$20m	– Lower motor claims frequency due to mobility restrictions – Lower new business volumes and impact of customer relief packages – Provision, including risk margin, to cover COVID-19 uncertainty (including landlord insurance and business interruption) – Increase in operating expenses for activities such as the roll back of some offshore processes
Banking & Wealth	~($160m)	– COVID-19 impairment losses driven by a significant increase in the collective provision
New Zealand[2]	~$0m	– Lower motor claims frequency due to mobility restrictions – Pass-through to customers of reduced risk of motor claims via provisions for premium relief / hardship funds
Total Group	**~($140m)**	– Excludes investment income impact from market volatility due to COVID-19

Divisional performance

Insurance (Australia)

Insurance (Australia) delivered profit after tax of $384 million, down 33.9% on the pcp, primarily due to lower prior year reserve releases, higher reinsurance costs and the impact of the low yield environment.

GWP increased 1.0%, reflecting 2.5% growth in the consumer home and motor portfolios, partially offset by declines in the commercial and CTP portfolios.

The net impact of COVID-19 on the Insurance (Australia) business in FY20 was broadly neutral[2], excluding the impact of investments, as reduced motor claims costs were largely offset by customer relief programs, embargoes and lower new business volumes, increased claims provisions and risk margins.

Banking & Wealth

Banking & Wealth delivered profit after tax of $242 million, down 33.5% on the pcp, primarily due to higher impairment charges driven by the impacts of COVID-19. Profit before impairment losses was $526 million, down 0.9% on the pcp.

The home lending portfolio contracted 2.8%, reflecting slower system growth and an extended period of elevated loan processing turn-around times. The Bank's targeted program of work in retail lending resulted in improved turn-around times in the fourth quarter. Business lending grew 0.4% over the year with growth in agribusiness lending offset by a contraction in commercial lending.

At-call deposits grew 27.5% driven by the Bank's digital capabilities and supported an improvement in the NIM of 4 basis points to 1.94%, towards the top end of the target operating range.

Wealth reported an underlying loss of $6 million, reflecting reduced fee revenue as a result of COVID-19 and elevated regulatory costs.

Suncorp New Zealand

Suncorp New Zealand delivered profit after tax of NZ$259 million, broadly in-line with the pcp. The New Zealand General Insurance business delivered profit after tax of NZ$219 million, up 0.9%. On an underlying basis in New Zealand dollar terms,

[2] The broadly neutral outcome is indicative of key items related to COVID-19 and does not capture all impacts.

GWP grew 5.0% driven by moderate premium increases in the commercial portfolio and unit growth primarily in the direct business.

COVID-19 has had a broadly neutral impact[3] on the New Zealand result. The result benefited from reduced motor claims frequency during the period of COVID-19 mobility restrictions. These benefits have been largely offset by a provision recognised to reflect the reduced risk of motor claims being passed back to customers.

The New Zealand Life Insurance business delivered profit after tax of NZ$40 million, down NZ$4 million on the pcp.

Group outlook

The operating environment remains highly uncertain as a result of the COVID-19 pandemic and the associated economic impacts.

The Group's base case economic assumptions allow for a sharp deterioration in forecast macroeconomic conditions before the economy is assumed to begin recovery from 2021. Economic assumptions will be reviewed on an ongoing basis to take into account any major changes to the outlook including, for example, the impact of Victoria's recently imposed mobility restrictions.

The Group will retain a conservative bias in its assumption setting and stress testing in order to ensure key funding, liquidity and balance sheet metrics remain adequate for a range of scenarios. The Group's three businesses will remain well capitalised, with significant excess capital continuing to be held at the Group level.

While the Board remains committed to its long-standing ordinary dividend payout ratio policy of 60-80% of cash earnings, future distributions will be informed by the outlook for the economy, the results of stress testing and the operational needs of the business.

In addition to the impacts of COVID-19, the Group assumes continued volatility in the frequency and intensity of natural hazard events. To address this, the Group has increased its FY21 natural hazard allowance by $130 million to $950 million and, in addition to the main catastrophe program, has purchased an Aggregate Excess of Loss (AXL) reinsurance cover. The AXL provides $400 million of cover for events in excess of $5 million, once the retained cost of these events reaches $650 million. The Group will continue to adjust pricing to account for increases in natural hazard costs.

In this environment of economic uncertainty, the Group remains focused on its strategic priorities and speeding up the pace of transformation. The priorities remain: improving the performance of the core insurance and banking businesses; leveraging investments in data and digital; embedding operational excellence programs across the Group; and embracing regulatory change.

Webcast details

A live audio webcast hosted by Suncorp's Group CEO Steve Johnston and Group CFO Jeremy Robson will commence at 10:00am and will be available on the Suncorp Group website.

Authorised for lodgement with the ASX by the Board.

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[3] The broadly neutral outcome is indicative of key items related to COVID-19 and does not capture all impacts.

INVESTOR PACK

FINANCIAL RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2020

RELEASE DATE 21 AUGUST 2020

SUNCORP

Suncorp Group Limited

ABN 66 145 290 124

BASIS OF PREPARATION

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

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

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

All figures relate to the year ended 30 June 2020 and comparatives are for 30 June 2019, unless otherwise stated. Where necessary, comparatives have been restated to reflect any changes in table formats or methodology. Movements within the financial tables have been labelled 'n/a' where there has been a percentage movement greater than 500% or less than (500%), or if a line item changes from negative to positive (or vice versa) between periods.

This report has not been audited or reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with the Group's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards. In the context of ASIC's Regulatory Guide 230, this report contains information that is 'non-IFRS financial information', such as the General Insurance Underlying Insurance Trading Result and Life underlying profit after tax. The calculation of these metrics is outlined in the report and they are shown as they are used internally to determine operating performance within the various functions.

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

On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. COVID-19 is an infectious disease that can cause respiratory illness. While COVID-19 is a health crisis, it has caused socioeconomic disruption on a global scale. The Group has considered the impact of COVID-19 when preparing this report. While the effects of COVID-19 do not change the significant estimates, judgments and assumptions in the preparation of this report, it has resulted in increased estimation uncertainty and application of further judgement within those identified areas.

DISCLAIMER

This report contains general information on the Group and its operations, which is current as at 21 August 2020. 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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CONTRIBUTION TO PROFIT BY FUNCTION

	Full Year Ended Jun-20 $M	Jun-19 $M	Jun-20 vs Jun-19 %
Insurance (Australia) [(1)]			
Gross written premium	8,329	8,245	1.0
Net earned premium	7,265	7,292	(0.4)
Net incurred claims [(1)]	(5,443)	(5,449)	(0.1)
Operating expenses	(1,572)	(1,556)	1.0
Investment income - insurance funds	247	444	(44.4)
Insurance trading result	497	731	(32.0)
Other income	49	92	(46.7)
Profit before tax	546	823	(33.7)
Income tax [(1)]	(162)	(242)	(33.1)
Insurance (Australia) profit after tax [(1)]	**384**	**581**	**(33.9)**
Banking & Wealth			
Net interest income	1,191	1,163	2.4
Net non-interest income	40	50	(20.0)
Operating expenses	(705)	(682)	3.4
Profit before impairment losses on loans and advances	526	531	(0.9)
Impairment losses on loans and advances	(172)	(13)	n/a
Banking profit before tax	354	518	(31.7)
Income tax	(106)	(155)	(31.6)
Banking profit after tax	**248**	**363**	**(31.7)**
Wealth profit (loss) after tax	**(6)**	**1**	**n/a**
Banking & Wealth profit after tax	**242**	**364**	**(33.5)**
New Zealand			
Gross written premium	1,623	1,566	3.6
Net earned premium	1,397	1,317	6.1
Net incurred claims	(696)	(654)	6.4
Operating expenses	(443)	(417)	6.2
Investment income - insurance funds	18	21	(14.3)
Insurance trading result	276	267	3.4
Other income	10	15	(33.3)
Profit before tax	286	282	1.4
Income tax	(79)	(78)	1.3
General Insurance profit after tax	**207**	**204**	**1.5**
Life Insurance profit after tax	**38**	**41**	**(7.3)**
New Zealand profit after tax	**245**	**245**	**-**
Profit after tax from ongoing functions	**871**	**1,190**	**(26.8)**
Profit after tax from discontinued business [(1)]	**1**	**30**	**(96.7)**
Profit after tax from functions	**872**	**1,220**	**(28.5)**
Life stranded costs net of TSA revenue	(19)	(13)	46.2
Remediation [(4)]	(65)	(60)	8.3
Other profit (loss) before tax [(2)]	(63)	(50)	26.0
Income tax	24	18	33.3
Other profit (loss) after tax	**(123)**	**(105)**	**17.1**
Cash earnings	**749**	**1,115**	**(32.8)**
Net profit (loss) on sale of ceased operations (after tax) [(3)]	285	(899)	n/a
Acquisition amortisation (after tax) [(5)]	(121)	(41)	195.1
Net profit after tax	**913**	**175**	**421.7**

(1) Profit after tax from discontinued business incorporates the performance of the Capital SMART and ACM Parts businesses sold on 31 October 2019. The Jun-19 period also includes the contribution from the Australian Life business prior to it being sold. Insurance (Australia) comparatives have been restated to adjust for the participating Capital SMART and ACM Parts business performance.

(2) 'Other' includes investment income on capital held at the Group level (Jun-20: $15 million; Jun-19: $27 million), consolidation adjustments and transaction costs (Jun-20: loss $14 million (NZ$15 million) relating to the restructuring of the AA Life joint venture arrangement in New Zealand; Jun-19: loss $2 million), non-controlling interests (Jun-20: loss $19 million; Jun-19: loss $20 million) and net external funding expense (Jun-20: $45 million; Jun-19: $55 million).

(3) Net profit (loss) on sale of ceased operations includes a gain on sale of the Capital SMART and ACM Parts businesses (Jun-20: $285 million; Jun-19: n/a), loss on sale of the Australian Life Insurance and Participating Wealth Business (Jun-20: n/a; Jun-19: loss $910 million) and gain on sale of Resilium (Jun-20: n/a; Jun-19: $11 million).

(4) 'Remediation' includes the pay and leave entitlement review provision (Jun-20: loss $60 million).

(5) 'Acquisition amortisation' includes Core Banking Platform write off (Jun-20: loss $89 million).

	Half Year Ended				Jun-20	Jun-20
	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	$M	$M	%	%
Insurance (Australia) (1)						
Gross written premium	4,153	4,176	4,144	4,101	(0.6)	0.2
Net earned premium	3,584	3,681	3,603	3,689	(2.6)	(0.5)
Net incurred claims (1)	(2,582)	(2,861)	(2,595)	(2,854)	(9.8)	(0.5)
Operating expenses	(801)	(771)	(787)	(769)	3.9	1.8
Investment income - insurance funds	148	99	319	125	49.5	(53.6)
Insurance trading result	349	148	540	191	135.8	(35.4)
Other income	22	27	107	(15)	(18.5)	(79.4)
Profit before tax	371	175	647	176	112.0	(42.7)
Income tax (1)	(110)	(52)	(194)	(48)	111.5	(43.3)
Insurance (Australia) profit after tax (1)	**261**	**123**	**453**	**128**	**112.2**	**(42.4)**
Banking & Wealth						
Net interest income	597	594	578	585	0.5	3.3
Net non-interest income	28	12	27	23	133.3	3.7
Operating expenses	(344)	(361)	(341)	(341)	(4.7)	0.9
Profit before impairment losses on loans and advances	281	245	264	267	14.7	6.4
Impairment losses on loans and advances	(171)	(1)	(6)	(7)	n/a	n/a
Banking profit before tax	110	244	258	260	(54.9)	(57.4)
Income tax	(33)	(73)	(77)	(78)	(54.8)	(57.1)
Banking profit after tax	**77**	**171**	**181**	**182**	**(55.0)**	**(57.5)**
Wealth profit (loss) after tax	**(6)**	**-**	**-**	**1**	**n/a**	**n/a**
Banking & Wealth profit after tax	**71**	**171**	**181**	**183**	**(58.5)**	**(60.8)**
New Zealand						
Gross written premium	796	827	798	768	(3.7)	(0.3)
Net earned premium	694	703	676	641	(1.3)	2.7
Net incurred claims	(321)	(375)	(339)	(315)	(14.4)	(5.3)
Operating expenses	(226)	(217)	(216)	(201)	4.1	4.6
Investment income - insurance funds	13	5	14	7	160.0	(7.1)
Insurance trading result	160	116	135	132	37.9	18.5
Other income	4	6	13	2	(33.3)	(69.2)
Profit before tax	164	122	148	134	34.4	10.8
Income tax	(46)	(33)	(39)	(39)	39.4	17.9
General Insurance profit after tax	**118**	**89**	**109**	**95**	**32.6**	**8.3**
Life Insurance profit after tax	**25**	**13**	**25**	**16**	**92.3**	**-**
New Zealand profit after tax	**143**	**102**	**134**	**111**	**40.2**	**6.7**
Profit after tax from ongoing functions	**475**	**396**	**768**	**422**	**19.9**	**(38.2)**
Profit after tax from discontinued business (1)	**-**	**1**	**2**	**28**	**(100.0)**	**(100.0)**
Profit after tax from functions	**475**	**397**	**770**	**450**	**19.6**	**(38.3)**
Life stranded costs net of TSA revenue	(8)	(11)	(13)	-	(27.3)	(38.5)
Remediation (4)	(65)	-	(60)	-	n/a	8.3
Other profit (loss) before tax (2)	(42)	(21)	(10)	(40)	100.0	320.0
Income tax	24	-	15	3	n/a	60.0
Other profit (loss) after tax	**(91)**	**(32)**	**(68)**	**(37)**	**184.4**	**33.8**
Cash earnings	**384**	**365**	**702**	**413**	**5.2**	**(45.3)**
Net profit (loss) on sale of ceased operations (after tax) (3)	(8)	293	(754)	(145)	n/a	(98.9)
Acquisition amortisation (after tax) (5)	(105)	(16)	(23)	(18)	n/a	356.5
Net profit after tax	**271**	**642**	**(75)**	**250**	**(57.8)**	**n/a**

(1) Profit after tax from discontinued business incorporates the performance of the Capital SMART and ACM Parts businesses sold on 31 October 2019. The Jun-19 and Dec-18 period also includes the contribution from the Australian Life business prior to it being sold. Insurance (Australia) comparatives have been restated to adjust for the participating Capital SMART and ACM Parts business performance.

(2) 'Other' includes investment income on capital held at the Group level (Jun-20: $6 million; Dec-19: $9 million; Jun-19: $17 million; Dec-18: $10 million), consolidation adjustments and transaction costs (Jun-20: loss $14 million (NZ$15 million) relating to the restructuring of the AA Life joint venture arrangement in New Zealand; Dec-19: nil; Jun-19: $9 million; Dec-18: loss $11 million), non-controlling interests (Jun-20: loss $11 million; Dec-19: loss $8 million; Jun-19: loss $11 million; Dec-18: loss $9 million) and net external funding expense (Jun-20: $23 million; Dec-19: $22 million; Jun-19: $25 million; Dec-18: $30 million).

(3) Net profit (loss) on sale of ceased operations includes a gain on sale of the Capital SMART and ACM Parts businesses (Jun-20: loss $8 million; Dec-19: $293 million; Jun-19: n/a; Dec-18: n/a), loss on sale of the Australian Life Insurance and Participating Wealth Business (Jun-20: n/a; Dec-19: n/a; Jun-19: loss $765 million; Dec-18: loss $145 million) and gain on sale of Resilium (Jun-20: n/a; Dec-19: n/a; Jun-19: $11 million; Dec-18: n/a).

(4) 'Remediation' includes the pay and leave entitlement review provision (Jun-20: loss $60 million).

(5) 'Acquisition amortisation' includes Core Banking Platform write off (Jun-20: loss $89 million).

GROUP RATIOS AND STATISTICS

		Full Year Ended Jun-20	Full Year Ended Jun-19	Jun-20 vs Jun-19 %
Performance ratios				
Earnings per share [1] [2]				
Basic	(cents)	71.93	13.54	431.2
Diluted	(cents)	67.99	13.54	402.1
Cash earnings per share [1] [2]				
Basic	(cents)	59.01	86.24	(31.6)
Diluted	(cents)	56.28	84.05	(33.0)
Return on average shareholders' equity [1]	(%)	7.2	1.3	
Cash return on average shareholders' equity [1]	(%)	5.9	8.4	
Cash return on average shareholders' equity pre-goodwill [1]	(%)	9.4	13.0	
Return on average total assets	(%)	0.95	0.18	
Insurance trading ratio [4]	(%)	8.9	11.6	
Underlying insurance trading ratio [4]	(%)	11.1	12.3	
Bank net interest margin (interest-earning assets) [6]	(%)	1.94	1.90	
Shareholder summary				
Ordinary dividends per ordinary share	(cents)	36.0	70.0	(48.6)
Special dividends per ordinary share	(cents)	-	8.0	(100.0)
Payout ratio (excluding special dividend) [1]				
Net profit after tax	(%)	49.8	517.3	
Cash earnings	(%)	60.7	81.2	
Payout ratio (including special dividend) [1]				
Net profit after tax	(%)	49.8	576.4	
Cash earnings	(%)	60.7	90.5	
Weighted average number of shares				
Basic	(m)	1,269.3	1,292.9	(1.8)
Diluted	(m)	1,400.3	1,380.2	1.5
Number of shares at end of period [3]	(m)	1,275.8	1,293.3	(1.4)
Net tangible asset backing per share	($)	5.89	5.93	(0.7)
Share price at end of period	($)	9.23	13.47	(31.5)
Productivity				
Australian General Insurance expense ratio	(%)	21.6	21.3	
Banking cost to income ratio	(%)	57.3	56.2	
New Zealand General Insurance expense ratio	(%)	31.7	31.6	
Financial position				
Total assets	($M)	95,744	96,235	(0.5)
Net tangible assets	($M)	7,509	7,673	(2.1)
Net assets	($M)	12,784	13,133	(2.7)
Average Shareholders' Equity	($M)	12,660	13,352	(5.2)
Capital				
General Insurance total capital PCA coverage	(times)	1.68	1.85	
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.25	1.39	
Bank total capital ratio	(%)	13.71	13.45	
Bank Common Equity Tier 1 ratio [5]	(%)	9.34	9.27	
Common Equity Tier 1 Capital held within SGL & Corp Services	($M)	605	137	341.6

(1) Refer to Glossary for definitions.
(2) Refer to Appendix "Group EPS Calculations" (page 69) for detailed earnings per share calculations.
(3) Excluding treasury shares.
(4) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses in October 2019.
(5) Jun-19 comparatives have been restated to reflect immaterial changes in Bank credit risk-weighted assets as set out in the revised Jun-19 APS 330 disclosures published on the Suncorp Group website on 31 January 2020.
(6) Comparative figures for NIM have been restated to reflect the new NIM calculation methodology.

		Half Year Ended				Jun-20	Jun-20
		Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
						%	%
Performance ratios							
Earnings per share [1] [2]							
Basic	(cents)	21.53	50.16	(5.80)	19.34	(57.1)	n/a
Diluted	(cents)	21.08	48.27	(5.80)	19.34	(56.3)	n/a
Cash earnings per share [1] [2]							
Basic	(cents)	30.51	28.52	54.28	31.95	7.0	(43.8)
Diluted	(cents)	29.41	28.04	52.44	31.54	4.9	(43.9)
Return on average shareholders' equity [1]	(%)	4.4	10.0	(1.2)	3.6		
Cash return on average shareholders' equity [1]	(%)	6.2	5.7	10.9	6.0		
Cash return on average shareholders' equity pre-goodwill [1]	(%)	9.9	9.0	17.1	9.3		
Return on average total assets	(%)	0.57	1.33	(0.15)	0.50		
Insurance trading ratio [4]	(%)	11.9	6.0	15.8	7.5		
Underlying insurance trading ratio [4]	(%)	12.9	9.3	12.3	12.2		
Bank net interest margin (interest-earning assets) [6]	(%)	1.96	1.92	1.90	1.89		
Shareholder summary							
Ordinary dividends per ordinary share	(cents)	10.0	26.0	44.0	26.0	(61.5)	(77.3)
Special dividends per ordinary share	(cents)	-	-	8.0	-	n/a	(100.0)
Payout ratio (excluding special dividend) [1]							
Net profit after tax	(%)	47.1	50.9	(758.7)	134.5		
Cash earnings	(%)	33.2	89.5	81.1	81.4		
Payout ratio (including special dividend) [1]							
Net profit after tax	(%)	47.1	50.9	(896.7)	134.5		
Cash earnings	(%)	33.2	89.5	95.8	81.4		
Weighted average number of shares							
Basic	(m)	1,258.5	1,280.0	1,293.2	1,292.6	(1.7)	(2.7)
Diluted	(m)	1,356.6	1,369.4	1,380.5	1,382.2	(0.9)	(1.7)
Number of shares at end of period [3]	(m)	1,275.8	1,257.1	1,293.3	1,293.1	1.5	(1.4)
Net tangible asset backing per share	($)	5.89	5.81	5.93	6.26	1.3	(0.8)
Share price at end of period	($)	9.23	12.96	13.47	12.63	(28.8)	(31.5)
Productivity							
Australian General Insurance expense ratio	(%)	22.3	20.9	21.8	20.8		
Banking cost to income ratio	(%)	55.0	59.6	56.4	56.1		
New Zealand General Insurance expense ratio	(%)	32.5	30.9	32.0	31.3		
Financial position							
Total assets	($M)	95,744	95,184	96,235	99,315	0.6	(0.5)
Net tangible assets	($M)	7,509	7,308	7,673	8,095	2.8	(2.1)
Net assets	($M)	12,784	12,717	13,133	13,624	0.5	(2.7)
Average Shareholders' Equity	($M)	12,525	12,796	12,995	13,709	(2.1)	(3.6)
Capital							
General Insurance total capital PCA coverage	(times)	1.68	1.72	1.85	1.67		
General Insurance Common Equity Tier 1 PCA coverage	(times)	1.25	1.28	1.39	1.21		
Bank total capital ratio	(%)	13.71	13.82	13.45	13.35		
Bank Common Equity Tier 1 ratio [5]	(%)	9.34	9.69	9.27	9.16		
Common Equity Tier 1 Capital held within SGL & Corp Services	($M)	605	328	137	208	84.5	341.6

(1) Refer to Glossary for definitions.

(2) Refer to Appendix “Group EPS Calculations” (page 69) for detailed earnings per share calculations.

(3) Excluding treasury shares.

(4) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses in October 2019.

(5) Jun-19 comparatives have been restated to reflect immaterial changes in Bank credit risk-weighted assets as set out in the revised Jun-19 APS 330 disclosures published on the Suncorp Group website on 31 January 2020.

(6) Comparative figures for NIM have been restated to reflect the new NIM calculation methodology.

GROUP RESULT OVERVIEW

Group net profit after tax (NPAT) of $913 million, up $738 million or 421.7% on the prior comparative period (pcp), included the profit after tax on the sale of Capital S.M.A.R.T ("SMART") and ACM Parts businesses to AMA Group Limited ("AMA") of $285 million, and the $89 million non-cash impairment charge relating to the core banking platform. The pcp was impacted by a $910 million after tax non-cash loss on sale of the Australian Life business.

Cash earnings of $749 million, down 32.8% on the pcp, was impacted by lower reserve releases, higher reinsurance costs and the impact of the low yield environment in the General Insurance business, significantly higher credit provisioning in the Bank and higher Group operating expenses which includes a $60 million provision relating to the ongoing pay and leave entitlements review.

Key estimated COVID-19 impacts

The COVID-19 pandemic has had an approximately $140 million pre-tax negative impact on the Group's FY20 result.

The net impact on the general insurance businesses was broadly neutral[1] excluding the impact of investment markets. In Insurance (Australia), the net impact reflects the benefit of lower motor claims frequency due to mobility restrictions, offset by provisions and risk margins to cover COVID-19 uncertainty (including landlord loss of rent and potential business interruption claims), the impact of lower new business and customer relief programs, and additional COVID-19 expenses. In New Zealand, motor claims frequency benefits were offset by provisions raised to reflect the pass through to customers of reduced risk of motor claims during COVID-19 mobility restrictions. In the Bank, the significant negative impact reflects higher impairment losses due to a significant increase in the COVID-19-driven collective provision.

The table below provides details of the estimated impacts on each of the businesses. Material impacts from COVID-19 have also been separately identified throughout the report.

Key estimated COVID-19 impacts by function

		Full Year Ended Jun-20 $M
Insurance (Australia) [1]	~$140 million benefit from lower motor claims frequency due to mobility restrictions ~$55 million lower GWP due to reduced new business volumes and impact of customer relief packages. Approximately half of this has been earned in FY20. $85 million provision, including risk margin, for COVID-19 uncertainty (including landlord insurance and business interruption claims) Includes the impact of higher expenses including the roll back of some offshore processes, annual leave cancellations, property, IT costs etc	~20
Banking & Wealth	Significant increase in Bank impairment losses due to the higher COVID-19 driven collective provision	~(160)
New Zealand [1]	Lower motor claims frequency due to mobility restrictions Pass-through to customers of reduced risk of motor claims during COVID-19 mobility restrictions via provisions for premium relief and hardship funds	-
Total Group (pre-tax) impact	**Excludes investment income impact from market volatility due to COVID-19**	**~(140)**

(1) The broadly neutral outcome is indicative of key items related to COVID-19 and does not capture all impacts.

Suncorp's response to COVID-19 has been guided by five priorities: ensuring the health and safety of Suncorp employees, supporting customers, protecting the business, effectively communicating with stakeholders and preparing to emerge from the crisis in a position of strength.

Following the introduction of restrictions, Suncorp transitioned 90% of its workforce to working remotely and implemented a range of hygiene measures to protect the health and safety of customers and team members. A significant number of employees were redeployed to customer-facing and business-critical roles to assist with the significant increase in call volumes and online enquiries from customers.

Suncorp has worked alongside industry bodies, governments and regulators to ensure a well-coordinated approach to delivering financial support for customers impacts by COVID-19. Since March 2020, Suncorp has provided financial support to customers in the form of premium waivers, discounts, loan deferrals and practical measures based on the individual needs of customers including:

- 9,800 customer loans were under temporary loan repayment deferral arrangements as at 31 July (June: 14,400). Bank customers received access to a range of support options including removing fees and deferring repayments. As at 31 July, 5% of the home lending portfolio are under temporary loan repayment deferral arrangements, down from 8% at 30 June.
- 31,000 motor and home insurance customers received three-month premium waivers or discounts as at the end of June.
- 26,000 doctors, nurses, hospital staff and first responders received free AAMI roadside assist as at 31 July.
- Access to free counselling as part of a Peace of Mind package aimed at providing practical measures to support customer facing hardship.

As the impacts of COVID-19 continue, Suncorp is working closely with customers to ensure they have the right support available to them.

Group capital and dividend

The Group has adopted a conservative approach to capital management during the year to ensure it maintains a strong capital position through the current period of heightened uncertainty.

The Group's excess to common equity tier 1 capital (CET1) target is $823 million after adjusting for the final dividend with all businesses holding CET1 in excess of targets and $605 million held at Group.

The Group's robust balance sheet has led the Board to determine a fully franked final ordinary dividend of 10 cents per share (cps) bringing the total ordinary dividends for the year to 36 cps which equates to a full year payout ratio of 60.7% of cash earnings, at the bottom of the target payout range.

For further information on the dividend and Group capital position, please refer to page 14.

Insurance (Australia)

Insurance (Australia) profit after tax (PAT) was $384 million, down 33.9% vs the pcp, primarily due to the impact of lower reserve releases, higher reinsurance costs and the impact from the low yield environment.

Gross written premium (GWP) increased 1.0%, reflecting growth in Home and Motor, partially offset by declines in the Commercial and Compulsory Third Party (CTP) portfolios.

Home and Motor GWP grew 2.5%. Home GWP growth of 1.9% was driven by premium rate increases offset by modest unit losses. Unit count was impacted by remediation of the Vero broker channel and the embargo on landlord insurance policies from March 2020 as a result of COVID-19. Motor GWP growth of 2.9% was driven by premium rate increases and modest unit growth. Underlying Commercial GWP growth was 3.2% after normalising for the impact of portfolio exits.

CTP GWP declined 4.8% as a result of ongoing impacts from scheme reform and heightened competition, while Workers' Compensation and Other GWP grew by 6.8% driven by premium rate increases and strong renewals.

For further information on the performance of Insurance (Australia) please refer to page 27.

Banking & Wealth

Banking & Wealth PAT was $242 million, down 33.5% on the pcp, primarily due to higher impairment charges driven by the impacts of the COVID-19 pandemic. The Bank delivered profit before impairment losses of $526 million, down 0.9% on the pcp. Impairment losses were $171 million, equivalent to 29 basis points of gross loans and advances, predominately due to an increase in collective provision due to the deterioration in the economic outlook as a result of the COVID-19 pandemic. As at 31 July, 5% of the home lending portfolio is under temporary loan deferral arrangements, down from 8% at 30 June as the Bank continues to complete three-month check-ins with customers.

Home lending contracted 2.8%, reflecting strong competition, reduced system growth and an extended period of elevated loan processing turn-around times in the 2019 calendar year. The Bank continued to deliver a targeted program of work in retail lending, resulting in turn-around times improving in the fourth quarter of the financial year. Business lending grew 0.4 per cent over the year.

The Bank's net interest margin (NIM) increased 4 basis points (bps) over the year to 1.94%, driven by favourable shifts in the funding mix with strong, above-system growth in at-call deposits and a subsequent reduction in term deposits, and significantly lower benchmark rates in the market. The Bank's CET1 ratio was 9.34%, above the mid-point of the target operating range of 9.00% to 9.50%. The Bank has also maintained strong funding and liquidity metrics, with a Liquidity Coverage Ratio (LCR) of 138% and a Net Stable Funding Ratio (NSFR) of 123%.

Wealth reported an underlying loss of $6 million, reflecting reduced administration fee revenue due to COVID-19 and elevated regulatory costs.

For further information on the performance of the Banking & Wealth please refer to page 38.

New Zealand

New Zealand PAT of NZ$259 million was broadly in-line with the pcp. The result was driven by premium growth, offset by a return to more normalised natural hazard experience following a benign period for natural hazards in the pcp, as well as higher operating costs.

The result includes NZ$24 million of provisions recognised for customer remediation (incremental NZ$16 million in the second half of the year), and a further NZ$23 million provision to reflect the pass through to customers of reduced risk of motor claims during COVID-19 mobility restrictions. Suncorp will continue to monitor any potential impact of further New Zealand mobility restrictions in FY21.

New Zealand GWP increased 2.6%. Excluding the impacts of customer remediation and COVID-19 support packages, GWP grew 5.0% driven by premium increases in the Commercial portfolio, unit growth primarily in the direct consumer portfolio and increased participation in a broker scheme.

For further information on the performance of New Zealand please refer to page 56.

Group General Insurance

Group General Insurance underlying insurance trading ratio (ITR) was 11.1%, down from 12.3% in the pcp, reflecting the impact of a higher natural hazard allowance, increased reinsurance costs, higher expenses and the impact of lower yields, partially offset by underlying margin expansion and reduced claims frequency as a result of COVID-19 mobility restrictions.

COVID-19 is estimated to have contributed a 0.9% benefit to the underlying ITR, noting the underlying ITR calculation excludes risk margin. Additional risk margin is being held as a result of greater uncertainty stemming from COVID-19, and this has impacted the reported ITR.

There were several large natural hazard events in FY20, including the catastrophic bushfires which caused significant destruction across Australia, and the severe hailstorms, rain and flooding that occurred in the Eastern states during January and February. The Group's robust reinsurance program including the aggregate covers limited total natural hazard costs for FY20 to $820 million, in line with the Group's allowance.

Group net reserve releases of $103 million, representing 1.2% of Net Earned Premium (NEP), were below the pcp, primarily as a result of recent personal injury scheme reform, and one-off strengthening of prior period claims in the Commercial long-tail and Consumer portfolios in Australia. Personal injury long-tail reserve releases represented 2.3% of Group NEP, remaining above the Group's long-run expectation of 1.5%. One-off strains in the Commercial long-tail portfolio related to case estimate reviews on bodily injury claims and an increase in molestation claims reserves. The short-tail book also saw modest strengthening relating to prior year natural hazard events and customer remediation.

The most material impact of lower yields on underlying ITR was due to the present value (PV) adjustment on new claims. This adjustment reflects the initial discounting applied on new claims to recognise them at present value. The reduction in yields over FY20 resulted in a smaller PV adjustment compared with the pcp ($52 million in FY20 down from $134 million in FY19). PV adjustments are mainly driven by the long-tail portfolios which are more sensitive to movements in discount rates.

The General Insurance businesses' CET1 position was 1.25 times the prescribed capital amount (PCA), at the top end of its target operating range of 1.05 to 1.25 times PCA.

For further information on the Group's reinsurance program, please refer to the Group reinsurance section on page 21 and slides 7 and 8 in the FY20 Investor Discussion Pack.

Group expenses

Group operating expenses, excluding fire service levies (FSL), of $2.75 billion were up 2.3% on the pcp. Excluding costs associated with the Australian Life business, on a like-for-like basis, operating expenses were up 5.7%. This increase reflects higher project and technology costs, one-off COVID-19 costs including the roll back of offshore processes, increased commissions and marketing expenses, and a $60 million provision relating to the ongoing pay and leave entitlements review. Excluding the one-off provision for the pay and leave entitlements review and COVID-19 costs, operating expenses were $2.67 billion, up 2.5% vs the pcp (excluding the Australian Life business).

FY21 GROUP OUTLOOK

The operating environment remains highly uncertain as a result of the COVID-19 pandemic and the associated economic impacts.

The Group's base case economic assumptions allow for a sharp deterioration in forecast macroeconomic conditions with unemployment peaking at 10%, a reduction in residential house prices of 8.3%, a reduction in commercial property prices of 14.2% and a sustained period of low yields on invested assets. The economy is assumed to begin recovery from 2021.

Economic assumptions will be reviewed on an ongoing basis to take into account any major changes to the outlook including, for example, the impact of Victoria's recently imposed mobility restrictions. The Group will retain a conservative bias in its assumption setting and stress testing in order to ensure key funding, liquidity and balance sheet metrics remain adequate for a range of scenarios.

The Group's three businesses will remain well capitalised, with significant excess capital continuing to be held at the Group level. While the Board remains committed to its long-standing dividend policy, future distributions will be informed by the outlook for the economy, the results of stress testing and the operational needs of the business.

In addition to the impacts of COVID-19, the Group assumes continued volatility in the frequency and intensity of natural hazard events. To address this, the Group has purchased an Aggregate Excess of Loss reinsurance cover which provides $400 million of cover for natural hazards in excess of $5 million, once the retained cost of these events reaches $650 million. This is in addition to the main catastrophe program which has been structured with covers similar to previous years. The Group's natural hazard allowance in FY21 has been increased by $130 million to $950 million.

Suncorp will continue to adjust pricing to take account of increased natural hazard costs and will advocate for governments to support mitigation programs designed to increase community resilience to natural disasters and remove a range of taxes applied to insurance products.

The Group will also continue to advocate for further reform of statutory schemes, particularly in Queensland, to deliver improved outcomes for customers and to ensure schemes remain sustainable for the long-term.

In an environment of economic uncertainty, the Group will remain focussed on its strategic priorities and speed up the pace of transformation. The four key priorities remain:

- Improve the performance of the core insurance and banking businesses;
- Leverage and build upon data and digital assets;
- Embracing regulatory change; and
- Embed operational excellence programs across the Group.

To accelerate the delivery of these priorities the Group has implemented a new operating model, confirmed changes to its organisational structure and has finalised key management appointments. These changes will remove duplication and complexity, clarify accountabilities and deliver improved outcomes for customers and stakeholders.

Key programs of work in the **Insurance (Australia)** business include – reinvigorate and realign brands; simplify products and review policy terms, optimise distribution channels; and design best in class claims processes.

The **Bank** will continue to deliver a targeted program of work to support home lending, including improving processes to reduce and maintain turn-around times and embedding the recently implemented broker segmentation model. The Bank will continue to simplify its portfolio of products, optimise its distribution channels and accelerate digital and everyday banking by leveraging the 'Open Banking' framework. The **Wealth** business remains subject to an ongoing strategic review.

The **New Zealand** business continue to focus on disciplined underwriting and will invest in digitisation of claims processes and interactions with corporate partners and intermediaries.

CAPITAL AND DIVIDENDS

Capital

Capital management during FY20

The Group has adopted a conservative approach to capital management during the year to ensure it maintains a strong capital position through the current period of increased uncertainty. This has included:

- Retaining the $285 million profit from the sale of Capital SMART and ACM Parts businesses in October 2019.
- Proactively refinancing the $400 million convertible preference shares (CPS3, trading as SUNPE) Additional Tier 1 securities during 1H20, six months in advance of the optional exchange date, with a new $389 million Capital Notes 3 Additional Tier 1 transaction.
- Electing to convert $171 million of the CPS3 that did not participate in the Capital Notes 3 reinvestment offer into ordinary equity at the optional exchange date through a resale arrangement.
- Prudently strengthening capital targets during the year:
  - 25 bps ($85 million) increase in Bank capital targets at 31 December 2019 to complete the transition to APRA's 'unquestionably strong' capital benchmarks.
  - 0.05x PCA ($126 million) increase in General Insurance capital targets at 30 June 2020 to reflect changes in the FY21 reinsurance program and more conservative levels of assumed profitability in light of an increase in the natural hazard allowance and the current low yield environment.
- Determined to pay full year dividends based on a payout ratio of cash earnings at the bottom of the Group's 60% to 80% target range, consistent with APRA's guidance for insurers to moderate dividend payout ratios. New shares will be issued under the Dividend Reinvestment Plan (DRP) for the final ordinary dividend.
- Maintaining significant capital flexibility through the retention of capital at Group, with $605 million of CET1 held at Group at 30 June 2020, prior to payment of the final FY20 dividend.

Capital position at 30 June 2020

Over the year, the Group's excess CET1 (after payment of the final FY20 dividend net of DRP) decreased from $989 million to $823 million.

The main impacts on the Group's excess capital position were:

- The return of the final $506 million of capital from the sale of the Australian Life Insurance business to shareholders via a pro-rata capital return and share consolidation in October 2019.
- NPAT after the payment of dividends (net of DRP).
- An increase in the General Insurance CET1 Target reflecting changes in the FY21 reinsurance program and more conservative levels of assumed profitability in light of the current low yield environment.
- A reduction in the General Insurance excess technical provision, due primarily to the impact of changes to the FY21 reinsurance program and natural hazards allowance and COVID-19 impacts on potential landlord insurance claims.

— An increase in the Bank CET1 target due to a 25 bps increase to finalise the transition to APRA's 'unquestionably strong' capital benchmarks.

— A reduction in past acquisition intangibles and capitalised project costs including the impairment of the deposit, transactions and payment modules of the Core Banking Platform, partially offset by an increase in net deferred tax assets, due to unrealised investment losses and increased Bank credit provisions.

	As at 30 June 2020					
	General Insurance [2]	Bank [2]	Life	SGL, Corp Services & Consol	Total	Total 30 June 2019 [3]
	$M	$M	$M	$M	$M	$M
CET1	3,146	3,091	169	605	7,011	7,341
CET1 target	2,898	3,062	115	(5)	6,070	5,781
Excess to CET1 target (pre div)	248	29	54	610	941	1,560
Group dividend (net of DRP)					(118)	(571)
Group excess to CET1 target (ex div)					823	989
Common Equity Tier 1 ratio [1]	1.25x	9.34%				
Total capital	4,241	4,540	169	619	9,569	9,849
Total target capital	3,906	4,221	115	(27)	8,215	7,903
Excess to target (pre div)	335	319	54	646	1,354	1,946
Group dividend (net of DRP)					(118)	(571)
Group excess to target (ex div)					1,236	1,375
Total capital ratio [1]	**1.68x**	**13.71%**				

(1) Capital ratios are expressed as coverage of the PCA for General Insurance and as a percentage of risk weighted assets for the Bank.
(2) The Bank and General Insurance targets are shown as the midpoint of the target operating ranges.
(3) Jun-19 comparatives have been restated to reflect immaterial changes in Bank credit risk weighted assets as set out in the revised Jun-19 APS 330 disclosures published on the Suncorp Group website on 31 January 2020.

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

— The General Insurance businesses' CET1 position was 1.25 times the PCA, at the top of its target operating range of 1.05 to 1.25 times PCA.

— The Bank's CET1 ratio was 9.34%, above the middle of its target operating range of 9.00% to 9.50%.

— $605 million of CET1 held at Group (SGL and Corporate Services).

The Group maintains a strong capital position with all businesses holding CET1 in excess of targets. The Group's excess to CET1 target is $823 million after adjusting for the final FY20 dividend (net of DRP).

Capital management strategy

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

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

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

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

For regulatory purposes, capital is classified as follows:

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

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

Dividends

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

The Group's robust balance sheet has led the Board to determine a fully franked final ordinary dividend of 10 cps, bringing the total ordinary dividends for the full year to 36 cps which equates to a full year payout ratio of 60.7% of cash earnings, at the bottom of the target payout range.

The Group intends to issue new shares under the DRP for the final ordinary dividend but will not apply a discount or underwrite participation.

The final dividend will be paid on 21 October 2020. The ex-dividend date is 26 August 2020.

The Group's franking credit balance is set out in the table below. The balance is currently elevated due to differences in timing between accounting profit and tax profit and is expected to reduce over time.

	Half Year Ended		
	Jun-20	Dec-19	Jun-19
	$M	$M	$M
Franking credits available for subsequent financial periods based on a tax rate of 30% after proposed dividends	220	96	59

GROUP OPERATING EXPENSES

Group total operating expenses (excluding FSL) were $2.75 billion, up 2.3% on the prior year.

Excluding the reduction in operating expenses following the sale of the Australian Life Insurance business, operating costs were up 5.7% compared to the prior year, reflecting some material items of a one-off nature. These one-off items related to a $60 million provision for the ongoing pay and leave entitlements review in relation to incorrect payments due to inconsistencies in the Group's rostering and pay systems and $22 million in one-off COVID-19 related expenses, partly driven by factors such as technology costs to support new ways of working and the need to onshore certain activities.

Excluding the one-off items described above and excluding the sale of the Australian Life Insurance business, the Group cost base of $2.67 billion was up 2.5% on the prior year.

This increase reflects:

- $48 million increase in project costs, primarily driven by increased spend on regulatory projects.
- $26 million increase in commissions and advertising to support growth initiatives across the businesses.
- $16 million increase in technology expenses including licensing, support and storage costs.
- A net reduction in other costs of $25 million driven by net benefits from the BIP program offset by an increase in costs associated with the joint venture entities and personnel and salary inflation expenses.

Operating expenses movements

	Movement Jun-19 to Jun-20 $M
FY19 operating expenses (excluding FSL)	**2,685**
Australian Life business operating expenses	(85)
FY19 operating expenses (excluding Australian Life business)	**2,600**
Pay and leave entitlements review	60
Project costs (included in operating expenses)	48
Additional COVID-19 expenses	22
Commissions and advertising	26
Technology costs	16
Other	(25)
FY20 operating expenses (excluding FSL)	**2,747**

Operating expenses by function

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Insurance (Australia) operating expenses									
Acquisition expenses	1,010	1,005	0.5	520	490	508	497	6.1	2.4
Other underwriting expenses	422	390	8.2	211	211	202	188	-	4.5
Insurance (Australia) operating expenses	**1,432**	**1,395**	**2.7**	**731**	**701**	**710**	**685**	**4.3**	**3.0**
New Zealand operating expenses									
Acquisition expenses	318	302	5.3	161	157	153	149	2.5	5.2
Other underwriting expenses	125	115	8.7	65	60	63	52	8.3	3.2
Life operating expenses	41	36	13.9	19	22	19	17	(13.6)	-
New Zealand operating expenses	**484**	**453**	**6.8**	**245**	**239**	**235**	**218**	**2.5**	**4.3**
Banking & Wealth operating expenses									
Banking operating expenses	705	682	3.4	344	361	341	341	(4.7)	0.9
Wealth operating expenses	66	70	(5.7)	30	36	37	33	(16.7)	(18.9)
Banking & Wealth operating expenses	**771**	**752**	**2.5**	**374**	**397**	**378**	**374**	**(5.8)**	**(1.1)**
Pay and leave entitlements review	**60**	**-**	**n/a**	**60**	**-**	**-**	**-**	**n/a**	**n/a**
Group total operating expenses from ongoing functions	**2,747**	**2,600**	**5.7**	**1,410**	**1,337**	**1,323**	**1,277**	**5.5**	**6.6**
Australian Life Business operating expenses	**-**	**85**	**(100.0)**	**-**	**-**	**20**	**65**	**n/a**	**(100.0)**
Group total operating expenses	**2,747**	**2,685**	**2.3**	**1,410**	**1,337**	**1,343**	**1,342**	**5.5**	**5.0**
FSL	140	161	(13.0)	70	70	76	85	-	(7.9)
Group total operating expenses (including FSL)	**2,887**	**2,846**	**1.4**	**1,480**	**1,407**	**1,419**	**1,427**	**5.2**	**4.3**

Business Improvement Program

FY20 was the final year of the Business Improvement Program (BIP) program. Investment in the BIP streams of work delivered an incremental net benefit of $158 million for the year. Total cumulative net benefits at the end of the three-year program were $438 million, exceeding the target of $380 million.

The focus of all streams of work has been on embedding the benefits as part of BAU. The Group will continue to invest in initiatives to improve processes and drive efficiencies.

FY20 BIP incremental benefits – movements on prior year

	Gross costs (total) [2]			Net benefits (incremental) [1]		
	Opex	Claims	Total	Opex	Claims	Total
	$M	$M	$M	$M	$M	$M
FY18	(75)	(29)	**(104)**	(1)	41	**40**
FY19	(47)	(24)	**(71)**	126	114	**240**
FY20 [3]	(13)	(16)	**(29)**	116	42	**158**

[1] Represents change on preceding period.
[2] Represents total costs for each full year period.
[3] FY20 operating expenses incremental net benefits includes $18 million for stranded costs relating to the Australian Life business sold in FY19.

GROUP GENERAL INSURANCE

Group reported and underlying ITR

Reconciliation of reported ITR to underlying ITR

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	$M	$M	$M	$M	$M	$M
Reported ITR [1]	**773**	**998**	**509**	**264**	**675**	**323**
Reported reserve releases (above) below long-run expectations	26	(198)	19	7	(90)	(108)
Natural hazards above (below) allowances	-	129	(109)	109	(91)	220
Investment income mismatch	94	112	92	2	30	82
Other:						
Risk margin	23	(41)	4	19	(40)	(1)
Abnormal (Simplification/restructuring) expenses	12	34	4	8	20	14
Additional reinsurance premium	35	25	35	-	25	-
Underlying ITR	**963**	**1,059**	**554**	**409**	**529**	**530**
Underlying ITR ratio	**11.1%**	**12.3%**	**12.9%**	**9.3%**	**12.3%**	**12.2%**

(1) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses in October 2019.

Underlying ITR movements – June 2019 to June 2020

	Jun-20 vs Jun-19 %
FY19 underlying ITR	**12.3**
Natural hazard allowance	(1.1)
Aggregate Stop Loss (ASL) cover purchase	(0.5)
Investment income (including present value adjustment)	(0.7)
Expenses (excluding commissions)	(0.7)
Claims handling expenses (including the claims handling expenses provision on natural hazards)	(0.5)
COVID-19 impact	0.9
Margin - net earned premium (less ASL), working claims and commissions	1.4
FY20 underlying ITR	**11.1**

As set out in the table, the Group underlying ITR has decreased from 12.3% in FY19 to 11.1% in FY20, reflecting:

— A $100 million uplift in the Group's natural hazard allowance which increased from $720 million in FY19 to $820 million in FY20.

— $45 million increase in reinsurance costs reflecting the purchase of the new Aggregate Stop Loss cover in FY20.

— The impact of lower risk free yields including a lower present value adjustment on new claims (due to the discounting effect).

— Higher underlying operating expenses, primarily due to an increase in technology and regulatory costs.

— An increase in claims handling expense due to a combination of higher event costs in FY20 and increased regulatory costs.

- The impact of COVID-19, reflecting the net effect of the claims benefit arising from lower motor frequency, partially offset by lower new business, the impact of customer relief packages and higher costs associated with landlord and business interruption insurance policies. Risk margin is excluded from the underlying ITR calculation and in FY20, an additional risk margin was held as a result of heightened COVID-19 uncertainty.
- Margin expansion seen across New Zealand, Consumer, Commercial and Workers' Compensation compared to FY19. CTP is broadly flat and continues to be impacted by scheme reform and competitive market dynamics.

Net impact of yields and investment markets

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	$M	$M	$M	$M	$M	$M
Insurance (Australia)						
Investment income (insurance funds)	247	444	148	99	319	125
Impact of risk-free discount rates on outstanding claims	(187)	(424)	(152)	(35)	(285)	(139)
	60	20	(4)	64	34	(14)
Present value adjustment on newly recognised claims	52	134	21	31	55	79
Investment income (shareholders' funds)	63	115	26	37	118	(3)
	175	**269**	**43**	**132**	**207**	**62**
New Zealand (AUD)						
Investment income (insurance funds)	18	21	13	5	14	7
Investment income (shareholders' funds)	18	16	12	6	14	2
	36	**37**	**25**	**11**	**28**	**9**
Net impact of yields and investment markets	**211**	**306**	**68**	**143**	**235**	**71**

Insurance (Australia)

For insurance fund assets, a key objective is to match the overall risk-free interest rate sensitivity to the Insurance claims liabilities. The aim is to neutralise, as far as possible, the impact of a movement in risk-free interest rates, so that for each 1 bp movement in interest rates, the dollar impact on assets and liabilities are equal and opposite. The residual net impact of $60 million shown in the table reflects the additional impacts from credit spreads, breakeven inflation, a risk-free component reflecting income on assets backing the undiscounted portion of the liabilities (unearned premium), manager active performance and a mismatch component, largely due to the matching process being based on the APRA assessment of liabilities and not the accounting approach.

The present value adjustment on newly recognised claims reflects the initial discounting applied to new claims to recognise them at present value.

The investment income on shareholders' funds is the absolute return on an investment portfolio of bonds, equities and alternative assets, net of the impact of credit and equity hedges. Short-term hedges were put in place in late February to reduce credit and equity exposures, given the Group's view on the market outlook. The hedges were closed out in April and provided an overall net benefit of $36 million.

For further detail on investment income for Insurance (Australia), please refer to page 33.

New Zealand

The New Zealand portfolio represents the investment returns on a portfolio comprising bonds and equities. ***For further detail on investment income for New Zealand, please refer to page 60.***

Group reinsurance

Reinsurance spend and security

General Insurance outwards reinsurance expense for the full year FY20 was $1.2 billion, an increase of 3.3% from FY19. The Aggregate Stop Loss (ASL) treaty and an additional premium due under the Natural Hazard Aggregate Protection (NHAP) treaty were the main drivers of the increase, offset by a reduction in the South Australian CTP quota share and other underlying portfolio movements.

Reinsurance security has been maintained for the FY21 year program, with over 85% of business protected by reinsurers rated 'A+' or better.

Main catastrophe program

The Group's FY21 main catastrophe program is similar to prior years, structured for sustainability, capital and cost optimisation and earnings volatility protection.

The FY21 upper limit on the main catastrophe program, which covers the Home, Motor and Commercial Property portfolios across Australia and New Zealand for major events, has reduced from $7.2 billion to $6.5 billion. This limit meets both Australian and New Zealand regulatory requirements. The reduction in limit is due to a decline in exposures through the remediation of the Commercial business and an increase in the amount of building coverage provided by the Earthquake Commission (EQC) in New Zealand.

The Group's maximum event retention in Australia remains at $250 million. The main catastrophe program includes one prepaid reinstatement which covers losses up to $6.5 billion for a second event and two further prepaid reinstatements at the lower layer which covers losses up to $500 million for the third and fourth events.

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

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

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

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

The Group also has prepaid reinstatements for Dropdown 2 and Dropdown 3 in place. In aggregate, the dropdowns provide an additional $450 million of protection against medium to large natural hazard events. The way the dropdowns interact with the main catastrophe program and the aggregate protection cover (AXL for FY21, see section below) depends on the size and frequency of natural hazard events[1]. The extent to which the horizontal dropdown layer has been eroded will determine when a dropdown may be triggered and the amount of recoveries available.

[1] In general, the Group would make recoveries under the dropdowns where available, prior to utilising the aggregate excess of loss (AXL) treaty.

For New Zealand, the Group has purchased cover to reduce the first event retention to NZ$50 million and the second and third event retentions to NZ$25 million. Similar to Australia, the dropdowns in place for New Zealand in aggregate provide NZ$590 million of protection against large natural hazard events.

An internal reinsurance agreement with Insurance (Australia) reduces Suncorp New Zealand's retention for a first New Zealand event to NZ$25 million. However, this arrangement exists for capital purposes only and does not impact the Group's net exposure of NZ$50 million.

Aggregate Reinsurance Protection

In FY20, the Group maintained its Natural Hazards Aggregate Protection (NHAP)(1) and purchased an Aggregate Stop Loss (ASL)(2) protection, aimed at limiting natural hazards exposure to the natural hazards allowance. The NHAP expired and ASL expired on 30 June 2020.

For FY21, the Group has replaced last year's NHAP and ASL treaties with a new Aggregate Excess of Loss protection (AXL). This new protection provides $400 million of cover in excess of a retention of $650 million with an event deductible of $5 million. The inclusion of the event deductible means Suncorp will retain the first $5 million of each event, accepting the lower end of the natural hazard volatility components. This structure is aimed at achieving the optimal balance of natural hazards volatility protection and capital retention.

Quota share arrangements

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

Suncorp also has a 32.5% quota share arrangement in place for CTP business in South Australia and a 50% quota share arrangement in place for large global property risks. For FY21, Suncorp has opted to retain the entirety of the ACT CTP business previously ceded through a quota share.

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

Natural hazards

The natural hazard costs for FY20 were $820 million, in line with the allowance for the year.

There were several large natural hazard events for FY20, including the catastrophic bushfires which caused significant destruction across Australia, hailstorms that impacted eastern states and an east coast weather system resulting in notable rain and flooding.

Suncorp's primary focus when events occur is to support its customers and its people by:

— Deploying dedicated response teams on the ground as needed to ensure customers are supported when they need it most.

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(1) This cover provided $300 million of cover for events greater than $10 million once aggregate costs reached $515 million (deductible). An additional premium was payable proportionate to the first $100 million of recoveries made under the NHAP. This amount was capped at $35 million once recoveries reached $100 million.

(2) This cover provided an additional $200 million of cover for all retained natural hazard losses, in excess of the natural hazards allowance of $820 million (deductible).

- Continuing ongoing engagement with all levels of government, in partnership with other insurers and the Insurance Council of Australia to ensure quick resolution of key issues, such as site access and the removal of debris.
- Instating unlimited paid emergency response leave for employees, who are members of volunteer organisations, when they are called upon to assist during an emergency or natural disaster.
- Donating to various organisations including the Australian Red Cross to help deliver emergency assistance to communities affected by disaster.
- Activating a financial relief package for Bank customers impacted by natural disasters, to further assist with the recovery process.

For the Australian bushfire events, 88% of consumer property claims, 71% of commercial property claims and 86% of motor claims had been completed as at 30 June.

Natural hazard costs

At the close of FY20, there were 15 natural hazards events exceeding $10 million as detailed in the table below. Natural hazard costs for FY20 were $820 million net of reinsurance, with retained event losses contributing $515 million and retained attritional losses contributing $305 million. An additional premium of $35 million was triggered by recoveries on the NHAP treaty in FY20.

The main catastrophe and Australian dropdown treaties have also provided protection against natural hazards events in FY20. The Eastern state hail and floods event in January 2020 led to a recovery against the main catastrophe treaty. This and three other events resulted in either deductible erosion or recoveries against at least one of the sections of the Australian dropdown covers.

Date	Event	Net costs $M
Nov 19	NSW QLD November Bushfire	38
Nov 19	SEQLD November Hail	78
Nov 19	Northern Sydney November Storms	18
Nov 19	NZ Canterbury Storms	26
Dec 19	SEQLD Northern NSW December Hail	19
Dec 19	NSW SA December Bushfires	39
Dec 19	VIC NSW TAS December Bushfires	225
Jan 20	Eastern States Hail and Floods	72
Jan 20	QLD NSW Heavy Rain	-
Feb 20	East Coast Rain and Flood	-
Feb 20	VIC NSW ACT Rain	-
Feb 20	Inland NSW QLD and VIC Rain A	-
Feb 20	Inland NSW QLD and VIC Rain B	-
Feb 20	Cyclone Damien	-
Apr 20	Rockhampton Hail	-
Total events over $10 million		**515**
Retained natural hazards attritional claims		305
Total natural hazards		**820**
Less: allowance for natural hazards		(820)
Natural hazards costs above / (below) allowance		**-**

For additional information on natural hazard events, please refer to page 31 for events in Australia and page 58 for events in New Zealand.

Natural hazard allowance

The natural hazard allowance is the Group's estimate of the impact of all natural hazard costs incurred in a fiscal year, net of reinsurance recoveries. It is determined through a process combining the Group's view of risk through modelled catastrophe losses in conjunction with the reinsurance program. The actual experience may vary from the expected allowance, particularly in a warmer year such as FY20, where dangerous bushfire conditions prevailed as record breaking temperatures were observed following periods of drought.

For FY21 the allowance has increased by $130 million to $950 million, with $898 million (FY20: $771 million) allocated to Insurance (Australia) and A$52 million (FY20: A$49 million) allocated to New Zealand. The increase in allowance reflects the change in reinsurance arrangements.

FUNCTIONAL RESULTS

INSURANCE (AUSTRALIA)

Profit contribution and General Insurance ratios

Profit contribution

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	**8,329**	**8,245**	**1.0**	**4,153**	**4,176**	**4,144**	**4,101**	**(0.6)**	**0.2**
Gross unearned premium movement	(75)	(3)	n/a	(59)	(16)	(55)	52	268.8	7.3
Gross earned premium	8,254	8,242	0.1	4,094	4,160	4,089	4,153	(1.6)	0.1
Outwards reinsurance expense	(989)	(950)	4.1	(510)	(479)	(486)	(464)	6.5	4.9
Net earned premium	**7,265**	**7,292**	**(0.4)**	**3,584**	**3,681**	**3,603**	**3,689**	**(2.6)**	**(0.5)**
Net incurred claims									
Claims expense [1]	(6,929)	(7,060)	(1.9)	(3,769)	(3,160)	(3,552)	(3,508)	19.3	6.1
Reinsurance and other recoveries revenue	1,486	1,611	(7.8)	1,187	299	957	654	297.0	24.0
Net incurred claims	**(5,443)**	**(5,449)**	**(0.1)**	**(2,582)**	**(2,861)**	**(2,595)**	**(2,854)**	**(9.8)**	**(0.5)**
Total operating expenses									
Acquisition expenses	(1,010)	(1,005)	0.5	(520)	(490)	(508)	(497)	6.1	2.4
Other underwriting expenses	(562)	(551)	2.0	(281)	(281)	(279)	(272)	-	0.7
Total operating expenses	**(1,572)**	**(1,556)**	**1.0**	**(801)**	**(771)**	**(787)**	**(769)**	**3.9**	**1.8**
Underwriting result	250	287	(12.9)	201	49	221	66	310.2	(9.0)
Investment income - insurance funds	247	444	(44.4)	148	99	319	125	49.5	(53.6)
Insurance trading result	**497**	**731**	**(32.0)**	**349**	**148**	**540**	**191**	**135.8**	**(35.4)**
Managed schemes, joint ventures and other	10	9	11.1	7	3	4	5	133.3	75.0
Insurance (Australia) operational earnings	**507**	**740**	**(31.5)**	**356**	**151**	**544**	**196**	**135.8**	**(34.6)**
Investment income - shareholder funds	63	115	(45.2)	26	37	118	(3)	(29.7)	(78.0)
Insurance (Australia) profit before tax and capital funding	**570**	**855**	**(33.3)**	**382**	**188**	**662**	**193**	**103.2**	**(42.3)**
Capital funding	(24)	(32)	(25.0)	(11)	(13)	(15)	(17)	(15.4)	(26.7)
Insurance (Australia) profit before tax	**546**	**823**	**(33.7)**	**371**	**175**	**647**	**176**	**112.0**	**(42.7)**
Income tax [1]	(162)	(242)	(33.1)	(110)	(52)	(194)	(48)	111.5	(43.3)
Insurance (Australia) profit after tax	**384**	**581**	**(33.9)**	**261**	**123**	**453**	**128**	**112.2**	**(42.4)**

(1) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses in October 2019.

General Insurance ratios

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Acquisition expenses ratio	13.9	13.8	14.5	13.3	14.1	13.5
Other underwriting expenses ratio	7.7	7.5	7.8	7.6	7.7	7.3
Total operating expenses ratio	**21.6**	**21.3**	**22.3**	**20.9**	**21.8**	**20.8**
Loss ratio	75.0	74.7	72.1	77.8	72.0	77.4
Combined operating ratio	96.6	96.0	94.4	98.7	93.8	98.2
Insurance trading ratio	**6.8**	**10.0**	**9.7**	**4.0**	**15.0**	**5.2**

Insurance trading results (excluding FSL, discount rate movement & unwind)

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	8,184	8,104	1.0	4,081	4,103	4,079	4,025	(0.5)	0.0
Net earned premium	7,125	7,131	(0.1)	3,514	3,611	3,526	3,605	(2.7)	(0.3)
Net incurred claims[(1)]	(5,256)	(5,025)	4.6	(2,430)	(2,826)	(2,310)	(2,715)	(14.0)	5.2
Acquisition expenses	(1,010)	(1,005)	0.5	(520)	(490)	(508)	(497)	6.1	2.4
Other underwriting expenses	(422)	(390)	8.2	(211)	(211)	(202)	(188)	-	4.5
Total operating expenses	(1,432)	(1,395)	2.7	(731)	(701)	(710)	(685)	4.3	3.0
Investment income - insurance funds	60	20	200.0	(4)	64	34	(14)	n/a	n/a
Insurance trading result	**497**	**731**	**(32.0)**	**349**	**148**	**540**	**191**	**135.8**	**(35.4)**

(1) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses in October 2019 and exclusion of discount unwind.

General Insurance ratios (excluding FSL, discount rate movement & unwind)

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Acquisition expenses ratio	14.2	14.1	14.8	13.6	14.4	13.8
Other underwriting expenses ratio	5.9	5.5	6.0	5.8	5.7	5.2
Total operating expenses ratio	**20.1**	**19.6**	**20.8**	**19.4**	**20.1**	**19.0**
Loss ratio	73.8	70.4	69.2	78.3	65.5	75.3
Combined operating ratio	93.9	90.0	90.0	97.7	85.6	94.3

Insurance (Australia) result overview

- Insurance (Australia) delivered profit after tax of $384 million, down 33.9% on the pcp driven by lower reserve releases, higher reinsurance costs and the impact of the low yield environment. The insurance trading result was $497 million, representing an ITR of 6.8%.
- COVID-19 has impacted the Insurance (Australia) results in the second half. This includes a favourable impact from reduced motor claims frequency due to COVID-19 restrictions. These were largely offset by a number of factors including lower GWP due to lower new business and the impact of embargo and customer relief programs, provisions and risk margin to cover COVID-19 uncertainty (including landlord loss of rent and potential business interruption claims), and increased expenses associated with implementing business continuity plans and the roll back of certain offshore processes during lockdowns.
- GWP increased 1.0% to $8,329 million. Excluding the impact of portfolio exits, remediation activities undertaken in the Vero Broker brand as well as the embargo on Landlord insurance policies from the end of March, GWP growth was 2.2%.
- Home and Motor GWP increased by 2.5%, driven by positive unit growth and moderate average written premium increases.
- Commercial GWP decreased by 1.3%. Removing the impact of portfolio exits, growth was 3.2%, achieved through continued strong premium rate increases and volume growth in targeted market segments.
- CTP GWP decreased by 4.8% due to the ongoing impacts of scheme reforms and competitive market pricing dynamics.
- Workers' compensation and other growth of 6.8% was driven by premium rate increases and strong renewals. The wage pool of insured workforces has been impacted by COVID-19 in some segments of the business.
- Excluding discount movements, net incurred claims increased by 4.6%. The increase was due to lower prior year reserve releases and the unfavourable impact of falling yields on the discounting of new claims, partially offset by a reduction in Motor claims frequency and lower natural hazard costs.
- Reserve releases were $105 million, down $217 million on the pcp. Personal Injury long tail releases were 2.3%, above the Group's long-term target of 1.5% of NEP. This was partially offset by strains from the Commercial long tail portfolios, a modest strengthening relating to prior year natural hazard events and consumer claims remediation costs, which were largely one-off in nature.
- Total investment income decreased by 44.5% to $310 million, driven largely by unfavourable movements in credit spreads and equities compared to the pcp.
- Operating expenses ratio increased by 0.3% on the pcp (0.5% excluding FSL), primarily due to an increase in technology and regulatory costs as well as one-off COVID-19 related expenses.

General Insurance

Gross written premium

GWP portfolio breakdown

	Full Year Ended		Jun-20		Half Year Ended			Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Motor	2,961	2,877	2.9	1,504	1,457	1,474	1,403	3.2	2.0
Home	2,272	2,230	1.9	1,134	1,138	1,117	1,113	(0.4)	1.5
Commercial	1,486	1,506	(1.3)	680	806	720	786	(15.6)	(5.6)
Compulsory third party	1,041	1,094	(4.8)	518	523	520	574	(1.0)	(0.4)
Workers' compensation and other	424	397	6.8	245	179	248	149	36.9	(1.2)
Total GWP	**8,184**	**8,104**	**1.0**	**4,081**	**4,103**	**4,079**	**4,025**	**(0.5)**	**0.0**
Fire Service Levies									
Motor	15	13	15.4	7	8	5	8	(12.5)	40.0
Home	90	81	11.1	46	44	40	41	4.5	15.0
Commercial	40	47	(14.9)	19	21	20	27	(9.5)	(5.0)
Total FSL	**145**	**141**	**2.8**	**72**	**73**	**65**	**76**	**(1.4)**	**10.8**
Total GWP including FSL	**8,329**	**8,245**	**1.0**	**4,153**	**4,176**	**4,144**	**4,101**	**(0.6)**	**0.2**

GWP geographic breakdown

	Full Year Ended		Jun-20		Half Year Ended			Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography [1]									
Queensland	2,127	2,088	1.9	1,050	1,077	1,025	1,063	(2.5)	2.4
New South Wales	2,540	2,522	0.7	1,226	1,314	1,249	1,273	(6.7)	(1.8)
Victoria	1,956	1,903	2.8	993	963	966	937	3.1	2.8
Western Australia	704	686	2.6	373	331	371	315	12.7	0.5
South Australia	349	381	(8.4)	180	169	190	191	6.5	(5.3)
Tasmania	189	175	8.0	101	88	94	81	14.8	7.4
Other	319	349	(8.6)	158	161	184	165	(1.9)	(14.1)
Total GWP	**8,184**	**8,104**	**1.0**	**4,081**	**4,103**	**4,079**	**4,025**	**(0.5)**	**0.0**
Fire Service Levies									
New South Wales	143	139	2.9	71	72	64	75	(1.4)	10.9
Tasmania	2	2	-	1	1	1	1	-	-
Total FSL	**145**	**141**	**2.8**	**72**	**73**	**65**	**76**	**(1.4)**	**10.8**
Total GWP including FSL	**8,329**	**8,245**	**1.0**	**4,153**	**4,176**	**4,144**	**4,101**	**(0.6)**	**0.2**

[1] Prior period comparatives have been restated with an updated state split of premium from joint ventures and international brokers.

Motor

Motor GWP grew by 2.9% to $2,961 million, with unit growth of 0.8%. New business volumes were materially impacted by the COVID-19 outbreak as new car sales fell to historical lows especially during the initial lockdown period, however, experienced a strong recovery following the easing of COVID-19 restrictions in May. The overall average written premium increase was also impacted by customer relief offers in place and customers reducing policy coverage as a result of lower car usage.

Home

Home GWP grew by 1.9% to $2,272 million, with units declining 0.5%. When normalised for the remediation activities undertaken in the Vero Broker brand and the impact from the new business embargo on Landlord insurance policies since the COVID-19 outbreak, GWP growth was 3.1% with unit growth of 0.8%. New business volumes were also impacted by the economic conditions due to COVID-19 but to a lesser degree compared to Motor. Retention has remained strong throughout the year.

Commercial

Commercial GWP decreased by 1.3% to $1,486 million. Normalising for the impact of portfolio exits, premium growth was 3.2%, driven by short-tail classes particularly Property and Motor through a combination of strong premium rate increases and volume growth in target segments. Growth in the SME portfolio was impacted by the economic conditions due to COVID-19 as well as challenges faced in the intermediated packages channel from market competition.

Compulsory Third Party

CTP GWP decreased 4.8% to $1,041 million due to heightened competition and market pricing dynamics following scheme reforms. This includes a one-off adjustment to the timing of recognition of GWP in all schemes to align with the accounting treatment of the balance of our portfolios. Excluding this adjustment GWP decreased by 6.8%. Suncorp continues to maintain a national market leading position of 31% by maintaining a competitive price position in each scheme.

In the QLD scheme, GWP growth of 5.0% was driven by a combination of headline rate growth and unit growth.

In the NSW scheme, premium reductions were driven by price led competition as the scheme experience develops post reform. This resulted in GWP decline of 4.0%.

In the ACT CTP scheme, heightened competition pre and post scheme reform in February 2020 resulted in GWP decline of 28.8%.

In the SA CTP scheme, the transition to competitive underwriting and the market pricing to the floor of the scheme has resulted in a GWP decline of 30.4%.

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Compulsory third party GWP by geography									
Queensland	437	416	5.0	216	221	195	221	(2.3)	10.8
New South Wales	477	497	(4.0)	235	242	240	257	(2.9)	(2.1)
Australian Capital Territory	47	66	(28.8)	22	25	30	36	(12.0)	(26.7)
South Australia	80	115	(30.4)	45	35	55	60	28.6	(18.2)
Total compulsory third party GWP	**1,041**	**1,094**	**(4.8)**	**518**	**523**	**520**	**574**	**(1.0)**	**(0.4)**

Workers' compensation and other

Workers' compensation and other growth of 6.8% was driven by premium rate increases and strong renewals. The wage pool of insured workforces has been impacted by COVID-19 in some segments of the business. Travel insurance was impacted by the suspension of new sales from April 2020 following government imposed COVID-19 travel restrictions.

Net incurred claims

Net incurred claims were $5,443 million, a decrease of 0.1% on the pcp. Excluding discount movements, net incurred claims increased by 4.6%. The increase was due to lower prior year reserve releases and the unfavourable impact of falling yields on the discounting of new claims, partially offset by a reduction in Motor claims frequency and lower natural hazard costs.

BIP benefits continue to be realised as claims improvements are optimised and embedded, through automated triage, prioritisation and pathing of claims, fraud minimisation and investment to improve return-to-work outcomes.

Motor

Motor claims were impacted favourably from the lockdown measures in place to contain COVID-19 with claims frequency reducing 40% initially but gradually increasing as restrictions eased. Repair cost increased as a result of lower volume discounts. BIP initiatives and the Suncorp preferred repairer network continue to deliver benefits containing inflationary pressures.

Home

Home claims have experienced an increase in the volume of loss of rent claims. A provision for the estimated cost of this increase has been made at year end based on experience to date. This increased incidence of claims and cost is expected to continue into FY21, due to ongoing unemployment. Other impacts from COVID-19 on home claims have been minor with a small decrease in theft claims observed. Increases in the average cost of water damage claims seen in the prior year have stabilised following changes to operational processes.

Commercial

Commercial loss ratios have improved further through reduced claims frequency across most classes of business, benign large loss experience and an increase in premium rates sufficient to offset claims inflation. With claims performance being a key element for portfolio profitability, current discipline in pricing and risk selection will continue alongside additional remediation activities to enhance future performance.

CTP and Workers' Compensation

CTP claims experience remained stable with prior year reserve releases above long run expectations.

Workers' Compensation claims experience continues to improve across the portfolio in both the current and prior financial years.

Natural hazards

Total natural hazard costs were $783 million, down from $835 million in the pcp. Natural hazards were $12 million above the $771 million allowance due to the difference in allocation of reinsurance recoveries between Australia and New Zealand. Group natural hazards were capped at the allowance of $820 million.

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

Date	Event	Net costs $M
Nov 19	NSW QLD November Bushfire	38
Nov 19	SEQLD November Hail	78
Nov 19	Northern Sydney November Storms	18
Nov 19	NZ Canterbury Storms Internal	7
Nov 19	SEQLD Northern NSW December Hail	19
Dec 19	NSW SA December Bushfires	39
Dec 19	VIC NSW TAS December Bushfires	225
Jan 20	Eastern States Hail and Floods	72
Jan 20	QLD NSW Heavy Rain	-
Feb 20	East Coast Rain and Flood	-
Feb 20	VIC NSW ACT Rain	-
Feb 20	Inland NSW QLD and VIC Rain A	-
Feb 20	Inland NSW QLD and VIC Rain B	-
Feb 20	Cyclone Damien	-
Apr 20	Rockhampton Hail	-
Total events over $10 million		**496**
Retained natural hazards attritional claims		287
Total natural hazards		**783**
Less: allowance for natural hazards		(771)
Natural hazards costs above / (below) allowance		**12**

Outstanding claims provision breakdown

The valuation of outstanding claims has resulted in central estimate releases of $105 million, which is lower than the Group's long-run expectation for reserve releases of 1.5% of Group NEP.

The short-tail strengthening in Home and Motor primarily reflects costs associated with the remediation of policyholder claims, deterioration in a number of large claims and a modest strengthening relating to prior natural hazard events. This was partially offset by favourable experience in the Commercial Insurance short-tail portfolios.

Long-tail claims reserve releases of $147 million were primarily attributable to favourable claims experience. The impact of benign wage inflation in CTP and the favourable experience in Workers' Compensation contributed to the majority of the releases. This was partially offset by deterioration in the commercial long tail classes, particularly in the bodily injury and molestation portfolios.

As at Jun-20		Net central estimate (discounted)	Risk margin (90th percentile discounted)	Change in net central estimate [(1)]
	$M	$M	$M	$M
Short-tail	1,512	1,332	180	42
Long-tail	6,207	5,316	891	(147)
Total	**7,719**	**6,648**	**1,071**	**(105)**

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

Outstanding claims provision over time

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

	Half Year Ended				Jun-20	Jun-20
	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	9,856	9,597	9,686	9,514	2.7	1.8
Reinsurance and other recoveries	(2,137)	(1,700)	(2,117)	(1,691)	25.7	0.9
Net outstanding claims liabilities	**7,719**	**7,897**	**7,569**	**7,823**	**(2.3)**	**2.0**
Expected future claims payments and claims handling expenses	6,792	7,110	6,814	7,271	(4.5)	(0.3)
Discount to present value	(144)	(257)	(264)	(459)	(44.0)	(45.5)
Risk margin	1,071	1,044	1,019	1,011	2.6	5.1
Net outstanding claims liabilities	**7,719**	**7,897**	**7,569**	**7,823**	**(2.3)**	**2.0**
Short-tail	1,512	1,820	1,491	1,848	(16.9)	1.4
Long-tail	6,207	6,077	6,078	5,975	2.1	2.1
Total	**7,719**	**7,897**	**7,569**	**7,823**	**(2.3)**	**2.0**

Risk margins

Risk margins represent approximately 14% of outstanding claims reserves, giving an approximate level of confidence of 90%.

A $54 million risk margin for the impact and uncertainty created by COVID-19 was raised in June. Total risk margins increased by $52 million during the year to $1,071 million. The assets notionally backing risk margins had a net gain of $30 million. The net impact was therefore $22 million, which is excluded from the underlying ITR calculation.

Operating expenses

Operating expenses were $1,572 million, up 1.0% on the pcp. Excluding FSL, operating expenses increased by 2.7% on the pcp, driven by higher regulatory costs, investment in technology, and COVID-19 related costs increases, partially offset by the realisation of BIP benefits.

Managed schemes, joint ventures and other

Suncorp continues to be part of a scheme arrangement with the NSW Government receiving revenue as a claims management provider to manage its existing portfolio as well as the portfolio of the exiting scheme agents. Suncorp has expanded its presence in NSW after being recently chosen as one of the claims partners for Treasury Managed Funds (NSW Government entities) and as an Authorised Provider (AP).

Investment income

Suncorp's primary objective is to optimise investment returns relative to investment risk appetite. This process inherently has regard to capital and the insurance liabilities that the investment assets are supporting and seeks to substantially offset the associated interest rate and claims inflation risks. Investment grade fixed interest securities and inflation-linked bonds play a central role in achieving this objective.

The key market metrics for the year are set out in the table below.

	Jun-20	Jun-19	Jun-20 vs Jun-19
3 year bond yield (%)	0.25	0.96	-71bp
10 year bond yield (%)	0.87	1.32	-45bp
10 year breakeven inflation rate (%)	1.07	1.38	-31bp
AA 3 year credit spreads (bp)(1)	87	69	18bp
Australian fixed interest (Bloomberg composite index)	10,602	10,176	+4.2%
Australian equities (total return)	64,893	70,292	-7.7%
International equities (hedged total return)	1,786	1,763	+1.3%

(1) Underlying spreads representing "AA 3 year credit spreads" has been changed to better reflect the investment portfolio.

The Australian General Insurance investment portfolio includes insurance funds and shareholders' funds. For Insurance fund assets, a key objective is to match the overall risk-free interest rate sensitivity to the Insurance claims liabilities. The aim is to neutralise, as far as possible, the impact of a movement in risk-free interest rates, so that for each 1 bp movement in interest rates, the dollar impact on assets and liabilities are equal and opposite. The residual net impact reflects the additional income from credit spreads, breakeven inflation, a risk-free component reflecting income on assets backing the undiscounted portion of the liabilities (unearned premium) and a mismatch component, largely due to the matching process being based on the APRA assessment of liabilities and not the accounting approach. The shareholders' funds assets support the capital position and have an absolute-return based strategy.

Asset allocation

Suncorp continues to invest in line with the Group's risk appetite and the Board approved investment strategy. 5% of shareholders' funds is allocated to impact investing which includes Green Bonds, Renewable Energy Infrastructure and Social Impact Bonds.

Inflation-linked bonds exposure has increased, however a decrease in inflation duration meant that the overall inflation risk in the portfolio was largely unchanged.

The exposure to Alternative Investments was divested in April 2020, following recent underperformance in this asset class. The current allocation is subject to review.

	Half Year Ended							
	Jun-20		Dec-19		Jun-19		Dec-18	
	$M	%	$M	%	$M	%	$M	%
Insurance funds								
Cash and short-term deposits	131	1	168	2	158	2	118	1
Inflation-linked bonds	2,279	24	2,119	22	1,965	21	1,830	20
Corporate bonds	6,166	65	6,447	67	6,340	67	6,153	68
Semi-Government bonds	257	3	515	5	317	3	251	3
Commonwealth Government bonds	707	7	311	4	616	7	758	8
Total Insurance funds	**9,540**	**100**	**9,560**	**100**	**9,396**	**100**	**9,110**	**100**
Shareholders' funds								
Cash and short-term deposits	261	9	120	5	101	3	102	3
Australian interest-bearing securities	1,244	43	1,006	38	1,171	39	1,297	43
Global interest-bearing securities (hedged)	797	28	741	28	845	29	763	25
Equities	276	9	294	11	343	12	322	11
Infrastructure and property	307	11	335	12	337	11	353	12
Alternative investments	-	-	158	6	178	6	182	6
Total shareholders' funds	**2,885**	**100**	**2,654**	**100**	**2,975**	**100**	**3,019**	**100**
Total	**12,425**		**12,214**		**12,371**		**12,129**	

Credit quality

The average credit rating for the Insurance (Australia) investment assets remained stable at AA, notwithstanding an increase in BBB allocation driven by a small number of credit downgrades over the period. Suncorp intends to hold the downgraded securities through to maturity, with a significant amount maturing in the near future. Suncorp does not anticipate any realised losses.

	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%
AAA	40.4	39.0	38.9	40.2
AA	15.8	19.8	19.8	19.8
A	20.6	20.9	21.7	21.0
BBB	23.2	20.3	19.6	19.0
	100.0	**100.0**	**100.0**	**100.0**

Duration

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

	Jun-20	Dec-19	Jun-19	Dec-18
	Years	Years	Years	Years
Insurance funds				
Interest rate duration	2.9	2.8	2.8	2.6
Credit spread duration	1.4	1.3	1.4	1.3
Shareholders' funds				
Interest rate duration	1.8	1.9	1.8	1.2
Credit spread duration	2.6	2.4	1.5	1.6

Investment performance

Total investment income on insurance funds and shareholders' funds was $310 million, representing a total return of 2.5% for the year.

Insurance funds

Investment income on insurance funds was $247 million, reflecting lower risk-free mark-to-market gains compared to the pcp.

Underlying yield

The underlying yield income was $165 million, or 1.7%, reflecting favourable manager outperformance and after adjusting the investment income of $247 million for the following market valuation impacts:

— Gains of $156 million due to a decrease in risk-free rates.

— Losses of $5 million due to a widening in credit spreads.

— Losses of $69 million due to a decrease in breakeven inflation.

Adjustment to ITR for investment market volatility

Consistent with prior periods, an adjustment has been made to the ITR to normalise for the impact of investment market volatility.

The adjustment is broken into four parts, as follows:

— Risk free rates: reduced yields caused the value of outstanding claims to increase by $132 million. This was more than offset by an increase in the value of the assets backing these claims by $156 million. The net favourable impact of $24 million is deducted from the ITR and largely reflects the mark to market on assets backing the unearned premium liabilities.

— Credit spreads: the $5 million adverse impact due to the widening of credit spreads is added back to the ITR.

— Inflation-linked bonds: the $69 million unfavourable impact from breakeven inflation is added back to the ITR.

— Market rate adjustment on premium liabilities: the unwind of prior risk-free changes on assets backing unearned premium resulted in $44 million being added back to the ITR.

The combined impact of these adjustments to ITR is $94 million.

Shareholders' funds

Investment income on shareholders' funds was $63 million, representing a total return of 2.1%. This includes a net benefit from short-term credit and equity hedges which were put in place in late February to reduce credit and equity exposures, given the Group's view on the market outlook. The hedges were closed out in April and provided an overall net benefit of $36 million.

Lower returns from equity markets was the most significant driver of the lower performance in shareholders' funds compared to the pcp.

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	5	10	(50.0)	2	3	5	5	(33.3)	(60.0)
Interest-bearing securities and other	242	434	(44.2)	146	96	314	120	52.1	(53.5)
Total	**247**	**444**	**(44.4)**	**148**	**99**	**319**	**125**	**49.5**	**(53.6)**
Investment income on shareholder funds									
Cash and short-term deposits	3	1	200.0	3	-	1	-	n/a	200.0
Interest-bearing securities	78	88	(11.4)	58	20	63	25	190.0	(7.9)
Equities	6	40	(85.0)	(3)	9	72	(32)	n/a	n/a
Infrastructure and property	(3)	(2)	(50.0)	(15)	12	(13)	11	n/a	(15.4)
Alternative investments	(21)	(12)	(75.0)	(17)	(4)	(5)	(7)	(325.0)	(240.0)
Total	**63**	**115**	**(45.2)**	**26**	**37**	**118**	**(3)**	**(29.7)**	**(78.0)**
Total investment income	**310**	**559**	**(44.5)**	**174**	**136**	**437**	**122**	**27.9**	**(60.2)**

BANKING & WEALTH

Profit contribution

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Banking									
Net interest income	**1,191**	**1,163**	**2.4**	**597**	**594**	**578**	**585**	**0.5**	**3.3**
Net non interest income									
Net banking fee income and commission	28	35	(20.0)	11	17	18	17	(35.3)	(38.9)
Gain on derivatives and other financial instruments	13	12	8.3	13	-	8	4	n/a	62.5
Other revenue	(1)	3	n/a	4	(5)	1	2	n/a	300.0
Total net non interest income	**40**	**50**	**(20.0)**	**28**	**12**	**27**	**23**	**133.3**	**3.7**
Total income	**1,231**	**1,213**	**1.5**	**625**	**606**	**605**	**608**	**3.1**	**3.3**
Operating expenses	(705)	(682)	3.4	(344)	(361)	(341)	(341)	(4.7)	0.9
Profit before impairment losses on financial assets	**526**	**531**	**(0.9)**	**281**	**245**	**264**	**267**	**14.7**	**6.4**
Impairment loss on loans and advances	(171)	(13)	n/a	(170)	(1)	(6)	(7)	n/a	n/a
Impairment loss on investment securities	(1)	-	n/a	(1)	-	-	-	n/a	n/a
Banking profit before tax	**354**	**518**	**(31.7)**	**110**	**244**	**258**	**260**	**(54.9)**	**(57.4)**
Income tax	(106)	(155)	(31.6)	(33)	(73)	(77)	(78)	(54.8)	(57.1)
Banking profit after tax	**248**	**363**	**(31.7)**	**77**	**171**	**181**	**182**	**(55.0)**	**(57.5)**
Wealth profit (loss) after tax	**(6)**	**1**	**n/a**	**(6)**	**-**	**-**	**1**	**n/a**	**n/a**
Banking & Wealth profit after tax	**242**	**364**	**(33.5)**	**71**	**171**	**181**	**183**	**(58.5)**	**(60.8)**

Banking ratios and statistics

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Lending growth (annualised)	(2.17)	0.98	(1.67)	(2.69)	0.42	1.53
Customer funding growth (annualised)	2.68	0.89	1.51	3.82	(2.33)	4.09
Net interest margin (interest-earning assets) (1)	1.94	1.90	1.96	1.92	1.90	1.89
Cost to income ratio	57.3	56.2	55.0	59.6	56.4	56.1
Impairment losses to gross loans and advances (annualised)	0.29	0.02	0.59	0.00	0.02	0.02
Common Equity Tier 1 ratio (2)	9.34	9.27	9.34	9.69	9.27	9.16
Deposit to loan ratio	68.9	65.6	68.9	67.8	65.6	66.5
NSFR	123	112	123	116	112	112

(1) Comparative figures for NIM have been restated to reflect the new NIM calculation methodology.

(2) Jun-19 comparatives have been restated to reflect immaterial changes in Bank credit risk-weighted assets as set out in the revised Jun-19 APS 330 disclosures published on the Suncorp Group website on 31 January 2020.

Banking & Wealth result overview

- Banking & Wealth delivered profit after tax of $242 million, down 33.5% on the pcp, driven by higher impairment losses of $172 million. The impairment losses primarily relate to a higher collective provision due to the impacts of the COVID-19 pandemic. The Bank delivered profit before impairment losses of $526 million, down 0.9% on the pcp.
- Net non-interest income of $40 million, down $10 million or 20.0% on the pcp, was primarily driven by a reduction in a range of banking fees over the second half to support customers through the COVID-19 pandemic and to offer a more compelling proposition to our digital everyday banking customers.
- The Bank entered the COVID-19 pandemic in a strong financial position, supported by the Group's A+ credit rating, a robust capital and funding profile, and a well-secured lending portfolio.
- Impairment losses of 29 bps to gross loans and advances were above the through-the-cycle operating range, primarily due to the impact of COVID-19. This has been captured through appropriate provisions for exposures based on a sophisticated modelling approach and a range of conservative assumptions. The Bank's collective provision has increased to $255 million at 30 June, up from $233 million at 31 March, reflecting conservative economic assumptions and additional overlays given the uncertain economic outlook.
- As at 31 July, 9,800 Bank customer loan accounts were under temporary loan repayment deferral arrangements across the home, consumer, commercial and agribusiness portfolios (30 June: 14,400), representing $3.54 billion in lending (30 June: $4.83 billion). The Bank commenced three-month check-ins with impacted home loan customers in early June, and approximately 51% of customer accounts that have completed check-ins as at 31 July are returning to normal repayments. As at 31 July, 5% of the home lending portfolio was under temporary loan deferral arrangements, down from 8% at 30 June.
- The home lending portfolio contracted 2.8% over the year, reflecting strong competition for new and existing business, reduced system growth and an extended period of elevated loan processing turn-around times in the 2019 calendar year. The Bank continued to deliver a targeted program of work in retail lending, resulting in turn-around times improving in the fourth quarter.
- The business lending portfolio grew 0.4% over the year, with growth in agribusiness offset by a small contraction in the commercial portfolio. The agribusiness portfolio grew 4.1% in the second half, driven by increased demand from customers following improved rainfall. The contraction in the commercial portfolio over the year was driven by lower levels of lending to larger customers, particularly within the development finance portfolio following successful project completions in the first half.
- The at-call deposits portfolio achieved above-system growth of 27.5% enabling the Bank to reduce more expensive term deposits and wholesale funding.
- The Bank's NIM increased 4 bps over the year to 1.94%, near the top end of its target operating range. NIM improvements were driven by favourable shifts in the funding mix from significant growth in at-call deposits and significantly lower benchmark rates in the market.
- Operating expenses increased 3.4% over the year. Operating expenses reduced 4.7% over the second half, largely driven by proactive management of the project portfolio in line with the onset of COVID-19.
- The Bank is well positioned from a capital perspective, with a CET1 ratio of 9.34%, within the target operating range of 9.00 to 9.50%. The Bank has also maintained strong funding and liquidity metrics, with an NSFR of 123% and LCR of 138%.
- Wealth is supporting its members impacted by the COVID-19 pandemic through the Federal Government's Superannuation Early Release Scheme. As at 30 June 2020, the Wealth business had facilitated approximately $99 million of early superannuation payments to around 13,000 members. As at 31 July, a further $66 million of early superannuation payments had been facilitated to 8,300 members.
- Wealth reported an underlying loss of $6 million, due to reduced administration fee revenue following the COVID-19-driven negative impact on financial markets and elevated regulatory costs.

Banking

Loans and advances

	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	Jun-20 vs Dec-19 %	Jun-20 vs Jun-19 %
Housing loans	40,403	41,861	40,922	40,663	(3.5)	(1.3)
Securitised housing loans and covered bonds	6,071	5,296	6,889	7,319	14.6	(11.9)
Total housing loans	**46,474**	**47,157**	**47,811**	**47,982**	**(1.4)**	**(2.8)**
Consumer loans	155	152	149	162	2.0	4.0
Retail loans	**46,629**	**47,309**	**47,960**	**48,144**	**(1.4)**	**(2.8)**
Commercial (SME) [1]	7,295	7,262	7,315	7,166	0.5	(0.3)
Agribusiness [1]	4,081	3,919	4,018	3,860	4.1	1.6
Total Business loans	**11,376**	**11,181**	**11,333**	**11,026**	**1.7**	**0.4**
Total lending	**58,005**	**58,490**	**59,293**	**59,170**	**(0.8)**	**(2.2)**
Other lending	19	-	3	6	n/a	n/a
Gross loans and advances	**58,024**	**58,490**	**59,296**	**59,176**	**(0.8)**	**(2.1)**
Provision for impairment	(301)	(136)	(142)	(145)	121.3	112.0
Total loans and advances	**57,723**	**58,354**	**59,154**	**59,031**	**(1.1)**	**(2.4)**
Geographical breakdown - Total lending [1]						
Queensland	30,002	30,000	30,385	30,070	0.0	(1.3)
New South Wales	16,040	16,355	16,517	16,590	(1.9)	(2.9)
Victoria	6,039	6,165	6,317	6,416	(2.0)	(4.4)
Western Australia	3,489	3,494	3,567	3,567	(0.1)	(2.2)
South Australia and other	2,435	2,476	2,507	2,527	(1.7)	(2.9)
Outside of Queensland loans	28,003	28,490	28,908	29,100	(1.7)	(3.1)
Total lending	**58,005**	**58,490**	**59,293**	**59,170**	**(0.8)**	**(2.2)**

(1) Reflects changes to business loan reporting to reclassify asset location based on the industry code and the primary collateral state rather than the loan origination business centre. These changes resulted in $427 million of exposures moving from Agribusiness to Commercial (SME), a 16% reduction in Queensland Commercial (SME) lending exposures and a 3% decrease in Queensland Agribusiness exposures. Prior period comparatives have been restated accordingly.

The Bank has been focused on supporting customers through the COVID-19 pandemic and has provided a range of support options including removing fees and temporarily deferring loan repayments based on the individual needs of customers. For information on temporary loan deferral arrangements please refer to page 47.

Retail loans

The home lending portfolio contracted 2.8% over the year to $46.5 billion, driven by low system growth, strong competition for new and existing business and an extended period of elevated loan processing turn-around times in 2019.

The Bank has also continued to implement a targeted program of work to improve loan processing efficiency, with improvements evidenced over the second half of the year. The conversion of broker originated loans has improved from an average of 56% in the first half to 66% over the second half of the year and home loan application turn-around times have also improved.

Suncorp maintains a high-quality retail lending portfolio. At the end of the year, the home lending portfolio was conservatively positioned as set out in the next table.

Home lending portfolio metrics

	Jun-20 %	Jun-19 %
Owner-occupier proportion of total portfolio	72	72
Investor proportion of total portfolio	28	28
Principal and interest proportion of total portfolio	83	80
Interest only proportion of total portfolio	17	20
Proportion of total portfolio with LVR < 80%	81	79
Portfolio dynamic LVR	63	66
Proportion of total portfolio covered by LMI (1)	29	29

(1) Lenders mortgage insurance.

Commercial (SME)

The commercial portfolio contracted 0.3% on the pcp to $7.3 billion, with growth of 0.5% achieved over the second half. The contraction over the year was driven by the cyclical nature of the construction and development sector, and reductions in hospitality and accommodation exposures, partially offset by growth in property investment.

The onset of the COVID-19 pandemic and associated restrictions have had a significant impact on customers across the commercial portfolio, particularly within the accommodation, hospitality, property investment, service and retail sectors.

Growth in commercial lending over the year was primarily focused on lending to small and mid-sized customers, with lending to larger sized customers reducing. The portfolio remains well diversified and weighted towards facilities less than $5 million.

The development finance portfolio contracted over the period from successful project completions, with all development finance loans continuing to have nil arrears and no requests for COVID-19 assistance.

The Bank continues to monitor the size and geographic distribution of the portfolio within a range of strict internal limits to ensure ongoing sound credit quality and prudent diversification of the portfolio.

Commercial (SME) portfolio breakdown(1)

	QLD %	NSW %	VIC %	Other %	Total %	Total $M
Commercial (SME) breakdown						
Property Investment	22%	9%	7%	3%	41%	2,991
Hospitality & Accommodation	8%	3%	1%	0%	12%	875
Construction & Development	6%	2%	2%	0%	10%	729
Services (Inc. professional services) (2)	10%	6%	3%	1%	20%	1,459
Retail	4%	1%	2%	0%	7%	511
Manufacturing & Mining	3%	1%	0%	0%	4%	292
Other	3%	1%	1%	1%	6%	438
Total %	**56%**	**23%**	**16%**	**5%**	**100%**	
Total $M	**4,085**	**1,678**	**1,167**	**365**		**7,295**

(1) Reflects changes to business loan reporting to reclassify asset location based on the industry code and the primary collateral state rather than the origination business centre. These changes resulted in $427 million of exposures moving from Agribusiness to Commercial (SME) and a 16% reduction in Queensland Commercial (SME) lending exposures.

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

Agribusiness

The Agribusiness portfolio grew 1.6% over the period to $4.1 billion. Growth in the portfolio was 4.1% in the second half, predominantly driven by improved rainfall, particularly in New South Wales and Victoria. Following a promising start to the winter cropping season, above average harvest yields are anticipated for some customers. However, a substantial rainfall deficit has accumulated over past years across much of Australia.

The onset of the COVID-19 pandemic has not had a significant impact on the agribusiness portfolio. The Bank continues to monitor conditions and support its agribusiness customers and the community impacted by drought and other climate related events.

The relatively low Australian dollar, interest rates and price of fuel will continue to assist customers' agribusiness operations. Although Australian commodity prices have varied due to seasonal conditions and the international trading environment, they have remained relatively high overall, benefiting a number of agribusiness customers. In addition, rural land values have shown resilience and improvement, reflecting long-term confidence in the sector.

Agribusiness portfolio breakdown[(1)]

	QLD %	NSW %	VIC %	Other %	Total %	Total $M
Agribusiness breakdown						
Beef	35%	5%	0%	1%	41%	1,673
Grain & Mixed Farming	14%	12%	1%	0%	27%	1,102
Sheep & Mixed Livestock	2%	5%	1%	0%	8%	326
Cotton	5%	3%	0%	0%	8%	326
Sugar	3%	0%	0%	0%	3%	122
Fruit	3%	0%	0%	0%	3%	122
Other	5%	2%	1%	2%	10%	410
Total %	**67%**	**27%**	**3%**	**3%**	**100%**	
Total $M	**2,734**	**1,102**	**122**	**123**		**4,081**

(1) Reflects changes to business loan reporting to reclassify asset location based on the industry code and the primary collateral state rather than the origination business centre. These changes resulted in $427 million of exposures moving from Agribusiness to Commercial (SME) and a 3% decrease in Queensland Agribusiness exposures.

Funding

Funding composition

	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	Jun-20 vs Dec-19 %	Jun-20 vs Jun-19 %
Customer funding						
Customer deposits						
At-call deposits	28,684	25,154	22,502	21,330	14.0	27.5
Term deposits	11,263	14,496	16,401	18,027	(22.3)	(31.3)
Total customer funding	**39,947**	**39,650**	**38,903**	**39,357**	**0.7**	**2.7**
Wholesale funding						
Domestic funding						
Short-term wholesale	5,079	5,154	5,376	5,165	(1.5)	(5.5)
Long-term wholesale	5,532	4,532	4,032	4,363	22.1	37.2
Covered bonds	2,589	1,839	2,788	2,787	40.8	(7.1)
Subordinated notes	672	672	672	672	-	-
Total domestic funding	**13,872**	**12,197**	**12,868**	**12,987**	**13.7**	**7.8**
Overseas funding [(1)]						
Short-term wholesale	1,498	2,398	2,272	2,111	(37.5)	(34.1)
Long-term wholesale	2,486	3,513	3,538	3,452	(29.2)	(29.7)
Total overseas funding	**3,984**	**5,911**	**5,810**	**5,563**	**(32.6)**	**(31.4)**
Total wholesale funding	**17,856**	**18,108**	**18,678**	**18,550**	**(1.4)**	**(4.4)**
Total funding (excluding securitisation)	**57,803**	**57,758**	**57,581**	**57,907**	**0.1**	**0.4**
Securitisation						
APS 120 qualifying [(2)]	2,945	3,396	3,825	4,256	(13.3)	(23.0)
APS 120 non-qualifying	-	-	6	22	n/a	(100.0)
Total securitisation	**2,945**	**3,396**	**3,831**	**4,278**	**(13.3)**	**(23.1)**
Total funding (including securitisation)	**60,748**	**61,154**	**61,412**	**62,185**	**(0.7)**	**(1.1)**
Total funding is represented on the balance sheet by:						
Deposits	39,947	39,650	38,903	39,357	0.7	2.7
Short-term borrowings	6,577	7,552	7,648	7,276	(12.9)	(14.0)
Securitisation	2,945	3,396	3,831	4,278	(13.3)	(23.1)
Long-term borrowings [(3)]	10,607	9,884	10,358	10,602	7.3	2.4
Subordinated notes	672	672	672	672	-	-
Total funding	**60,748**	**61,154**	**61,412**	**62,185**	**(0.7)**	**(1.1)**
Deposit to loan ratio	**68.9%**	**67.8%**	**65.6%**	**66.5%**		

(1) Foreign currency borrowings are hedged back into Australian dollars.
(2) Qualifies for capital relief under APS120.
(3) Long-term borrowings include $1.1 billion of the Term Funding Facility announced by the Reserve Bank of Australia (RBA) on 19 March 2020 in response to COVID-19.

The Bank continues to maintain a conservative approach to managing liquidity and funding risk to provide a sustainable funding profile and support balance sheet growth.

The Bank's key funding and liquidity management strategies include:

— Continuing to grow stable deposits in line with funding requirements.

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

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

— Managing high-quality liquid assets prudently above net cash outflows, under various stress scenarios.

— Utilising the Reserve Bank of Australia's (RBA) Term Funding Facility (TFF).

Customer funding

The deposit-to-loan ratio of 68.9% (2019: 65.6%) is near the top end of the target operating range of 60% to 70% reflecting strong at-call deposit growth and subdued lending.

At-call deposits growth of 27.5% to $28.7 billion was above system, driven by continued momentum from improved digital capabilities delivered over the last four years. The Bank will continue to focus on further enhancing digital functionality and the customer onboarding experience.

The Bank has continued to optimise the customer deposit portfolio and reduce reliance on relatively more expensive term deposit funding, with the term deposit portfolio decreasing 31.3% over the year to $11.3 billion. The deliberate contraction in term deposits is a direct response to the strong at-call deposits growth, availability of the RBA's TFF and reduced funding requirements in-line with lending growth.

Wholesale funding

Wholesale funding instruments maturity profile

	Short-term $M	Long-term $M	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	Jun-20 vs Dec-19 %	Jun-20 vs Jun-19 %
Maturity								
0 to 3 months	4,978	536	5,514	5,182	5,882	5,649	6.4	(6.3)
3 to 6 months	1,599	1,888	3,487	4,071	3,553	3,724	(14.3)	(1.9)
6 to 12 months	-	1,817	1,817	2,455	2,140	2,470	(26.0)	(15.1)
1 to 3 years	-	4,630	4,630	5,115	5,738	5,659	(9.5)	(19.3)
3+ years	-	5,353	5,353	4,681	5,196	5,326	14.4	3.0
Total wholesale funding instruments	**6,577**	**14,224**	**20,801**	**21,504**	**22,509**	**22,828**	**(3.3)**	**(7.6)**

Wholesale funding contracted 7.6% over the year, driven by lower wholesale funding requirements from above-system growth in at-call deposits and a contraction in the lending portfolio. The Bank shifted its maturity profile over the year from short-term instruments to longer-term facilities in response to market conditions and funding requirements.

The Bank demonstrated responsiveness to market conditions by issuing $2.0 billion of domestic senior unsecured bonds and secured covered bonds with a weighted average term of 4.1 years during the year.

Issuances included an oversubscribed $750 million 5-year covered bond in April 2020, demonstrating the strength of the Bank's wholesale funding program during a period of notable market volatility. During the year, the Bank also completed drawdowns of the TFF worth $1.1 billion, with approximately $1.0 billion in undrawn initial and additional allowances remaining available, providing additional funding flexibility.

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

The NSFR increased above the typical operating range over the year to 123%. This was due to strong growth in at-call deposits, subdued lending growth, benefits from the undrawn TFF and an increase in the Bank's Committed Liquidity Facility limit (CLF) to $6.0 billion.

The average LCR over the year was 132% and ended the period at 138%, well above APRA's 100% requirement. The LCR was elevated throughout the last quarter of the year, following the introduction of new liquidity support measures, including the TFF and an increase to the Bank's CLF limit. The Bank holds a portfolio of liquid assets available to meet balance sheet requirements and unforeseen cash outflows under a range of market conditions and stress scenarios. These assets are cash and highly rated securities eligible for repurchase agreements with the RBA.

Net interest income

Net interest income of $1.2 billion for the year was up 2.4% on the pcp. NIM increased 4 bps over the period to 1.94%, benefitting from improvements in the funding mix driven by significant growth in at-call deposits. Improvements in lending and funding spreads were more than offset by the low interest rate environment placing pressure on returns from balance sheet management and capital earnings.

Net interest margin movements

	%
FY19 net interest margin	**1.90**
Movement in lending mix	0.01
Movement in funding mix	0.05
Movement in lending/funding spreads	0.06
Balance sheet and liquidity management	(0.04)
Movement in earnings on invested capital	(0.04)
FY20 net interest margin	**1.94**

Average banking balance sheet

	Full Year Ended Jun-20 Average Balance [1]	Interest	Average Rate	Half Year Ended Jun-20 Average Balance	Interest	Average Rate
	$M	$M	%	$M	$M	%
Assets						
Interest-earning assets						
Trading and investment securities [2]	6,690	115	1.72	6,952	52	1.50
Gross loans and advances	54,666	1,998	3.65	54,287	938	3.47
Total interest-earning assets	**61,356**	**2,113**	**3.44**	**61,239**	**990**	**3.24**
Non-interest earning assets						
Loan balances subject to mortgage offsets	3,701			3,740		
Other assets (inc. loan provisions)	1,111			1,071		
Total non-interest earning assets	**4,812**			**4,811**		
Total assets	**66,168**			**66,050**		
Liabilities						
Interest-bearing liabilities						
Customer deposits	35,559	485	1.36	35,843	209	1.17
Wholesale liabilities	21,282	418	1.96	20,827	176	1.69
Subordinated loans	672	19	2.83	672	8	2.39
Total interest-bearing liabilities	**57,513**	**922**	**1.60**	**57,342**	**393**	**1.37**
Non-interest bearing liabilities						
Other customer deposits	3,701			3,740		
Other liabilities	606			626		
Total non-interest bearing liabilities	**4,307**			**4,366**		
Total Liabilities	**61,820**			**61,708**		
Average Net Assets	**4,348**			**4,342**		
Non-Shareholder Accounting Equity	(21)			(23)		
Convertible Preference Shares	(585)			(585)		
Average Ordinary Shareholders' equity	**3,742**			**3,734**		
Goodwill allocated to banking business	(240)			(240)		
Average Ordinary Shareholders' equity (ex goodwill)	**3,502**			**3,494**		
Analysis of interest margin and spread						
Interest-earning assets	61,356	2,113	3.44	61,239	990	3.24
Interest-bearing liabilities	57,513	922	1.60	57,342	393	1.37
Net interest spread			**1.84**			**1.87**
Net interest margin (interest-earning assets)	**61,356**	**1,191**	**1.94**	**61,239**	**597**	**1.96**
Net interest margin (lending assets)	**54,666**	**1,191**	**2.18**	**54,287**	**597**	**2.21**

[1] Calculated based on daily balances over the period.

[2] Includes interest on cash and receivables due from other banks.

Net non-interest income

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income and commission	28	35	(20.0)	11	17	18	17	(35.3)	(38.9)
Gain/(loss) on derivatives and other financial instruments	13	12	8.3	13	-	8	4	n/a	62.5
Other revenue	(1)	3	n/a	4	(5)	1	2	n/a	300.0
Total net non-interest income	**40**	**50**	**(20.0)**	**28**	**12**	**27**	**23**	**133.3**	**3.7**

Total net non-interest income was $40 million, down 20.0% on the pcp due to:

— A reduction in a range of banking fees to support customers through the COVID-19 period and to offer a more compelling proposition to our digital everyday banking customers. The reduction in banking fees was focused on customer pain points, including the removal of account keeping fees and a reduction in transaction and transfer fees. The result was also influenced by lower payment and merchant fees over the year from higher competition. The lower second half net banking fee income and commission result partially reflects the Bank's ongoing digital everyday banking strategy.

— Gain on derivatives and other financial instruments, predominantly driven by realised gains on liquid asset sales.

— A one-off GST adjustment, as highlighted during the half year results.

Operating expenses

Operating expenses increased 3.4% on the pcp, partially due to new COVID-19 related expenses, and an increase in regulatory expenses, technology costs and advertising spend. The result was partially offset by net benefits from BIP.

Operating expenses decreased over the second half of the year mainly due to the proactive management of the project portfolio following the onset of the COVID-19 pandemic and a decrease in personnel expenses.

The increase in operating expenses, partially offset by higher net interest income, has driven a full-year cost to income ratio of 57.3%, up 1.1% on the pcp.

Credit quality

Impairment losses on loans and advances

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	144	-	n/a	152	(8)	-	-	n/a	n/a
Specific provision for impairment	25	5	400.0	17	8	2	3	112.5	n/a
Actual net write-offs	2	8	(75.0)	1	1	4	4	-	(75.0)
Impairment losses	**171**	**13**	**n/a**	**170**	**1**	**6**	**7**	**n/a**	**n/a**
Impairment losses to gross loans and advances (annualised)	**0.29%**	**0.02%**		**0.58%**	**0.00%**	**0.02%**	**0.02%**		

Impairment losses on loans and advances increased from a relatively low base to $171 million, or 29 bps of gross loans and advances.

The increase was predominantly driven by a $144 million increase in the collective provision for impairment, due to the impacts of the COVID-19 pandemic.

The Bank's collective provision for impairment in March 2020 was $130 million. The difference in the collective provision between March and June is a result of updates to the Bank's existing management overlays and inclusion of a separate overlay reflecting the considerable uncertainty of the outlook, partially offset by a revised economic outlook.

The increase in specific provision for impairment of $25 million was primarily due to a small number of business lending customers who were already experiencing financial difficulty prior to COVID-19 and have been further impacted by the pandemic.

Expected Credit Loss methodology

Following the onset of the COVID-19 pandemic, in March 2020 the Bank established a provision overlay based on a set of forecast macroeconomic assumptions.

For the 30 June result, the key conditions and assumptions utilised in the Bank's calculation of expected credit loss (ECL) have been revised. The underlying economic assumptions of the best estimate scenario reflect a marginally improved economic outlook, however still represent a sharp deterioration in forecast macroeconomic conditions with unemployment peaking at 10% (March 2020: 11.5%), a reduction of 8.3% in residential house prices (March 2020: 10.6%) and a 14.2% reduction in commercial property prices (March 2020: 13.8%). The current assumptions forecast the economy to commence a protracted recovery beginning in 2021.

The Bank continues to monitor the economic outlook and conditions as COVID-19 restrictions evolve, for example the recent Victorian lockdown, and will reassess provisions as necessary.

As at 30 June 2020, the ECL of $255 million incorporates the following:

- The modelled collective provision;
- A forward-looking significant increase in credit risk component, to ensure that the ECL includes the full impact implied by the economic outlook;
- A separate economic overlay reflecting the considerable uncertainty remaining given the unprecedented impacts of COVID-19; and
- Several smaller portfolio specific overlays.

Temporary loan repayment deferral arrangements

Banking & Wealth has provided a range of support options to customers impacted by COVID-19. The most significant support option has been the provision of temporary loan repayment deferral arrangements (deferral arrangements).

As at 30 June, 14,400 customer accounts were under temporary loan repayment deferral arrangements across the home, consumer, commercial and agribusiness portfolios, representing $4.83 billion.

Since early June, the Bank has completed three-month check-ins with around 70% of home lending customers under temporary loan repayment deferral arrangements, noting that a portion of customers have not yet reached the three-month check-in point. Approximately 51% of home lending customer accounts that have completed check-ins as at 31 July are returning to normal repayments.

As a result, the number of customer accounts under deferral arrangements had reduced to 9,800 across the home, consumer, commercial and agribusiness portfolios, representing $3.54 billion as at 31 July.

The table below summarises key information on the Bank's deferral arrangements across the home and business lending portfolios and highlights the decrease in key metrics from June to July 2020.

Temporary loan repayment deferral arrangements (July 2020 vs June 2020)[1]

		Month Ended	
		Jul-20	Jun-20
Home lending			
Value of loans under temporary loan repayment deferral arrangements	$bn	2.36	3.75
Number of loans under temporary repayment deferral arrangements	Number of loans	7,700	12,400
Proportion of home lending portfolio under temporary loan repayment deferral arrangements	%	5	8
Proportion of home loans subject to three-month check-in process resuming payments	%	51	42
Business lending			
Value of loans under temporary loan repayment deferral arrangements	$bn	1.16	1.06
Number of loans under temporary repayment deferral arrangements	Number of loans	1,500	1,400
Proportion of business lending portfolio under temporary loan repayment deferral arrangements	%	11	10
Total lending [2]			
Value of loans under temporary loan repayment deferral arrangements	$bn	3.54	4.83
Number of loans under temporary repayment deferral arrangements	Number of loans	9,800	14,400

(1) Temporary loan repayment deferral arrangements data is based on APRA Economic and Financial Statistics definitions.

(2) Total lending under deferral arrangements includes a small portion of other retail lending ($10 million or 605 accounts as at 31 July 2020 and $11 million or 625 accounts as at 30 June 2020).

Home lending

As at 31 July, around 7,700 home loan accounts were under temporary loan repayment deferral arrangements, representing $2.36 billion of home loans. As at 31 July, 5% of the home lending portfolio was under temporary loan deferral arrangements, down from 8% at 30 June as customers return to normal repayments following three-month check-ins.

As at 31 July, approximately 51% of customer accounts that have completed check-ins are returning to normal repayments.

The geographic distribution of home loan deferrals has some slight variances compared with the broader home lending portfolio:

— Queensland represents a slightly lower proportion of deferred loans;

— NSW represents a slightly higher share; and

— Victoria and other states are broadly in line.

The next table highlights that home loans under temporary repayment deferral arrangements are largely in line with the total home lending portfolio.

The large majority of home loans under deferral arrangements with an LVR greater than 80% have LMI coverage.

Comparative of home loan deferral metrics

	Home loans under deferral arrangements	Total home lending portfolio
	Month Ended Jul-20 %	Month Ended Jun-20 %
Owner-occupier loans	68	72
Investor loans	32	28
Principal and interest loans	85	83
Interest only loans	15	17
Loans with LVR of 80% or below	69	81

Business lending

As at 31 July, around 1,500 business loan accounts were under temporary loan repayment deferral arrangements, representing $1.16 billion of business loans.

In accordance with regulatory and industry guidance, temporary loan deferrals have been offered to business lending customers for up to six months. As a result, the numbers of business loan accounts and the proportion of the business lending customers under deferral arrangements compared to the total business lending portfolio has remained broadly stable from June to July.

The geographic distribution of business lending deferrals has some minor variances to the broader business lending portfolio. Queensland represents a slightly lower proportion of deferred business loans compared to the total portfolio, offset by New South Wales and other states being slightly higher. Victoria is broadly in line.

Commercial lending

The onset of the COVID-19 pandemic and associated restrictions have had a meaningful impact on customers across the commercial portfolio, particularly within the accommodation, hospitality, property investment, service and retail sectors.

The Bank continues to assist customers with the temporary loan repayment deferral arrangements and cash flow solutions. As at 31 July 2020, around 1,400 commercial loan accounts (including SME) (June: 1,400) were under temporary loan repayment deferral arrangements, representing approximately $1.1 billion (June: $1.0 billion) of commercial loans.

Agribusiness lending

The COVID-19 pandemic has not had a significant impact on the agribusiness portfolio.

Impaired assets and non-performing loans

	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	Jun-20 vs Dec-19 %	Jun-20 vs Jun-19 %
Retail lending	60	58	56	61	3.4	7.1
Agribusiness lending	38	31	32	37	22.6	18.8
Commercial/SME lending	72	64	58	66	12.5	24.1
Gross impaired assets	**170**	**153**	**146**	**164**	**11.1**	**16.4**
Impairment provision (1)	(60)	(42)	(40)	(42)	42.9	50.0
Net impaired assets	**110**	**111**	**106**	**122**	**(0.9)**	**3.8**
Gross impaired assets to gross loans and advances	**0.29%**	**0.26%**	**0.25%**	**0.28%**		
Size of gross individually impaired assets						
Less than one million	47	47	46	43	-	2.2
Greater than one million but less than ten million	99	82	85	106	20.7	16.5
Greater than ten million	24	24	15	15	-	60.0
Gross impaired assets	**170**	**153**	**146**	**164**	**11.1**	**16.4**
Past due loans not shown as impaired assets	**594**	**528**	**551**	**524**	**12.5**	**7.8**
Gross non-performing loans	**764**	**681**	**697**	**688**	**12.2**	**9.6**
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	153	146	164	144	4.8	(6.7)
Recognition of new impaired assets	50	41	27	57	22.0	85.2
Increases in previously recognised impaired assets	2	1	3	2	100.0	(33.3)
Impaired assets written off/sold during the half year	(4)	(4)	(3)	(6)	-	33.3
Impaired assets which have been reclassed as performing assets or repaid	(31)	(31)	(45)	(33)	-	(31.1)
Balance at the end of the half year	**170**	**153**	**146**	**164**	**11.1**	**16.4**

(1) Comparative figures for impairment provision have been restated.

Gross impaired assets increased by $24 million to $170 million over the year, representing 29 bps of gross loans and advances.

Retail impaired loans of $60 million were relatively flat over the year, assisted by the sound underlying credit quality of the retail book.

Agribusiness impairments increased by $6 million to $38 million over the year, partially driven by the impact of consecutive years of drought on a small number of customers. Parts of the agribusiness portfolio are expected to perform comparatively well in FY21 due to recent rainfall and relatively high commodity prices. However, the impact of ongoing drought in some areas and downstream effects of the COVID-19 pandemic could influence customer performance over the short to medium term.

Commercial impairments increased by $14 million to $72 million over the year, largely driven by a small number of exposures in the accommodation and property investment sectors, which were experiencing financial difficulty prior to the onset of the COVID-19 pandemic.

Past due loans not impaired increased by $43 million to $594 million over the year, predominantly driven by customers within the commercial portfolio. This increase is largely related to customers in the accommodation, hospitality and property investment industries who were already experiencing financial difficulty and have been further impacted by the COVID-19 pandemic. The increase was also driven by higher past due loans in the agribusiness portfolio, as consecutive years of drought have impacted some customers.

Provision for impairment

	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	Jun-20 vs Dec-19 %	Jun-20 vs Jun-19 %
Collective provision						
Balance at the beginning of the period	103	111	111	91	(7.2)	(7.2)
AASB 9 transition adjustments	-	-	-	20	n/a	n/a
Charge against impairment losses	152	(8)	-	-	n/a	n/a
Balance at the end of the period	**255**	**103**	**111**	**111**	**147.6**	**129.7**
Specific provision						
Balance at the beginning of the period	33	31	34	39	6.5	(2.9)
Charge against impairment losses	17	8	2	3	112.5	n/a
Impairment provision written off	(3)	(4)	(3)	(6)	(25.0)	-
Unwind of discount	(1)	(2)	(2)	(2)	(50.0)	(50.0)
Balance at the end of the period	**46**	**33**	**31**	**34**	**39.4**	**48.4**
Total provision for impairment - Banking activities	**301**	**136**	**142**	**145**	**121.3**	**112.0**
Equity reserve for credit loss (ERCL)						
Balance at the beginning of the period	86	104	111	88	(17.3)	(22.5)
AASB 9 transition adjustments	-	-	-	9	n/a	n/a
Transfer (to) from retained earnings	(5)	(18)	(7)	14	(72.2)	(28.6)
Balance at the end of the period	**81**	**86**	**104**	**111**	**(5.8)**	**(22.1)**
Pre-tax equivalent coverage	116	123	149	159	(5.7)	(22.1)
Total provision for impairment and equity reserve for credit loss - Banking activities	**417**	**259**	**291**	**304**	**61.0**	**43.3**

	%	%	%	%
Specific provision for impairment expressed as a percentage of gross impaired assets	**27.1**	**21.6**	**21.2**	**20.7**
Provision for impairment expressed as a percentage of gross loans and advances are as follows:				
Collective provision	0.44	0.18	0.19	0.19
Specific provision	0.08	0.06	0.05	0.06
Total provision	0.52	0.24	0.24	0.25
ERCL coverage	0.20	0.21	0.25	0.27
Total provision and ERCL coverage	0.72	0.45	0.49	0.52

The total provision and ERCL coverage was 72 bps of gross loans and advances.

The collective provision increased by $144 million over the year, mostly driven by the Bank's COVID-19 related provisioning, as well as adjustments to management overlays, including a small increase related to prolonged drought conditions.

The specific provision increased by $15 million over the year to $46 million, mainly driven by a small number of new and existing impaired commercial exposures predominantly in the accommodation, hospitality and property investment sectors.

Gross non-performing loans coverage by portfolio

	Past due loans	Impaired assets	Specific provision	Collective provision	ERCL (pre-tax equivalent)	Total provision and ERCL coverage
	$M	$M	$M	$M	$M	%
Retail lending	493	60	9	75	39	22%
Agribusiness lending	49	38	8	52	10	80%
Commercial/SME lending	52	72	29	128	67	181%
Total	**594**	**170**	**46**	**255**	**116**	**55%**

Retail lending past due loans (non-COVID-19) were flat over the year after increasing $26 million in the second half in line with regular seasonal patterns. Normal collections activities were temporarily impacted over the second half due to the reallocation of resources to support COVID-19 impacted customers. Collection activities have since returned to normal. The flat result over the year reflects the Bank's continued collection process improvements and efforts in supporting and managing retail customers through the arrears process including offering assistance to COVID-19 impacted customers.

Agribusiness past due loans increased by $13 million over the year, with most of the increase occurring in the second half of the year. The level of past due agribusiness customers is expected to further increase in the short-term as some customers continue to be impacted by drought.

Commercial lending past due loans increased by $30 million over the year, partially due to customers in the accommodation, hospitality and property investment industries who were already experiencing financial difficulty and have been further impacted by COVID-19. In addition, a small number of commercial lending customers requesting COVID-19 assistance were yet to be assessed at 30 June 2020. Following their assessment, it is anticipated a portion of this cohort will be removed from the past due category in line with APRA treatment guidelines.

Wealth

Profit contribution

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Underlying profit after tax	**(6)**	1	n/a	**(6)**	**-**	**-**	1	n/a	n/a
Profit attributed to shareholders	**(6)**	**1**	**n/a**	**(6)**	**-**	**-**	**1**	**n/a**	**n/a**

Wealth underlying profit after tax was impacted by reduced administration fee revenue following the COVID-19 impact on financial markets. The Wealth business continues to be impacted by increased industry wide regulatory costs within the superannuation portfolio, which are expected to continue over the medium term. Wealth continues to embrace regulatory reform with an extensive program of work in place focused on improving member outcomes.

Wealth is supporting its members impacted by the COVID-19 pandemic through the Federal Government's Superannuation Early Release Scheme. As at 30 June 2020, the Wealth business has made approximately $99 million of early superannuation payments to around 13,000 members. As at 31 July, a further $66 million of early superannuation payments had been facilitated to 8,300 members.

Funds under administration

	Half Year Ended				Jun-20	Jun-20
	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	$M	$M	%	%
Funds under management and administration						
Opening balance at the start of the period	6,439	6,377	6,011	6,411	1.0	7.1
Inflows	264	320	282	283	(17.5)	(6.4)
Outflows	(439)	(479)	(454)	(466)	(8.4)	(3.3)
Investment income and other	(400)	221	538	(217)	n/a	n/a
Balance at the end of the period	**5,864**	**6,439**	**6,377**	**6,011**	**(8.9)**	**(8.0)**

Funds under administration reduced by 8.0% over the year to $5.9 billion. The movements in 'investment income and other' were primarily driven by volatile investment market conditions associated with the COVID-19 pandemic over the last quarter of the period. Investment performance of core funds continued to be strong relative to peers with Suncorp's Brighter Super Multi-Manager Growth Fund having the strongest annual performance of any comparable fund according to two superannuation research houses, Super Ratings and Chant West.

Outflows were driven in part by the early release of superannuation payments, partially offset by growth in inflows over the year from an increase in newly acquired digital members.

NEW ZEALAND

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

Profit contribution (NZ$)

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
General Insurance									
Gross written premium	**1,713**	**1,670**	**2.6**	**837**	**876**	**839**	**831**	**(4.5)**	**(0.2)**
Gross unearned premium movement	(40)	(64)	(37.5)	(7)	(33)	(26)	(38)	(78.8)	(73.1)
Gross earned premium	1,673	1,606	4.2	830	843	813	793	(1.5)	2.1
Outwards reinsurance expense	(200)	(203)	(1.5)	(101)	(99)	(103)	(100)	2.0	(1.9)
Net earned premium	**1,473**	**1,403**	**5.0**	**729**	**744**	**710**	**693**	**(2.0)**	**2.7**
Net incurred claims									
Claims expense	(811)	(763)	6.3	(355)	(456)	(378)	(385)	(22.1)	(6.1)
Reinsurance and other recoveries revenue	77	66	16.7	18	59	21	45	(69.5)	(14.3)
Net incurred claims	**(734)**	**(697)**	**5.3**	**(337)**	**(397)**	**(357)**	**(340)**	**(15.1)**	**(5.6)**
Total operating expenses									
Acquisition expenses	(335)	(322)	4.0	(169)	(166)	(161)	(161)	1.8	5.0
Other underwriting expenses	(132)	(122)	8.2	(68)	(64)	(66)	(56)	6.3	3.0
Total operating expenses	**(467)**	**(444)**	**5.2**	**(237)**	**(230)**	**(227)**	**(217)**	**3.0**	**4.4**
Underwriting result	**272**	**262**	**3.8**	**155**	**117**	**126**	**136**	**32.5**	**23.0**
Investment income - insurance funds	19	22	(13.6)	13	6	15	7	116.7	(13.3)
Insurance trading result	**291**	**284**	**2.5**	**168**	**123**	**141**	**143**	**36.6**	**19.1**
Joint venture and other expense	(9)	(1)	n/a	(9)	-	(1)	-	n/a	n/a
General Insurance operational earnings	**282**	**283**	**(0.4)**	**159**	**123**	**140**	**143**	**29.3**	**13.6**
Investment income - shareholder funds	20	17	17.6	13	7	15	2	85.7	(13.3)
General Insurance profit before tax	**302**	**300**	**0.7**	**172**	**130**	**155**	**145**	**32.3**	**11.0**
Income tax	(83)	(83)	-	(47)	(36)	(41)	(42)	30.6	14.6
General Insurance profit after tax	**219**	**217**	**0.9**	**125**	**94**	**114**	**103**	**33.0**	**9.6**
Life Insurance									
Underlying profit after tax	38	39	(2.6)	26	12	23	16	116.7	13.0
Market adjustments	2	5	(60.0)	-	2	4	1	(100.0)	(100.0)
Life Insurance profit after tax	**40**	**44**	**(9.1)**	**26**	**14**	**27**	**17**	**85.7**	**(3.7)**
New Zealand profit after tax	**259**	**261**	**(0.8)**	**151**	**108**	**141**	**120**	**39.8**	**7.1**

General Insurance ratios (NZ$)

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Acquisition expenses ratio	22.7	22.9	23.2	22.3	22.7	23.2
Other underwriting expenses ratio	9.0	8.7	9.3	8.6	9.3	8.1
Total operating expenses ratio	**31.7**	**31.6**	**32.5**	**30.9**	**32.0**	**31.3**
Loss ratio	49.8	49.7	46.2	53.4	50.3	49.1
Combined operating ratio	81.5	81.3	78.7	84.3	82.3	80.4
Insurance trading ratio	**19.8**	**20.2**	**23.0**	**16.5**	**19.9**	**20.6**

Profit contribution (A$)

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
General Insurance									
Gross written premium	**1,623**	**1,566**	**3.6**	**796**	**827**	**798**	**768**	**(3.7)**	**(0.3)**
Gross unearned premium movement	(37)	(59)	(37.3)	(6)	(31)	(24)	(35)	(80.6)	(75.0)
Gross earned premium	1,586	1,507	5.2	790	796	774	733	(0.8)	2.1
Outwards reinsurance expense	(189)	(190)	(0.5)	(96)	(93)	(98)	(92)	3.2	(2.0)
Net earned premium	**1,397**	**1,317**	**6.1**	**694**	**703**	**676**	**641**	**(1.3)**	**2.7**
Net incurred claims									
Claims expense	(769)	(715)	7.6	(339)	(430)	(358)	(357)	(21.2)	(5.3)
Reinsurance and other recoveries revenue	73	61	19.7	18	55	19	42	(67.3)	(5.3)
Net incurred claims	**(696)**	**(654)**	**6.4**	**(321)**	**(375)**	**(339)**	**(315)**	**(14.4)**	**(5.3)**
Total operating expenses									
Acquisition expenses	(318)	(302)	5.3	(161)	(157)	(153)	(149)	2.5	5.2
Other underwriting expenses	(125)	(115)	8.7	(65)	(60)	(63)	(52)	8.3	3.2
Total operating expenses	**(443)**	**(417)**	**6.2**	**(226)**	**(217)**	**(216)**	**(201)**	**4.1**	**4.6**
Underwriting result	**258**	**246**	**4.9**	**147**	**111**	**121**	**125**	**32.4**	**21.5**
Investment income - insurance funds	18	21	(14.3)	13	5	14	7	160.0	(7.1)
Insurance trading result	**276**	**267**	**3.4**	**160**	**116**	**135**	**132**	**37.9**	**18.5**
Joint venture and other expense	(8)	(1)	n/a	(8)	-	(1)	-	n/a	n/a
General Insurance operational earnings	**268**	**266**	**0.8**	**152**	**116**	**134**	**132**	**31.0**	**13.4**
Investment income - shareholder funds	18	16	12.5	12	6	14	2	100.0	(14.3)
General Insurance profit before tax	**286**	**282**	**1.4**	**164**	**122**	**148**	**134**	**34.4**	**10.8**
Income tax	(79)	(78)	1.3	(46)	(33)	(39)	(39)	39.4	17.9
General Insurance profit after tax	**207**	**204**	**1.5**	**118**	**89**	**109**	**95**	**32.6**	**8.3**
Life Insurance									
Underlying profit after tax	36	37	(2.7)	25	11	22	15	127.3	13.6
Market adjustments	2	4	(50.0)	-	2	3	1	(100.0)	(100.0)
Life Insurance profit after tax	**38**	**41**	**(7.3)**	**25**	**13**	**25**	**16**	**92.3**	**-**
New Zealand profit after tax	**245**	**245**	**-**	**143**	**102**	**134**	**111**	**40.2**	**6.7**

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

General Insurance ratios (A$)

	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Acquisition expenses ratio	22.8	22.9	23.2	22.3	22.6	23.2
Other underwriting expenses ratio	8.9	8.7	9.4	8.5	9.3	8.1
Total operating expenses ratio	**31.7**	**31.6**	**32.6**	**30.8**	**31.9**	**31.3**
Loss ratio	49.8	49.7	46.3	53.3	50.1	49.1
Combined operating ratio	81.5	81.3	78.9	84.1	82.0	80.4
Insurance trading ratio	**19.8**	**20.3**	**23.1**	**16.5**	**20.0**	**20.6**

New Zealand result overview

- New Zealand achieved profit after tax of $259 million, broadly in line with the pcp. The result was driven by premium growth, offset by a return to normalised natural hazard experience following benign weather conditions in the pcp. Reported ITR was 19.8%, down from 20.2% on the pcp.
- Excluding investment market impacts, the net impact of COVID-19 has been broadly neutral[(1)] on FY20 New Zealand result. The New Zealand General Insurance business delivered profit after tax of $219 million, up 0.9% on the pcp. This was driven by premium growth and favourable working claims experience as a result of COVID-19 Government mobility restrictions significantly reducing claims frequency, predominantly in Motor. A $23 million provision has been recognised to reflect the pass through to customers of reduced risk of motor claims during the restrictions. Suncorp will continue to monitor any potential impact of further New Zealand mobility restrictions in FY21.
- Provisions of $18 million for customer remediation were recognised against premium income largely relating to issues with customer discounts in prior periods. A further $6 million was recognised in the 'Joint venture and other expense' line in respect of interest costs, to compensate impacted customers.
- Reported GWP grew by 2.6% to $1,713 million. Adjusting for the customer remediation and COVID-19 support packages, GWP grew by 5.0%. This growth was driven by moderate premium increases in the commercial portfolio, unit growth primarily in the direct business and increased participation in a broker scheme.
- Net incurred claims were $734 million, up 5.3% on the pcp, with the loss ratio broadly in-line with the pcp. The half on half loss ratio is skewed due to the COVID-19 frequency benefits in 2H20 and the recoveries from the NZ Canterbury Storms coming through in 2H20.
- Operating expenses increased by 5.2% to $467 million. Of this increase, 2.2% was driven by increases in commissions as a function of underlying premium growth and 3.0% related to increases in underwriting expenses largely due to higher technology and project costs. While expenses increased, the total operating expense ratio was broadly in-line with the pcp as a result of earned premium growth.
- The New Zealand Life Insurance business delivered profit after tax of $40 million, down $4 million on the pcp. This was driven by adverse claims experience, IFRS17 project costs, customer remediation and lower investment returns, partially offset by favourable lapse experience. In-force premium grew by 3.7%, supported by CPI and age-indexed premium growth.
- Suncorp New Zealand made a $15 million one-off payment with respect to a restructuring of its AA Life joint venture arrangement. This amount has been reported in the 'Other income' line in the Group Contribution to Profit by Function table.

[(1)] The broadly neutral outcome is indicative of key items related to COVID-19 and does not capture all impacts.

General Insurance

Gross written premium

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium by product									
Motor	398	406	(2.0)	189	209	208	198	(9.6)	(9.1)
Home	571	558	2.3	290	281	288	270	3.2	0.7
Commercial	721	685	5.3	348	373	333	352	(6.7)	4.5
Other	23	21	9.5	10	13	10	11	(23.1)	-
Total	**1,713**	**1,670**	**2.6**	**837**	**876**	**839**	**831**	**(4.5)**	**(0.2)**

Motor

Reported Motor GWP reduced by 2.0% to $398 million. Excluding the impacts of customer remediation and COVID-19, Motor GWP grew by 3.3%. The underlying growth was driven by both an increase in units and modest price increases in the direct business. The increased participation in a broker scheme and strong growth in the Rural portfolio also contributed to the underlying growth.

Home

Home GWP grew by 2.3% to $571 million. Growth was largely driven by moderate price increases and strong unit growth in the direct channel. Vero intermediated was also slightly up on the pcp due to the increased participation in a broker scheme and strong growth in the Rural segment, offset by negative growth in the corporate partner space. Targeted pricing changes in the Consumer book have seen positive increases in new business numbers over 2H20 in the intermediated and corporate partners channels.

Commercial

Commercial GWP grew by 5.3% to $721 million, largely driven by moderate rate increases across all segments and unit growth in the Rural portfolio. Increased participation in a broker scheme supported growth in Commercial. Property and liability portfolios continue to perform strongly, supported by increases in rates and good retention.

Other

Other business contributed GWP of $23 million for FY20, with continued growth being achieved within the personal marine portfolio.

Customer remediation provisions

During FY20, a total of $18 million in customer remediation provisions was recognised against premium income largely relating to issues with customer discounts in prior periods. In addition to customer remediation provisions recognised against premiums, a further $6 million was recognised in the 'Joint venture and other expense' line in respect of interest costs, to compensate impacted customers. Suncorp is committed to remediating impacted customers and will continue to progress payments through FY21.

COVID-19-related provisions

The General Insurance business saw a favourable claims impact due to COVID-19 containment measures implemented by the New Zealand Government. During April 2020, when the measures were the most restrictive, reductions in motor claims frequency of up to 85% were recorded. A provision of $23 million has been recognised in FY20 against premiums and claims to reflect the pass through to customers of reduced risk of motor claims during COVID-19 mobility restrictions. Suncorp will continue to monitor any potential impact of further New Zealand mobility restrictions in FY21.

Net incurred claims

Net incurred claims costs have increased by 5.3% to $734 million, driven by increased levels of natural hazard claims and unit growth.

Home claims are up on the pcp due to increased natural hazard experience following a benign FY19 and unit growth in the direct channel. The increased large loss house fire claims severity experienced in 1H20 has moderated in 2H20.

Motor claims are down on the pcp in both the intermediated and direct channels. This has been driven by the impact of the COVID-19 restrictions and product changes made in the prior year flowing through the book. This has been partially offset by the impact of the NZ Canterbury Storms and unit growth in the direct channel.

Commercial claims are unfavourable to the pcp largely due to natural hazard claims and growth in the book. This was partially offset by lower levels of large loss commercial fire claims and favourable commercial motor claims experience driven by COVID-19 restrictions.

Natural hazards

Total natural hazards costs were $39 million for FY20, $14 million below the allowance. Natural hazards costs were up $25 million on the pcp which experienced benign weather conditions. The NZ Canterbury Storms contributed $20 million to the net incurred cost in FY20.

In FY21, the New Zealand natural hazard allowance will increase by $4 million to $57 million.

Date	Event	Net costs NZ$M
Nov 19	NZ Canterbury Storms (1)	20
Total events over $10 million (2)		**20**
Retained natural hazards attritional claims		19
Total natural hazards		**39**
Less: allowance for natural hazards		(53)
Natural hazards costs above/ (below) allowance		**(14)**

(1) Costs have been incurred in Insurance (Australia) for the same event due to internal reinsurance arrangements.

(2) Events with a gross cost over $10 million, shown net of recoveries from reinsurance

Outstanding claims provision

	Actual	Net Central Estimate (Discounted)	Risk Margin (90th Percentile Discounted)	Change In Net Central Estimate [1]
	NZ$M	NZ$M	NZ$M	NZ$M
Short-tail	237	202	35	7
Long-tail	102	86	16	(5)
Total	**339**	**288**	**51**	**2**

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

The valuation of outstanding claims resulted in a net central estimate strengthening of $2 million. Long-tail claim reserve releases were primarily attributable to the Vero Liability book.

There has been a strengthening of reserves relating to the Canterbury earthquakes, as settlements reach the tail-end of the most complex claims. Total claims paid for the Canterbury events have reached 99.7% of the ultimate net loss (UNL), with $62 million in claims paid over FY20. The only significant exposure remaining relates to the February 2011 Canterbury event. As at 30 June 2020, total claims paid for this event were A$3.49 billion, representing 98.4% of the UNL. Due to reinsurance arrangements for the February 2011 event, Suncorp will retain 15 cents in the dollar for additional claims costs exceeding A$3.4 billion up to A$3.5 billion. Suncorp's retention increases to 33 cents in the dollar once claims costs exceed A$3.5 billion up to A$5.6 billion.

Outstanding claims provisions over time

	Half Year Ended				Jun-20	Jun-20
	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross outstanding claims liabilities	621	691	812	881	(10.1)	(23.5)
Reinsurance and other recoveries	(282)	(360)	(496)	(564)	(21.7)	(43.1)
Net outstanding claims liabilities	**339**	**331**	**316**	**317**	**2.4**	**7.3**
Expected future claims payments and claims handling expenses	291	288	270	276	1.0	7.8
Discount to present value	(3)	(5)	(4)	(6)	(40.0)	(25.0)
Risk margin	51	48	50	47	6.3	2.0
Net outstanding claims liabilities	**339**	**331**	**316**	**317**	**2.4**	**7.3**
Short-tail	237	236	225	228	0.4	5.3
Long-tail	102	95	91	89	7.4	12.1
Total	**339**	**331**	**316**	**317**	**2.4**	**7.3**

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

The UNL for the Canterbury earthquakes increased by $22 million, largely due to higher allowances for future new over-cap claims.

Risk margins

Risk margins represent approximately 15% of net outstanding claims reserves. This includes an increased allowance for the uncertainty of impacts relating to COVID-19. This gives an approximate level of confidence of 90%, in line with Suncorp Group policy.

Operating expenses

Total operating expenses increased by 5.2% to $467 million. Of this increase, 2.2% was driven by increases in commissions as a function of underlying premium growth and 3.0% related to increases in underwriting expenses largely due to higher technology and project costs. While expenses have increased, the total operating expenses ratio was broadly in line with the pcp as a result of earned premium growth.

Investment income

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

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

Asset allocation

Asset allocations within funds remain largely consistent with the pcp and in accordance with risk appetite.

	Half Year Ended							
	Jun-20		Dec-19		Jun-19		Dec-18	
	NZ$M	%	NZ$M	%	NZ$M	%	NZ$M	%
Insurance funds								
Cash and short-term deposits	250	36	194	33	262	41	205	35
Corporate bonds	347	50	314	54	309	48	298	52
Local government bonds	86	13	72	12	71	11	65	11
Government bonds	6	1	3	1	3	-	10	2
Total Insurance funds	**689**	**100**	**583**	**100**	**645**	**100**	**578**	**100**
Shareholders' funds								
Cash and short-term deposits	68	16	70	17	77	18	35	12
Interest-bearing securities	234	54	217	54	218	52	160	53
Equities	129	30	116	29	124	30	106	35
Total shareholders' funds	**431**	**100**	**403**	**100**	**419**	**100**	**301**	**100**
Total	**1,120**		**986**		**1,064**		**879**	

Credit quality

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

	Jun-20 %	Dec-19 %	Jun-19 %	Dec-18 %
AAA	5.5	8.1	8.0	10.0
AA	65.1	63.5	58.6	61.0
A	26.4	25.2	30.9	26.7
BBB	3.0	3.2	2.5	2.3
	100.0	**100.0**	**100.0**	**100.0**

Duration

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

	Jun-20 Years	Dec-19 Years	Jun-19 Years	Dec-18 Years
Insurance funds				
Interest rate duration	1.3	1.4	1.3	1.3
Shareholders' funds				
Interest rate duration	3.2	3.1	3.0	2.8

Investment performance

Total investment income on insurance funds and shareholders' funds was $39 million, representing an annualised return of 3.6%.

Insurance funds

Investment income on insurance funds was $19 million, representing an annualised return of 2.8%.

Shareholders' funds

Investment income on shareholders' funds was $20m, representing an annualised return of 4.7%.

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	3	3	-	1	2	2	1	(50.0)	(50.0)
Interest-bearing securities and other	16	19	(15.8)	12	4	13	6	200.0	(7.7)
Total	**19**	**22**	**(13.6)**	**13**	**6**	**15**	**7**	**116.7**	**(13.3)**
Investment income on shareholders' funds									
Cash and short-term deposits	2	2	-	1	1	1	1	-	-
Interest-bearing securities	9	7	28.6	7	2	4	3	250.0	75.0
Equities	9	8	12.5	5	4	10	(2)	25.0	(50.0)
Total	**20**	**17**	**17.6**	**13**	**7**	**15**	**2**	**85.7**	**(13.3)**
Total investment income	**39**	**39**	**-**	**26**	**13**	**30**	**9**	**100.0**	**(13.3)**

Life Insurance

The New Zealand Life Insurance business delivered a profit after tax of $40 million, down $4 million on the pcp. This was driven by unfavourable claims experience, IFRS17 project costs, customer remediation and lower investment returns, partially offset by favourable lapse experience. The Life business has not experienced a material direct impact from COVID-19 in terms of Life claims. Life experience improved in 2H20 compared to 1H20 reflecting a combination of factors including improved lapse experience and favourable mortality experience.

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Planned profit margin	35	34	2.9	18	17	17	17	5.9	5.9
Experience	(2)	(2)	-	5	(7)	3	(5)	n/a	66.7
Other	5	7	(28.6)	3	2	3	4	50.0	-
Underlying profit after tax	**38**	**39**	**(2.6)**	**26**	**12**	**23**	**16**	**116.7**	**13.0**
Market adjustments	**2**	**5**	**(60.0)**	**-**	**2**	**4**	**1**	**(100.0)**	**(100.0)**
Net profit after tax	**40**	**44**	**(9.1)**	**26**	**14**	**27**	**17**	**85.7**	**(3.7)**

Life risk in-force annual premium by channel

In-force premium increased by 3.7% to $277 million, supported by CPI and age-indexed premium growth. New business was down $2 million on the pcp due to COVID-19 restrictions impacting new business pipelines. Retention rates were favourable to system.

	Half Year Ended				Jun-20	Jun-20
	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Advised	220	217	213	210	1.4	3.3
Direct	43	42	42	41	2.4	2.4
Group and other	14	14	12	11	-	16.7
Total	**277**	**273**	**267**	**262**	**1.5**	**3.7**
Total new business	**9**	**11**	**11**	**11**	**(18.2)**	**(18.2)**

Remediation

In FY20, $1 million was recognised as a provision for customer remediations, largely relating to incorrectly charged premiums. Suncorp is committed to remediating impacted customers.

APPENDICES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Consolidated statement of comprehensive income (statutory view)

	Full Year Ended		Jun-20 vs Jun-19	Half Year Ended				Jun-20 vs Dec-19	Jun-20 vs Jun-19
	Jun-20	Jun-19		Jun-20	Dec-19	Jun-19	Dec-18		
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	10,080	9,979	1.0	5,003	5,077	4,979	5,000	(1.5)	0.5
Reinsurance and other recoveries income	1,592	1,716	(7.2)	1,232	360	1,001	715	242.2	23.1
Interest income on									
financial assets not at fair value through profit or loss	2,104	2,523	(16.6)	988	1,116	1,245	1,278	(11.5)	(20.6)
financial assets at fair value through profit or loss	370	449	(17.6)	174	196	210	239	(11.2)	(17.1)
Net gains on financial assets and liabilities at fair value through profit or loss	24	246	(90.2)	24	-	246	-	n/a	(90.2)
Dividend and trust distribution income	76	97	(21.6)	33	43	77	20	(23.3)	(57.1)
Fees and other income	524	550	(4.7)	262	262	293	257	-	(10.6)
Total revenue	**14,770**	**15,560**	**(5.1)**	**7,716**	**7,054**	**8,051**	**7,509**	**9.4**	**(4.2)**
Expenses									
Claims expense and movement in policyowner liabilities[1]	(7,836)	(7,916)	(1.0)	(4,183)	(3,653)	(3,994)	(3,922)	14.5	4.7
Outwards reinsurance premium expense	(1,217)	(1,176)	3.5	(626)	(591)	(601)	(575)	5.9	4.2
Underwriting and policy maintenance expenses	(2,202)	(2,172)	1.4	(1,115)	(1,087)	(1,101)	(1,071)	2.6	1.3
Interest expense on									
financial liabilities not at fair value through profit or loss	(973)	(1,392)	(30.1)	(428)	(545)	(685)	(707)	(21.5)	(37.5)
financial liabilities at fair value through profit or loss	(27)	(75)	(64.0)	(4)	(23)	(32)	(43)	(82.6)	(87.5)
Net losses on financial assets and liabilities not at fair value through profit or loss	-	-	n/a	40	(40)	122	(122)	n/a	(67.2)
Impairment loss on loans and advances	(172)	(13)	n/a	(171)	(1)	(6)	(7)	n/a	n/a
Impairment loss on goodwill and other intangible assets[1]	(110)	(9)	n/a	(110)	-	(9)	-	n/a	n/a
Amortisation and depreciation expense	(258)	(169)	52.7	(127)	(131)	(83)	(86)	(3.1)	53.0
Fees, overheads and other expenses	(981)	(1,036)	(5.3)	(526)	(455)	(567)	(469)	15.6	(7.2)
Outside beneficial interests in managed funds	(43)	(72)	(40.3)	(31)	(12)	(110)	38	158.3	(71.8)
Total expenses	**(13,819)**	**(14,030)**	**(1.5)**	**(7,281)**	**(6,538)**	**(7,066)**	**(6,964)**	**11.4**	**3.0**
Profit before income tax	**951**	**1,530**	**(37.8)**	**435**	**516**	**985**	**545**	**(15.7)**	**(55.8)**
Income tax expense	(305)	(456)	(33.1)	(145)	(160)	(295)	(161)	(9.4)	(50.8)
Profit after tax from continuing operations	646	1,074	(39.9)	290	356	690	384	(18.5)	(58.0)
Profit (loss) after tax from discontinued operations [1]	286	(879)	n/a	(8)	294	(754)	(125)	n/a	(98.9)
Profit for the financial year	**932**	**195**	**377.9**	**282**	**650**	**(64)**	**259**	**(56.6)**	**n/a**
Profit for the period attributable to:									
Owners of the Company	913	175	421.7	271	642	(75)	250	(57.8)	n/a
Non-controlling interests	19	20	(5.0)	11	8	11	9	37.5	-
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
Net change in fair value of cash flow hedges	43	20	115.0	22	21	10	10	4.8	120.0
Net change in financial assets at fair value through other comprehensive income	(9)	3	n/a	(6)	(3)	9	(6)	100.0	n/a
Net change in net investment hedge of foreign operations	1	(3)	n/a	1	-	(3)	-	n/a	n/a
Exchange differences on translation of foreign operations	(25)	35	n/a	(27)	2	8	27	n/a	n/a
Related income tax benefit (expense)	(10)	(6)	66.7	(5)	(5)	(3)	(3)	-	66.7
	-	49	(100.0)	(15)	15	21	28	n/a	n/a
Items that will not be reclassified subsequently to profit or loss									
Actuarial gains on defined benefit plans	(20)	(22)	(9.1)	(20)	-	(15)	(7)	n/a	33.3
Net change in equity investments at fair value through other comprehensive income	(17)	-	n/a	(17)	-	-	-	n/a	n/a
Related income tax expense	10	6	66.7	10	-	4	2	n/a	150.0
	(27)	(16)	68.8	(27)	-	(11)	(5)	n/a	145.5
Total other comprehensive income	**(27)**	**33**	**n/a**	**(42)**	**15**	**10**	**23**	**n/a**	**n/a**
Total comprehensive income for the period	**905**	**228**	**296.9**	**240**	**665**	**(54)**	**282**	**(63.9)**	**n/a**
Total comprehensive income for the period attributable to:									
Owners of the Company	886	208	326.0	229	657	(65)	273	(65.1)	n/a
Non-controlling interests	19	20	(5.0)	11	8	11	9	37.5	-
Total comprehensive income for the period	**905**	**228**	**296.9**	**240**	**665**	**(54)**	**282**	**(63.9)**	**n/a**

(1) Profit after tax from discontinued business incorporates the performance of the Capital SMART and ACM Parts businesses sold in October 2019. Prior period comparatives have been restated to adjust for the participating Capital SMART and ACM Parts businesses performance.

Consolidated statement of financial position (statutory view)

	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	Jun-20 vs Dec-19 %	Jun-20 vs Jun-19 %
Assets						
Cash and cash equivalents	1,046	2,265	1,086	1,542	(53.8)	(3.7)
Receivables due from other banks	567	470	499	351	20.6	13.6
Trading securities	1,460	897	1,227	1,540	62.8	19.0
Derivatives	831	639	666	420	30.0	24.8
Investment securities	19,763	19,210	19,243	18,570	2.9	2.7
Loans and advances	57,723	58,354	59,154	59,031	(1.1)	(2.4)
Premiums outstanding	2,857	2,722	2,802	2,568	5.0	2.0
Reinsurance and other recoveries	2,468	2,109	2,656	2,288	17.0	(7.1)
Deferred reinsurance assets	926	579	898	554	59.9	3.1
Deferred acquisition costs	734	742	723	723	(1.1)	1.5
Property, plant and equipment	576	609	208	210	(5.4)	176.9
Deferred tax assets	282	204	242	210	38.2	16.5
Goodwill and other intangible assets	5,275	5,409	5,460	5,529	(2.5)	(3.4)
Other assets	1,236	975	1,371	1,247	26.8	(9.8)
Assets held for sale	-	-	-	4,532	n/a	n/a
Total assets	**95,744**	**95,184**	**96,235**	**99,315**	**0.6**	**(0.5)**
Liabilities						
Payables due to other banks	293	289	353	273	1.4	(17.0)
Deposits and short-term borrowings	46,160	46,782	46,190	46,160	(1.3)	(0.1)
Derivatives	574	451	456	236	27.3	25.9
Amounts due to reinsurers	784	268	776	270	192.5	1.0
Payables and other liabilities	1,828	1,547	1,435	1,199	18.2	27.4
Current tax liabilities	164	29	62	31	465.5	164.5
Unearned premium liabilities	5,219	5,175	5,123	5,039	0.9	1.9
Provisions and employee benefit liabilities	610	494	545	294	23.5	11.9
Outstanding claims liabilities	10,598	10,419	10,611	10,496	1.7	(0.1)
Deferred tax liabilities	115	131	155	131	(12.2)	(25.8)
Managed funds units on issue	714	1,062	847	956	(32.8)	(15.7)
Securitisation liabilities	2,945	3,396	3,831	4,278	(13.3)	(23.1)
Long-term borrowings	10,607	9,884	10,358	10,602	7.3	2.4
Loan capital	2,349	2,540	2,360	2,357	(7.5)	(0.5)
Liabilities held for sale	-	-	-	3,369	n/a	n/a
Total liabilities	**82,960**	**82,467**	**83,102**	**85,691**	**0.6**	**(0.2)**
Net assets	**12,784**	**12,717**	**13,133**	**13,624**	**0.5**	**(2.7)**
Equity						
Share capital	12,509	12,398	12,889	12,880	0.9	(2.9)
Reserves	172	204	207	193	(15.7)	(16.9)
Retained profits	82	98	17	536	(16.3)	382.4
Total equity attributable to owners of the Company	**12,763**	**12,700**	**13,113**	**13,609**	**0.5**	**(2.7)**
Non-controlling interests	21	17	20	15	23.5	5.0
Total equity	**12,784**	**12,717**	**13,133**	**13,624**	**0.5**	**(2.7)**

Consolidated statement of financial position by function

	General Insurance Jun-20 $M	Banking Jun-20 $M	Life Jun-20 $M	Corporate Jun-20 $M	Eliminations Jun-20 $M	Consolidation Jun-20 $M
Assets						
Cash and cash equivalents	456	211	75	76	228	1,046
Receivables due from other banks	-	567	-	-	-	567
Trading securities	-	1,460	-	-	-	1,460
Derivatives	125	691	14	1	-	831
Investment securities	13,312	4,814	609	14,283	(13,255)	19,763
Loans and advances	-	57,723	-	-	-	57,723
Premiums outstanding	2,855	-	2	-	-	2,857
Reinsurance and other recoveries	2,400	-	68	-	-	2,468
Deferred reinsurance assets	926	-	-	-	-	926
Deferred acquisition costs	732	-	2	-	-	734
Property, plant and equipment	76	-	5	495	-	576
Deferred tax assets	4	78	31	169	-	282
Goodwill and other intangible assets	4,794	262	64	155	-	5,275
Other assets	924	150	69	82	11	1,236
Due from related parties	129	230	14	1,145	(1,518)	-
Total assets	**26,733**	**66,186**	**953**	**16,406**	**(14,534)**	**95,744**
Liabilities						
Payables due to other banks	-	293	-	-	-	293
Deposits and short-term borrowings	-	46,524	-	-	(364)	46,160
Derivatives	37	534	-	3	-	574
Amounts due to reinsurers	782	-	2	-	-	784
Payables and other liabilities	962	217	48	585	16	1,828
Current tax liabilities	49	-	1	114	-	164
Unearned premium liabilities	5,218	-	1	-	-	5,219
Provisions and employee benefits liabilities	159	-	11	440	-	610
Outstanding claims liabilities	10,436	-	162	-	-	10,598
Deferred tax liabilities	3	-	109	-	3	115
Managed funds units on issue (1)	-	-	-	-	714	714
Securitised liabilities	-	2,945	-	-	-	2,945
Long-term borrowings	-	10,607	-	-	-	10,607
Loan capital	554	672	-	1,723	(600)	2,349
Due to related parties	442	80	43	371	(936)	-
Total liabilities	**18,642**	**61,872**	**377**	**3,236**	**(1,167)**	**82,960**
Net assets	**8,091**	**4,314**	**576**	**13,170**	**(13,367)**	**12,784**
Equity						
Share capital						12,509
Reserves						172
Retained profits						82
Total equity attributable to owners of the Company						**12,763**
Non-controlling interests						21
Total equity						**12,784**

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

SGL STATEMENT OF FINANCIAL POSITION, PROFIT CONTRIBUTION AND INVESTMENTS

SGL statement of financial position

	Half Year Ended				Jun-20 vs Dec-19	Jun-20 vs Jun-19
	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	%	%
Current assets						
Cash and cash equivalents	34	56	27	13	(39.3)	25.9
Financial assets at fair value through profit and loss	911	1,192	1,075	534	(23.6)	(15.3)
Derivatives	1	2	2	-	(50.0)	(50.0)
Due from related parties	220	145	31	67	51.7	n/a
Other assets	4	2	40	72	100.0	(90.0)
Total current assets	**1,170**	**1,397**	**1,175**	**686**	**(16.2)**	**(0.4)**
Non-current assets						
Investment in subsidiaries	13,398	13,450	13,898	13,954	(0.4)	(3.6)
Due from related parties	593	586	592	603	1.2	0.2
Deferred tax assets	18	24	57	10	(25.0)	(68.4)
Other assets	51	53	61	65	(3.8)	(16.4)
Total non-current assets	**14,060**	**14,113**	**14,608**	**14,632**	**(0.4)**	**(3.8)**
Total assets	**15,230**	**15,510**	**15,783**	**15,318**	**(1.8)**	**(3.5)**
Current liabilities						
Derivatives	3	2	2	1	50.0	50.0
Payables and other liabilities	52	55	58	5	(5.5)	(10.3)
Current tax liabilities	114	13	-	-	-	n/a
Due to related parties	113	425	603	109	(73.4)	(81.3)
Total current liabilities	**282**	**495**	**663**	**115**	**(43.0)**	**(57.5)**
Non-current liabilities						
Loan capital	1,723	1,915	1,736	1,733	(10.0)	(0.7)
Total non-current liabilities	**1,723**	**1,915**	**1,736**	**1,733**	**(10.0)**	**(0.7)**
Total liabilities	**2,005**	**2,410**	**2,399**	**1,848**	**(16.8)**	**(16.4)**
Net assets	**13,225**	**13,100**	**13,384**	**13,470**	**1.0**	**(1.2)**
Equity						
Share capital	12,559	12,457	12,964	12,957	0.8	(3.1)
Retained profits	666	643	420	513	3.6	58.6
Total equity	**13,225**	**13,100**	**13,384**	**13,470**	**1.0**	**(1.2)**

SGL profit contribution

	Full Year Ended		Jun-20 vs Jun-19	Half Year Ended				Jun-20 vs Dec-19	Jun-20 vs Jun-19
	Jun-20 $M	Jun-19 $M	%	Jun-20 $M	Dec-19 $M	Jun-19 $M	Dec-18 $M	%	%
Revenue									
Dividend and interest income from subsidiaries	1,289	997	29.3	504	785	353	644	(35.8)	42.8
Interest and trust distribution income on financial assets at fair value through profit or loss	36	35	2.9	22	14	20	15	57.1	10.0
Other income	4	4	-	2	2	3	1	-	(33.3)
Total revenue	**1,329**	**1,036**	**28.3**	**528**	**801**	**376**	**660**	**(34.1)**	**40.4**
Expenses									
Impairment loss on investment in subsidiaries									
Interest expense on financial liabilities at amortised cost	(63)	(84)	(25.0)	(31)	(32)	(36)	(48)	(3.1)	(13.9)
Impairment loss on investment in subsidiaries	(159)	(153)	3.9	(159)	-	-	(153)	n/a	n/a
Operating expenses	(70)	(54)	29.6	(66)	(4)	(52)	(2)	n/a	26.9
Total expenses	**(292)**	**(291)**	**0.3**	**(256)**	**(36)**	**(88)**	**(203)**	**n/a**	**190.9**
Profit before income tax	**1,037**	**745**	**39.2**	**272**	**765**	**288**	**457**	**(64.4)**	**(5.6)**
Income tax benefit	45	61	(26.2)	16	29	61	-	(46.6)	(74.3)
Profit for the period	**1,082**	**806**	**34.2**	**288**	**794**	**349**	**457**	**(63.8)**	**(17.6)**

SGL investment portfolio

Suncorp Group Limited's investment portfolio supports the Group non-operating holding company (NOHC) structure and distributions to shareholders. Investment assets were $939 million at 30 June 2020 and comprised 74% cash and 26% high quality fixed income securities, with an interest rate duration of 0.6 years, credit spread duration of 0.6 years and an average credit rating of 'AA'. Investment income was $17 million, representing an annualised return of 1.5%.

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
(Pre-tax)	$M	$M	%	$M	$M	$M	$M	%	%
Investment income									
Cash and short-term deposits	10	14	(28.6)	4	6	8	6	(33.3)	(50.0)
Interest-bearing securities and other	7	14	(50.0)	3	4	9	5	(25.0)	(66.7)
Total	**17**	**28**	**(39.3)**	**7**	**10**	**17**	**11**	**(30.0)**	**(58.8)**

INCOME TAX

	Full Year ended Jun-20 $M	Jun-19 $M	Jun-20 vs Jun-19 %
Reconciliation of prima facie income tax expense to actual tax expense:			
Profit before tax from continuing operations [1]	**951**	**1,530**	**(37.8)**
Profit (loss) before tax from discontinued operations [1]	**352**	**(1,028)**	**n/a**
Profit before tax	**1,303**	**502**	**159.6**
Prima facie domestic corporate tax rate of 30% (2019: 30%)	391	151	158.9
Effect of tax rates in foreign jurisdictions	(6)	(7)	(14.3)
Effect of income taxed at non-corporate tax rate	1	1	-
Tax effect of amounts not deductible (assessable) in calculating taxable income:			
Non-deductible expenses	13	219	(94.1)
Non-deductible expenses – Life companies	1	21	(95.2)
Amortisation of intangible assets	6	6	-
Dividend adjustments	16	16	-
Tax exempt revenues	(6)	(11)	(45.5)
Current year rebates and credits	(18)	(21)	(14.3)
Utilisation of previously unrecognised capital losses	(29)	-	n/a
Prior year under (over) provision	1	(72)	n/a
Other	1	4	(75.0)
Total income tax expense on pre-tax profit	**371**	**307**	**20.8**
Total income tax expense on pre-tax profit from continuing operations [1]	**305**	**456**	**(33.1)**
Total income tax expense (benefit) on pre-tax profit from discontinued operations [1]	**66**	**(149)**	**n/a**
Effective tax rate	**28.5%**	**61.2%**	**(32.7)**
Effective tax rate from continuing operations [1]	**32.1%**	**29.8%**	**2.3**

(1) Continuing and discontinued operations represented in the Income Tax table are presented in line with the statutory accounts. In FY20, this relates to the sale of the Capital SMART and ACM Parts businesses in Oct-19. In FY19, this relates to the sale of the Australian Life Insurance Business in Feb-19. In FY20, prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses.

The effective tax rate of 28.5% (2019: 61.2%) is primarily due to differences between the tax and accounting gains and losses on sale from discontinued operations, including the utilisation of previously unrecognised capital losses on the sale of the Capital SMART business.

Several factors contributed to a tax rate of 32.1% from continuing operations (rather than 30.0%). The most significant single factor is interest expense relating to certain convertible instruments which is not deductible for income tax purposes.

GROUP EPS CALCULATIONS

Earnings per share

Numerator	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	$M	$M	$M	$M	$M	$M
Earnings:						
Profit attributable to ordinary equity holders of the company (basic)	913	175	271	642	(75)	250
Interest expense on convertible preference shares	9	15	3	6	7	8
Interest expense on convertible capital notes [(1)]	30	30	12	13	15	15
Profit attributable to ordinary equity holders of the company (diluted)	**952**	**220**	**286**	**661**	**(53)**	**273**
Denominator						
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,269,314,322	1,292,897,633	1,258,548,301	1,279,963,321	1,293,232,399	1,292,568,325
Effect of conversion of convertible preference shares	29,632,222	30,356,101	18,860,433	29,410,167	30,356,101	31,188,991
Effect of conversion of convertible capital notes [(1)]	101,308,005	56,917,690	79,141,932	59,999,236	56,917,690	58,479,358
Weighted average number of ordinary shares (diluted)	**1,400,254,549**	**1,380,171,424**	**1,356,550,666**	**1,369,372,724**	**1,380,506,190**	**1,382,236,674**
	cents	cents	cents	cents	cents	cents
Earnings per share						
Basic	71.93	13.54	21.53	50.16	(5.80)	19.34
Diluted [(1)]	67.99	13.54	21.08	48.27	(5.80)	19.34

[(1)] Capital notes and preference shares will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations as per AASB 133 Earnings per share. This applies to Capital Notes 3 for the second half of FY20 only, therefore interest expense of $5 million and the effect of conversion is excluded from the diluted earnings per share calculation. For the full financial year, Capital Notes 3 do not have an antidilutive effect.

Cash earnings per share

Numerator	Full Year Ended		Half Year Ended			
	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	$M	$M	$M	$M	$M	$M
Earnings:						
Cash profit attributable to ordinary equity holders of the company (basic)	749	1,115	384	365	702	413
Interest expense on convertible preference shares	9	15	3	6	7	8
Interest expense on convertible capital notes [(1)]	30	30	12	13	15	15
Cash profit attributable to ordinary equity holders of the company (diluted)	**788**	**1,160**	**399**	**384**	**724**	**436**
Denominator						
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares:						
Weighted average number of ordinary shares (basic)	1,269,314,322	1,292,897,633	1,258,548,301	1,279,963,321	1,293,232,399	1,292,568,325
Effect of conversion of convertible preference shares	29,632,222	30,356,101	18,860,433	29,410,167	30,356,101	31,188,991
Effect of conversion of convertible capital notes [(1)]	101,308,005	56,917,690	79,141,932	59,999,236	56,917,690	58,479,358
Weighted average number of ordinary shares (diluted)	**1,400,254,549**	**1,380,171,424**	**1,356,550,666**	**1,369,372,724**	**1,380,506,190**	**1,382,236,674**
	cents	cents	cents	cents	cents	cents
Cash earnings per share						
Basic	59.01	86.24	30.51	28.52	54.28	31.95
Diluted [(1)]	56.28	84.05	29.41	28.04	52.44	31.54

[(1)] Capital notes and preference shares will only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations as per AASB 133 Earnings per share. This applies to Capital Notes 3 for the second half of FY20 only, therefore interest expense of $5 million and the effect of conversion is excluded from the diluted earnings per share calculation. For the full financial year, Capital Notes 3 do not have an antidilutive effect.

ASX LISTED SECURITIES

	Half Year Ended			
	Jun-20	Dec-19	Jun-19	Dec-18
Ordinary shares (SUN) each fully paid				
Number at the end of the period	1,279,650,338	1,260,950,777	1,298,503,953	1,298,503,953
Dividend declared for the period (cents per share)	10	26	44	26
Convertible preference shares (SUNPE) each fully paid				
Number at the end of the period	-	1,936,281	4,000,000	4,000,000
Dividend declared for the period ($ per share) [(1)]	0.70	1.52	1.74	1.87
Convertible Capital Notes (SUNPF) each fully paid				
Number at the end of the period	3,750,000	3,750,000	3,750,000	3,750,000
Distribution for the period ($ per note) [(1)]	1.57	1.77	1.99	2.12
Convertible Capital Notes (SUNPG) each fully paid				
Number at the end of the period	3,750,000	3,750,000	3,750,000	3,750,000
Distribution for the period ($ per note) [(1)]	1.41	1.61	1.83	1.96
Convertible Capital Notes (SUNPH) each fully paid				
Number at the end of the period	3,890,000	3,890,000	-	-
Distribution for the period ($ per note) [(1)]	1.18	0.68	-	-
Floating Rate Capital Notes (SBKHB)				
Number at the end of the period	715,383	715,383	715,383	715,383
Interest per note	0.62	0.84	1.27	1.36

(1) Classified as interest expense.

GENERAL INSURANCE ITR SPLIT

Insurance (Australia) — Consumer Insurance [1]

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	5,355	5,221	2.6	2,697	2,658	2,646	2,575	1.5	1.9
Net earned premium	4,609	4,599	0.2	2,274	2,335	2,280	2,319	(2.6)	(0.3)
Net incurred claims [2]	(3,383)	(3,410)	(0.8)	(1,525)	(1,858)	(1,582)	(1,828)	(17.9)	(3.6)
Acquisition expenses	(585)	(561)	4.3	(296)	(289)	(288)	(273)	2.4	2.8
Other underwriting expenses	(359)	(352)	2.0	(173)	(186)	(175)	(177)	(7.0)	(1.1)
Total operating expenses	**(944)**	**(913)**	**3.4**	**(469)**	**(475)**	**(463)**	**(450)**	**(1.3)**	**1.3**
Underwriting result	**282**	**276**	**2.2**	**280**	**2**	**235**	**41**	**n/a**	**19.1**
Investment income - insurance funds	38	45	(15.6)	10	28	33	12	(64.3)	(69.7)
Insurance trading result	**320**	**321**	**(0.3)**	**290**	**30**	**268**	**53**	**n/a**	**8.2**

	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	12.7	12.2	13.0	12.3	12.6	11.8
Other underwriting expenses ratio	7.8	7.7	7.6	8.0	7.7	7.6
Total operating expenses ratio	**20.5**	**19.9**	**20.6**	**20.3**	**20.3**	**19.4**
Loss ratio	73.4	74.1	67.1	79.6	69.4	78.8
Combined operating ratio	93.9	94.0	87.7	99.9	89.7	98.2
Insurance trading ratio	**6.9**	**7.0**	**12.8**	**1.3**	**11.8**	**2.3**

(1) Consumer Insurance includes Home, Motor, Boat and Travel Insurance.

(2) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts businesses in October 2019.

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

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	2,974	3,024	(1.7)	1,456	1,518	1,498	1,526	(4.1)	(2.8)
Net earned premium	2,656	2,693	(1.4)	1,310	1,346	1,323	1,370	(2.7)	(1.0)
Net incurred claims	(2,060)	(2,039)	1.0	(1,057)	(1,003)	(1,013)	(1,026)	5.4	4.3
Acquisition expenses	(425)	(444)	(4.3)	(224)	(201)	(220)	(224)	11.4	1.8
Other underwriting expenses	(203)	(199)	2.0	(108)	(95)	(104)	(95)	13.7	3.8
Total operating expenses	**(628)**	**(643)**	**(2.3)**	**(332)**	**(296)**	**(324)**	**(319)**	**12.2**	**2.5**
Underwriting result	**(32)**	**11**	**n/a**	**(79)**	**47**	**(14)**	**25**	**n/a**	**464.3**
Investment income - insurance funds	209	399	(47.6)	138	71	286	113	94.4	(51.7)
Insurance trading result	**177**	**410**	**(56.8)**	**59**	**118**	**272**	**138**	**(50.0)**	**(78.3)**

	Jun-20	Jun-19	Jun-20	Dec-19	Jun-19	Dec-18
	%	%	%	%	%	%
Ratios						
Acquisition expenses ratio	16.0	16.5	17.1	14.9	16.6	16.4
Other underwriting expenses ratio	7.6	7.4	8.2	7.1	7.8	6.9
Total operating expenses ratio	**23.6**	**23.9**	**25.3**	**22.0**	**24.4**	**23.3**
Loss ratio	77.6	75.7	80.7	74.5	76.7	74.9
Combined operating ratio	101.2	99.6	106.0	96.5	101.1	98.2
Insurance trading ratio	**6.7**	**15.2**	**4.5**	**8.8**	**20.6**	**10.1**

General Insurance short-tail (includes New Zealand)

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	7,914	7,725	2.4	3,913	4,001	3,888	3,837	(2.2)	0.6
Net earned premium	6,769	6,687	1.2	3,344	3,425	3,334	3,353	(2.4)	0.3
Net incurred claims [1]	(4,652)	(4,578)	1.6	(2,123)	(2,529)	(2,155)	(2,423)	(16.1)	(1.5)
Acquisition expenses	(1,064)	(1,048)	1.5	(543)	(521)	(531)	(517)	4.2	2.3
Other underwriting expenses	(580)	(569)	1.9	(289)	(291)	(293)	(276)	(0.7)	(1.4)
Total operating expenses	**(1,644)**	**(1,617)**	**1.7**	**(832)**	**(812)**	**(824)**	**(793)**	**2.5**	**1.0**
Underwriting result	**473**	**492**	**(3.9)**	**389**	**84**	**355**	**137**	**363.1**	**9.6**
Investment income - insurance funds	62	75	(17.3)	25	37	54	21	(32.4)	(53.7)
Insurance trading result	**535**	**567**	**(5.6)**	**414**	**121**	**409**	**158**	**242.1**	**1.2**

	%	%		%	%	%	%
Ratios							
Acquisition expenses ratio	15.7	15.7		16.2	15.2	15.9	15.4
Other underwriting expenses ratio	8.6	8.5		8.7	8.5	8.8	8.2
Total operating expenses ratio	**24.3**	**24.2**		**24.9**	**23.7**	**24.7**	**23.6**
Loss ratio	68.7	68.4		63.5	73.8	64.7	72.3
Combined operating ratio	93.0	92.6		88.4	97.5	89.4	95.9
Insurance trading ratio	**7.9**	**8.5**		**12.4**	**3.5**	**12.3**	**4.7**

(1) Prior period comparatives have been restated to adjust for the sale of the Capital SMART and ACM Parts business in October 2019.

General Insurance long-tail (includes New Zealand)

	Full Year Ended		Jun-20	Half Year Ended				Jun-20	Jun-20
	Jun-20	Jun-19	vs Jun-19	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	2,038	2,086	(2.3)	1,036	1,002	1,054	1,032	3.4	(1.7)
Net earned premium	1,893	1,922	(1.5)	934	959	945	977	(2.6)	(1.2)
Net incurred claims	(1,487)	(1,525)	(2.5)	(780)	(707)	(779)	(746)	10.3	0.1
Acquisition expenses	(264)	(259)	1.9	(138)	(126)	(130)	(129)	9.5	6.2
Other underwriting expenses	(107)	(97)	10.3	(57)	(50)	(49)	(48)	14.0	16.3
Total operating expenses	**(371)**	**(356)**	**4.2**	**(195)**	**(176)**	**(179)**	**(177)**	**10.8**	**8.9**
Underwriting result	**35**	**41**	**(14.6)**	**(41)**	**76**	**(13)**	**54**	**(153.9)**	**215.4**
Investment income - insurance funds	203	390	(47.9)	136	67	279	111	103.0	(51.3)
Insurance trading result	**238**	**431**	**(44.8)**	**95**	**143**	**266**	**165**	**(33.6)**	**(64.3)**

	%	%		%	%	%	%
Ratios							
Acquisition expenses ratio	13.9	13.5		14.8	13.2	13.8	13.2
Other underwriting expenses ratio	5.7	5.0		6.1	5.2	5.1	4.9
Total operating expenses ratio	**19.6**	**18.5**		**20.9**	**18.4**	**18.9**	**18.1**
Loss ratio	78.6	79.4		83.5	73.7	82.4	76.4
Combined operating ratio	98.2	97.9		104.4	92.1	101.3	94.5
Insurance trading ratio	**12.6**	**22.4**		**10.2**	**14.9**	**28.1**	**16.9**

GROUP CAPITAL

Group capital position

	As at 30 June 2020					
	General Insurance	Banking	Life	SGL, Corp Services & Consol	Total	As at 30 June 2019 Total
	$M	$M	$M	$M	$M	$M
Common Equity Tier 1 capital						
Ordinary share capital	-	-	-	12,538	12,538	12,873
Subsidiary share capital (eliminated upon consolidation)	7,375	3,976	1,422	(12,824)	(51)	(75)
Reserves	1	(954)	310	753	110	192
Retained profits and non-controlling interests	159	626	(1,157)	477	105	37
Insurance liabilities in excess of liability valuation	417	-	-	-	417	533
Goodwill and other intangible assets	(4,772)	(445)	(65)	(171)	(5,453)	(5,666)
Net deferred tax liabilities/(assets) (1)	(21)	(87)	80	(168)	(196)	(126)
Policy liability adjustment (2)	-	-	(421)	-	(421)	(419)
Other Tier 1 deductions	(13)	(25)	-	-	(38)	(8)
Common Equity Tier 1 capital	**3,146**	**3,091**	**169**	**605**	**7,011**	**7,341**
Additional Tier 1 capital						
Eligible hybrid capital	540	585	-	14	1,139	1,150
Additional Tier 1 capital	**540**	**585**	**-**	**14**	**1,139**	**1,150**
Tier 1 capital	**3,686**	**3,676**	**169**	**619**	**8,150**	**8,491**
Tier 2 capital						
General reserve for credit losses	-	226	-	-	226	146
Eligible Subordinated notes	555	600	-	-	1,155	1,155
Transitional Subordinated notes (3)	-	38	-	-	38	57
Tier 2 capital	**555**	**864**	**-**	**-**	**1,419**	**1,358**
Total capital	**4,241**	**4,540**	**169**	**619**	**9,569**	**9,849**
Represented by:						
Capital in Australian regulated entities	3,607	4,534	42	-	8,183	8,382
Capital in New Zealand regulated entities	546	-	116	-	662	641
Capital in unregulated entities (4)	88	6	11	619	724	826

(1) Deferred tax assets in excess of deferred tax liabilities are deducted in arriving at CET1. Under the RBNZ's regulations, a net deferred tax liability is added back in determining CET1 Capital.

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

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

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

General Insurance capital

	GI Group [1] Jun-20 $M	GI Group [1] Jun-19 $M
Common Equity Tier 1 capital		
Ordinary share capital	7,375	7,375
Reserves	1	28
Retained profits and non-controlling interests	159	309
Insurance liabilities in excess of liability valuation	417	533
Goodwill and other intangible assets	(4,772)	(4,819)
Net deferred tax assets	(21)	-
Other Tier 1 deductions	(13)	(13)
Common Equity Tier 1 capital	**3,146**	**3,413**
Additional Tier 1 capital	**540**	**565**
Tier 1 capital	**3,686**	**3,978**
Tier 2 capital		
Eligible subordinated notes	555	555
Transitional subordinated notes	-	-
Tier 2 capital	**555**	**555**
Total capital	**4,241**	**4,533**
Prescribed Capital Amount		
Outstanding claims risk charge	969	946
Premium liabilities risk charge	599	568
Total insurance risk charge	1,568	1,514
Insurance concentration risk charge	250	250
Asset risk charge	937	918
Operational risk charge	315	306
Aggregation benefit	(550)	(537)
Total Prescribed Capital Amount (PCA)	**2,520**	**2,451**
Common Equity Tier 1 ratio	**1.25**	**1.39**
Total capital ratio	**1.68**	**1.85**

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

Bank capital

	Regulatory Banking Group	Other Entities	Statutory Banking Group	Statutory Banking Group
	Jun-20	Jun-20	Jun-20	Jun-19
	$M	$M	$M	$M
Common Equity Tier 1 capital				
Ordinary share capital	2,754	1,222	3,976	3,870
Reserves	33	(987)	(954)	(979)
Retained profits	615	11	626	703
Goodwill and other intangible assets	(205)	(240)	(445)	(475)
Net deferred tax assets	(87)	-	(87)	(39)
Other Tier 1 deductions	(25)	-	(25)	5
Common Equity Tier 1 capital	**3,085**	**6**	**3,091**	**3,085**
Additional Tier 1 capital				
Eligible hybrid capital	585	-	585	585
Additional Tier 1 capital	**585**	**-**	**585**	**585**
Tier 1 capital	**3,670**	**6**	**3,676**	**3,670**
Tier 2 capital				
General reserve for credit losses	226	-	226	146
Eligible Subordinated notes	600	-	600	600
Transitional Subordinated notes	38	-	38	57
Tier 2 capital	**864**	**-**	**864**	**803**
Total capital	**4,534**	**6**	**4,540**	**4,473**
Risk Weighted Assets				
Credit risk [1]	29,442	-	29,442	29,646
Market risk	93	-	93	90
Operational risk	3,572	-	3,572	3,530
Total Risk-Weighted Assets [1]	**33,107**	**-**	**33,107**	**33,266**
Common Equity Tier 1 ratio [1]	**9.32%**		**9.34%**	**9.27%**
Total capital ratio	**13.70%**		**13.71%**	**13.45%**

(1) Jun-19 comparatives have been restated to reflect immaterial changes in Bank credit risk-weighted assets as set out in the revised Jun-19 APS 330 disclosures published on the Suncorp Group website on 31 January 2020.

Capital Instruments

	Semi-annual coupon rate / margin above 90 day BBSW	Optional Call / Exchange Date	Issue Date	30 June 2020			Regulatory Capital	Accounting Balance
				GI	Bank	SGL		
				$M	$M	$M	$M	$M
AAIL Subordinated Debt [1]	320 bps	Oct 2022	Oct 2016	330	-	-	330	329
AAIL Subordinated Debt [1]	330 bps	Nov 2020	Nov 2015	225	-	-	225	225
SGL Subordinated Debt [1] [2]	215 bps	Dec 2023	Sep 2018	-	600	-	600	597
SML FRCN [3]	75 bps	Perpetual	Dec 1998	-	38	-	38	72
Total subordinated debt				**555**	**638**	**-**	**1,193**	**1,223**
SGL Capital Notes [1] [2]	410 bps	Jun 2022	May 2017	-	375	-	375	372
SGL Capital Notes 2 [1] [2]	365 bps	Jun 2024	Nov 2017	165	210	-	375	371
SGL Capital Notes 3 [1] [2]	300 bps	Jun 2026	Dec 2019	375	-	14	389	383
Total Additional Tier 1 capital				**540**	**585**	**14**	**1,139**	**1,126**
Total				**1,095**	**1,223**	**14**	**2,332**	**2,349**

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

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

(2) These instruments were issued by SGL and deployed to regulated entities within the Group. The amounts held by SGL, which have been deployed, are eliminated on consolidation for accounting and regulatory purposes.

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

STATEMENT OF ASSETS AND LIABILITIES

General Insurance

	Half Year Ended				Jun-20	Jun-20
	Jun-20	Dec-19	Jun-19	Dec-18	vs Dec-19	vs Jun-19
	$M	$M	$M	$M	%	%
Assets						
Cash and cash equivalents	456	457	382	368	(0.2)	19.4
Derivatives	125	85	63	32	47.1	98.4
Investment securities	13,312	12,942	13,081	12,776	2.9	1.8
Premiums outstanding	2,855	2,720	2,800	2,567	5.0	2.0
Reinsurance and other recoveries	2,400	2,045	2,591	2,227	17.4	(7.4)
Deferred reinsurance assets	926	579	898	554	59.9	3.1
Deferred acquisition costs	732	740	721	720	(1.1)	1.5
Due from related parties	129	356	131	151	(63.8)	(1.5)
Property, plant and equipment	76	85	58	58	(10.6)	31.0
Deferred tax assets	4	5	-	53	(20.0)	n/a
Goodwill and intangible assets	4,794	4,814	4,842	4,880	(0.4)	(1.0)
Other assets	924	629	948	851	46.9	(2.5)
Total assets	**26,733**	**25,457**	**26,515**	**25,237**	**5.0**	**0.8**
Liabilities						
Payables and other liabilities	962	699	754	639	37.6	27.6
Provisions and employee benefits liabilities	159	59	77	68	169.5	106.5
Derivatives	37	35	51	64	5.7	(27.5)
Due to related parties	442	280	331	242	57.9	33.5
Deferred tax liabilities	3	13	42	19	(76.9)	(92.9)
Unearned premium liabilities	5,218	5,174	5,122	5,037	0.9	1.9
Outstanding claims liabilities	10,436	10,261	10,460	10,352	1.7	(0.2)
Loan capital	554	553	552	552	0.2	0.4
Current tax liabilities	49	16	60	29	206.3	(18.3)
Amount due to reinsurers	782	266	774	268	194.0	1.0
Total liabilities	**18,642**	**17,356**	**18,223**	**17,270**	**7.4**	**2.3**
Net assets	**8,091**	**8,101**	**8,292**	**7,967**	**(0.1)**	**(2.4)**

Reconciliation of net assets to Common Equity Tier 1 capital

Net assets - GI businesses	**8,091**	**8,101**	**8,292**	**7,967**
Insurance liabilities in excess of liability valuation	417	483	533	505
Reserves excluded from regulatory capital	(16)	(15)	(15)	(14)
Additional Tier 1 capital	(540)	(540)	(565)	(565)
Goodwill allocated to GI businesses	(4,398)	(4,401)	(4,405)	(4,409)
Other intangibles (including software assets)	(395)	(418)	(414)	(527)
Other Tier 1 deductions	(13)	(12)	(13)	(13)
Common Equity Tier 1 capital	**3,146**	**3,198**	**3,413**	**2,944**

Bank

	Jun-20	Dec-19	Jun-19	Dec-18	Jun-20 vs Dec-19	Jun-20 vs Jun-19
	$M	$M	$M	$M	%	%
Assets						
Cash and cash equivalents	211	1,529	638	1,124	(86.2)	(66.9)
Receivables due from other banks	567	470	499	351	20.6	13.6
Trading securities	1,460	897	1,227	1,540	62.8	19.0
Derivatives	691	543	593	381	27.3	16.5
Investment securities	4,814	3,926	3,954	3,972	22.6	21.8
Loans and advances	57,723	58,354	59,154	59,031	(1.1)	(2.4)
Due from related parties	230	372	357	370	(38.2)	(35.6)
Deferred tax assets	78	34	42	47	129.4	85.7
Other assets	150	159	169	162	(5.7)	(11.2)
Goodwill and intangible assets	262	262	262	262	-	-
Total assets	**66,186**	**66,546**	**66,895**	**67,240**	**(0.5)**	**(1.1)**
Liabilities						
Deposits and short-term borrowings	46,524	47,202	46,551	46,633	(1.4)	(0.1)
Derivatives	534	417	409	173	28.1	30.6
Payables due to other banks	293	289	353	273	1.4	(17.0)
Payables and other liabilities	217	256	419	340	(15.2)	(48.2)
Due to related parties	80	30	14	73	166.7	471.4
Provisions	-	3	5	-	(100.0)	(100.0)
Securitisation liabilities	2,945	3,396	3,831	4,278	(13.3)	(23.1)
Long-term borrowings (1)	10,607	9,884	10,358	10,602	7.3	2.4
Subordinated notes	672	672	672	672	-	-
Total liabilities	**61,872**	**62,149**	**62,612**	**63,044**	**(0.4)**	**(1.2)**
Net assets	**4,314**	**4,397**	**4,283**	**4,196**	**(1.9)**	**0.7**

	Jun-20	Dec-19	Jun-19	Dec-18
Reconciliation of net equity to Common Equity Tier 1 capital				
Net equity - Banking	4,314	4,397	4,283	4,196
Additional Tier 1 capital	(585)	(585)	(585)	(550)
Goodwill allocated to Banking Business	(240)	(240)	(240)	(240)
Regulatory capital equity adjustments	(6)	(6)	(8)	(8)
Regulatory capital adjustments	(317)	(266)	(269)	(283)
Other reserves excluded from Common Equity Tier 1 ratio	(81)	(86)	(104)	(111)
Common Equity Tier 1 capital	**3,085**	**3,213**	**3,077**	**3,004**

(1) Long-term borrowings include $1.1 billion of the Term Funding Facility announced by the RBA on 19 March 2020 in response to COVID-19.

GLOSSARY

Acquisition expense ratio – general insurance	Acquisition expenses expressed as a percentage of net earned premium
Australian Life Business	Incorporates the performance of the Australian Life Insurance and Participating Wealth Business (Suncorp Life and Superannuation Limited) sold to TAL Dai-ichi Life Australia Pty Ltd on 28 February 2019, as well as other distribution activities ceasing operation
Banking & Wealth function	Suncorp's Banking & Wealth business is focused on lending, deposit gathering and transaction account services to personal, small and medium enterprise, commercial and agribusiness customers. The wealth portfolio develops, administers and distributes superannuation products
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, recoverable amount adjustments on intangibles, the profit or loss on divestment and their tax effect
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Cash return on average shareholders' equity pre-goodwill	Cash earnings divided by average equity attributable to owners of the Company less goodwill. Averages are based on monthly balances over the period. The ratio is annualised for half years
Claims Handling Expenses (CHE)	Costs incurred in the investigation, assessment and settlement of a claim
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
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
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
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
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle, based on guidance provided by APRA
Fire service levies (FSL) – Insurance (Australia)	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges
Fire service levies (FSL) – New Zealand	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by Fire and Emergency New Zealand. Fire service levies were established to cover corresponding fire brigade charges
Funds under management and administration	Funds where the Wealth business, in Australia and New Zealand, receives a fee for the administration and management of an asset portfolio

General insurance businesses	General insurance businesses include Insurance (Australia)'s general insurance business and New Zealand's general insurance business. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure, rather than business functions structure
Gross earned premium	The total premium on insurance earned by an insurer during a specified period on premiums underwritten in the current and previous underwriting years
Gross non-performing loans	Gross impaired assets plus past due loans
Gross written premium (GWP)	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 and personal injury products to the Australian market. The Suncorp Group is one of Australia's largest general insurers by Gross Written Premium and Australia's largest compulsory third party insurer
Insurance funds	Insurance funds explicitly back insurance liabilities. They are designed to match the insurance liabilities and are managed separately from shareholders' funds
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
Insurance Trading Ratio (ITR)	The insurance trading result expressed as a percentage of net earned premium
Life insurance businesses	Following the sale of the Australian Life Insurance and Participating Wealth Business on 28 February 2019, Suncorp's life insurance businesses include the New Zealand life insurance business and the remaining Wealth business reported within the Banking & Wealth function. This term is used when describing Suncorp's capital position and statement of financial position which are structured around the Group's legal entity structure rather than business functions structure
Life planned profit margin release	Includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time
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
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	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 (net 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
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 insurance and personal loans directly to customers via partnerships with the New Zealand Automobile Association
Operating functions	The Suncorp Group comprises three core businesses— Insurance (Australia), Banking & Wealth and Suncorp New Zealand. The operating functions are responsible for product design, manufacturing, claims management, and distribution. The core businesses have end-to-end responsibility for the statutory entities within the Suncorp Group
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Outstanding claims provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid
Past due loans	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period, multiplied by the ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period, multiplied by the ordinary dividend per share for the period divided by profit after tax
Prescribed capital amount (PCA)	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk, operational risk, combined stress scenario and aggregation benefit as required by APRA
Profit after tax from functions	The profit after tax for the Insurance (Australia), Banking & Wealth and New Zealand functions
Reinsurance	A form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all, or a share of, certain claims incurred by the insurance company.
Reserve releases	Reserve releases occur when provisions made to cover insurance claims made against underwritten policies are assessed as higher than long-run trends in actual experience
Return on average shareholders' equity	Net profit after tax divided by average equity attributable to owners of the Company. Averages are based on monthly balances over the period. The ratio is annualised for half years
Return on average total assets	Net profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on Common Equity Tier 1	Net profit after tax adjusted for dividends paid on capital notes divided by average Common Equity Tier 1 Capital. Average Common Equity Tier 1 Capital is based on the monthly balance of Common Equity Tier 1 Capital over the period. The ratio is annualised for half years
Shareholders' funds	Shareholders' funds are part of the investment portfolio and are managed separately from insurance funds
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months
Total capital ratio	Total capital divided by the Prescribed Capital Amount for Life and General Insurance, or total risk-weighted assets for the Bank, as defined by APRA
Total operating expense ratio – general insurance	Total operating expenses (acquisition and other underwriting expenses) expressed as a percentage of net earned premium
Total risk-weighted assets	Bank credit risk-weighted assets, off-balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of Suncorp Group Limited that are acquired by subsidiaries
Ultimate net loss (UNL) – New Zealand	Financial obligation when an insured event occurs, net of the catastrophe treaty
Underlying Insurance Trading Ratio (Underlying ITR)	The insurance trading ratio is adjusted for reported prior year reserve releases and natural hazards claims costs above/below long-run expectations, investment income mismatch and any abnormal expenses

FINANCIAL CALENDAR

The financial calendar below may be updated throughout the year. Please refer to suncorpgroup.com.au for up-to-date details. Dividend and distribution dates set out below may be subject to change.

Suncorp considers the payment of ordinary dividends as part of the process of preparing half and full year accounts, taking into consideration the company's capital position, the outlook for the operating environment and guidance from regulators. Suncorp generally pays a dividend on its ordinary shares twice a year following the interim and final results announcements and the proposed dates for the next 12 months are set out below.

Suncorp Group Limited (SUN)

Last day for nominations of directors	13 August 2020
Full year results and final dividend announcement	**21 August 2020**
Final ordinary dividend ex-dividend date	26 August 2020
Final ordinary dividend record date	27 August 2020
Final ordinary dividend payment date	21 October 2020
Annual General Meeting	**22 October 2020**
Half year results and interim dividend announcement	**9 February 2021**
Interim ordinary dividend ex-dividend date	15 February 2021
Interim ordinary dividend record date	16 February 2021
Interim ordinary dividend payment date	1 April 2021

Suncorp-Metway Floating Rate Notes (SBKHB)

Ex-interest date	14 August 2020
Interest payment date	1 September 2020
Ex-interest date	13 November 2020
Interest payment date	1 December 2020
Ex-interest date	12 February 2021
Interest payment date	2 March 2021
Ex-interest date	14 May 2021
Interest payment date	1 June 2021

Suncorp Group Limited Capital Notes (SUNPF)

Ex-distribution date	2 September 2020
Distribution payment date	17 September 2020
Ex-distribution date	2 December 2020
Distribution payment date	17 December 2020
Ex-distribution date	2 March 2021
Distribution payment date	17 March 2021
Ex-distribution date	1 June 2021
Distribution payment date	17 June 2021

Suncorp Group Limited Capital Notes 2 (SUNPG)

Ex-distribution date	2 September 2020
Distribution payment date	17 September 2020
Ex-distribution date	2 December 2020
Distribution payment date	17 December 2020
Ex-distribution date	2 March 2021
Distribution payment date	17 March 2021
Ex-distribution date	1 June 2021
Distribution payment date	17 June 2021

Suncorp Group Limited Capital Notes 3 (SUNPH)

Ex-distribution date	2 September 2020
Distribution payment date	17 September 2020
Ex-distribution date	2 December 2020
Distribution payment date	17 December 2020
Ex-distribution date	2 March 2021
Distribution payment date	17 March 2021
Ex-distribution date	1 June 2021
Distribution payment date	17 June 2021