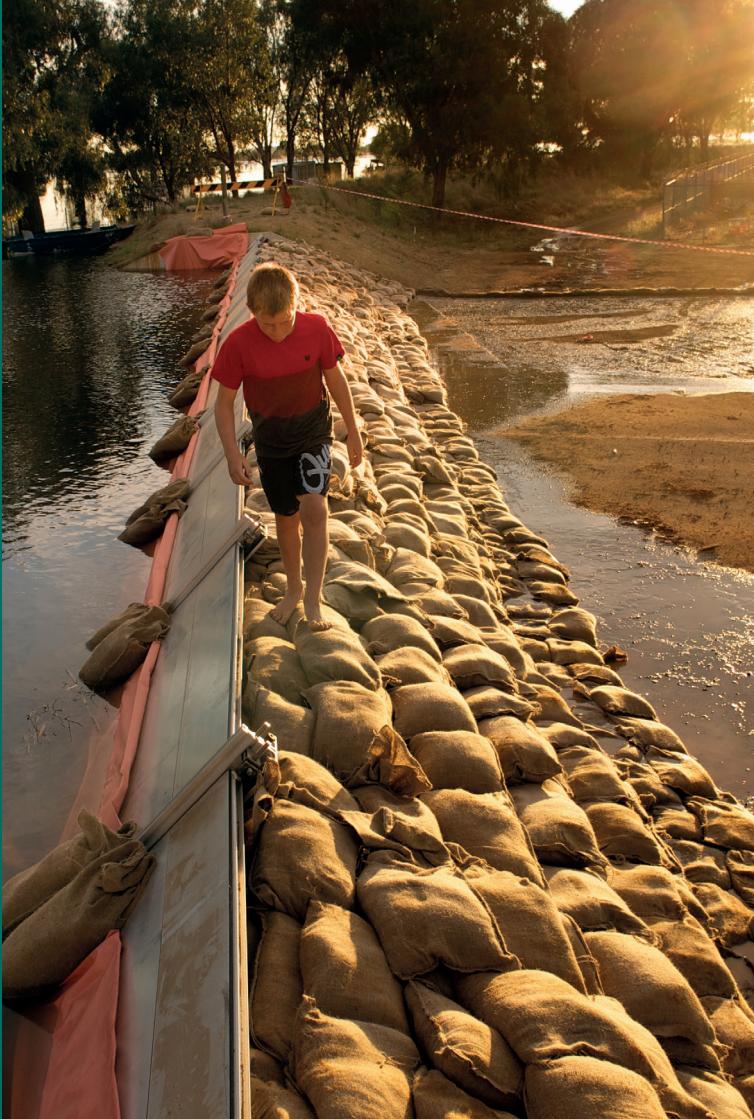


Creating
brighter
futures
for all our stakeholders



Suncorp Group
**Shareholder
Review 2011/12**

Suncorp Group Limited and subsidiaries
ABN 66 145 290 124

One Company
Many Brands



- **Top 25** ASX listed company
- **\$10.4 billion** market capitalisation at 30 June 2012
- **\$96 billion** in group assets
- **16,000** employees in Australia and New Zealand
- **9 million** customers
- **End-to-end ownership** of brands and channels

Suncorp's portfolio of brands includes:



Contents

- 1 Chairman's report
- 2 Managing Director and Group CEO's report
- 3 Suncorp Group strategy
- 4 Financial highlights
- 6 Contribution to profit by division
- 8 Statement of financial position
- 10 5-year ratios and statistics
- 12 Personal Insurance
- 13 Commercial Insurance
- 14 Vero NZ
- 15 Suncorp Bank
- 16 Suncorp Life
- 17 Suncorp Business Services
- 18 Group Chief Risk Office
- 19 Human Resources
- 20 Board of Directors
- 21 Senior Leadership Team
- 22 Remuneration summary
- 24 Glossary
- IBC Additional information



Chairman's report

Suncorp continues to strengthen its position

The 2012 financial year saw the Suncorp Group continue to deliver against its strategy and strengthen its competitive position.

Suncorp is now three years into our strategic transformation under Group CEO Patrick Snowball and his executive team. The Building Blocks program has been successfully executed, providing a solid foundation for future business growth that will be supported through the simplification initiatives announced in May 2012.

The Group's results for the financial year to 30 June 2012 demonstrate we are moving in the right direction and should provide confidence in our ability to achieve our growth plans. Net profit after tax was \$724 million, up 59.8% on the prior financial year. Our business divisions all achieved improved underlying growth, a creditable accomplishment given ongoing economic volatility and continued extreme weather events.

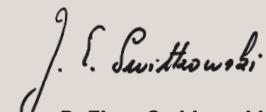
Over the course of the year, Suncorp supported hundreds of thousands of business, home and motor insurance customers whose property was damaged by poor weather or other claims events. Unfortunately, many of our customers are incurring preventable costs year after year because of inadequate mitigation or poor planning decisions. This lack of foresight and investment, particularly in areas identified as high risk, is contributing to premiums already driven higher by the abnormal incidence of severe weather events in recent years. We will continue to take a leadership role in lobbying governments at all levels on this important issue.

The underlying trends in the company's three main businesses are encouraging and the Board expects this positive momentum to continue. Accordingly, we have authorised the payment of a final dividend of 20 cents per share, along with a special dividend of 15 cents per share. This brings the total dividend payout for the 2011/12 year to 55 cents per share, fully franked.

The Board has also decided to increase the target ordinary dividend payout ratio to 60% to 80% of full year cash earnings. This means shareholders can expect in the future to receive a larger percentage of the Group's earnings in the form of ordinary dividends and benefit from our substantial franking credits.

If, after the payment of ordinary dividends, there is capital that is identified as surplus to the ongoing needs of the business, then the Board's policy is that this should be returned to shareholders in the form of special dividends or share buy backs.

The company very much appreciates the support of its shareholders during these tough years and I would like to thank you on behalf of the Board.



Dr Ziggy Switkowski
Chairman, 22 August 2012



Managing Director and Group CEO's report

Suncorp's purpose is 'Creating brighter futures' for our stakeholders. For shareholders, we aim to deliver strong, consistent, sustainable returns through our success.

It has been an exciting and challenging year for Suncorp. The hard work of our team, the loyalty of our customers and the support of our shareholders has put us into a position of strength.

Net profit after tax was \$724 million and profit after tax from business lines was \$770 million. As we hold capital in excess of our targets, the Board has declared a special dividend of 15 cents per share in addition to the final dividend of 20 cents per share. Both dividends are fully franked. I am also delighted that the Board has decided to increase the target dividend payout ratio to between 60% and 80% of cash earnings. Suncorp has enormous potential and our management and employees share a common desire to realise that potential and deliver the returns that shareholders deserve.

This year we proved the benefits of the Building Blocks program which began in 2010. Moving to one General Insurance Pricing Engine (GIPE) and one claims system contributed to the realisation of our commitment to improve the underlying ITR ratio by at least 3% by 30 June 2012.

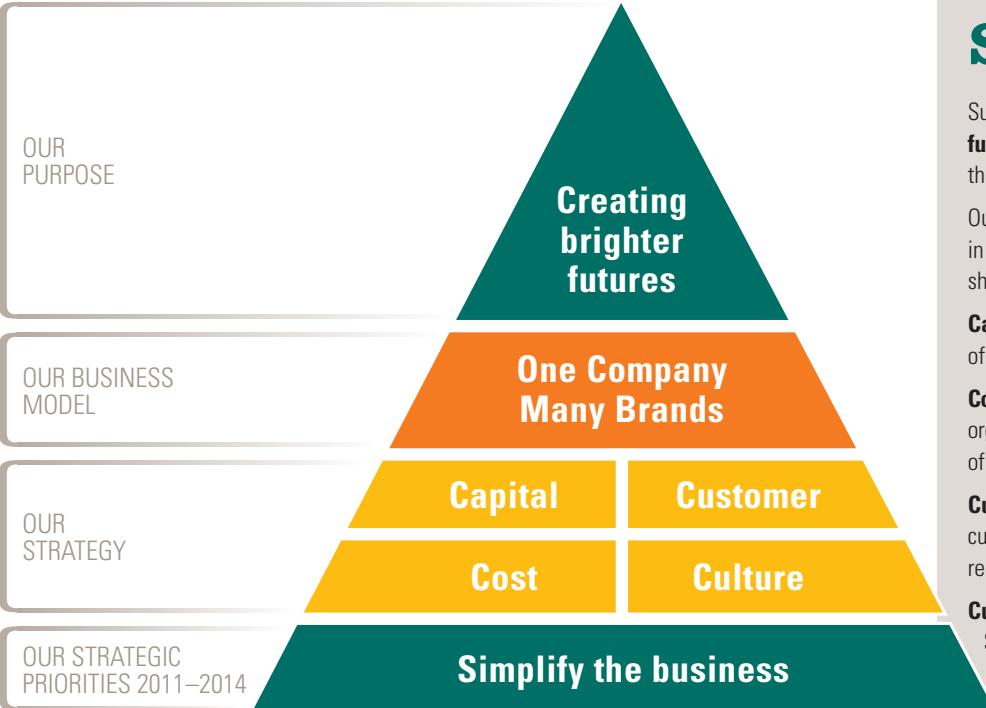
In May 2012, we launched the next phase of our strategy by demonstrating where the simplification process will be focused over the next few years. We will consolidate five general insurance licences into one and move from 14 policy application systems to two. Our operational excellence program will maximise productivity by targeting areas such as duplication of work and we are looking at upgrading some of our key technology platforms.

Suncorp takes a responsible approach to the management of corporate and social issues and we report on our performance accordingly. Our CSR Review is available at www.suncorpgroup.com.au. As an executive team, we promote diversity in the workplace and a key achievement for us this year was to be recognised as an Employer of Choice for Women.

I am looking forward to building on our strength over the coming twelve months.



Patrick Snowball
Managing Director and Group CEO



Suncorp Group strategy

Suncorp Group's core purpose is '**Creating brighter futures**' for our stakeholders. We do this through the 'One Company. Many Brands' business model.

Our strategy is to simplify the business and build, in accordance with risk appetite, the value of our shared strategic assets.

Capital: Leveraging the diversity and capital return of each business for the benefit of the entire Group.

Cost: Achieving the full benefits of scale of an ASX 25 organisation, without diminishing the differentiation of our brands in the eyes of our customers.

Customer: Enhancing the value of our nine million customer connections by deepening their relationships with our brands.

Culture: Building the common elements of the Suncorp culture to operate as 'One Company. Many Brands'. Positioning Suncorp as 'THE' place to work in Australia and New Zealand.

Financial highlights

In the 2012 financial year, Suncorp delivered:

- improved shareholder returns
- revenue growth in targeted markets
- reduced operating expenses; and
- improved or stable margins.

Suncorp Group	\$724m <small>net profit after tax</small>	\$96bn <small>total assets</small>
General Insurance	\$493m <small>profit after tax</small>	\$7.96bn <small>gross written premium up 9.3%</small>
Core Bank	\$289m <small>profit after tax</small>	\$3.7bn <small>or 9.5% increase in core lending</small>
Suncorp Life	\$251m <small>profit after tax</small>	\$111m <small>new business sales up 6.7%</small>
Non-core Bank	(\$263m) <small>loss after tax</small>	\$2.8bn <small>portfolio run-off in 2012</small>

Suncorp Group reported net profit after tax of \$724 million, up 59.8% for the year ended 30 June 2012. Profit after tax from business lines was \$770 million, up 23.2%.

Suncorp's balance sheet strength and surplus capital position enabled the Board to declare a final dividend of 20 cents and a special dividend of 15 cents. The total ordinary dividend of 40 cents per share for the year represents a payout ratio of 62.4% of cash earnings.

The Group's balance sheet and capital position remain robust, giving us the ability to increase the target dividend payout ratio to between 60% and 80% of cash earnings.

General Insurance increased profit after tax by 25.8% to \$493 million. The insurance trading result (ITR) improved by 24% to \$511 million. Gross written premium increased by 9.3% to

\$7.96 billion. Business performance was positive despite increased reinsurance costs and natural hazard costs at \$278 million above allowance.

Suncorp has reached the target set in 2010 of an improvement in underlying ITR of at least 3% by the year ended 30 June 2012. The benefits realised through the Building Blocks program enabled us to report an underlying ITR of 12.1% for the full year and 13.1% for the six months to 30 June 2012.

Suncorp Bank reported net profit after tax of \$26 million. In the Core Bank, profit after tax was \$289 million, up 11.6%. The Core Bank net interest margin remained stable at 1.91% as repricing in the mortgage portfolio was offset by intense competition for retail deposits. The deposit to loan ratio is at the top of the target range of 60% to 70% at 68.9%, and Suncorp Group's 'A+' credit rating from both Standards & Poor's and Fitch, and

Moody's 'A1' credit rating provide us with access to a diverse range of funding sources, including the newly-established covered bond market.

The Non-core Bank incurred a loss after tax of \$263 million. This portfolio has reduced by 75% from when it was placed into run-off in 2009. During the year ended 30 June 2012, the portfolio reduced in size by 39% to \$4.5 billion.

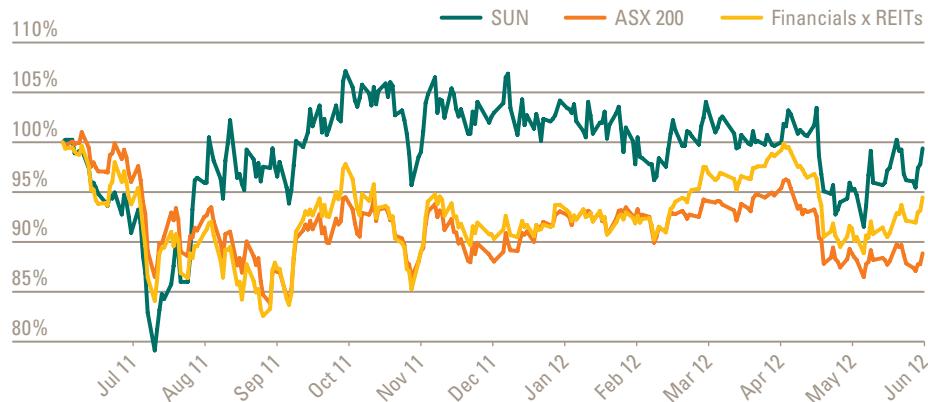
Suncorp Life profit after tax of \$251 million was up 68.5%. Underlying profit after tax, which removes the impact of market adjustments, was

\$146 million. Reported life risk new business sales were up 6.7% to \$111 million. Suncorp Life's successful use of the Group's existing customer base mean direct sales increased 30.4% to \$30 million.



John Nesbitt
Group Chief Financial Officer

Relative share price performance (1 July 2011 – 30 June 2012, rebased to 100)



Dividend (cents per ordinary share)



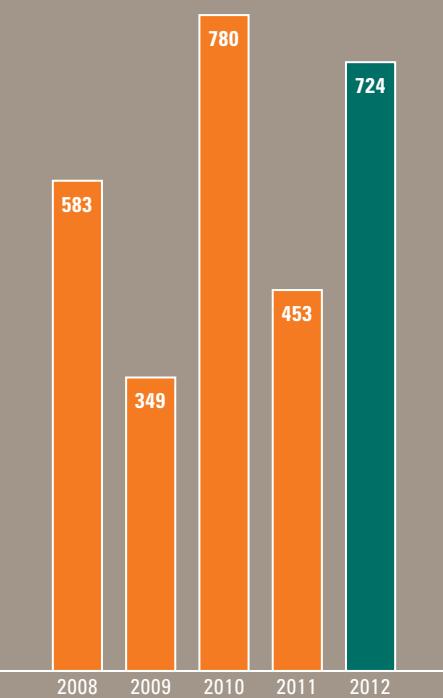
CONTRIBUTION TO PROFIT BY DIVISION

Suncorp delivered net profit after tax of \$724 million, up 59.8% and cash earnings of \$819 million, up 28.8%.

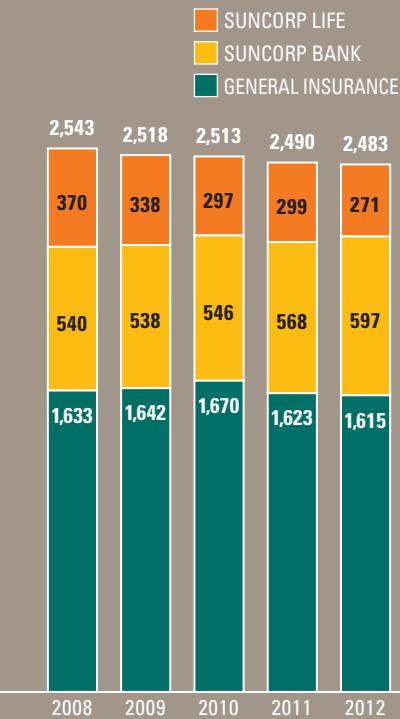
\$770m
profit after tax
from business lines (Δ 23.2%)

	JUNE 2012 (\$m)	CHANGE FROM 2011 (% DIFFERENCE)
General Insurance profit after tax	493	25.8%
Core Bank profit after tax	289	11.6%
Non-core Bank loss after tax	(263)	50.3%
Banking profit after tax	26	69.0%
Life profit after tax	251	68.5%
Profit after tax from business lines	770	23.2%
Profit after tax on other and non-controlling interests	49	large
Cash earnings	819	28.8%
Loss on divestments and amortisation of acquisition intangible assets	(95)	48.1%
Net profit after tax	724	59.8%

Net profit after tax (\$m)



Group operating expenses (\$m)



\$6.8bn

net earned premium ($\Delta 8.4\%$)

\$896m

Core Bank net interest income ($\Delta 7.0\%$)

\$105m

Life Risk profit after tax ($\Delta 14.1\%$)

\$1.9bn

Non-core Bank gross non-performing loans ($\downarrow \$500m$)

STATEMENT OF FINANCIAL POSITION

	JUNE 2012 (\$m)	CHANGE FROM 2011 (% DIFFERENCE)
Assets	96,062	0.6% 
Liabilities	81,935	0.6% 
Net assets	14,127	0.8% 
Share capital	12,672	0.1% 
Retained profits and reserves	1,438	7.4% 
Total equity attributable to owners of the Company	14,110	0.8% 
Non-controlling interests	17	–
Total equity	14,127	0.8% 

\$792m

of capital excess to targets

\$559m

franking credits

Dividend payout ratio increased to

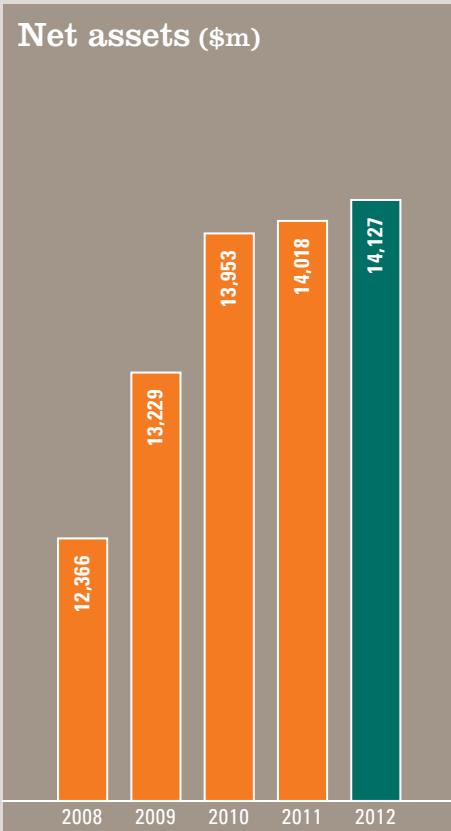
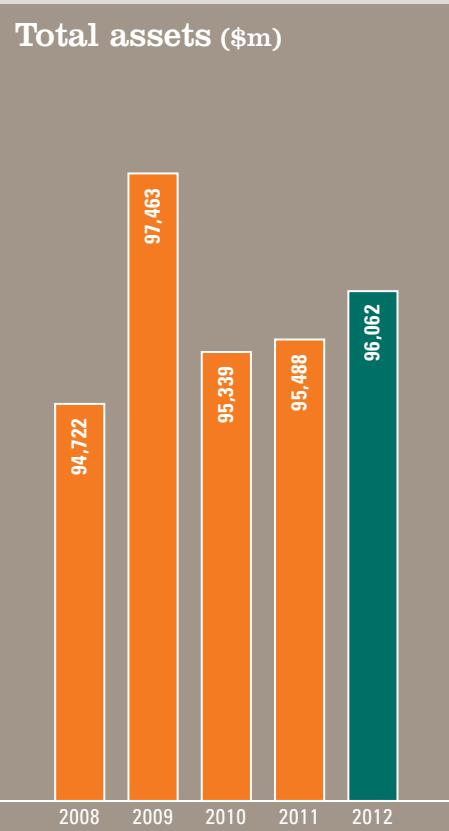
60%-80%

of cash earnings

Suncorp has been improving the strength of its balance sheet. In addition to supporting growth, the quality of the Group's capital position has enabled Suncorp to:

- declare a final dividend of 20 cents per share, bringing the full year ordinary dividend to 40 cents per share
- declare a special dividend of 15 cents per share

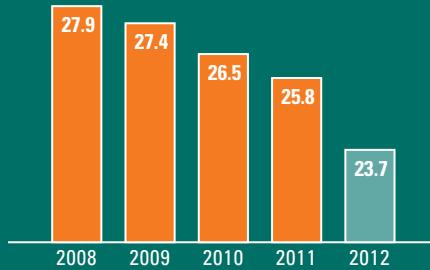
- increase the target dividend payout ratio to 60% to 80% of cash earnings (from 50% to 70%)
- maintain a zero discount on the Dividend Reinvestment Plan and neutralise the impact by buying shares on-market
- exchange \$72 million of Reset Preference Shares for cash consideration, and
- redeem \$221 million of subordinated debt.



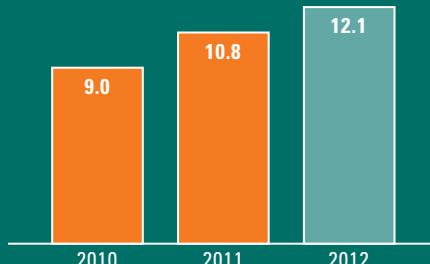
May 2012: Group CFO, John Nesbitt presenting at Suncorp's investor day

5-YEAR RATIOS AND STATISTICS

General Insurance expense ratio (%)



Underlying ITR (%)



		JUNE 2008	JUNE 2009	JUNE 2010	JUNE 2011	JUNE 2012
Shareholder summary						
Share price at end of year	(\\$)	13.04	6.70	8.04	8.14	8.09
Number of shares at end of period	(million)	951	1,250	1,273	1,277	1,278
Market capitalisation	(\\$m)	12,395	8,376	10,237	10,398	10,409
Dividend per share, fully franked	(cents)	107	40	35	35	55
Basic earnings per share	(cents)	60.20	31.62	61.81	35.56	56.68
Basic cash earnings per share	(cents)	74.70	47.21	73.46	53.66	64.11
Performance ratios						
Return on average shareholders' equity	(%)	4.7	2.7	5.7	3.2	5.2
Cash return on average shareholders' equity	(%)	5.8	4.1	6.8	4.9	5.8
Return on average total assets	(%)	0.65	0.36	0.81	0.47	0.76
ITR ratio	(%)	10.3	7.7	9.6	6.6	7.5
Underlying ITR ratio	(%)	-	-	9.0	10.8	12.1
General Insurance expense ratio	(%)	27.9	27.4	26.5	25.8	23.7
Core Bank net interest margin ¹	(%)	1.79	1.68	1.80	1.90	1.91
Capital						
General Insurance Group MCR ² coverage	(times)	1.66	1.67	1.89	1.67	1.61
Bank Core Equity Tier 1 ratio	(%)	3.65	5.78	7.03	7.13	7.29
Suncorp Life capital	(\\$m)	1,248	1,503	1,565	1,763	2,014
Additional capital held by Suncorp Group Limited	(\\$m)	-	-	-	698	468

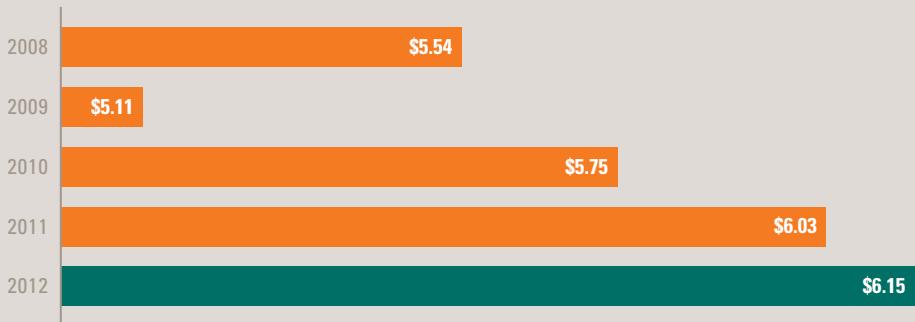
1. Comparatives for years to 30 June 2009 relate to Suncorp-Metway Limited

2. Minimum Capital Requirement

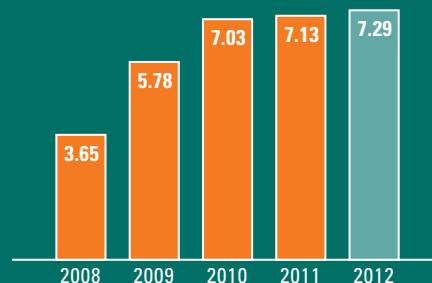
		JUNE 2008	JUNE 2009	JUNE 2010	JUNE 2011	JUNE 2012
Financial strength						
Total assets	(\$m)	94,722	97,463	95,339	95,488	96,062
Net assets	(\$m)	12,366	13,229	13,953	14,018	14,127
Net tangible assets backing per share	\$	5.54	5.11	5.75	6.03	6.15
Net profit after tax attributable to shareholders	(\$m)	583	348	780	453	724
General Insurance gross written premium	(\$m)	6,430	6,815	7,027	7,280	7,955
Bank total lending	(\$m)	55,083	54,363	49,983	46,926	47,829
Core Bank total lending	(\$m)	-	36,829	37,345	39,611	43,356
Non-core portfolio	(\$m)	-	17,534	12,638	7,315	4,473
Suncorp Life risk in-force annual premium ³	(\$m)	683	733	784	818	775

3. June 2011 included \$98 million relating to Sunsuper which ceased to be in-force from 1 July 2011

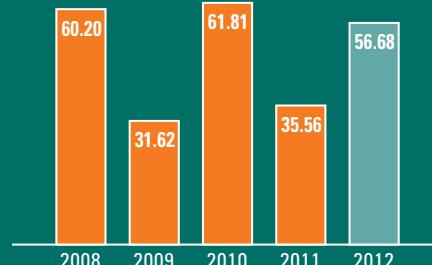
Net tangible assets backing per share



Bank core equity tier 1 ratio (%)



Basic earnings per share (cents)



Personal Insurance

Everyone in the Personal Insurance business understands the difference they can make to people's lives, particularly in times of need. I believe that extends well beyond the provision of insurance.

The year ahead

Few companies can match our iconic brands, our scale and the commitment of our people to serve more than six million personal insurance customers. Next year's focus will be to further simplify the business and launch some exciting innovations that will make an even bigger difference in the lives of those we protect.

\$400

saving on each car repaired
at our SMART shops

Over the past year, such a belief has called for us to drive positive change for our customers and the communities in which we operate. It also requires us to deliver the commitments we made to shareholders to improve our profitability.

We've delivered on the promise to improve underlying insurance profitability by 3% in the General Insurance business, in a year that the insurance industry continued to face high costs from extreme weather.

Superior risk selection and improved efficiencies in the supply chain in our claims area were major contributors to this result. Changes to procurement processes alone have saved at least \$22 million over the past 12 months.

Top line results were also positive with gross written premium growing 2.6% in the Motor portfolio and 17% in the Home portfolio.

It's imperative Australia improves the way it deals with large natural catastrophes.

Suncorp has continued to push governments to invest in disaster mitigation to protect the livelihoods of our customers and reduce our exposure to large claims.



Mark Milliner

CEO Personal Insurance

John Robin is a team member of the SMART repair centre in Sunshine, Victoria. In July 2012, Capital SMART received the Australian Business Award for Environmental Sustainability in the industry category



Commercial Insurance

Suncorp's Commercial Insurance continues to deliver profitable growth in a competitive market.

With growth of 7% in gross written premium for the year ended 30 June 2012, Commercial Insurance has made a significant contribution to the Group's overall profit.

Our focus on profitable growth is enhanced by the quality of our underwriting expertise (further elevated by the rollout of the GIVE pricing engine across the small business portfolio) and claims service, as well as the breadth of our distribution network. Initiatives focusing on the quality and efficiency of our claims service have been well received by brokers and customers.

We continue to simplify our business. This year we were able to reduce the total operating expense ratio to 27.4% from 28.2%, placing Commercial



More than
700
authorised representatives

Suncorp's Commercial Insurance broad distribution has expanded with the acquisition of AMPGID (to be called Resilium from November 2012). Gary Pannach, Business Manager AMPGID, and authorised representative Kym Just, Protectit Insurance Services

Insurance in a position of strength in the market.

Our broad distribution division has further expanded with the acquisition and integration of AMP's General Insurance distribution business.

The year ahead

As the largest personal injury insurer in Australia, we actively engage regulators and the community in shaping the Workers' Compensation and Compulsory Third Party environment, hosting personal injury summits with key stakeholders, including governments, community groups and care providers, to progress national disability reform.

Our people, with their diverse expertise, remain committed to the changes taking place.

We continue to invest in specialist skills to become the most respected and preferred employer in the commercial lines market.

Our focus on simplification and profitable growth ensures we remain competitive and a strong contributor to the Suncorp Group, leveraging its scale and breadth.

A handwritten signature in black ink, appearing to read "Anthony Day".

Anthony Day

CEO Commercial Insurance

Vero NZ

Vero New Zealand is the second largest general insurer in New Zealand and a key contributor to national economic growth.

Around
\$1.2bn
paid out on over
19,000
earthquake claims

Vero is using Suncorp's capital and reinsurance strength to manage the impact of one of the world's largest natural hazard disasters.

In two years Christchurch has had five major earthquakes. The estimated damage bill for the industry is over \$20 billion – a massive cost for a small, open economy.

Vero and other insurers are helping to sustain the economy through payments to earthquake customers and rebuilding Christchurch. We are managing over 19,000 earthquake claims and we have completed over 30% of these, paying out over \$1.2 billion.

The insurance and risk management businesses of Vero and the joint venture, AA Insurance, account for around 24% of the New Zealand market.

New Zealand operations returned to profitability in the 2011/12 financial year, with an insurance trading result of \$18 million. Business, Personal, Corporate and Liability growth has been strong with gross written premium up 21.7% to \$831 million. While earthquake-



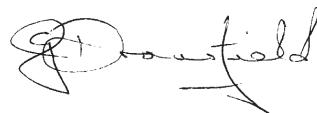
Vero NZ has made good progress with the management of claims from five major earthquakes in 2010 and 2011

related premium increases have contributed to gross written premium, growth was evident across all business lines.

The year ahead

The general insurance industry in New Zealand is being reshaped by economic and political trends as well as the earthquakes. We are reviewing our strategy and business model to ensure we are well suited to the changed market environment.

We will maintain good progress with earthquake claims and continue to be a leading advocate for the changes needed to ensure New Zealand has a sustainable general insurance industry.

A handwritten signature in black ink, appearing to read "Gary Dransfield".

Gary Dransfield
CEO Vero New Zealand

Suncorp Bank

We have established ourselves in an enviable position of strength as the genuine alternative to the major banks. Despite ongoing global financial market volatility and subdued market conditions, 2012 marked a year of achievements for Suncorp Bank.

Suncorp Bank celebrates one million customers
David Foster, CEO Suncorp Bank, welcomes
Longreach cattle graziers Robert and Glynis Herrod



one million customers

110

years in business

68.9%

deposit to loan ratio
maintained

2012

Financial Institution
of the year (non-major)

Australian Banking and
Finance Awards 2012

Core Bank

Our performance this year was underpinned by good progress on our strategic priorities, and leveraging our strength as part of the Suncorp Group.

Highlights include:

- delivered above system home lending growth of 9.6% and business lending growth of 10.7%
- simplified systems and processes
- minimised the gap between Suncorp Bank and the major banks by upgrading our credit rating to 'A+' from 'A' (Fitch Ratings)
- demonstrated the strength of our funding and liquidity position as the first non-major Australian bank to issue covered bonds, reducing our exposure to volatile wholesale funding markets
- reached one million customers well ahead of our mid-2013 target. Our 'complete customer' base – those holding three or more Suncorp products – grew by 32%.

Non-core Bank

We continue to make good progress in the run-off of the non-core portfolio, with the overall balance

reducing during the year by \$2.8 billion to \$4.5 billion. Gross non-performing loans reduced by \$0.5 billion, which included a reduction in gross impaired asset balances of \$386 million to \$1.85 billion.

The year ahead

Our people and our personal approach to customer service remain the foundation of our success, and I couldn't be more proud as we celebrate Suncorp Bank's 110th anniversary.

We are in a strong position for profitable growth and on track to achieve our strategic priorities in 2013. We will remain focused on offering a simple and attractive product proposition backed by superior customer service for our personal, agribusiness, small business and commercial banking customers across our chosen geographies.

David Foster
CEO Suncorp Bank

660,000

More than 660,000 lives protected in Australia and New Zealand

Suncorp Life

Danny Russell, Asteron Life customer, was helped back to work through our rehabilitation program



\$7.1 billion
superannuation and investment funds

80%
of direct sales are to existing Group customers

30.4%
increase in direct-to-customer sales

\$775m
life insurance premium

Suncorp Life creates growth and value for Suncorp Group by providing life insurance and superannuation through Asteron Life and Group brands in Australia, and Asteron Life and AA Life in New Zealand.

In 2011/12, individual life new business sales grew 15.4% and superannuation sales grew 4.8%. A full-year profit after tax of \$251 million is an increase of 68.5% on 2011. Underlying profit after tax is \$146 million, up 11.5% excluding divested businesses.

Two years into a simplification program, initiatives to drive better business outcomes introduced last year included:

- relaunching Asteron Life with a new product suite, Asteron Life Complete
- simplifying our business operations to build closer relationships with customers and Independent Financial Advisers (IFAs)
- improving customer loyalty and helping claimants back to work through rehabilitation.

These initiatives have resulted in:

- 11% increase in sales through Asteron Life
- Increased direct-to-customer life sales of 30.4%
- \$775 million in life insurance premium
- A 10% increase in the number of people back to work through rehabilitation
- Embedded value \$2.6 billion, up 9.5%.

The year ahead

We will continue to make a material contribution to the growth of Suncorp Group and to support our customers to live with confidence, knowing that what they love about life is protected.

In 2012/13 we will deliver a new direct-to-customer offer, while continuing to address underinsurance and retirement planning through advice options ranging from telephone advice, to Bank financial planners and IFAs.

Geoff Summerhayes
CEO Suncorp Life

Suncorp Business Services

Over the course of the year Suncorp Business Services (SBS) contributed significantly to the Group's strategic transformation.

167
corporate centre applications decommissioned in the past two years

SBS consolidates the Group's shared services – including technology, shared financial services, procurement, partnering and real estate – and delivers these to each business division at a lower unit cost than they would be able to achieve as stand alone entities. By aggregating for scale, we achieve cost advantages without diminishing the customer differentiation of our brands.

We have also used our scale to develop a world-class technology capability with an outstanding record for innovation. SBS helped create an efficient platform for the Group by working with the businesses to deliver the strategic Building Blocks program and is playing a key role in achieving the simplification agenda underpinning Suncorp's next growth phase.

SBS strives to operate at a global standard as a shared service provider and has fundamentally changed the way work gets done to achieve materially different results for the Group. By integrating service functions within SBS, and embedding SBS employees in the business lines, we have helped develop a level of collaboration and customer focus that embodies 'One Company. Many Brands'.

A great example of this is how we have combined our technology and real estate expertise to support a flexible workforce, in turn improving



"Office space consolidation reduces our environmental impact."
Maria McGarry, Sustainability Specialist

employee engagement and customer service, reducing environmental impact and saving real estate costs.

The year ahead

Simplification is core to the Group. In SBS, we are achieving this through automation, self-service, decommissioning outdated systems, removing duplication and simplifying processes. We are helping consolidate 14 separate insurance policy application systems into two over the next three years, greatly improving customer service and reducing operating costs. Our procurement team is reducing expenses by driving efficiencies with our suppliers and contractors.

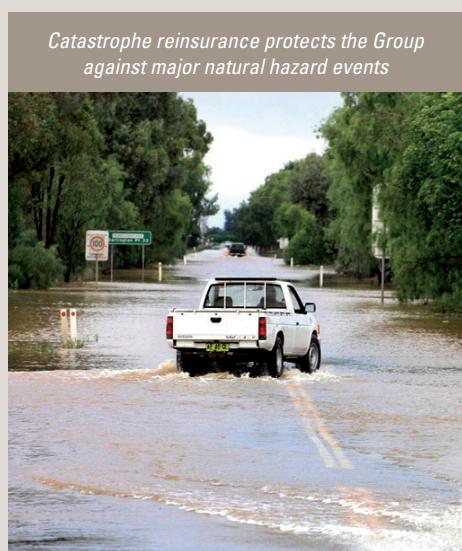
A handwritten signature in black ink, appearing to read "Jeff Smith".

Jeff Smith

CEO Suncorp Business Services

Group Chief Risk Office

Strengthening our risk culture.



Catastrophe reinsurance protects the Group against major natural hazard events



Supporting the development of a strong risk culture has been a key factor in the overall transformation of our Group. We have established clear risk appetites and improved systems that are managing risk and further enhancing the Enterprise Risk Management Framework.

When we began our strategic transformation three years ago, an immediate priority was to strengthen our balance sheet. Our current risk appetite enables investments that provide appropriate returns for the level of risk taken by our Group. Our progress on these fronts is reflected in our credit ratings and improved investor confidence.

Risk appetite informs strategy development and execution. Critically, the CEOs of each of our business lines have 'end-to-end' accountability and the visibility of risk across the Group has been enhanced. As Group Chief Risk Officer I report directly to the Group CEO, and each business unit has a dedicated Chief Risk Officer. Our adherence

to risk appetite is included in executive scorecards and remuneration considerations.

The year ahead

We continue to invest in our management systems and have implemented risk-based decision-making processes in our capital and pricing models. An example of this is GIPE which enables us to price insurance policies according to the risk profile of a specific property.

We aim to protect Suncorp Group's success and provide returns to shareholders commensurate with the risks taken through ongoing investment in risk management practices and enshrining a positive risk culture.

Clayton Herbert
Group Chief Risk Officer

Human Resources

Culture is the glue that binds our employees with the business strategy.

Our culture strategy is based on the premise that the more engaged and enabled employees are, the more likely they are to go the extra mile and deliver for our key stakeholders.

This year we achieved an 88% participation rate in our annual employee survey – the highest rate recorded globally. Our results tell us that we are challenging current global trends by maintaining a steady engagement score and improving our enablement score.

Over the 2012 financial year we have supported these trends through a focus on leadership, development of our employees, talent management, succession planning and driving a diverse and inclusive culture.

Gender diversity is a priority and the proportion of females in senior roles increased to 33% from 31% in 2011.



Flexible work arrangements assist employees with work life balance and help improve productivity. Return to work after parental leave is at record levels and we were awarded the EOWA Employer of Choice for Women in March 2012.

Overall we are developing a strong and attractive employment brand, both internally and externally.

The year ahead

Our emphasis is on building a high-performing culture to drive more value for our key stakeholders. Leadership, as the number one driver of culture, will be a key area of focus. We aim to achieve excellence in leadership, and deep talent pools across the whole organisation.

Amanda Revis

Group Executive Human Resources

Employee engagement

Participation rate

2011	78%
2012	88%

Engagement score

2011	63%
2012	63%
AU/NZ benchmark	67%

Enablement score

2011	65%
2012	66%
AU/NZ benchmark	65%

Board of Directors

The Board of Directors is ultimately responsible for the success of the Suncorp Group.

We welcome three new non-executive directors to the Board in 2012: Michael Cameron, Audette Exel and Dr Douglas McTaggart.

We also thank three outgoing directors for their service to the Group: Paula Dwyer, Stuart Grimshaw and former Chairman, John Story.

Full biographies are available in the Annual Report and at www.suncorpgroup.com.au.



Ilana Atlas

BJuris (Hons), LLB (Hons), LLM



William Bartlett

FCA, CPA, FCMA, CA (SA)



Michael Cameron

FCPA, FCA, FAICD



Audette Exel

BA, LLB (Hons)



Ewoud Kulk

BEcon, FAICD



Dr Douglas McTaggart

BEcon (Hons), MA, PhD, DUniv



Geoffrey Ricketts

LLB (Hons)



Patrick Snowball*

MA, Hon. LL.D



Dr Zygmunt Switkowski

BSc (Hons), PhD, FAICD, FTSE

*Mr Snowball is an executive director; all other directors are non-executive directors.



Back row from left:

Mark Milliner, B.Comm,
MBA, GAICD
CEO Personal Insurance

Clayton Herbert, CA, B.Bus
Group Chief Risk Officer (from 1 July 2012)

John Nesbitt, FCA, B.Fin
Group Chief Financial Officer

Patrick Snowball, MA, Hon. LL.D
Group CEO

Front row from left:

Amanda Revis, BSc (Hons)
Group Executive Human Resources

Robert Stribling, BSc
Group Chief Risk Officer
(until 30 June 2012)

David Foster, BSc, MBA
CEO Suncorp Bank

Geoff Summerhayes, B.Bus GMQ
CEO Suncorp Life

Jeff Smith, BSc Applied Science, MBA
CEO Suncorp Business Services

Anthony Day, B.Bus, AICD,
ANZIIF (Fellow)
CEO Commercial Insurance

Senior Leadership Team

Effective leadership is realised through collaboration between the Board and the Senior Leadership Team.

Strong leadership comes from the Board of Directors and the Senior Leadership Team harnessing their collective experience and skills to drive a culture of high performance and continual improvement in operations and standards. Our leaders' focus is on managing the 4 Cs – cost, capital, customer and culture. Specifically, the Suncorp Group's balanced scorecard for the year ended 30 June 2012 shows:

- strong performance across all business portfolios
- stable operating costs despite absorbing the costs of the Group's simplification program
- a stronger balance sheet with an increased dividend and higher return on equity
- improved customer satisfaction ratings and strong employee engagement scores.

REMUNERATION SUMMARY NON-EXECUTIVE DIRECTORS

The focus of non-executive directors is on strategy, governance, longer term Suncorp Group performance and the creation of shareholder value. Remuneration to non-executives is therefore paid as fixed directors' fees with no performance-based incentives. Fees paid to the non-executive directors are well within the aggregate limit of \$3.5 million approved by shareholders.

Non-executive directors as at 30 June 2012

Dr Zygmont Switkowski
(Chairman since October 2011)
Ms Ilana Atlas
Mr William Bartlett
Mr Michael Cameron (appointed 16 April 2012)
Ms Audette Exel (appointed 27 June 2012)
Mr Ewoud Kulk
Dr Douglas McTaggart (appointed 16 April 2012)
Mr Geoffrey Ricketts

Former non-executive directors

Ms Paula Dwyer (resigned 28 February 2012)
Mr Stuart Grimshaw (resigned 23 August 2011)
Mr John Story (retired 27 October 2011)

APPROVED NON-EXECUTIVE DIRECTOR FEE STRUCTURE FOR 2012 & 2013

	2012 & 2013 fee p.a.¹
	\$000
Chairman	570
Non-executive director base fee	207
– Additional fee for Committee Chairman (Audit and Risk Committees)	50
– Additional fee for Committee member (Audit and Risk Committees)	25
– Additional fee for Committee Chairman (Remuneration Committee)	40
– Additional fee for Committee member (Remuneration Committee)	20
Additional fee for Chairmanship of NZ company boards and joint venture	50

NUMBER OF MEETINGS ATTENDED

	BOARD OF DIRECTORS		AUDIT COMMITTEE		RISK COMMITTEE		REMUNERATION COMMITTEE		NOMINATION COMMITTEE	
	A	B	A	B	A	B	A	B	A	B
Dr Z E Switkowski	11	11	3	2	5	5	6	6	5	5
P J R Snowball ²	11	11	4	4	5	4	6	6	-	-
I R Atlas	11	11	-	-	5	5	6	6	5	5
W J Bartlett	11	11	4	4	3	3	6	5	5	5
M A Cameron	3	3	-	-	-	-	-	-	2	2
A E Exel	1	1	-	-	-	-	-	-	-	-
E J Kulk	11	11	-	-	5	5	6	6	5	5
Dr D F McTaggart	3	3	-	-	-	-	-	-	2	2
G T Ricketts	11	11	3	2	-	-	-	-	5	5

1. Fees exclude superannuation guarantee contribution

2. Attends Audit, Risk and Remuneration Committee meetings at the invitation of those committees

A. Number of meetings held during the year while the director was a member of the Board or committee

B. Number of meetings attended by the director during the year while the director was a member of the Board or committee

REMUNERATION SUMMARY

GROUP CEO AND SENIOR LEADERSHIP TEAM

The Board has presented details of the actual remuneration received in respect of 2012 in the unaudited table below. These figures represent actual fixed remuneration received in 2012 and the actual value of incentives and long-term incentives (LTI) that will be received as a result of performance in 2012. There was no vesting of deferred incentives and LTI for executives in 2012. **Please see the Directors' Report, included in the Suncorp Group Limited Annual Report for full details.**

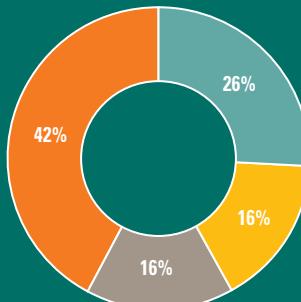
EXECUTIVES	REMUNERATION EARNED IN 2012			FUTURE "AT-RISK" REMUNERATION AWARDED IN 2012	
	FIXED REMUNERATION	2012 INCENTIVES (PAID SEP 2012)	ACTUAL REMUNERATION RECEIVED IN 2012	2012 INCENTIVES DEFERRED ¹	LTI (EQUITY) GRANTED IN 2012 ²
	\$000	\$000	\$000	\$000	\$000
Executive director and senior executives					
Patrick Snowball	2,500	1,475	3,975	1,475	-
Anthony Day	753	549	1,302	296	375
Gary Dransfield	536	390	926	210	250
David Foster	768	553	1,321	298	375
Mark Milliner	803	575	1,378	310	390
John Nesbitt	885	637	1,522	343	416
Amanda Revis	585	429	1,014	231	267
Jeff Smith	784	624	1,408	336	390
Robert Stribling ³	624	647	1,271	348	300
Geoff Summerhayes	714	527	1,241	284	344

1. Subject to potential clawback during the deferral period

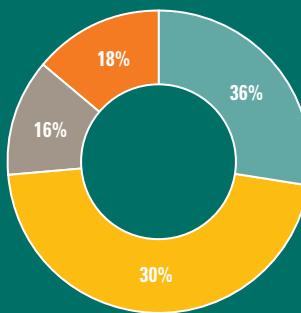
2. Represents the face value of performance rights granted during 2012

3. Includes a retention incentive of \$300,000 subject to satisfactory performance in addition to the 2012 STI

Group CEO



Senior Executives¹



■ LTI ■ FIXED REMUNERATION
■ TARGET STI (Deferred) ■ TARGET STI (cash)

1: Excluding the CEO Suncorp Business Services, who has a different target STI than other Senior Executives. Refer to the Suncorp Group Limited Annual Report for details

Glossary

- Bank core equity tier 1:** includes ordinary shareholder equity and retained profits less tier 1 and tier 2 allowable deductions from regulators
- Basic cash earnings per share:** cash earnings divided by the weighted average number of ordinary shares on issue
- Basic earnings per share:** profit after tax divided by the weighted average number of ordinary shares on issue
- Cash earnings:** net profit after tax adjusted for non-cash items such as the amortisation of intangible assets (net of tax)
- Deposit to loan ratio:** total retail deposits divided by total loans and advances, excluding other receivables
- Embedded value (Suncorp Life):** equals the adjusted net worth plus the net present value of expected future cashflows distributable to shareholders plus the value of franking credits
- General Insurance assets:** includes recoveries from reinsurers
- GIPE:** Suncorp's General Insurance Pricing Engine
- Gross written premium:** total insurance premium (sales) written
- Insurance trading result (ITR):** underwriting result (net earned premium less net incurred claims and operating expenses) plus investment income on assets backing technical reserves
- ITR – ITR ratio:** the ITR expressed as a percentage of net earned premium
- ITR – Underlying ITR ratio:** the reported ITR ratio adjusted for items outside of management control, such as investment market volatility and natural hazard events above allowances
- Minimum Capital Requirement (MCR):** the minimum level of capital required as defined by the Australian Prudential Regulation Authority (APRA)
- Natural hazard allowance:** the amount budgeted each year for natural hazard claims
- Net earned premium:** gross written premium less unearned premium and the cost of reinsurance
- Net interest margin:** net interest income divided by average interest-earning assets
- Net tangible assets backing per share:** total equity less intangible assets divided by ordinary shares on issue at the end of the period
- Reinsurance:** insurance purchased annually by Suncorp to limit the Group's exposure to large risks. It includes catastrophe reinsurance which protects the Group from natural hazard events such as cyclones, bushfires and floods
- System growth:** refers to growth in the lending or deposit portfolio relative to the overall market (or system) as measured by APRA or the Reserve Bank of Australia
- Underlying profit after tax:** Suncorp Life profit after tax adjusted for market movements

ADDITIONAL INFORMATION

View

the 2011/12 Annual Report online at suncorpgroup.com.au

Order

a print copy of the 2011/12 report from Link Market Services Limited linkmarketservices.com.au

Info

on Suncorp Group Limited and subsidiaries is available at suncorpgroup.com.au

ALL REFERENCES

- are as at 30 June 2012 except where otherwise stated
- to changes (including an increase or decrease) relate to the previous year, unless otherwise stated
- to 'Suncorp' or to the 'Company' are to Suncorp Group Limited
- to the 'Group' are to Suncorp Group Limited and its controlled entities, and
- to Clayton Herbert as Group Chief Risk Officer are from 1 July 2012.

LISTED SECURITIES

Suncorp securities listed on the Australian Securities Exchange (and their codes) are:

Suncorp Group Limited

Ordinary Shares (SUN)

Suncorp-Metway Limited

Floating Rate Capital Notes (SBKHB)

Reset Preference Shares (SBKPA)

Convertible Preference Shares (SBKPB)

To the extent that the information in this Shareholder Review may constitute forward-looking statements, the information reflects Suncorp's views at the date of this Review and is subject to known and unknown risks and uncertainties, many of which are beyond Suncorp's control, and 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 Review.

Note: This 2011/12 Shareholder Review is not a 'concise report' prepared under section 314(2) of the *Corporations Act 2001 (Cth)*. Though not specifically audited, it contains figures, financial summaries and information derived from the Company's 2011/12 Annual Report and full year results announcement. For a more complete understanding of the financial performance, financial position, operating and investment activities of Suncorp Group, please refer to the statutory 2011/12 Annual Report on the website at suncorpgroup.com.au.

FINANCIAL CALENDAR

1 October 2012

Final dividend payment
Special dividend payment

25 October 2012

Annual General Meeting

20 February 2013

Half-year results

2 April 2013

Interim dividend payment

21 August 2013

Full-year results

CONTACT INFORMATION

REGISTERED OFFICE

Suncorp Centre
Level 18, 36 Wickham Terrace
Brisbane, Qld 4000
Ph 07 3362 1222
suncorpgroup.com.au

SHARE REGISTRY

Link Market Services Limited
Ph 1300 882 012 (inside Australia)
+61 2 8280 7450 (outside Australia)
linkmarketservices.com.au
E: suncorp@linkmarketservices.com.au

INVESTOR RELATIONS

Ph 07 3135 3993
Ph 07 3135 3991
E: investor.relations@suncorp.com.au