



Suncorp Group
Shareholder
Review 2010/11

"We have no way of showing our warmest appreciation to the Suncorp Claims people who have been a source of comfort in handling our case." Suncorp Insurance customers, George and Marcia Alexander, whose Cowley Beach home was damaged by Cyclone Yasi.

One Company
Many Brands



Tully Qld

Tully Sugar Mill, the heart of the local community, suffered extensive damage to its operational infrastructure and 50 of its 70 buildings in Cyclone Yasi.



Grantham Qld

Suncorp Bank customer, Debbie Harm, and her family worked for six weeks to clear the debris deposited on their farm following the flash flooding that hit Grantham in January.



Cowley Beach Qld

Suncorp Insurance customers, George and Marcia Alexander, are in high spirits because repairs to their Cowley Beach home following Cyclone Yasi are almost complete.

Canberra ACT

Apia customer, Russell Gilbert, was one of the 10,000 General Insurance customers who bought a funeral plan from Suncorp Life in 2010/11.

Maitland NSW

AAMI is helping rebuild Abby and Nikolai Crawford's home following a devastating fire.





One Company Many Brands

Far-reaching operational changes have transformed and simplified the Suncorp Group. Our strength was tested and proven during the most destructive series of natural disasters in our history. This is our story for 2010/11.

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Financial highlights

Suncorp Group

\$453* million
NPAT

\$95.5 billion
Total assets

General Insurance

\$392 million
NPAT

\$7.28 billion
Gross written premium ↑ 3.6%

Suncorp Bank

\$84 million
NPAT

\$39.6 billion
Core loans ↑ 6.1%

Suncorp Life

\$149 million
NPAT

\$104 million
New business sales ↑ 21%

Suncorp Group recorded a net profit after tax (NPAT) of \$453 million for the year to 30 June 2011.* This result, which is down 42% on the previous year, was achieved despite a once in a lifetime series of major events across Australia and New Zealand affecting all operating businesses.

Profit after tax from the General Insurance, Life and Banking businesses was \$625 million (2010: \$823 million).

General Insurance

General Insurance profit after tax for the year reduced to \$392 million (2010: \$557 million). The cost of natural hazard events was \$325 million above expectations. Additional reinsurance protections were \$232 million.

Improvements in long-tail claims management and reduced claims handling costs resulted in reserve releases that lifted the insurance profit by \$310 million.

The underlying insurance trading result (ITR) ratio improved from 9% to 10.8%, after eliminating the impact of abnormal weather events, reserve releases and other one-offs. Premium income increased 3.6% to \$7.28 billion (2010: \$7.03 billion). Gross written premium in the home and motor classes was up 11.5% and 4.4% respectively.

The New Zealand operations reported a pre-tax ITR loss of \$203 million (2010: profit \$70 million). Although the Group's comprehensive reinsurance program ensured protection against approximately A\$2.5 billion in claims arising from the Christchurch earthquakes, we incurred substantial costs purchasing additional reinsurance cover.

Suncorp Bank

Suncorp's Core Bank reported a profit after tax of \$259 million (2010: \$268 million). Core loans increased 6.1% to \$39.6 billion (2010: \$37.3 billion) with good growth coming in all sectors. The Core Bank margin improved to 1.9% (2010: 1.8%).

Bad debt expenses at \$51 million remained stable despite the impact of the regional Queensland and Brisbane floods.

The Non-core Bank incurred an after tax loss of \$175 million (2010: \$224 million). The run-off of this portfolio progressed ahead of expectations with total lending reducing to \$7.7 billion, down \$4.9 billion for the year. Impairment losses reduced significantly to \$274 million (2010: \$428 million).

Suncorp Life

Suncorp Life's net profit after tax was \$149 million (2010: \$222 million). Profit was impacted by economic conditions in Australia and New Zealand, leading to higher than expected claims and policy lapses.

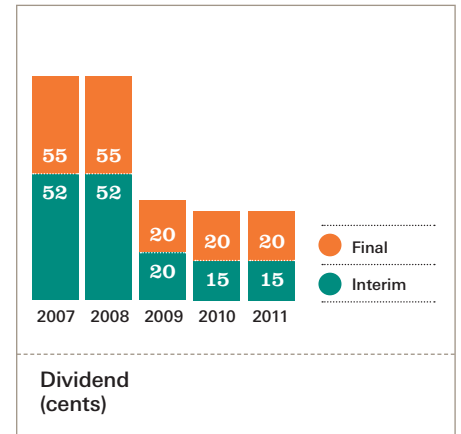
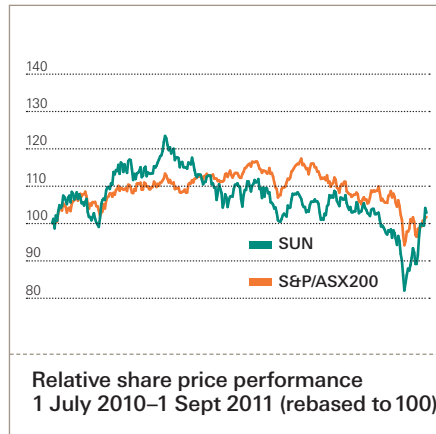
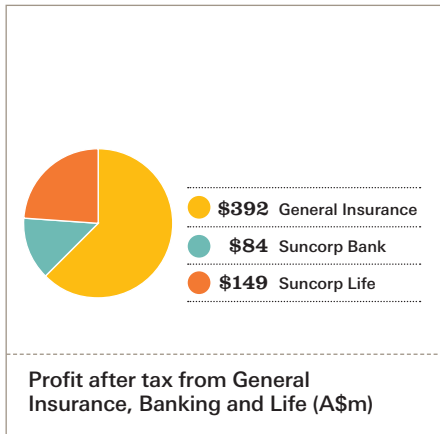
Life in-force premium increased 4.3% to \$818 million (2010: \$784 million) with strong growth of 44% in the sale of life products in the direct channel.

Suncorp Life's embedded value remained stable at \$2.4 billion.

Capital and dividend

Suncorp Group's strong capital position remains well protected with conservative targets and a surplus capital of \$1.245 billion above the Group's operating targets. Accordingly, the Board has increased the target dividend payout ratio to between 50% and 70% of cash earnings (excluding divestments). The final dividend of 20 cents brings the total payout ratio to 70%, at the top end of the Group's increased target payout ratio (excluding divestments).

* Group net profit after tax (\$453 million) is the sum of the profit after tax from Business Lines (\$625 million) and items added and deducted at the Group level. These include loss on sale of subsidiaries, investment income on capital held at the Group level, consolidation adjustments, amortisation of acquisition intangible assets, and the related income tax benefit.



Stronger

Suncorp Group strengthened its business through five key simplification projects this year.

Simplified structure	Single view of customers	Single enterprise agreement	Single pricing methodology	Single process for claims and repairs
✓ YES	✓ YES	✓ YES	✓ YES	✓ YES
Shareholders voted overwhelmingly in favour of the transition to a non-operating holding company structure to improve the transparency and efficiency of Group capital.	Thanks to our new customer data warehouse we can build better relationships with our nine million customers.	Employees voted in favour of the Suncorp Group Enterprise Agreement to consolidate multiple terms and conditions for Australian employees.	Our personal insurance brands in Australia now price 85% of motor premium and 93% of home premium on the General Insurance Pricing Engine (GIPE). We can tailor pricing to individual risk and improve risk selection overall.	Suncorp general insurance brands simplified claims lodgement and assessment this year. Combined with GIPE, these projects will deliver around \$235 million in annualised savings.

A portfolio of trusted brands



Protects the Queensland way of life

Suncorp Insurance has been looking after Queensland families for over 90 years and is committed to protecting the Queensland way of life. Local expertise, scale and responsiveness are key features of the brand, and these were reflected in its support of customers affected by the 2011 Queensland floods and Cyclone Yasi.

The insurer for people seeking good value, simple products and great service

AAMI is one of Australia's most successful insurance brands, pioneering many industry *firsts* in its 40-year history – including a 'rating one' and no claim discount protection, lifetime repairs guarantee and a valet service for customers.

The trusted, caring ally for people and business owners who want to be sure about protecting their way of life

With an 84-year heritage, GIO is one of the most trusted brands in New South Wales. It has a strong reputation for dependability and strength, and offers a comprehensive level of cover.

Products and services to meet the needs of older Australians (aged 50+)

Apia is dedicated to meeting the needs of the over-50s market and is one of Australia's most recommended insurance brands.



Insurance for drivers of high performance, modified and imported vehicles

Simple insurance for customers who are price-driven and buy online

The preferred online insurance for motorcycle riders

42%

of Australians aged 15 and above have a relationship with the Suncorp Group

9 million

Australians and New Zealanders buy our brands

15,570

employees in Australia and New Zealand*

* excluding joint ventures



Puts brokers in the driver's seat

Vero is our specialist business insurance brand devoted to serving the broker channel. Vero provides brokers with a range of service options – including online underwriting for simple risks and direct contact with underwriting specialists for mid-to-complex risks.

Insurance for motoring enthusiasts

Shannons is Australia's leading insurance provider for motoring enthusiasts, offering tailored car, motorcycle and home insurance products. Shannons employs motoring enthusiasts who understand the passion owners have for their vehicles.

A true alternative to the majors, combining the capability of a big bank with the genuine care and personal service of a small bank

In Australia Suncorp Bank is number one for customer satisfaction among business banking customers and is in the top three for customer satisfaction for personal banking customers.

Helps 'advised' customers to protect what they love about life

Asteron Life is our specialist brand for people who prefer to be guided by an independent financial adviser when buying life insurance.



Home and motor insurance for New Zealanders



Peace of mind for landlords



Financial solutions to meet the unique needs of everyday women

Chairman's Report

Dear Shareholder

The financial year ending 30 June 2011 was a year from which the Suncorp Group emerged as a far stronger organisation.

During that turbulent period, the Suncorp Group delivered the key strategic targets previously outlined to investment markets and shareholders – its balance sheet has been enhanced; the building blocks program has been substantially delivered; its business is now far simpler, operating under a non-operating holding company structure (NOHC); and the Group now works together as one team under uniform employee¹ terms and conditions.

The progress that had already been made in strengthening its business underpinned Suncorp's outstanding response to the succession of natural disasters in Australia and New Zealand, which commenced with the first earthquake in Christchurch in September 2010.

These events, which resulted in over 100,000 claims with a value of approximately \$4 billion, tested the organisation as never before, and I could not be more proud of the manner in which Suncorp people responded. The combination of this response with the simultaneous implementation of fundamental operational transformation evidences the huge commitment and dedication of our employees.

The natural disasters have inevitably had their impact on the financial outcome for the year with net profit after tax of \$453 million, down from \$780 million in 2010. The businesses have, however, continued to perform strongly. The underlying margin in General Insurance improved by 1.8% to 10.8%, and we are on track to deliver the promised 3% margin improvement at the conclusion of the 2012 financial year. Margins also improved in our Core Bank, while the run-off of the Non-core Bank continues to progress ahead of expectations. In Life Insurance, sales through the direct channel increased by 44% as we continue to leverage the Group customer base in Australia and New Zealand.

The Board's confidence in the underlying performance of the business means that we are in a position to announce an ordinary dividend of 20 cents per share for the second half – bringing ordinary dividends for the full year to 35 cents

John Story, Chairman



per share. This is in line with the 2010 financial year, despite the impact of the natural hazard events on our net profit.

Nowhere is Suncorp's transformation more apparent than when considering the quantum and quality of capital supporting our balance sheet. We have concluded the 2011 financial year with the NOHC structure in place and capital levels well above the targets we set for the operating businesses and the Group. The policy of the Board is that a prudent margin, depending on the circumstances, over and above those targets will still be retained, but capital surplus to those amounts will be returned to shareholders. In more stable circumstances, we would have anticipated a return of capital to shareholders on this occasion but, given the recent upheavals on global financial markets, the Board has decided to retain the full amount of our surplus of capital as a further protection against short-term uncertainty and volatility. This position will be reviewed as markets stabilise, and in doing so the Board will be mindful of the high balance of franking credits that we currently hold on behalf of shareholders.

The occurrence of natural disasters through the course of the year in Australia and New Zealand has challenged the insurance industry generally. Whilst we at Suncorp were proud of the manner in which the comprehensive flood cover in the majority of our brands responded to the circumstances, improvements are called for. Matters that must be addressed include the clarification of flood cover across the industry, the implementation and availability of comprehensive flood mapping, the introduction of effective flood mitigation and the application of comprehensive planning regulations.

With the lessons of the past year learnt, the insurance industry is well placed to provide the protection its customers seek. Government intervention and participation in the industry would, however, be a backward and dangerous step.

This is my last report as Suncorp Chairman. The Suncorp of today bears little resemblance to the organisation that I joined in 1995 as a Director on the Metway Bank Board. Since then, the Group has evolved from a Queensland-based and focused bank to a comprehensive financial services organisation with operations throughout Australia and New Zealand. Suncorp remains with its heart in Queensland, but is now one of Australia's largest listed companies, with each of its businesses playing an important part in the financial landscape of Australia and New Zealand.

I am proud of what Suncorp has accomplished over the past 16 years. It has, on occasions, been severely challenged, but it has responded to those challenges with resilience and determination. Today, Suncorp Group is a strong organisation. With a well funded balance sheet, effective systems and processes, a dedicated team of employees and a committed customer base, it is well positioned for the future.

I will retire at the conclusion of this year's AGM, confident that Suncorp is in good hands, led by a strong Board and a dynamic executive team, with the right business model and strategy in place to deliver the returns that shareholders deserve.

Yours sincerely
John Story
Chairman

A handwritten signature in blue ink, appearing to read 'John Story'. The signature is stylized and fluid.

24 August 2011

Group Chief Executive Officer's Report

The past year has seen a stronger and more confident Suncorp Group.

We have earned the respect of customers, communities and governments for the way we have managed unprecedented weather and earthquake events. We have also shown the early benefits of the changes we have made across our Group.

This has boosted our confidence and enabled us to step up the pace of the transformation of our Group.

In 2010 we stabilised our businesses, developed a new strategy and carefully planned our way forward. This year we have focused on effectively executing our strategy and change programs to build a stronger Group.

The latest financial result demonstrates the value of the changes we have made. Despite a substantial increase in claims costs and an erratic economy, we have delivered a profit that is above market expectations.

Importantly, the underlying growth of our businesses has been maintained and we have established a strong capital position with a significant surplus above our operating targets.

I am certain we would not have achieved what we have without the perseverance, capabilities and commitment of our people and I am very grateful for their continued support.

The growing credibility and confidence of our Group is not only reflected in our operating and financial performance of the past year. It has also been demonstrated by our industry leadership of key issues such as flood insurance and protecting people and communities from natural disasters.

Our net profit for the year to 30 June 2011 was \$453 million. As expected, this was well down on the previous year mainly due to much higher costs associated with disasters such as the Queensland floods

Patrick Snowball, Group Chief Executive Officer



and Christchurch earthquakes. Overall we have managed more than 100,000 claims at a gross cost of around \$4 billion.

Due to the unprecedented sequence of natural hazard events, our insurance premiums have increased but, importantly, our customer retention levels have remained stable. I am also very pleased to note that while many insurance companies were criticised for their response to the Queensland floods, the Suncorp brand has been praised.

Suncorp Bank had a good year and managed strong earnings growth and credit quality despite the impact of floods and an economic downturn in Queensland.

Economic pressures, natural disasters and regulatory reforms have impacted the operations and results of Suncorp Life. We continue to change the shape of this business by taking advantage of the potential to sell life products to Suncorp Bank and our General Insurance customers.

Last year I said it would take time for us to make the changes necessary to unlock the value within Suncorp's unique portfolio of businesses.

We have introduced a non-operating holding company structure to enable us to run our businesses efficiently, as well as harvest and distribute the capital those businesses generate.

We continue to lower the costs and improve the efficiency of key processes such as insurance pricing and claims management. We are also reducing the complexity and cost of the key services required to run our Group including finance, accounting, technology, human resources and business transactions.

While the long-term prospects for the Australian economy are promising, we continue to ensure Suncorp is strong enough to cope with current local and global economic uncertainty.

I am confident we will see more growth from our General Insurance businesses as they continue to streamline their operations. Suncorp Bank is well placed to lead Australia's regional banking sector and Suncorp Life will benefit from growth in its direct sales.

The past year has shown the real value of the transformation underway at Suncorp and I am confident this will continue to be evident in the coming year.

Patrick Snowball
Group Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'P. Snowball', written over a horizontal line.

24 August 2011

General Insurance – Personal Insurance

Faster repairs



SMART repair shops

With the launch of 12 SMART (Small to Medium Accident Repair Technology) shops during the year, we are able to return a customer's damaged vehicle the day they drop it off.

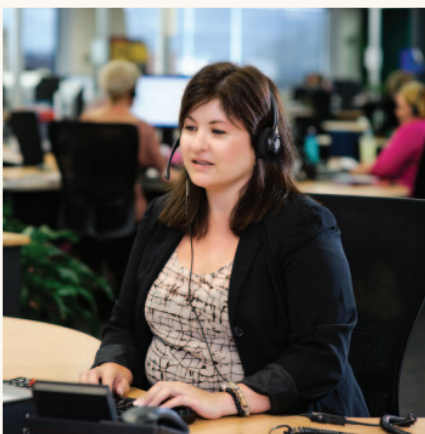
Faster assessments



Goodna Qld

Apia customer, Ted Bradley, was the first resident in his street to be able to return to his home after the Brisbane summer floods.

Faster claims



Newcastle NSW

Susan Montgomery is one of 700 claims consultants nationwide now using Suncorp's single claims system.



Support and compassion

Maitland NSW

On a cold and otherwise insignificant Saturday night, Abby Crawford's house burnt down. She called AAMI from the footpath in her pyjamas. "The support and compassion I received from AAMI gave me the strength to get on with it." Abby and her son, Nikolai, are now re-building their home.

Gross Written Premium

\$4.2 billion

Insurance Trading Result

\$144 million

Personal Insurance – fulfilling commitments in times of trouble

Suncorp Group’s Personal Insurance division is one of Australia’s largest and most successful insurers. Our strength lies in our strong portfolio of trusted brands. Collectively, our brands account for 33% of the home and motor insurance markets in Australia. We have more than five million customers, 5,600 employees and manage more than one million claims each year.

Widespread flooding across three States, a cyclone in north Queensland and a series of severe storms across eastern Australia failed to deter Personal Insurance from fulfilling the commitments we made to shareholders last year.

Over the past year, the underlying insurance trading result greatly improved. Gross written premium (GWP) for motor increased by 4.2%, with emerging competitors making little headway in taking market share from our key brands. In the home insurance portfolio, GWP grew by 11.8% which was supported by targeted premium increases for high risks to cover increased reinsurance costs and other weather event expenses.

Simplification

We fulfilled key commitments such as the move to a single pricing engine and the implementation of one claims system, creating a consolidated approach that supports our major insurance brands. This was despite an extraordinary 40,000 home and motor claims arising from the summer of disasters.

In central Queensland, Suncorp completed more than three quarters of claims assessments within three weeks – half the time taken under the old model of operating separate insurance companies.

This was made possible because our strategy differentiates our brands on the outside but leverages our best processes, capabilities and people on the inside to build scale when disaster strikes.

Our decision to replace multiple pricing systems and methodologies with a world-leading single pricing engine has improved margins. We can now charge premiums that reflect the risks associated with individual cars or properties which subsequently reduces our risk and claims costs. The ability to price in such a way also means Suncorp has led the market with innovative products such as automatic flood cover – a position that won widespread customer and community praise and generated profitable new business.

We’ve previously said that it was crucial to simplify claims processing in order to reduce operational and claims costs. Achieving this required us to create a single claims approach across all of our brands.

The initiatives we’ve implemented in the past 12 months put us at the forefront of the industry.

We can now return a customer’s damaged motor vehicle in half the time taken by traditional smash repairers, with the launch of 12 SMART (Small to Medium Accident Repair Technology) shops. We expect to repair 1,000 cars per week through SMART with lower average repair costs.

We have achieved a great deal in the past year. We have demonstrated that when customers need us most, we have the scale, experience and ability to support them through difficult times.

Next steps

The priorities for the business have not changed. We remain focused on delivering profitable growth, demonstrating cost leadership within all facets of the business and improving our insurance margin.

General Insurance – Commercial Insurance

One strong, unified team



Brisbane Qld

Nicole Mann's team of 160 commercial underwriters has moved from five employment agreements to one as part of the Group's single enterprise agreement.

AAMI moves online



Perth WA

Hardworking carpenter and cabinet maker, Eddie Zabala, was the first customer to buy AAMI business insurance online. The online channel is ideal for time-poor business people like Eddie who prefer to buy insurance after hours using the internet.



Ready for crushing season, post-Yasi

Tully Qld

Tully Sugar Mill, the heart of the local community, suffered extensive damage to its operational infrastructure and 50 of its 70 buildings in Cyclone Yasi.

Mill CEO, John King, said "I am very pleased with the way Vero managed the claim and that critical repair work was completed ahead of schedule to ensure the mill was operational for the start of the sugarcane crushing season."

Gross Written Premium

\$2.4 billion

Insurance Trading Result

\$471 million

Commercial Insurance – profitable risks

Suncorp Group's Commercial Insurance division is one of Australia's leading insurers issuing 400,000 policies each year to protect Australia's business community. Our customers range from large, multinational corporations to family businesses and sole traders.

Suncorp Commercial Insurance had a successful year in a tough market and made critical investments in technology and customer service that will underpin future growth.

During 2010/11 the business delivered a pre-tax insurance trading result of \$471 million, up 27%. Our focus on profitability, rather than market share growth, meant underlying gross written premium (GWP) grew modestly, by 2.1%*, to \$2.4 billion in a difficult market.

New technology

A substantial investment in underwriting technology and further simplification of our business enhanced our ability to give Australia's commercial sector the support it needed during this year's floods and storms.

Thanks to the General Insurance Pricing Engine (GIPE), we can now look beyond the broad assumptions traditionally used to determine risk and assess risk individually for each business. Although only introduced in May 2011, we are already pricing 66% of small business packages using GIPE technology.

Our strong relationships with brokers are critical to our success with almost three-quarters of our commercial business attributed to this channel. Using GIPE, our underwriters are working

more closely with brokers to explain all factors affecting a business's insurance premium, including where discounts have been applied, even where the risks are complex. For brokers with medium-sized business clients seeking assistance with multiple business-related risks, we offer a greater level of service through our recently introduced mid-market underwriting teams.

In 2010/11 we launched Australia's first 24/7 online business insurance for less complex businesses – AAMI Business Online. Demand for online insurance has exceeded expectations – taking more than \$1 million in revenue in its opening months and continuing to grow ahead of our plans.

Statutory portfolios

We remain Australia's largest personal injury insurer through our share of underwritten Compulsory Third Party (CTP) and Workers' Compensation business. While we will maintain our focus on improving outcomes for affected people, there is potential to further reduce costs by better managing claims across this portfolio.

Suncorp continues to be the leading CTP insurance provider in Queensland with more than 50% market share. In the New South Wales CTP market, our focus will be on continued optimisation of the Group's two-brand strategy, through GIO and AAMI, to ensure profitable risk selection.

Next steps

Suncorp's Commercial Insurance division is now well positioned for future profitable growth. Through the successful implementation of streamlined systems and more efficient processes, we are confident that we will fulfil our commitment to shareholders to expand our market presence by our targeted 3%.

* Commercial Insurance exited the home warranty, farm and aviation portfolios in 2009/10.

General Insurance – Vero New Zealand



A slow and steady road to recovery

Christchurch, New Zealand
The New Zealand Government established the Canterbury Earthquake Recovery Authority (CERA) to ensure a coordinated response to the Canterbury earthquakes.

CERA Chief Executive, Roger Sutton, estimates the road to recovery will be long with total repair costs between NZ\$15 and NZ\$20 billion.

Gross Written Premium

\$683 million

Insurance Trading
Result Loss

\$203 million

Vero New Zealand – underlying performance improves

Vero New Zealand is a leading player in the New Zealand general insurance market offering a comprehensive range of personal, corporate and commercial insurance and risk management products. Vero New Zealand's specialist insurance and risk management companies collectively account for 24% of the market.

Vero's mission is to be a world-class Kiwi general insurance company that loves to help and protect the people and businesses of New Zealand.

That mission is being well tested following major earthquakes and significant aftershocks in the Canterbury region of the South Island during the year.

Preventative action



Auckland, New Zealand

When New Zealand's largest kiwi fruit exporter, Zespri, was worried about a refrigerated vessel they had chartered, Vero Marine expert underwriter John McKelvie evaluated the ship's hold to ensure it met Zespri standards. John said, "We assessed the vessel using our technical expertise and helped our client avoid a large loss that would have led to a large claim."

Over 22,000 earthquake-related claims have been lodged with Vero or our joint venture company, AA Insurance. Despite continuing aftershocks in Canterbury, Vero has still managed to assess and finalise claims, as well as complete some rebuilding.

We have a team of more than 45 employees working from new premises in Christchurch.

Vero is working closely with government authorities and has also appointed a leading New Zealand joint venture, MWH Mainzeal, to oversee rebuilding. By the time work is completed, Vero and its reinsurance partners will have injected more than \$2 billion into the Canterbury Region.

Improved performance

As a result of the earthquakes, additional reinsurance needed to be purchased and this had a severe impact on Vero's results. Despite this, the underlying performance improved on the previous year. GWP increased 8.4% in NZ dollar terms as a result of premium increases and new business. The underlying ITR also improved.

Vero is highly regarded by brokers and customers. For the second year in a row, we were voted Insurer of the Year by members of the Insurance Broker's Association of New Zealand. This is the sixth time we have won this award.

The year ahead

Recovery from the Christchurch earthquakes will be protracted and we will continue to devote the resources needed to rebuild businesses and communities. We will also work with government, businesses and communities to address insurance affordability and capacity issues, as well as earthquake mitigation.

Insurance prices across New Zealand will rise in the coming year due to greater risks and higher claims and reinsurance costs. We are gradually changing premiums and underwriting conditions to reflect these higher risks and costs, particularly with earthquake cover.

Vero will focus on improving the efficiency of its claims management processes and reducing claims costs through dynamic risk selection and supplier relationships. We also plan to increase sales through our partnerships, as well as strengthening our longstanding broker relationships.

Suncorp Bank

Support for agribusiness



Regional Qld

Following the Queensland floods and Cyclone Yasi, Suncorp Bank coordinated events across the State to provide financial information and support to communities.

Expanding



NSW and WA

Twenty one new branches opened this year as Suncorp Bank expanded its footprint into NSW and WA.

Making business easier



Lane Cove NSW

"Suncorp Bank makes doing business easier." Peter Mawad, coffee shop owner, one of our first customers at the Lane Cove branch.



Cold Rock ice creamery gets a cool Suncorp Bank grant after floods

Rosalie's flood-affected ice creamery, Cold Rock, was one of the first small businesses to receive a Suncorp Bank 'back to business' grant of \$5,000 to help them start the recovery from the Brisbane floods in January.

Owners Donna and John Weatherhead said the grant was especially welcome given the store had been closed for twelve and a half weeks, and re-opened on 9 April.

"We used the \$5,000 from Suncorp towards repairing our refrigeration equipment. Suncorp Bank's generosity reflects the Queensland spirit shown to us by friends, staff, and customers," Mrs Weatherhead said.



Suncorp Bank – the best bank for middle Australia

Suncorp Bank is Australia's leading regional bank servicing more than 900,000 customers nationwide.

Our aim is to be the best bank for middle Australia in personal, agribusiness, small business and commercial banking.

NPAT

\$84 million

Core Loans

\$39.6 billion

Events during the global financial crisis focused our attention on setting a clear strategy for Suncorp Bank which has resulted in a strong, stable and growing regional bank.

Our position in the market is also clear: we are a genuine alternative to the major banks, aiming to be the best bank for middle Australia.

Core Bank

In 2011 we achieved our key targets and initiatives. In particular, we delivered solid, profitable growth in lending, achieving our target of greater than system growth in home and core business lending. Our customer base grew by more than 6% to over 988,000 – tracking well against our target of more than one million by 2013. We ranked number one in customer satisfaction among business customers nationally and maintained a top-three position among personal banking customers as measured by Roy Morgan.

While Queensland mortgage growth was subdued following the weather events, we balanced this with healthy growth in other states. Our core business banking book has also expanded and is now larger than the non-core portfolio, a significant milestone in our stabilisation story.

Thanks in large part to these achievements, we have rebuilt confidence in our brand and have a strong offering backed by first-class customer service. All the changes introduced in the past two-and-a-half years demonstrate our ability to execute our plans.

Queensland remains the largest market for Suncorp Bank, which is also growing strongly in New South Wales, Victoria and Western Australia. The tragic events of summer 2010/11 highlighted our commitment to Queensland and our ability to respond when our customers and communities need us most.

Suncorp Bank is focused on building its core portfolios of personal, agribusiness, small business and commercial banking.

Non-core Bank

Following the global financial crisis, we moved out of high-end property and corporate banking, putting these portfolios into run-off. We have made excellent progress and continue to exceed targets in relation to the run-off of the non-core portfolio in 2011. Non-core loans reduced 38.7% or \$4.9 billion during the year to \$7.7 billion. Run-off for the full year exceeded the initial target by \$2.5 billion.

Exposures greater than \$50 million reduced from 121 to 53 during the year. The impaired asset balances and actual losses have reduced over recent quarters and construction risk is now largely removed.

Next steps

Our strategic priorities include growing the core franchise in New South Wales and Western Australia by doubling our branch footprint and tripling our customer base in those states.

Suncorp Bank's growth aspirations include expanding our total customer base to more than one million and increasing 'complete customers' – those with three or more Suncorp products – by 50%. A focus on simplifying systems and processes and investing in our people will support our objectives of delivering a cost-to-income ratio in the mid 40s and sustained return on equity greater than 15% in the core bank.



Million dollar Meredith

Mother of seven, Meredith Marshall from Terrey Hills NSW, was instantly attracted to our new Million Dollar Woman 'living insurance' by the short 14-day waiting period and ease of application.

"We don't have the cash flow to pay for someone to assist our family if I was injured and then be reimbursed months later. Million Dollar Woman is different from other insurance because its focus is to support families in times of crisis, and it acknowledges the importance of the work done by stay-at-home parents," Meredith said.

NPAT

\$149 million

New Business Sales

\$104 million

Suncorp Life – cross-selling to existing customers

Suncorp Life is a trans-Tasman life insurance specialist offering life insurance, superannuation and investment products through Independent Financial Advisers (IFAs) and direct to Suncorp’s customers. Our key life insurance brand is Asteron Life and our superannuation product is Suncorp WealthSmart.

Suncorp Life’s strategy is to be a life insurance specialist that leads the IFA market and builds a large direct distribution business. We support this strategy through initiatives in simplification, claims management and retention.

In the past year, we maximised the power of Suncorp Group’s portfolio of brands and customer base while maintaining our competitive advantage in the IFA market. New business was up 21% overall – up 14.3% to \$56 million in the adviser channel and up 43.8% to \$23 million in the direct channel.

Individual Life Risk new business was up 12.3% to \$91 million, reflecting the strong momentum in the IFA and direct distribution channels.

We have proven our ability to cross-sell to existing Suncorp Group customers through the launch of four new life insurance products in the AAMI, Apia, GIO and Suncorp brands. More than 10,000 Apia funeral plans have been sold, and 19% of those customers are new to the Suncorp Group.

Million Dollar Woman, our new Life brand, offers day-to-day living insurance – recognising the value of unpaid domestic work of stay-at-home parents.

Economic overlay

Suncorp Life experienced higher-than-expected policy lapse rates this year with a peak at the half year. We are lowering this rate through a strategy of directly contacting lapsing customers, which has saved \$17 million of premium in Australia.

Worsening economic conditions have lengthened the time claimants take to return to work. Given the current outlook, we expect this to continue to be an issue until the end of 2011 at least, in line with industry trends.

Awards

We improved the service we provide to IFAs to strengthen Asteron Life’s position as the number-one partner to dealer groups and the number-two partner to advisers. We won the Association of Financial Advisers 2011 and Smart Investor 2011 awards. This, in addition to Australian Financial Services Licensee tender wins, demonstrates that Asteron Life’s market position as an independent specialist risk provider is strengthening.

To help simplify our operating model and enable us to focus on our core business, we sold our asset management businesses Tyndall and Guardian Trust New Zealand. In addition, we simplified our superannuation offer to employers with the introduction of EASE (the Employer Administration Super Exchange).

Stronger customer relationships



Canberra ACT

Apia customer, Russell Gilbert, was one of the 10,000 General Insurance customers who bought a funeral plan from Suncorp Life in 2010/11.

Next steps

By 2013 Suncorp Life has committed to doubling individual life insurance sales by building growth in the independent financial adviser and direct channels. In addition, to support our goal of double-digit in-force premium growth, our focus continues on customer retention, improving claims management and overall expense management. We are on track to achieve our goals.

Corporate Social Responsibility



Community

Suncorp employees get one paid volunteer day a year to assist in the community.

Members of Suncorp's finance team helped with the clean up following Brisbane's floods.

More than

77% of our people
believe our company is socially responsible

Employee engagement

63%

Our Group now has an active approach to corporate social responsibility that is adding value to our business. The focus during the past year has been on programs for our employees, customers and the communities where we conduct our businesses. We have also stepped up our efforts to manage the environmental impact of our operations.

We want Suncorp to be an inclusive place to work with high levels of employee engagement. In 2011 our staff survey showed that employee engagement was at 63% in Australia and 79% for Vero New Zealand. Our objective is to improve these levels. Employee engagement measures have been included in leaders' performance scorecards. We are supporting our leaders to address specific feedback raised in the employee survey.

Other progress this year includes introducing one Suncorp Group-wide Enterprise Agreement with more transparent and consistent employment conditions. Suncorp's Group Chief Executive Officer chairs our new Diversity Council. The current focus is on gender equality.

A key customer issue has been the effective management of the massive number of flood, cyclone and earthquake claims. We have also made more products available online and via mobile phone to suit busy lifestyles. At the same time, we have ensured more customers can speak directly with one of our people when they phone our call centres.

We also stepped up our efforts to understand and manage our environmental impacts, tracking energy consumption, costs and carbon emissions through a new energy platform. Initiatives such as blank screen savers and 'sleep' modes for our computers are helping reduce emissions equivalent to taking around 10,000 cars off the road.

Suncorp continues to invest in community activities. Our people are active volunteers and also assist fundraising efforts for charities and Premiers' Appeals.

Risk management

Suncorp Group has made significant progress in our ongoing efforts to identify and reduce risk.

The most important move for the year has been the migration to a non-operating holding company (NOHC) structure. We now have an improved ability to deploy capital where it is most needed. Additionally, we expect investors will welcome the improved transparency that the NOHC structure provides into the drivers of each business.

We continue to divest businesses considered not core to our strategy with the sale of Tyndall and New Zealand Guardian Trust during the year.

The Bank made excellent progress reducing the non-core banking book from \$12.6 billion to \$7.7 billion.

The Group has maintained its focus on completing the building blocks projects – where common systems across the Group reduce complexity and bolster resilience in the face of large natural hazard events.

This year, we introduced remuneration practices that align with APRA's new remuneration standards, including deferral of executive bonuses and introduction of clawback arrangements. These changes ensure that decisions are aligned with the Group's risk appetite, helping build a positive risk culture at the Group's most senior levels.

CSR Review



Suncorp Group's first Corporate Social Responsibility Review published on www.suncorpgroup.com.au has full details about our CSR approach and achievements.

More than
\$2 million

raised for Youngcare since 2007

16,500 students

attended RYDA (Rotary Young Driver Awareness) driver education program in Queensland high schools since 2008

7 years

funding skin cancer research

\$240,000

donated for portable shade tents this year

\$275,000

raised for the NSW Fire and Rescue

\$144,000

to the Premier's Disaster Relief Appeal

\$100,000

for National Trauma Institute youth program

\$3.6 million

to Victorian State Emergency Service since 2002

Sponsorships and community support



In 2011 Suncorp Group has worked alongside its community partners to **improve health and wellbeing** through long-term sustainable programs.

Quake break

Vero New Zealand supports the Youthtown initiative, which has an 80-year history of providing physical, social and creative youth activities in New Zealand.

Youthtown's *Break from the Quake* helped 500 Canterbury children escape the city and experience a week packed with fun activities during their school holidays at camps in Tongariro, Great Barrier Island and Auckland.

The Quake break was launched on a boat cruise of the Auckland harbour where the Cantabrian children placed 181 flowers and a wreath into the water to commemorate and remember each life tragically lost in the February 22 quake.



Youthtown's Quake break initiative, New Zealand

Suncorp Group Brighter Futures™ Community Giving – shaping the future of our charitable giving

2012 will be an exciting year for strengthening Suncorp Group's commitment to community giving and working towards the establishment of a Suncorp Group Foundation.

The Suncorp Group Brighter Futures™ Community Giving program will be developed with an overarching theme around 'health and wellbeing', with a specific focus on prevention. The Group will partner with charitable organisations that specialise in early detection, intervention and reducing the further impacts of established diseases. The program is designed to unite and engage our people and to empower individuals to make a difference to causes they are passionate about.

Youngcare, not aged care

Youngcare is a charity providing a relevant, dignified lifestyle for young Australians with full-time care needs who would otherwise live in aged care or nursing homes. Our support for Youngcare has raised more than \$2 million since 2007. This year GIO and Suncorp's Compulsory Third Party (CTP) Insurance extended their Youngcare partnership for two more years (total value \$860,000) and Suncorp CTP donated a further \$50,000 through a Facebook campaign.

Suncorp Stadium, Brisbane



Suncorp Stadium

Brisbane's Suncorp Stadium has iconic status among sports enthusiasts in Queensland who watched in disbelief as flood waters inundated the playing field in January 2011. Suncorp donated \$144,000 to the Queensland Premier's Disaster Relief Appeal (one dollar for every person who attended a sporting event at the stadium during March). Last year over 1.1 million patrons attended over 45 events at the Suncorp Stadium.

Suncorp has now secured the stadium's long-term naming rights sponsorship until the end of 2018, with an option to extend.

17 years

of supporting Hear and Say

\$400,000

for community grants supporting road safety and crime prevention over two years

\$25,000

for grass roots rugby league clubs in regional NSW

\$35,000

for grass roots community football clubs in WA

Board of Directors

John Story, Chairman

BA, LLB, FAICD

Age 65

Chairman since December 2010, Chairman of Suncorp-Metway Ltd since March 2003 and director since January 1995

Chairman Echo Entertainment Group Limited
Director CSR Limited
Chancellor, The University of Queensland

Ziggy Switkowski, Chairman elect

BSc (Hons), PhD, FAICD, FTSE

Age 63

Director since December 2010 and director of Suncorp-Metway Ltd since September 2005

Chairman Opera Australia
Director Tabcorp Holdings Limited, Lynas Corporation Ltd and Oil Search Limited
Chancellor, RMIT University

Ilana Atlas

BJuris (Hons) (WAust), LLB (Hons) (WAust), LLM (Syd)

Age 56

Director since January 2011 and director of Suncorp-Metway Ltd since that time

Chairman Bell Shakespeare
Director Coca-Cola Amatil Limited and Westfield Holdings Limited
Pro-Chancellor, Australian National University

Bill Bartlett

FCA, CPA, FCMA, CA (SA)

Age 62

Director since December 2010 and director of Suncorp-Metway Ltd since July 2003

Director Abacus Property Limited, GWA International Limited, Reinsurance Group of America Inc. (NYSE)

Paula Dwyer

BComm, FCA, FAICD, FFin

Age 50

Director since December 2010 and director of Suncorp-Metway Ltd since April 2007
Chairman Tabcorp Holdings Limited
Director Astro Japan Property Group Limited and Foster's Group Limited



L to R: Ziggy Switkowski, Stuart Grimshaw, Paula Dwyer, Patrick Snowball, Ewoud Kulk, John Story, Bill Bartlett, Ilana Atlas, Geoff Ricketts

Ewoud Kulk

BEcon, FAICD

Age 65

Director since December 2010 and director of Suncorp-Metway Ltd since March 2007
Chairman AA Insurance Limited (NZ)
Director Westmead Millennium Institute

Geoff Ricketts

LLB (Hons)

Age 65

Director since December 2010 and director of Suncorp-Metway Ltd since March 2007
Chairman Lion Nathan National Foods Limited
Director Spotless Group Limited, Todd Corporation Limited (NZ), Heartland New Zealand Limited (NZ) and Heartland Building Society (NZ)

Patrick Snowball*

MA, Hon. LL.D

Age 61

Managing Director and Group Chief Executive Officer of Suncorp Group Limited since December 2010 and Managing Director of Suncorp-Metway Ltd since joining the Group on 1 September 2009

For biography see opposite.

Former directors

Ian Blackburne is a former director who retired on 31 August 2010.

Stuart Grimshaw resigned on 23 August 2011.

Ziggy Switkowski – Chairman elect

Dr Zygmunt (Ziggy) Switkowski has been endorsed by the Board as Suncorp's next Chairman and will assume the role following current Chairman John Story's retirement at the conclusion of the 2011 Annual General Meeting in October.

Dr Switkowski is a distinguished Australian business leader and, having served on the Suncorp Board since 2005, will ensure continuity as the Group executes the strategic plans already outlined to shareholders. He has extensive senior executive operating and Board experience from leading large Australian and international organisations.



* Mr Snowball is an executive director, all other directors are non-executive directors. A majority of directors are independent.



L to R: Jeff Smith, Amanda Revis, David Foster, Robert Stribling, Mark Milliner, Anthony Day, Patrick Snowball **Seated:** Gary Dransfield, Geoff Summerhayes, John Nesbitt

Senior Leadership Team

Patrick Snowball

MA, Hon. LL.D

Group Chief Executive Officer

Patrick joined Suncorp in September 2009. An experienced financial services executive with extensive knowledge of the insurance industry, he has overseen businesses in the UK, Ireland, Canada, India and Asia. Patrick joined the main board of Norwich Union plc in 1999 prior to the merger with CGU in 2000, having previously been part of the team delivering the realignment of Norwich Union after demutualisation in 1997. He re-joined the Aviva main board in 2001 as an executive director and was responsible for all UK operations, including its general insurance, life risk and life risk investment sales businesses until 2007. He worked with the Towergate group of companies in both a deputy chairman and chairman's role. He also served as a non-executive director of Jardine Lloyd Thompson plc from 2008 to 30 June 2009.

Anthony Day

B.Bus, AICD, ANZIIF (Fellow)

Chief Executive Officer, Commercial Insurance

Anthony joined Suncorp in early 2008 and was appointed to his current position in October 2009. He was previously Executive General Manager, Intermediated Distribution, Commercial Insurance. Prior to joining Suncorp, Anthony was the General Manager, General Insurance for Zurich Financial Services Australia and held a range of senior positions with Zurich and Chubb Insurance.

Gary Dransfield

MAICD

Chief Executive Officer, Vero New Zealand

Appointed to the position of Chief Executive for Vero New Zealand in May 2011, Gary is responsible for the strategy and operational delivery of general insurance operations in New Zealand. Gary joined Suncorp in August 2009 and held the position of Executive General Manager for Personal Insurance Retail Distribution. Prior to this he worked for 25 years in the retail financial services industry.

David Foster

BSc, MBA, F.Fin

Chief Executive Officer, Suncorp Bank

David was appointed to his current position in September 2008 (with a change of title from Group Executive, Banking in October 2009). He was formerly Group Executive, Retail Bank 2007–2008 and Group Executive, Strategy 2006–2007. He joined Suncorp in 2003 after 14 years in a number of senior roles at Westpac.

Mark Milliner

B. Comm, MBA

Chief Executive Officer, Personal Insurance

Mark was appointed to his current position in October 2009. He was formerly Group Executive, Commercial Insurance from 2006–2009, and has held other senior executive positions within the commercial insurance business. Mark joined Suncorp in 1994. He has extensive experience in insurance and organisational change management in Australia and Europe.

John Nesbitt

BFinAdmin, FCA

Group Chief Financial Officer

John joined Suncorp in May 2010 as the Group Chief Financial Officer (Group CFO) after an extensive career as a finance executive across a range of sectors including financial services, property, construction and chartered accounting. John held senior finance and business positions at Perpetual

Limited for six years including Group Executive, Private Wealth, and Group CFO. He was previously at Lend Lease Group and MLC Limited in senior financial positions.

Amanda Revis

BSc (Hons)

Group Executive, Human Resources

Amanda joined Suncorp in August 2010. Formerly with Lloyds Banking Group, she led the people aspects of the sale of Bankwest to Commonwealth Bank of Australia and the integration of Lloyds International (previously HBOS Australia). From 2006 Amanda was Chief Executive, Human Resources and Corporate Affairs at HBOS Australia. Previous experience includes senior leadership roles with Westpac, FOXTEL, and the Mars Group in the UK, Middle East and Asia.

Jeff Smith

BSc Applied Science, MBA

Chief Executive Officer, Suncorp Business Services

Jeff joined Suncorp in March 2007 as Group Executive, Business Technology. He was appointed to his current position in August 2010 and is responsible for the Group's shared services – including the technology, real estate, group procurement, financial shared services and human resources services portfolios. His previous roles include Chief Information Officer for Telstra Corporation, and executive positions at Honeywell, Toyota and Charles Schwab.

Robert Stribling

BSc

Group Chief Risk Officer

Bob joined Suncorp in January 2010 as Group Chief Risk Officer. Bob has more than 30 years' global experience as a risk management professional, with his most recent risk role being Chief Risk Officer for NAB-Australia. He has also served in a number of business roles, including global head for a derivatives sales team and country manager in China.

Geoff Summerhayes

B.Bus GMQ

Chief Executive Officer, Suncorp Life

Geoff joined Suncorp in his current role in May 2008 following more than 20 years of property and financial services experience at Lend Lease, MLC and NAB. Prior to joining Suncorp he held senior executive roles in distribution and product management in NAB's Business Bank, in Strategy and Business Development for NAB's Australia and Asia Region and prior to that was CEO Retail Investments at MLC. Geoff serves on the board of the Financial Services Council.

Director and Senior Leadership Team remuneration

The Suncorp Group's remuneration framework links executive remuneration to the performance and governance of the Group and ensures consistency with the Australian Prudential Regulation Authority's remuneration standards.

The year to 30 June 2011 was eventful but it was also one from which the Suncorp Group emerged a far stronger

organisation. This was despite the effects on our businesses of the extraordinary sequence of natural disasters, and on our profits of the volume of insurance claims. The strength of our response to the challenges, combined with the successful delivery of a range of key strategic projects, provided the platform for the creation of sustained long-term value for shareholders, customers and employees.

We start the new operating year with good momentum with management focused on unlocking the value within our businesses. The Board will work to ensure that the Suncorp Group's remuneration framework reinforces progress towards this goal as well as achieving industry best practice.

	Position	Salary and fees including super-annuation \$'000	Non-monetary benefits and other payments \$'000	STI \$'000	Deferred STI ¹ \$'000	Total excluding share-based payments \$'000	Share-based payments ² \$'000
Executive director							
Patrick Snowball	Group CEO	2,192	196	990	607	3,985	1,531
Non-executive directors (in office at 30 June 2011)							
John Story (Chairman)	Non-executive Chairman	600	1	–	–	601	–
Ilana Atlas (appointed 1 January 2011)	Non-executive director	136	–	–	–	136	–
William Bartlett	Non-executive director	266	1	–	–	267	–
Paula Dwyer	Non-executive director	278	1	–	–	279	–
Stuart Grimshaw (until 23 August 2011)	Non-executive director	267	1	–	–	268	–
Ewoud Kulk	Non-executive director	306	1	–	–	307	–
Geoffrey Ricketts	Non-executive director	272	1	–	–	273	–
Dr Zygmunt Switkowski	Non-executive director	272	1	–	–	273	–
Senior Leadership Team							
Anthony Day	CEO, Commercial Insurance	672	13	455	245	1,385	179
Gary Dransfield (from 23 May 2011)	CEO, Vero New Zealand	62	9	39	21	131	8
David Foster	CEO, Suncorp Bank	741	44	504	271	1,560	464
Mark Milliner	CEO, Personal Insurance	776	6	556	299	1,637	485
John Nesbitt	Group CFO	831	23	611	329	1,794	737
Amanda Revis (from 16 August 2010)	Group Executive, Human Resources	473	22	387	208	1,090	78
Jeff Smith	CEO, Suncorp Business Services	776	49	614	331	1,770	512
Robert Stribling	Group CRO	602	6	436	235	1,279	65
Geoff Summerhayes	CEO, Suncorp Life	675	2	455	245	1,377	335
Former Senior Executive							
Roger Bell	CEO, Vero New Zealand	1,381	288	337	181	3,505 ³	393

1. The amount of deferred STI awarded to Mr Snowball is discounted and amortised over the vesting period. The amount of deferred STI awarded to members of the SLT is recognised in full as there are no performance or service conditions required.

2. The amounts that appear under the column headed 'Share-based payments' are the amounts required under the Accounting Standards to be expensed by the Suncorp Group in respect of long-term incentives. These amounts are therefore not amounts actually received by executives during the year. Whether executives receive any value from the allocation of long-term incentives in the future will depend upon the relative future performance of the Suncorp Group.

3. Includes \$1,318,000 of termination benefits.

Full details of remuneration strategy and components, individual contracts, and remuneration of former directors in office during the year are disclosed in the full Remuneration Report in the 2010/11 Annual Report of Suncorp Group Limited online at www.suncorpgroup.com.au.

5-year ratios and statistics

	FULL YEAR ENDED				
	June 11	June 10	June 09	June 08	June 07
Financial strength					
Total assets (\$m)	95,488	95,339	97,463	94,722	84,901
Net assets (\$m)	14,018	13,953	13,229	12,366	12,391
Net profit after tax attributable to shareholders (\$m)	453	780	348	583	1,064
General Insurance gross written premium (\$m)	7,280	7,027	6,815	6,430	3,790
Bank total lending (\$m)	47,378	49,983	54,363	55,083	45,663
Suncorp Life risk in-force annual premium (\$m)	818	784	733	683	673
Performance ratios					
Basic earnings per share (cents)	35.56	61.81	31.62	60.20	158.60
Basic cash earnings per share (cents)	53.66	73.46	47.21	74.70	170.00
Cash return on average shareholders' equity (%)	4.9	6.8	4.1	5.8	13.5
Return on average total assets (%)	0.47	0.81	0.36	0.65	1.49
Insurance trading ratio (%)	6.6	9.6	7.7	10.3	17.8
Underlying insurance trading ratio (%)	10.8	9.0	–	–	–
Core Bank net interest margin ¹ (%)	1.90	1.80	1.68	1.79	1.97
Productivity ratios					
Core Bank cost to income ratio ¹ (%)	52.5	50.5	40.8	44.7	44.6
General Insurance expense ratio (%)	25.8	26.5	27.4	27.9	27.9
Shareholder summary					
Dividend per ordinary share, fully franked (cents)	35.0	35.0	40.0	107.0	107.0
Payout ratio – cash earnings excluding divestments (%)	70.3	58.1	96.3	–	–
Number of shares at end of period (million)	1,277	1,273	1,250	951	920
Net tangible asset backing per share (\$)	6.03	5.75	5.11	5.54	5.43
Share price at end of period (\$)	8.14	8.04	6.70	13.04	20.17
Capital					
General Insurance Group MCR ³ coverage (times)	1.64	1.89	1.67	1.73	1.66 ²
Bank Core Equity Tier 1 ratio (%)	7.13	7.03	5.78	3.65	5.04
Life Group Capital (\$m)	1,763	1,565	1,503	1,248	1,229
Suncorp Group Limited Total Capital Base (\$m)	698	–	–	–	–

Notes:

1. Comparatives for years to 30 June 2009 relate to the total bank.
2. Suncorp-Metway Insurance Ltd and its subsidiaries
3. Minimum Capital Requirement

Contribution to profit by division

	FULL YEAR ENDED	
	June 11 \$m	June 10 \$m
General Insurance		
Gross written premium	7,280	7,027
Net earned premium	6,277	6,310
Net incurred claims	(4,750)	(4,637)
Operating expenses	(1,623)	(1,670)
Investment income – insurance funds	508	602
Insurance trading result	412	605
Managed schemes net income	18	4
Joint venture and other income	16	53
Investment income – shareholder funds	206	194
Profit before tax and capital funding	652	856
Capital funding	(89)	(82)
Profit before tax	563	774
Income tax	(171)	(217)
General Insurance profit after tax	392	557
Banking		
Core Bank profit after tax	259	268
Non-core Bank profit (loss) after tax	(175)	(224)
Total Banking profit after tax	84	44
Life		
Underlying profit after tax	147	188
Market adjustments after tax	2	34
Life profit after tax	149	222
Profit after tax from business lines	625	823
Other		
Contribution from LJ Hooker	–	4
Sale of subsidiaries and investment in joint ventures	(109)	215
Investment income on capital held at the Group level	18	–
Consolidation adjustments	11	9
Amortisation of acquisition intangible assets	(149)	(210)
Integration costs	–	(59)
(Loss) profit before tax	(229)	(41)
Income tax benefit	61	7
(Loss) profit on other items	(168)	(34)
Profit after tax before non-controlling interests	457	789
Non-controlling interests	(4)	(9)
Net profit after tax	453	780

Help notes

Gross written premium increased 3.6%.

Claims increased due to the natural hazard events.

The insurance trading result (ITR) is a measure of profitability in insurance companies. While the ITR decreased, on an underlying basis the ITR ratio improved to 10.8% (2010: 9.0%).

Core Bank profit was down slightly, in part due to investment in the brand and opening of new branches.

Higher incidences of disability claims have impacted the Life result.

Relates to the sale of Tyndall Asset Management and New Zealand Guardian Trust and includes write-off of goodwill associated with these businesses.

Statement of financial position

	CONSOLIDATED	
	June 11 \$m	June 10 \$m
Assets		
Cash and cash equivalents	1,271	883
Receivables due from other banks	226	232
Trading securities	4,952	8,233
Derivatives	166	833
Investment securities	24,014	21,091
Banking loans, advances and other receivables	48,639	51,146
General Insurance assets	8,054	4,550
Life assets	671	651
Property, plant and equipment	351	358
Deferred tax assets	148	101
Other assets	686	634
Goodwill and intangible assets	6,310	6,627
Total assets	95,488	95,339
Liabilities		
Deposits and short-term borrowings	38,858	33,958
Derivatives	2,580	2,461
Payables due to other banks	31	28
Payables and other liabilities	2,224	2,286
Current tax liabilities	145	1
General Insurance liabilities	14,831	11,556
Life liabilities	6,183	6,139
Managed funds units on issue	701	437
Securitisation liabilities	3,532	4,710
Debt issues	10,031	16,759
Subordinated notes	1,524	2,182
Preference shares	830	869
Total liabilities	81,470	81,386
Net assets	14,018	13,953
Equity		
Share capital	12,662	12,618
Reserves	33	74
Retained profits	1,306	1,241
Total equity attributable to owners of the Company	14,001	13,933
Non-controlling interests	17	20
Total equity	14,018	13,953

Help notes

Total loans reduced due to Non-core Bank portfolio run-off.

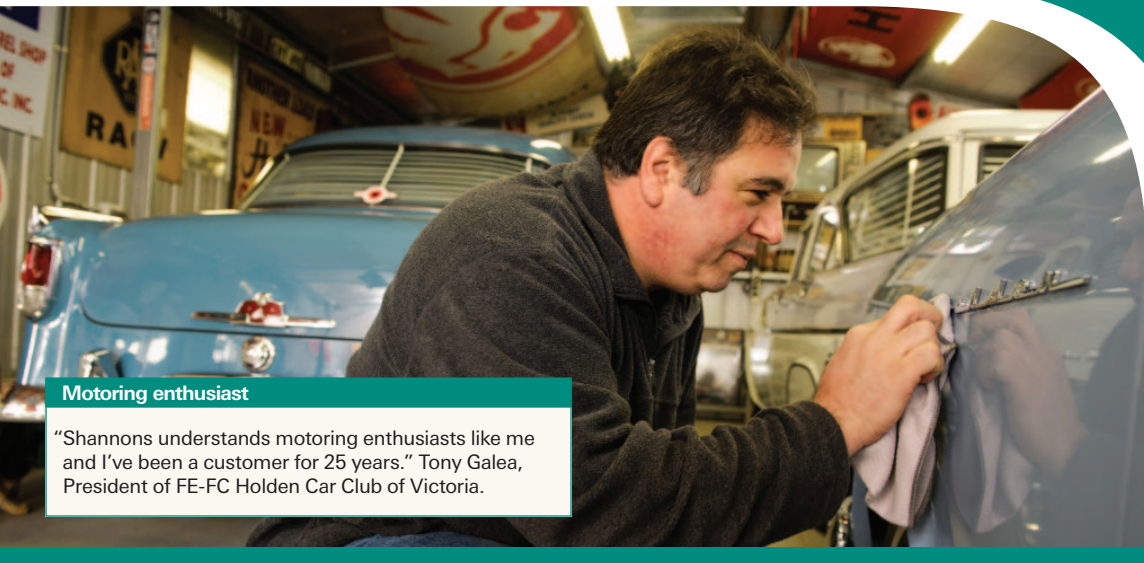
Includes recoveries from reinsurers

Goodwill and intangibles predominantly relates to the Promina acquisition.

Have increased due to natural hazard claims not yet finalised primarily relating to New Zealand earthquakes

Reduction represents repayment of wholesale borrowing primarily due to run-off of the Non-core Bank

Group's stronger capital position reflects the reduced risk of Suncorp's operations



Motoring enthusiast

“Shannons understands motoring enthusiasts like me and I’ve been a customer for 25 years.” Tony Galea, President of FE-FC Holden Car Club of Victoria.



Getting businesses back to work

Crushing season is in full swing at Tully Sugar Mill.



Apia satisfies

Quick repairs on Richard and Judith Boustead’s Kurrimine Beach home after Cyclone Yasi have proved the value of Apia insurance.



Fast response to disasters

Assessors and claims specialists arrived on the ground in Tully with Suncorp’s Customer Response Teams as soon as communities were open after Cyclone Yasi in January 2011.

Shareholder Information

This 2010/11 Shareholder Review

- is not a 'concise report' prepared under section 314(2) of the *Corporations Act 2001*
- though not specifically audited, contains figures, financial summaries and information derived from the Company's 2010/11 annual financial report and full year results announcement.

For a more complete understanding of the financial performance, financial position, operating and investment activities of Suncorp, please refer to the statutory 2010/11 annual financial report on the Financial Results link on the Suncorp Group website at www.suncorpgroup.com.au.

The 2010/11 annual financial report is available to shareholders upon request and can also be viewed online with this Shareholder Review. Printed copies of either document may be ordered from our share registry, Link Market Services Limited.

All references

- are as at 30 June 2011 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.

To the extent that the information in this Shareholder Review may constitute forward-looking statements, the information reflects Suncorp's current 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, 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.

Share registry

Shareholders may obtain information about their shareholding by contacting Suncorp's share registry:

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane, Qld 4000

Mailing address

PO Box A50
Sydney South, NSW 1235

Telephone

1300 882 012 (inside Australia)
+61 2 8280 7450 (outside Australia)
F: 02 9287 0303
E: suncorp@linkmarketservices.com.au
www.linkmarketservices.com.au

Investor Relations

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

Registered office

Suncorp Group Limited
Suncorp Centre
Level 18, 36 Wickham Terrace
Brisbane, Qld 4000
Ph 07 3362 1222
Fax 07 3836 1190
www.suncorpgroup.com.au

Listed securities

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

Suncorp Group Limited

Ordinary Shares (SUN)

Suncorp-Metway Ltd

Floating Rate Capital Notes (SBKHB)
Reset Preference Shares (SBKPA)
Convertible Preference Shares (SBKPB)

Key dates

3 October 2011	Final dividend payment
27 October 2011	Annual General Meeting
22 February 2012	Half-year results
2 April 2012	Interim dividend payment
22 August 2012	Full-year results

1. Dates may be subject to change

