



Creating
brighter
futures

Suncorp Group
**2012/13
Shareholder
Review**

One Company
Many Brands



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Cover image: Lisa Rohweder, Senior Business Development Manager, Vero
Lisa joined Commercial Insurance in April 2013. She is new to Suncorp, but not new to insurance. Over a number of years she has built up a strong rapport with key brokers and in her new role, Lisa is directly responsible for relationship management with our major broking partners. These relationships are crucial to the Commercial Insurance business with more than 70% of Commercial Insurance's GWP (excluding statutory classes) generated through brokers.

Suncorp Group Limited is
a **Top 20** ASX-listed company

20

Creating brighter futures

Owned by

170,000

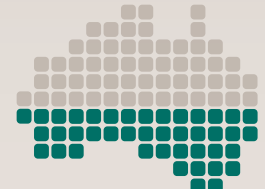


ordinary
shareholders



25%

of New Zealand adults (18+)
have a relationship with
one or more of our brands



in Australia it's

48%

Customers in Australia and New Zealand total

9 million

15,000 employees



One Company
Many Brands



Steps

Our brands are well known and trusted.

General Insurance

Suncorp Insurance, AAMI, GIO, Apia, Vero, Shannons, Just Car Insurance, Insure My Ride, Bingle, Terri Scheer, CIL Insurance, Resilium, AA Insurance

Banking

Suncorp Bank

Life Insurance

Asteron Life, Suncorp Life, Guardian Advice, AA Life

Claims paid in 2012/13

Personal Insurance 

\$3.8 billion

Commercial Insurance 

\$2.0 billion


New Zealand 

\$1.3 billion

\$31 billion  in savings accounts

\$38 billion  in loans, helping people to realise the dream of owning their home

\$1.5m  in life insurance claims **...every day**

and **\$6.5 million**  paid in superannuation every month

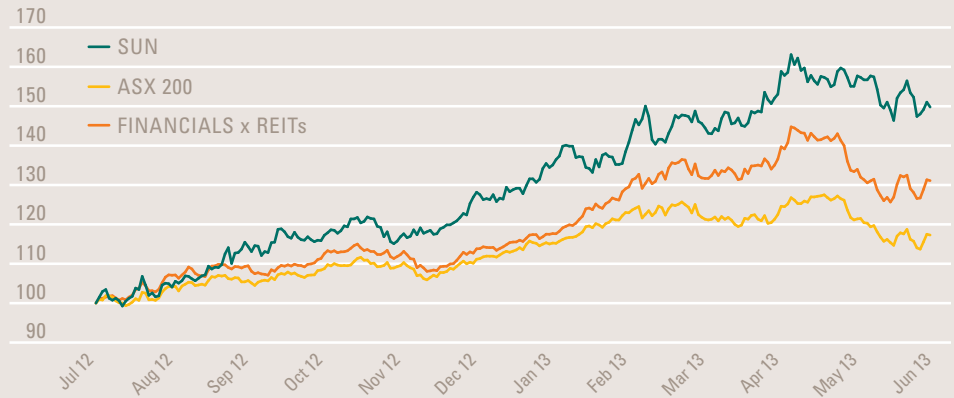


Chairman's report

In the 2012/13 financial year, Suncorp Group Limited delivered solid earnings from its core businesses, further strengthened the balance sheet, and increased dividends, clearly demonstrating the successful, ongoing transformation of the Group. By the end of the year, the Suncorp Group Limited share price had increased 47.3% relative to a 17.3% increase in the S&P/ASX200.

Given the momentum of the Group and its businesses, the Suncorp Group Limited Board has declared the payment of a final ordinary dividend of 30 cents per share and a special dividend of 20 cents per share. This brings the total dividend payout for 2012/13 to 75 cents per share fully franked, an increase of 36.4%, and demonstrates our commitment to return capital, which is in excess of regulatory ratios and surplus to Group operating requirements, to shareholders.

Relative share price performance (1 July 2012 to 30 June 2013, rebased to 100)



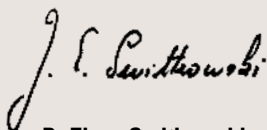
Looking at our financial performance for the year, net profit after tax was \$491 million. This headline result was significantly impacted by losses incurred in disposing of the non-core assets. The run-off of this portfolio over the past four years has been a difficult and challenging experience for the Board, management and, of course, our shareholders. In the process of resolving this issue we have been able to reward loyal shareholders and return some of the capital raised during the global financial crisis in the form of special dividends.

The progress in 2012/13 demonstrates the unique 'One Company. Many Brands' business model at work. Here our focus is on five end-to-end businesses in three core lines of: General Insurance, Banking and Life, which capitalise on the expertise and scale capabilities of the Group.

Suncorp's strong performance in 2012/13 is testament to the expertise and tremendous capacity for hard work and effective change management which resides in the teams right across the Suncorp Group. We've successfully traversed four years of volatile economic conditions and an abnormal run of natural disasters while managing a significant program of transformation. The character of the Company, its people and partners was tested and found to have the necessary resilience and integrity. I'm proud of our people and the progress they've made.

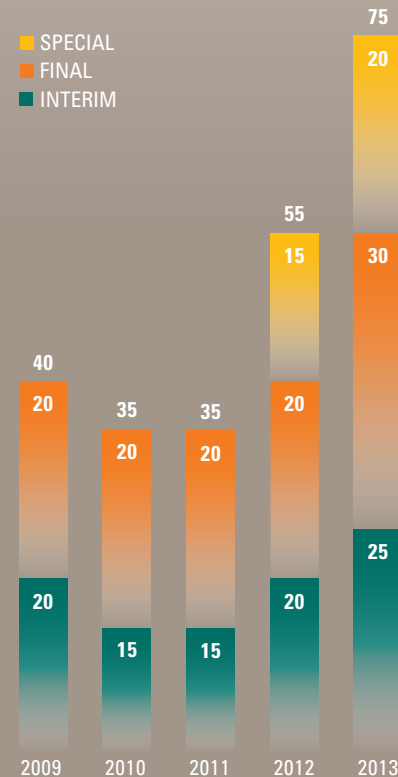
I thank all of Suncorp's employees, investors and customers for their support during the year. The next phase of transformation, founded on simplification, should drive improved performance and efficiency, and deliver further benefits for customers and shareholders.

We have every reason to be confident in the future of the Suncorp Group.



Dr Ziggy Switkowski
Chairman, 21 August 2013

Dividend (cents per ordinary share)



Group CEO's report

The 2012/13 year has proven to be the major turning point in the recent history of the Suncorp Group. A number of significant financial and operational milestones were achieved. Our three-year Building Blocks program was completed, meaning our business is now properly integrated. We also made great progress on a range of initiatives designed to simplify our legal, administrative and operational structures and make our business more efficient.

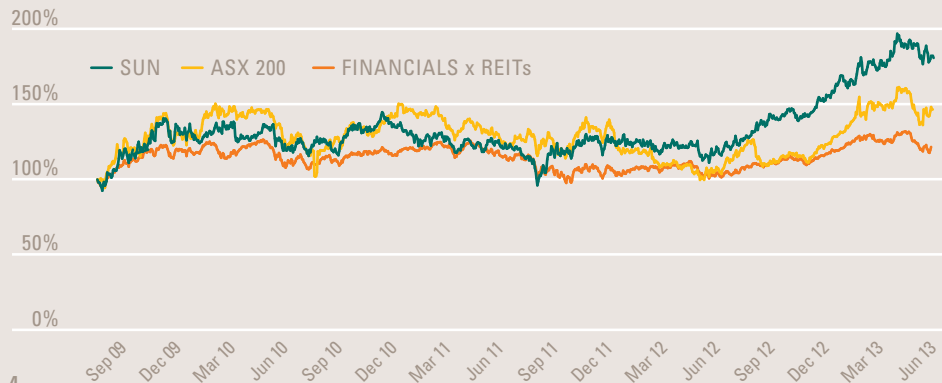
In our most recent financial results, we reported strong growth and stable or improving margins, particularly in our general insurance business, where we have exceeded the targets we set in 2010. Group net profit after tax was \$491 million

and the profit after tax from core businesses was \$1,232 million, an increase of 19.3%, demonstrating the strong performance of our core operations. The headline result was impacted by the resolution of the Non-core Bank and the costs associated with the extensive damage caused by ex-Tropical Cyclone Oswald along the east coast of Australia. Importantly, the resolution of the non-core banking portfolio has drawn a line under the past and removed a significant distraction around this part of our business. While this has come at a significant cost to our reported profits, it will allow all our stakeholders to focus on the true value of the Suncorp Group going forward.

While financial and operational metrics are important, I'm very proud of the progress we've made in transforming the Suncorp culture. The 'One Company. Many Brands' strategy is now firmly embedded in the way we run our business. Our recent employee survey confirms our progress and the commitment of all Suncorp people to work together as one team.

This year 91% of our people had their say in our employee survey – the highest response rate achieved by an organisation of our size in Australia and New Zealand. Over the past year we have increased our engagement levels from 63 to 70 and enablement scores have increased from 66 to 72.

Relative share price performance (1 July 2009 to 30 June 2013, rebased to 100)



Employee engagement survey

ENGAGEMENT SCORE



ENABLEMENT SCORE



Now that our Building Blocks are in place we have embarked on the next step in the Group's transformation through a Simplification program. The program began in the 2012/13 year and is already delivering results including the consolidation of the General Insurance and Life Insurance licences, the automation of the Group procurement process and the rollout of Operational Excellence programs, improving efficiency and productivity.

The good progress to date will allow us to deliver benefits earlier than previously expected. Originally forecast to be \$200 million in 2015/16, the program will now deliver run rate benefits of \$225 million in 2014/15 and \$265 million in 2015/16. We have

“The strength of our balance sheet and capital reserves allowed us to improve shareholder returns in the form of increased dividend payments.”

Patrick Snowball, Group CEO

also set additional targets which will drive further benefits over the next two years. These targets are shown in more detail on page 7 of this report.

As we work towards our financial and operational goals, we're mindful of our position in the community and clear about the opportunities we have to make a difference. Our ability to support our employees, customers and the wider community to turn challenge and adversity into opportunity is overwhelmingly positive, as is our ability to step up to the debate when necessary. It has been an important part of our heritage and is a big part of the journey ahead.

My thanks go to all of our hardworking people. It is a privilege to work with you. I extend my gratitude and thanks to our customers and shareholders for their loyalty and support as we continue to work on delivering for you.



Patrick Snowball
Group CEO, 21 August 2013



Suncorp Group strategy

Suncorp Group's core purpose is 'Creating brighter futures' for all its stakeholders through the 'One Company. Many Brands' business model.

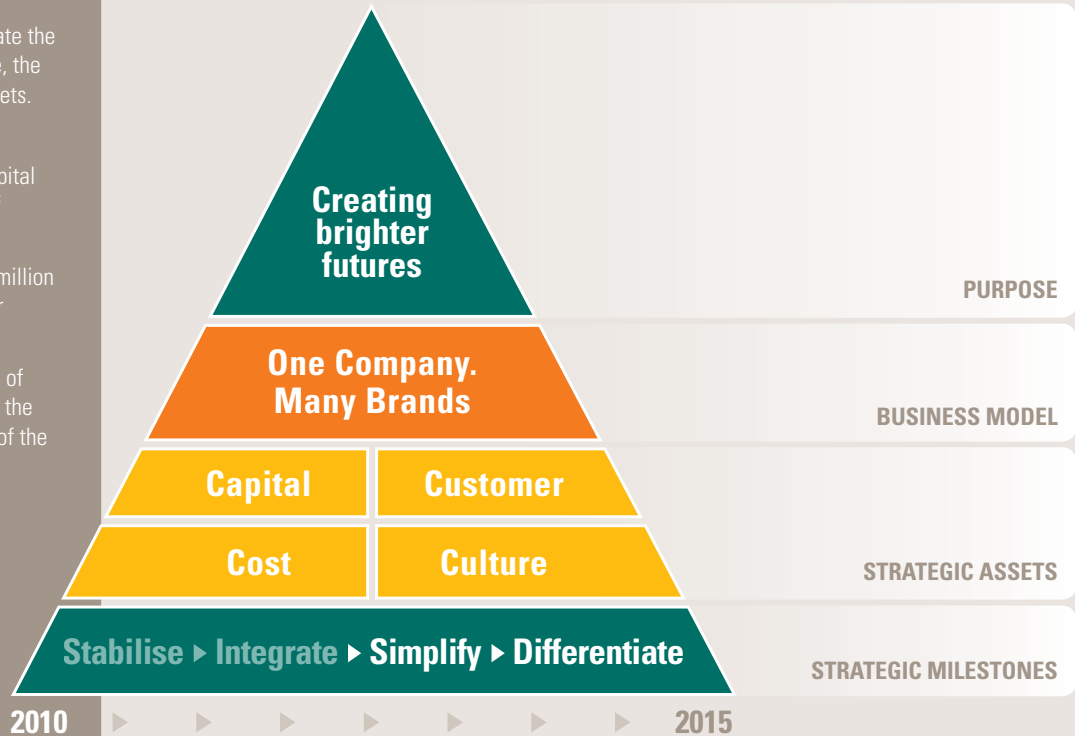
The strategy is to simplify and differentiate the business by building, within risk appetite, the value of the Group's shared strategic assets.

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

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

Cost: Achieving the full benefits of scale of an ASX20 Company, without diminishing the differentiation of the brands in the eyes of the Group's customers.

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

Net profit after tax was \$491 million and profit after tax from core business lines was \$1,232 million, up 19.3%. Our core businesses of General Insurance, Banking and Life Insurance achieved top-line growth while maintaining margins and improving efficiencies.

Suncorp's balance sheet strength and surplus capital position enabled the Board to declare a final ordinary dividend of 30 cents and a special dividend of 20 cents. Total dividends of 75 cents per share represent a 36.4% increase on 2011/12. Post these dividend payments, we will be holding \$847 million of capital above our operating targets.

General Insurance profit after tax was \$883 million, up 79.1%. The Insurance trading result (ITR) improved by 87.7% to \$959 million. Gross Written Premium (GWP) increased by 8% to \$8.59 billion. The Personal, Commercial and New Zealand General Insurance businesses have significantly improved performance over the past three years. The underlying ITR margin of 13.5% demonstrates the benefits of the Building Blocks program. The Simplification program, which includes the rationalisation of the General Insurance policy administration systems, will realise further benefits.

Core Bank profit after tax was \$289 million. The Core Bank net interest margin of 1.86% is above the target range of 1.75% to 1.85%. The retail deposit to loan ratio at 66.5% is within the target range of 60% to 70%. The Suncorp Group's 'A+/A1' credit

ratings provide access to diversity in wholesale funding and give us a competitive advantage over other regional banks.

Suncorp Life profit after tax was \$60 million. The result was impacted by investment market movements. Underlying profit after tax of \$120 million removes market adjustment impacts. Individual life risk new business sales were \$121 million, up 14.2%. Sales of life insurance through the direct channel are up 10%, reinforcing our strategy of concentrating on growing this channel.

The Non-core Bank after tax loss was \$632 million. This portfolio of corporate and property assets, put into run-off in 2009, has now been resolved and will no longer be an overhang on the results of the Group.

Looking ahead

In May, we presented the Group's revised strategy at our Investor Day. We made market commitments around financial targets that we are aiming to meet over the next three years. The Group RoE target of at least 10% by 2014/15 is key. This is the next step in the evolution of Suncorp – an evolution that sees us delivering real value for our shareholders and demonstrating what our company is capable of.



John Nesbitt
Group Chief Financial Officer

Market commitments

1 Group RoE of at least
10% by 2014/15

2 Additional Simplification benefits of
\$225 million in 2014/15

3 Group growth of
7% to 9%
over the next two years

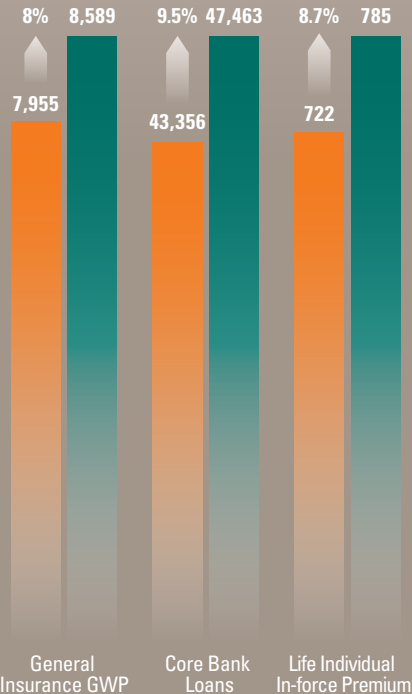
4 **Meet or beat 12%**
underlying ITR ratio through the cycle

5 Dividend payout ratio
60% to 80%
of cash earnings

6 Continue to return
surplus capital
to shareholders

Annual growth rate (\$m)

2012 2013

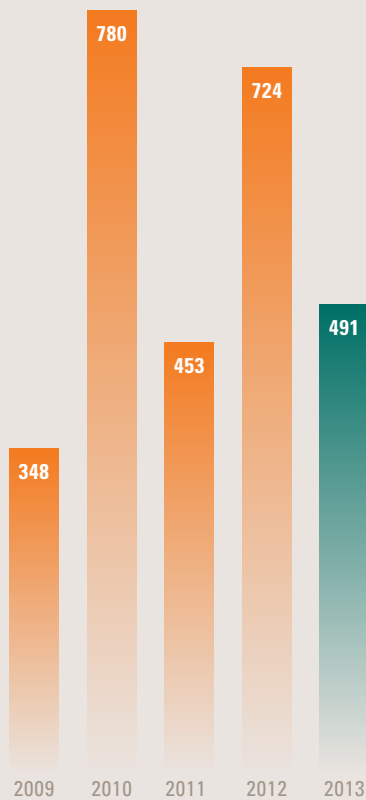


CONTRIBUTION TO PROFIT BY DIVISION

	JUNE 2013	CHANGE FROM 2012	
	\$m	% CHANGE	
General Insurance profit after tax	883	79.1	▲
Core Bank profit after tax	289	0.0	-
Life profit after tax	60	(76.1)	▼
Profit after tax from core business lines	1,232	19.3	▲
Non-core Bank and Other loss after tax	(656)	206.5	▲
Cash earnings	576	(29.7)	▼
Loss on acquisition amortisation	(85)	(10.5)	▼
Net profit after tax	491	(32.2)	▼

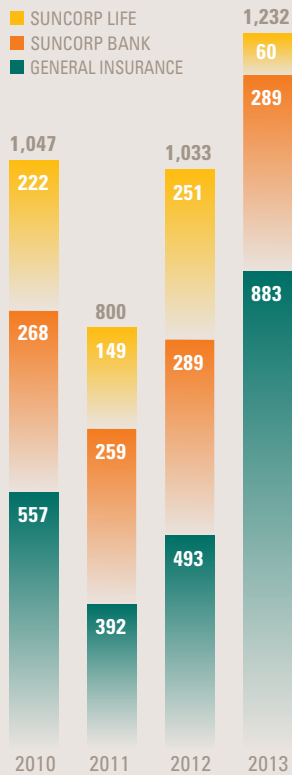
- Reported ITR of \$959 million, representing an ITR ratio of 13.1%
- Core Bank net interest margin of 1.86%
- Suncorp Life embedded value of \$2.6 billion

Net profit after tax (\$m)

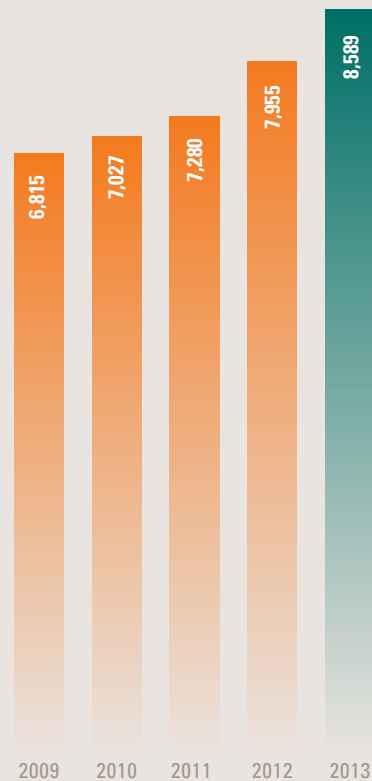


Profit after tax (\$m)

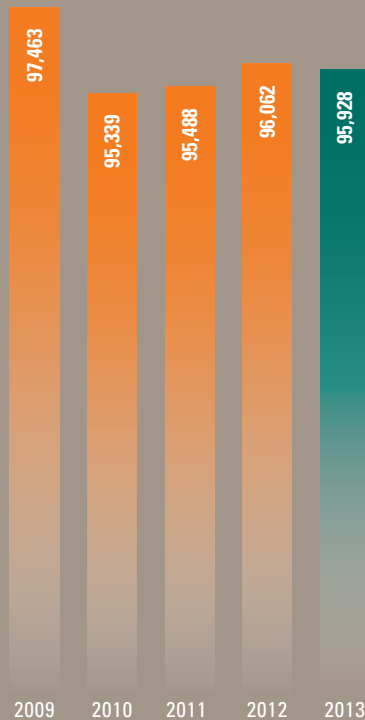
Core businesses



Gross written premium (\$m)



Total assets (\$m)



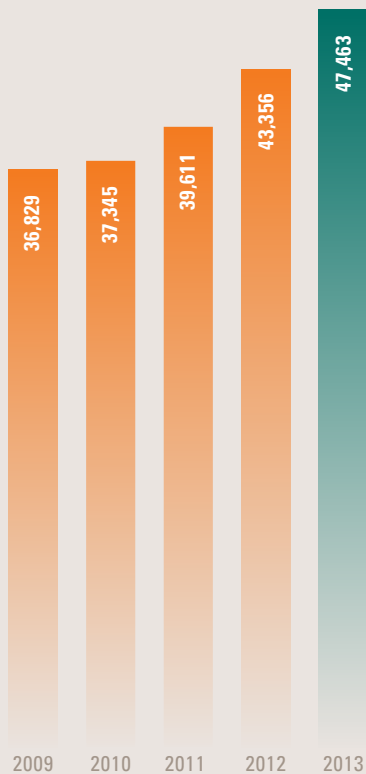
STATEMENT OF FINANCIAL POSITION

	JUNE 2013	CHANGE FROM 2012	
	\$m	% CHANGE	
Assets	95,928	(0.1)	▼
Liabilities	(81,945)	0.0	-
Net assets	13,983	(1.0)	▼
Share capital	12,682	0.1	▲
Retained profits and reserves	1,285	(11.0)	▼
Total equity attributable to owners of the Company	13,967	(1.0)	▼
Non-controlling interests	16	(5.9)	▼
Total equity	13,983	(1.0)	▼

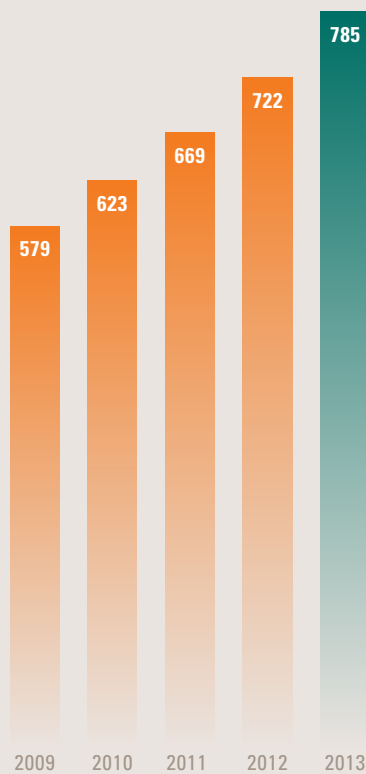
Suncorp Group Limited completed two retail offerings in 2012/13

- 1) Convertible Preference Shares (ASX code: SUNPC)
raised \$560 million
- 2) Subordinated Notes (ASX code: SUNPD)
raised \$770 million

**Core Bank
total lending (\$m)**



**Life risk individual
in-force premium (\$m)**



\$11.92

share price at 30 June 2013 (▲47.3%)

1,287m

ordinary shares on issue at 30 June 2013

\$13.98bn

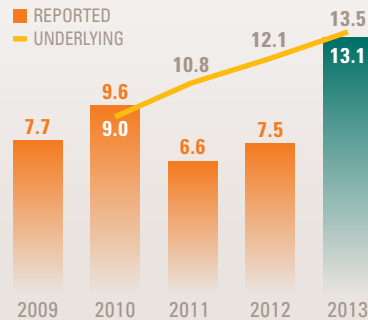
net assets (▼1%)

\$847m

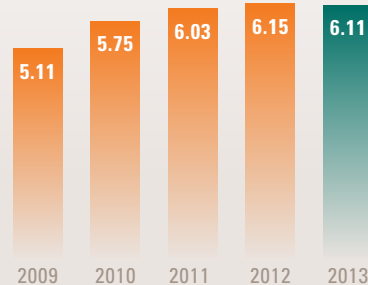
total capital held in excess of
operating targets

5-YEAR RATIOS AND STATISTICS

ITR ratio (%)



Net tangible assets backing per share (\$)



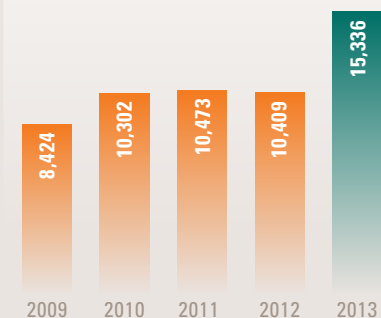
SUNCORP GROUP LIMITED – 30 JUNE		2013	2012	2011	2010	2009
PERFORMANCE						
Return on average shareholders' equity	(%)	3.5	5.2	3.2	5.7	2.7
Basic earnings per share	(cents)	38.42	56.68	35.56	61.81	31.62
Cash return on average shareholders' equity	(%)	4.1	5.8	4.9	6.8	4.1
Basic cash earnings per share	(cents)	45.08	64.11	53.66	73.46	47.21
Return on average total assets	(%)	0.51	0.76	0.47	0.81	0.36
Reported ITR ratio	(%)	13.1	7.5	6.6	9.6	7.7
Underlying ITR ratio	(%)	13.5	12.1	10.8	9.0	-
General Insurance expense ratio	(%)	24.0	23.7	25.8	26.5	27.4
Core Bank net interest margin ¹	(%)	1.86	1.91	1.90	1.80	1.68
Life planned profit margin release	(\$m)	99	99	95	91	79
FINANCIAL STRENGTH						
Total assets	(\$m)	95,928	96,062	95,488	95,339	97,463
Net assets	(\$m)	13,983	14,127	14,018	13,953	13,229
Net tangible assets backing per share	(\$)	6.11	6.15	6.03	5.75	5.11
Net profit after tax attributable to shareholders	(\$m)	491	724	453	780	348
General Insurance gross written premium	(\$m)	8,589	7,955	7,280	7,027	6,815
General Insurance Group PCA ² ratio	(%)	1.96	1.61	1.67	1.89	1.67
Bank total lending	(\$m)	48,198	47,829	46,926	49,983	54,363
Core Bank total lending	(\$m)	47,463	43,356	39,611	37,345	36,829
Non-core portfolio	(\$m)	735	4,473	7,315	12,638	17,534
Bank Common Equity Tier 1 ratio	(%)	7.68	7.29	7.13	7.03	5.78
Suncorp Life individual in-force annual premium	(\$m)	785	722	669	623	579
Suncorp Life embedded value	(\$m)	2,569	2,604	2,377	2,406	2,145

5-YEAR RATIOS AND STATISTICS (CONTINUED)

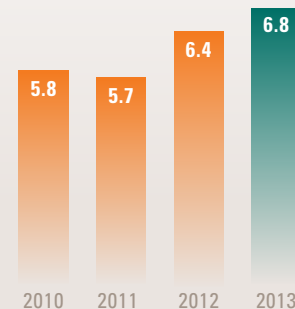
SUNCORP GROUP LIMITED – 30 JUNE		2013	2012	2011	2010	2009
SHAREHOLDER SUMMARY						
Ordinary share price at end of year	(\$)	11.92	8.09	8.14	8.04	6.70
Number of ordinary shares at end of period	(million)	1,287	1,287	1,287	1,281	1,257
Market capitalisation	(\$m)	15,336	10,409	10,473	10,302	8,424
Dividend per ordinary share, fully franked	(cents)	75	55	35	35	40
NON-FINANCIAL METRICS						
Promoters (customers)³						
Suncorp Bank (Qld)	(%)	35	38	34	37	-
AAMI Motor (National)	(%)	35	40	36	36	-
Employees						
Engagement ⁴		70	63	63	-	-
Women in senior leadership roles	(%)	32	33	31	-	-
Community						
Volunteer time	(\$m)	0.7	0.7	0.8	1.3	-
Total community investment	(\$m)	6.8	6.4	5.7	5.8	-
Environment⁵						
Greenhouse gas emissions	tonnes	57,735	65,448	73,938	78,759	-
Paper used for print and office	tonnes	1,715	1,775	2,358	1,907	-

1. Comparatives for the year to 30 June 2009 relate to the total Bank.
2. PCA from 2013, previous ratios are for the General Insurance MCR.
3. Percentage of customers who, when asked how likely they would be to recommend our brands on a scale of 0–10, have responded with a 9 or 10.
4. Does not include New Zealand in 2011.
5. Data for Australian operations only.

Market capitalisation (\$m)



Total community investment (\$m)





Corporate Responsibility

What Corporate Responsibility means to Suncorp

Being a responsible company is an important part of the way Suncorp's businesses operate. Suncorp's Group-wide approach to Corporate Responsibility (CR) aims to create brighter futures by contributing to the long-term financial wellbeing and quality of life of Australians and New Zealanders.

Suncorp believes leading companies go beyond earning profits and providing quality products. They strive to make a difference for the many people their businesses impact by addressing major economic, social and environmental challenges.

The Group is incredibly proud of the strong community connections it has developed, the numerous social causes its people support and its ability to offer meaningful and rewarding careers.

The responsibility that comes with being a leading company is taken very seriously. The Group uses its position to positively influence the financial services industry in the interests of business sustainability.

Focusing on what is important

In 2012/13, a materiality assessment was completed to understand the corporate responsibility issues most important to the business and key stakeholders. This involved media and risk assessments, peer reviews and stakeholder interviews (including shareholders and employees). The findings have informed Suncorp's CR reporting and approach.

The Group now has confidence it is reporting on the issues important to the community, the market and the Group businesses. The most important focus areas are:

- responsible leadership that recognises the breadth of Suncorp's impact on society
- putting customers first and tailoring products and services to meet their needs
- providing a workplace where Suncorp's people can be the best they can be
- investing in a better way of living for the communities where Suncorp's businesses operate.

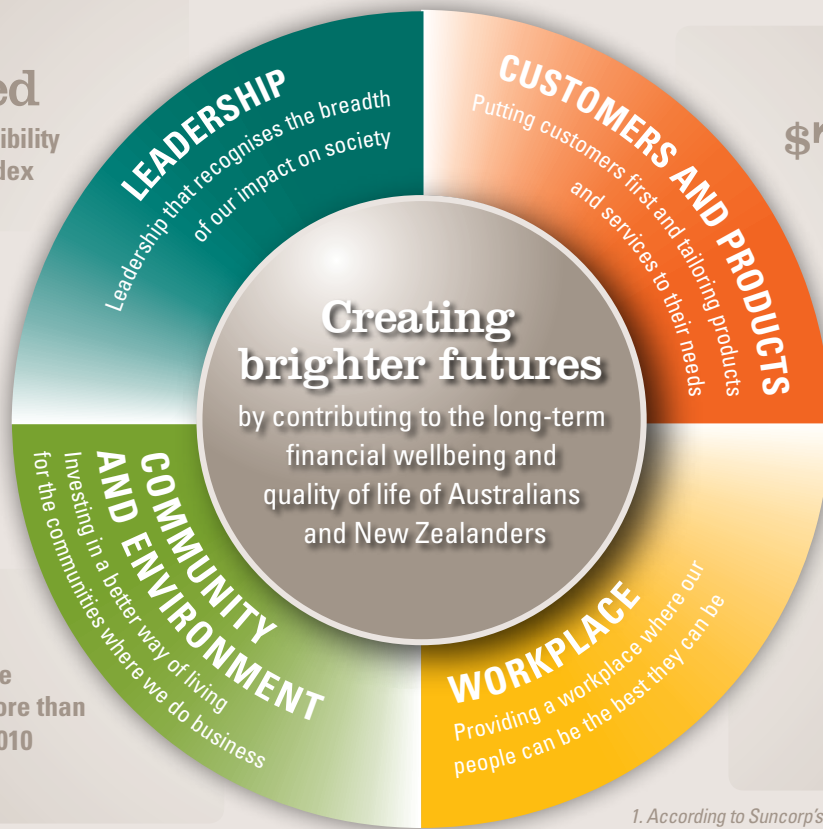
Through the 'One Company. Many Brands' business model, the Group will continue to effect positive change that benefits the Company and its key stakeholders.

For more information about Suncorp's CR achievements and challenges, see the Suncorp Group 2012/13 Corporate Responsibility Review.

Suncorp Group's 2012/13 Corporate Responsibility Review can be viewed online at suncorpgroup.com.au

Globally recognised

for Corporate Responsibility
by the FTSE4Good Index



Paid over
\$7.5 billion

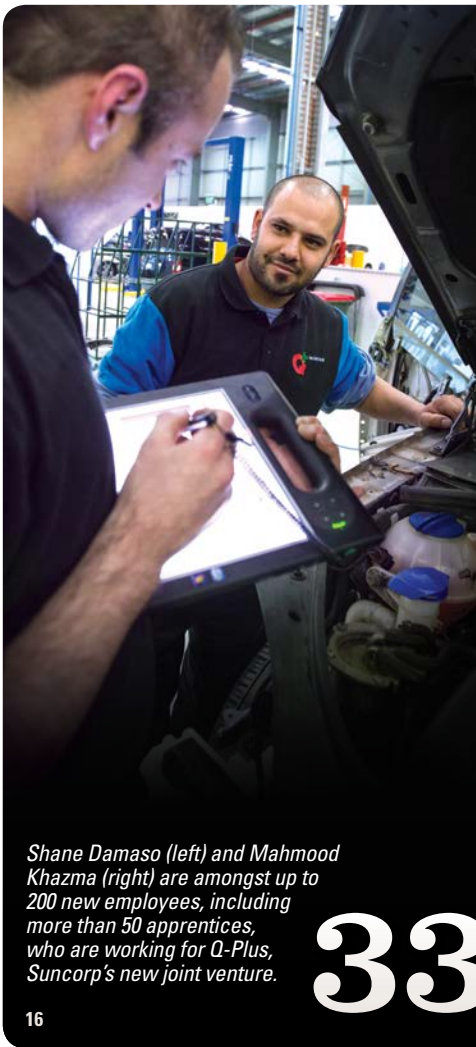
in claims to help repair
the lives of customers

Reduced greenhouse
gas emissions by more than

25% since 2010

83%
of employees¹
believe Suncorp
is a **good**
corporate
citizen

1. According to Suncorp's 2013 employee survey respondents.



Shane Damaso (left) and Mahmood Khazma (right) are amongst up to 200 new employees, including more than 50 apprentices, who are working for Q-Plus, Suncorp's new joint venture.

Personal Insurance

I'm proud to say that over the past year we've delivered the benefits promised, including the Simplification program and improved profitability.

Highlights of the Simplification program include our general insurance licence consolidation and the movement of Suncorp Insurance onto our single policy administration platform. We're using our scale to respond faster, more cost effectively and with a higher level of customer service such as at our joint venture smash repair facility, Q-Plus.

Strong risk selection and targeted premium increases contributed to underlying margins for the General Insurance business moving to 13.5%.

We're committed to reducing the natural hazard risk in Australian communities, while keeping premiums affordable. Real progress has been made in the public debate on the need for further government investment in mitigation. We welcome the range of commitments and discussions with all levels of government as a vital link in ensuring insurance remains affordable for those at risk.

33% market share

Looking ahead

Suncorp Group's personal insurance brands have the potential to reach 92% of Australians. Our challenge is to ensure we get the balance right between price, risk and cost. We aim to maintain market share in this increasingly competitive market, grow by 6% to 8% and beat our 12% underlying ITR ratio commitment in the General Insurance business.

We won't focus on efficiency initiatives alone. We're focused on the customer, improving our employee engagement and enablement and driving innovation through the organisation.

The Simplification program and investments in supplier networks continue. Both programs are essential to keeping expenses flat while ensuring we exceed the service expectations of our customers.

We're tackling premium affordability by pushing for increased mitigation investment in high risk communities while working with all levels of government to establish a policy position ensuring insurance is not only affordable, but also accessible to all Australians.

Delivery is part of the genetic make-up of the Personal Insurance team. We're dedicated to meeting these commitments.

Mark Milliner

CEO Personal Insurance

Commercial Insurance

Commercial Insurance's growth momentum continues. We've developed the business for profitable growth and we're now growing faster than the market.

GWP grew nearly 9% to \$2,785 million, contributing to an ITR of \$350 million. This is proof of our commitment to the General Insurance underlying target ITR ratio of at least 12%.

A number of elements have contributed to our ongoing success:

- a broad choice of insurance distribution channels in the country enables us to better meet customers' needs and capture any growth in the market
- the removal of complexity from our business. We control expenses while delivering market-leading claims and underwriting performance
- we leverage the scale of the Suncorp Group. The scale of claims operations provides benefits including common platforms, procurement scale, disaster event management, and supply chain efficiencies.

The Federal Government announcements on the National Disability Insurance Scheme and National Injury Insurance Scheme are seeing state governments reviewing their Workers' Compensation and Compulsory Third Party schemes, assessing their options and creating opportunities for improved service delivery. We are committed to taking a leadership position in the industry on these issues which are important to our customers.

Looking ahead

Our people are critical to the achievement of our strategic objective of profitable growth. Specialist skills are needed to provide a range of quality services and products crucial to a commercial insurance business.

We undertake initiatives to further attract and retain talented people. These include implementing a specialist career pathway scheme, ensuring our people are recognised and rewarded for their expertise. This initiative, unique to the Australian insurance industry, enhances our reputation for technical expertise.

Commercial Insurance finished the year in a strong position. We are targeting GWP growth of 3% to 4% above system. Our commitment is to strengthen our ability to meet customers' needs and grow in a sustainable and resilient manner.



Anthony Day
CEO Commercial Insurance

\$350 million



In April 2013, Bruce Allen and Rosalind Raine (right), owners of Gumnut Chocolates, made a claim on their AAMI Business Insurance policy. They had the support and expertise of Gareth Robertson (left), Senior Property Assessor, throughout.

Insurance trading result



Vero New Zealand

Vero continues to grow in New Zealand's rapidly changing and consolidating general insurance industry, with fewer general insurance companies and independent broking firms.

Rising claims costs, greater capital requirements and growing government and regulator interest in the financial services sector influence the strategies of the major insurers and the industry structure.

We've developed a new strategy and operating model to enable us to adapt to this competitive and challenging general insurance business environment. We're executing a series of strategic projects aimed at simplifying and improving the efficiency of key processes and systems, particularly in pricing and claims management.

Vero is the second largest insurer in this market and including our joint venture AA Insurance, we maintained 24% market share.

Business, Personal, Corporate and Liability lines grew with GWP up 10.7% to NZ\$1.2 billion. This was influenced by the pricing and underwriting changes following the Christchurch earthquakes. Our aim is to continue to achieve system GWP growth and a 12% or better underlying ITR ratio.

We've passed the halfway mark in earthquake claims, paying out nearly NZ\$2.5 billion to customers. We expect most claims to be settled by the end of 2015.

Looking ahead

We're aiming to deliver our strategic projects and advocate for the changes required for a sustainable general insurance industry in New Zealand.

Vero expects national economic growth to remain modest with the Christchurch earthquake recovery being a key influence on the national economy. Astute risk assessment and pricing, cost control, and customer centric claims management will be key influences on our profitability.

Gary Dransfield
CEO Vero New Zealand

Vero is the New Zealand industry leader in marine insurance. Zespri International is the world's largest kiwifruit exporter and trusts Vero and insurance broker Aon to protect its international shipments. Zespri's Darin Hayson is shown (left) with Vero Marine Claims Manager, Kerry Walker.

GWP up 10.7% to
NZ\$ 1.2 billion

Suncorp Bank

Suncorp Bank is Australia's only 'A+' rated regional bank and is a genuine alternative to the major banks. We create brighter futures for more than one million customers by delivering excellent customer service and simple products to help them understand and grow their wealth.

Suncorp Bank's core business delivered quality service and improved operational performance measures in 2012/13. Lending growth of 9.5% was supported by a conservative funding strategy with 66.5% of Core Bank lending assets funded by retail deposits. Transaction account balances grew by 22%. Other highlights included:

- expanding our branch network and customer base nationally, particularly in NSW and WA where we've increased our customer base by 1.5x and 2.5x respectively since 2010
- capitalising on the Group's A+ credit rating, we enhanced our liquidity and funding position to employ a diversity of funding deals
- selling \$1.6 billion of corporate and property assets, resolving the Non-core Bank and removing the risk associated with this portfolio.

Looking ahead

Over the next three years we are aiming for a return on Bank Common Equity Tier 1 capital of 12% to 15%. To get to this we'll focus on the following strategic priorities:

- further implementation of the Banking Platform
- enhancing our risk and capital management towards attaining Basel II advanced accreditation
- expanding our branch network and leveraging our longstanding agribusiness experience interstate
- further developing our digital capacity.

We'll also further simplify the Bank through a branch and distribution optimisation program, flexible working strategies, commercial and agribusiness banking transformation and various partnering initiatives.

We'll continue to engage and enable our staff by employing flexible work strategies. We'll ensure a brighter future for our customers by enhancing our sales and service culture and our customer proposition.



David Foster
CEO Suncorp Bank

\$ **289** million
Core Bank profit after tax



For two years running, Rachel Lim (right) has been recognised by the Bank for her exceptional customer service. Rachel is based at the Baulkham Hills branch and is pictured with her team members Joan Tisdall and Pratik Popat.



Desiree Fraser (right) was diagnosed in 2009 with cancer. Her Asteron Life income protection policy has met the costs associated with her treatment. A financial planner, Desiree works with Suncorp Life's Michelle Rennie (left) to raise awareness about the importance of financial protection.

Suncorp Life

Suncorp Life is a core part of the Suncorp Group, deepening relationships with customers by leveraging the 'One Company. Many Brands' strategy. Suncorp Life helps customers protect their ability to earn an income, save for their future and provide ongoing financial security for their families.

We have focused on building a Life business for the future and over the year, we have:

- seen direct new business growth of 10% overall and 16% via the general insurance brands
- revived our adviser channels with new business up 10%
- grown life risk sales in New Zealand by 43%.

Looking ahead

We are putting our customers at the forefront of everything we do to achieve Suncorp Life's aspirations to:

- be the Number One player for Direct by turbo-charging our Direct business
- develop a Sustainable Advice model in partnership with advisers.

Suncorp Life is well positioned to build a business for the future with early recognition of structural challenges, adapting to the new regulatory environment and using the Building Blocks to support a recently reset strategy. Over the next three years, Suncorp Life will deliver:

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

I am absolutely confident in our strategy to continue to make a significant contribution to the growth of Suncorp Group and to support our customers to live with confidence.

Geoff Summerhayes
CEO Suncorp Life

\$ 121 million
individual life risk
new business

Chief Risk Office

Risk is core to Suncorp's business and our risk management capability continues to build. A strong and capable risk community supports the businesses in achieving our strategic priorities and in managing risks. Our progress in de-risking Suncorp during the year includes:

- Resolution of the Bank's non-core portfolio marks a significant milestone in the Group's transformation.
- To reduce geographical concentration in the Queensland home insurance portfolio, we entered into a proportional quota share arrangement.
- The general insurance licence consolidation reduces the complexity of our insurance operations and optimises capital efficiency.
- Further enhancement of the Risk Management Framework is embedding risk appetite into the strategic planning process.

The 2013 employee survey demonstrates that Suncorp's approach to risk is increasingly well understood and integrated with daily tasks.

The CEOs of each business have full accountability for risk management and each business unit has a dedicated Chief Risk Officer. Adherence to risk appetite is included in executive scorecards and remuneration considerations.

Looking ahead

We continue to invest in our people. Our aim is to develop a stronger risk community, advocating and promoting a positive risk culture across the Group. The development of talent, capability, and leadership within risk is critical to the Group's continued success.

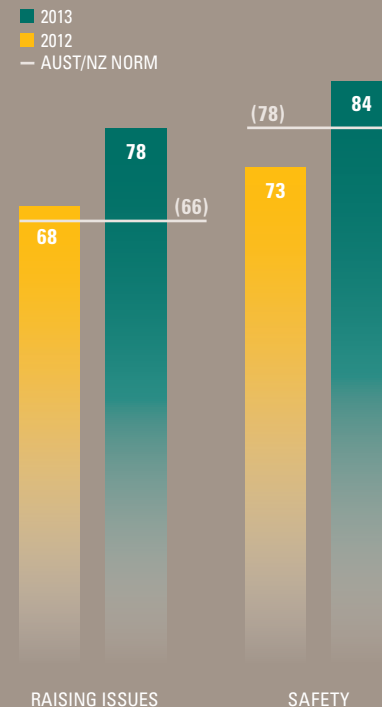
We aim to protect Suncorp Group's success and provide returns to shareholders commensurate with the measured risks taken through ongoing investment in risk management practices and enshrining a positive risk culture.



Clayton Herbert
Group Chief Risk Officer

94% of employees
understand the risks associated with their role

Employee risk awareness



RAISING ISSUES: Employees feel safe raising issues

SAFETY: Action is taken to prevent safety issues at work

Suncorp Business Services

Suncorp Business Services (SBS) provides integrated shared services to Suncorp Group helping it operate as 'One Company. Many Brands' by driving capability, simplification, execution and synergies across the business.

By operating a shared services team, we decrease costs and increase quality through scale, innovation, automation, talent, and partnering. We simplify the way Suncorp works and deliver benefits to the organisation with talented people, a consistent way of working, and implementing key strategic initiatives.

Over the course of the year, SBS supported the Group's Simplification program, and identified opportunities to drive value. In the past two years, SBS has decreased Suncorp commercial office space by 10%, saving more than \$23.5 million annually in occupancy costs. We have also converted 3,200 employees to 'Smart Environments.'

Looking ahead

SBS is focusing on creating a simple, flexible and effective environment for Suncorp. Our priorities are to deliver our simplification programs, and build capability and flexibility in our people and environments.

We will continue consolidating our insurance policy application systems, and have developed a new, multi-branded online platform including policy self-service functionality. We're also transforming the finance functions and simplifying our procurement processes. Reducing the number of suppliers we use drives down unit costs and creates scale advantages. We're improving our data analytics, creating opportunities to leverage our brands, products, people and technology.

Our rollout of flexible working reduces our real estate costs and creates productive, adaptive environments for our people. Our new premises in Melbourne is a truly 'smart' environment, bringing people together from across Suncorp to work in a creative, collaborative and flexible workplace.

SBS is committed to attracting, replenishing and retaining the best talent. Through secondments, internships and graduate programs we're ensuring we have the right people with the right skill sets for Suncorp's future.



Jeff Smith
CEO Suncorp Business Services

25%
of employees
working in Smart Environments



Left to right: Natalie Lu (Bank), Fred Kinsman (Bank), David Joughin (Law), Annabelle Thompson (Bank), Gregg Van Niekerk (Accounting and Finance), David Reardon (Accounting and Finance), Cassandra Baxter (SBS) and Daniel Schloss (SBS) are part of the Group's 2012/13 graduate program intake.



91% of employees
responded to the annual employee survey

Human Resources

Engagement is at the heart of our people strategy. We aim to deliver sustainable returns through highly engaged and enabled talent. Suncorp achieved an outstanding lift in the 2013 employee survey score. Our engagement score improved to 70 from 63 points in 2012. We also saw a significant increase in our response rate for the survey, with over 91% of our people having their say.

At Suncorp, we recognise that the greater our workplace diversity, the greater our ability to deliver outstanding business results. Our current focus is on gender equality and increasing the percentage of senior female leaders. On 30 June 2013, 44% of leadership roles and 32% of 'senior' leadership roles were performed by talented females.

We're an Employer of Choice for Women. The drivers behind this citation include the proportion of women in our workforce and in management, our diversity targets and retention rates of female leaders. We're also encouraging flexible ways of working. We exceed global high-performing norms in our employee survey for work-life balance with more than 75% of respondents working with a degree of flexibility.

Suncorp's annual public report to the Workplace Gender Equality Agency can be found at suncorpgroup.com.au.

Looking ahead

We're aspiring to improve engagement levels and further develop our inspiring culture across the Suncorp Group. We'll focus on leadership and development and ensure we have depth and breadth of talent and capabilities for the future. We'll strengthen our work on managing performance and offering fantastic opportunities for career development.

We'll foster a culture of inclusion, employing and retaining diverse talent and encouraging flexible working practices. In summary, we'll further embed our strategic goals across the Group, encouraging people to deliver greater value to our customers, shareholders and the community.

Amanda Revis
Group Executive Human Resources

Board of Directors

The Suncorp Group Board is responsible for the Group's corporate governance. The corporate governance practices and policies the Board has established ensure the interests of shareholders are protected, and the confidence of the investment market in Suncorp is maintained.

The Suncorp Group Board has nine directors. Eight are non-executive directors, independent of management and able to exercise independent judgment. Non-executive directors can serve on four principal Board committees with delegated responsibilities and written charters.

The Suncorp Group Limited 2012/13 Directors' Report and Financial Statements has details of all directors' qualifications, skills and their experience as directors of listed companies. It also includes the Board's Corporate Governance Statement.



Left to right:

*Seated: Dr Ziggy Switkowski (Chairman), Mr Patrick Snowball (Group CEO), Ms Ilana Atlas
Standing: Ms Audette Exel, Mr Bill Bartlett, Mr Michael Cameron, Mr Ewoud Kulk,
Dr Doug McTaggart, Mr Geoffrey Ricketts*



Patrick Snowball



Anthony Day



Gary Dransfield



David Foster



Clayton Herbert



Anna Lenahan



Mark Milliner



John Nesbitt



Amanda Revis



Jeff Smith



Geoff Summerhayes

Senior Leadership Team

Suncorp Group's Senior Leadership Team works with the Board of Directors to create brighter futures for internal and external stakeholders by managing the 4Cs – cost, capital, customer, culture – under the 'One Company. Many Brands' business model.

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

*Anthony Day,
B.Bus, GAICD, ANZIF (Fellow)
CEO Commercial Insurance*

*Gary Dransfield, MAICD
CEO Vero New Zealand*

*David Foster, BSc, MBA
CEO Suncorp Bank*

*Clayton Herbert, CA, B.Bus
Group Chief Risk Officer*

*Anna Lenahan, BA(Hons),
MA(Hons), LLB(Hons)
Group Executive-Group
General Counsel and
Company Secretary*

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

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

*Amanda Revis,
BSc(Hons), GAICD
Group Executive
Human Resources*

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

*Geoff Summerhayes,
B.Bus GMQ
CEO Suncorp Life*

REMUNERATION OF THE 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-executive directors is paid as fixed directors' fees (excluding superannuation) with no performance-based incentives. Fees paid to the non-executive directors are well within the \$3.5 million limit approved by shareholders. Non-executive directors' fees have remained unchanged since 2011.

Board and Board Committee fees for non-executive directors for 2012/13 (\$000)

COMMITTEE ¹	BOARD	AUDIT	RISK	REMUNERATION	OTHER ²	TOTAL
CHAIRMAN FEES ³ (C)	570	50	50	40	50	
MEMBER FEES (✓)	207	25	25	20		
Dr Switkowski	C	Ex-officio	Ex-officio	Ex-officio		570
Ms Atlas	✓		✓	C		272
Mr Bartlett	✓	C	✓	✓		302
Mr Cameron	✓			✓		227
Ms Exel	✓		✓			232
Mr Kulk	✓		C	✓	C	327
Dr McTaggart	✓	✓				232
Mr Ricketts	✓	✓			C	282

1. Fees for the Nomination Committee are included in the Board fees. All non-executive directors attend the Nomination Committee.

2. An additional fee of \$50,000 is payable for the Chairmanship of the New Zealand companies and joint venture.

3. Inclusive of all Board committee work.

The introduction in 2013 of a **Minimum Shareholding Policy** means that by 2017 directors and senior executives must own shares in Suncorp Group Limited valued at a minimum of **100% of one year's pre-tax remuneration**.

See the 2012/13 Directors' Report and Financial Statements for further information.

GROUP CEO AND SENIOR LEADERSHIP TEAM – ACTUAL REMUNERATION 2012/13

For the 2012/13 financial year, there were no increases to the fixed remuneration for the Group CEO and most Senior Executives.

The performance hurdle for long-term incentives (LTI) is Suncorp's Total Shareholder Return (TSR) – being share price performance and dividend growth – relative to a peer group of listed companies within the S&P/ASX100 index.

The Directors' Report, included in the Suncorp Group Limited 2012/13 Directors' Report and Financial Statements, has full remuneration details

EXECUTIVES	FIXED REMUNERATION	2013 INCENTIVES	PAST 'AT-RISK' REMUNERATION ¹	ACTUAL REMUNERATION RECEIVED IN 2013	FUTURE 'AT-RISK' REMUNERATION AWARDED IN 2013 ²
Executive director and Senior Executives (\$000)					
Patrick Snowball	2,550	1,750	3,744	8,044	5,750
Anthony Day	750	696	152	1,598	750
Gary Dransfield	624	559	179	1,362	576
David Foster	770	910	727	2,407	875
Clayton Herbert	600	530	415	1,545	585
Mark Milliner	807	728	727	2,262	795
John Nesbitt ³	900	813	4,041	5,754	888
Amanda Revis	600	540	-	1,140	591
Jeff Smith	780	767	779	2,326	803
Geoff Summerhayes	720	618	649	1,987	693
Anna Lenahan ⁴					

1. Represents deferred 2009/10 STI released in 2012/13 and LTI vested in 2012/13.

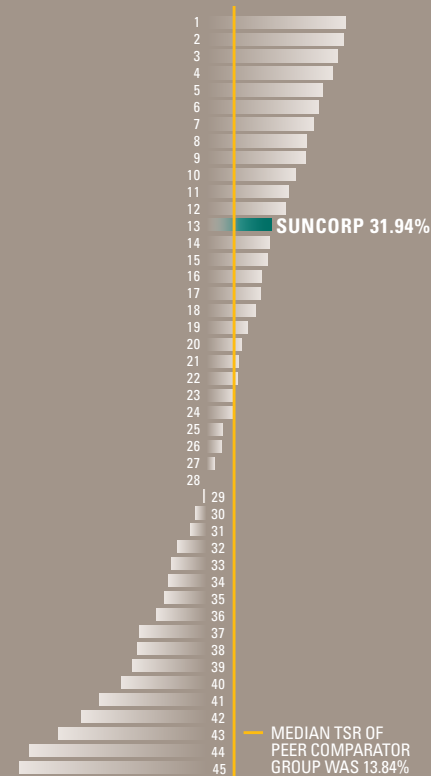
2. Represents the sum of the 2012/13 deferred incentives which are subject to potential clawback during the deferral period, and the face value of performance rights granted during 2012/13.

3. Mr Nesbitt's May 2010 Grant was made on his appointment to the Suncorp Group.

4. Ms Lenahan was appointed Senior Executive effective 1 June 2013. Remuneration details are included in the 2012/13 Directors' Report and Financial Statements and excluded from the table above as it relates to only one month of remuneration.

TSR – 2009 LTI grant

Suncorp was the 13th best performer in its comparator group for the 2009 Executive Performance Share Plan Grant, achieving a successful vesting result of 96% for executives.



Glossary

APRA: the Australian Prudential Regulation Authority

Bank Common Equity Tier 1 capital:

includes ordinary shareholder equity and retained profits less tier 1 and tier 2 allowable deductions from regulators

BASEL II and III: a comprehensive set of reform measures designed to improve the regulation, supervision and risk management within the global banking sector

Basic cash earnings per share: profit after tax divided by the weighted average number of ordinary shares on issue, adjusted to include Treasury shares

Cash earnings: net profit after tax adjusted for non-cash items such as the amortisation of intangible assets (net of tax)

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

Employee survey: Suncorp uses the Hay Group model for measuring engagement and enablement through an annual Group-wide employee census. Results are used in leader scorecards across the Group

Financial year: the year to 30 June 2013

Financials ex-REITs: market index containing all companies in the financials sector except Real Estate Investment Trusts (REITs)

FTE: full-time equivalent employee is a unit that indicates the workload of an employed person in a way that makes workloads comparable. An FTE of 1.0 is equivalent to a full-time worker.

Gross written premium (GWP): 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 APRA prior to 1 January 2013

Net interest margin: Bank net interest income divided by average interest-earning assets

Net tangible assets backing per share: total equity less intangible assets divided by the number of ordinary shares on issue at the end of the period

Prescribed Capital Amount (PCA): the minimum level of capital an insurer would be required to hold plus any supervisory adjustment determined by APRA

RoE: return on average shareholders' equity. Net profit after tax divided by adjusted average ordinary shareholders' equity. Averages are based on beginning and end of period balances

Suncorp Bank: Suncorp-Metway Limited
ABN 66 010 831 722

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

Listed securities

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

- Suncorp Group Limited
 - Ordinary Shares (SUN)
 - Convertible Preference Shares (SUNPC)
 - Subordinated Notes (SUNPD)
- Suncorp-Metway Limited
 - Floating Rate Capital Notes (SBKHB)
 - Reset Preference Shares (SBKPA)¹

To the extent that information in this Shareholder Review may constitute a forward-looking statement, the information reflects the Company's views at the date of this Review and is subject to known and unknown risks and uncertainties, many of which are beyond the Company's control, which may cause actual results to differ materially from those expressed or implied. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Review.

Products and services including banking, superannuation and insurance (including life insurance, home and car insurance) are provided by separate companies in the Suncorp Group. Suncorp Bank (Suncorp-Metway Limited ABN 66 010 831 722) is only liable for the banking products or services it provides and not the products and services of other companies in the Suncorp Group.

Note: This 2013 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 2012/13 Director's Report and Financial Statements 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 2012/13 Directors' Report and Financial Statements on the Financial Results link on the website at suncorpgroup.com.au.

1. Reset Preference Shares will be exchanged for cash on 16 September 2013.

References, unless otherwise stated

- are as at 30 June 2013
- to changes (including an increase or decrease) relate to the previous year
- to dollar amounts are in Australian dollars
- to the 'Company' are to Suncorp Group Limited
- to 'Suncorp', 'Suncorp Group' or the 'Group' are to Suncorp Group Limited and its controlled entities.

Calendar

26 August 2013
Ex-dividend date (SUN)

30 August 2013
Record date (SUN)

1 October 2013
Dividend payment date (SUN)

24 October 2013
Annual General Meeting

19 February 2014
Half year results

24 February 2014
Ex-dividend date (SUN)

28 February 2014
Record date (SUN)

1 April 2014
Dividend payment date (SUN)

13 August 2014
Full year results



The Suncorp Group 2012/13 Shareholder Review forms part of the Suncorp Group 2012/13 annual reporting suite
See other publications at suncorpgroup.com.au or get a copy by calling 1300 882 012

Contact details

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One Company
Many Brands

