



Shareholder Review 2009/10



One Company. Many Brands





Rachel Victoria, Heslyn Crake,
David Unkles, Lincoln James,
Monica O'Donahue, Steven Gates,
Melissa Grima and Marian Rossi.

David Unkles and the team from Personal Insurance Claims Assist are the first point of contact for customers making a claim. Since March, our network of Claims Assist teams have registered 35,000 home claims and 31,000 motor claims from the Victorian and Perth hailstorms.

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I am pleased to report that Suncorp has made significant progress in meeting the challenges that have affected our profitability over the past two years.



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During the 2009/10 year our General Insurance businesses responded to customers in Queensland, Victoria and Western Australia who were affected by severe weather events.



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We are now a strong, credible alternative to the major banks, positioned to take advantage of opportunities and expand in our target markets.



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Suncorp Life is reaping the benefits of a simplified, more efficient business model and strategy, and is poised to build a direct distribution business of scale.

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Suncorp-Metway Ltd and its subsidiaries (Suncorp or Suncorp Group) is a diversified financial services group with five operating divisions in three key business areas – general insurance, banking and life insurance.

Financial results summary

We have stabilised the business and are now positioned for growth.

Suncorp Group recorded a net profit of \$780 million for the year to 30 June 2010, up from \$348 million in 2009. This result was achieved despite ongoing market volatility and the Melbourne and Perth hailstorms – two of the more costly weather events in Australian history.

A year of strategy focus and business stabilisation helped the Group recover to make significant operational and financial progress. The sale of assets – the LJ Hooker subsidiary and joint venture interests in RACQ Insurance and RAA Insurance – contributed pre-tax profits of \$215 million.

General Insurance

General Insurance recorded an after tax profit of \$557 million for the year to 30 June 2010 (2009: \$416 million), up 33.9% despite the major weather events.

Gross written premium increased 3.1% to \$7.03 billion (2009: \$6.81 billion). Underlying premium growth was 6.5% when adjusted for exits from underperforming lines. In personal lines, strong growth in gross written premium was achieved. Premium income growth from commercial insurance lines came through the target market of small-medium enterprise business and through a focus on broker business.

The insurance trading result of \$605 million represents an insurance trading ratio of 9.6% (2009: 7.7%). Net claims, at \$4.6 billion, were stable.

The New Zealand business produced a strong result with premium growth of 6.5% and an insurance trading result of \$70 million (2009: \$38 million). The insurance trading ratio was 12.2% (2009: 7.1%).

Suncorp Bank

In the first full year result since the split of the Bank's activities into the core and non-core portfolios, the core Bank's after tax profit was \$268 million. Together with the non-core Bank after tax loss of \$224 million, total Bank after tax profit was \$44 million.

After actively constraining lending growth in the first half, the Bank grew the core lending portfolio in the second half. Core retail deposits increased by 8.5% to \$23.2 billion. The deposit to core lending ratio at 71.1% in June 2010 is ahead of target (June 2009: 64.1%).

Prudent management of the non-core portfolio run-off is ahead of expectations, and reduced by \$4.9 billion for the year to \$12.6 billion. The Bank has strong levels of liquidity and is well placed to meet any regulator-imposed requirements to strengthen liquidity reserves across the industry.

Suncorp Life

Suncorp Life's business is showing momentum. A clear strategy, with specific areas of focus, has contributed to a strong result.

In-force premium grew 7% to \$784 million. New business sales for life insurance through the Independent Financial Adviser channel increased by 15%. Net profit after tax, including market adjustments, was \$222 million (2009: \$117 million). Underlying after tax profit was \$192 million, up 6.7% on 2009.

Suncorp Life's embedded value increased to \$2,406 million (2009: \$2,145 million), while operating expenses fell 5% to \$321 million.

Capital and dividend

The Group's stronger capital position is due in part to improved operational earnings, asset sales and prudent retention of capital buffers. Suncorp will pay a final ordinary dividend of 20 cents per share fully franked, taking the full year ordinary dividend to 35 cents per share fully franked.

For more financial information please see pages 20–23.

General Insurance

\$7.03 billion ↑ 3.1%
Gross written premium

\$557 million ↑ 33.9%
Net profit after tax

Suncorp Bank

\$44 million
Consolidated Bank net profit after tax

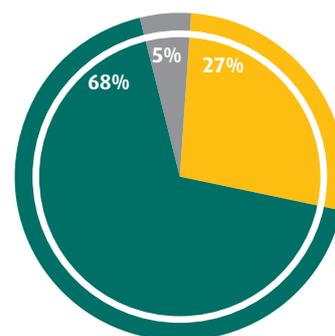
7.03%
Adjusted Fundamental Tier 1 ratio

Suncorp Life

\$192 million ↑ 6.7%
Underlying profit

\$2.4 billion ↑ 12.2%
Suncorp Life embedded value

Full year net profit after tax from lines of business



■ General Insurance
■ Suncorp Bank
■ Suncorp Life (including market adjustments)

Building confidence and credibility in 2010

In an uncertain global financial environment, we focused on the delivery of five key priorities during the past 12 months.

1. We stabilised the business

We set about restoring confidence in the Bank and took a refreshed Suncorp Bank brand to target markets. In the Bank's non-core portfolio we matched the funding maturity to the run-off expectation – resulting in a portfolio that is positively funded to maturity, with a significantly reduced refinancing risk. The run-off is progressing ahead of expectations.

2. We simplified the business

We sold joint venture interests and the real estate subsidiary LJ Hooker. We implemented a clear organisational structure, giving operating divisions end-to-end accountability. We introduced a 'building blocks' program to streamline our general insurance claims and pricing processes and provide a consistent view of our customers and employees, as well as a consistent approach to financial systems.

3. We strengthened the balance sheet

Improved earnings, asset sales and the advanced run-off of the non-core Bank portfolio mean the Group's capital position is considerably stronger. We retained prudent capital buffers, paying a more conservative dividend at the half year and increasing provisions for outstanding insurance claims. Suncorp Bank now has a

higher tier one capital ratio and in General Insurance the minimum capital requirement coverage (at 1.89 times) is higher.

4. We refreshed our senior leadership team

We appointed a new Group Chief Executive Officer and several experienced executives. We strengthened the Board by appointing a director with experience in banking and financial services.

5. We clarified our strategic direction and outlined a plan for growth

In May and June we presented investors with our strategic business plans and clear 'stretch' targets for growth which were well received. Presentations can be viewed online at www.suncorpgroup.com.au.

Summary

Our strategic simplification has created five businesses that have robust capital levels, reduced complexity, experienced leaders and clarity of purpose.

The Suncorp Group is now focused on being 'One Company. Many Brands'. We have the right goals, business model and people, and our businesses are poised for growth in their respective markets. This – along with improving returns to shareholders – is our focus into 2011.

\$95.34 billion
Total assets

\$13.95 billion
Net assets

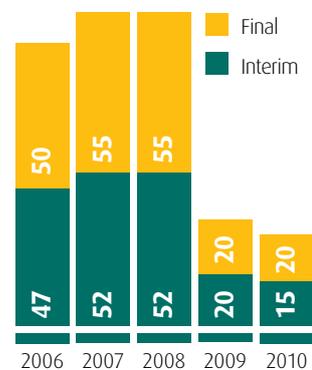
\$780 million
Group net profit after tax

5.7%
Return on average shareholders' equity

35 cents per share
Total dividend

198,697
Ordinary shareholders at 17 August 2010

Dividend (cents)



Relative share price performance

1 July 2009 – 1 Sep 2010

A \$100 investment is assumed on 1 July 2009.



Chairman's report



The Suncorp Group today is in a far different place. We are now well on the path towards realising the full extent of our potential.

Dear Shareholder

I am pleased to report that Suncorp has continued to make real and substantial progress for the 2009/10 financial year.

Net profit after tax for the full year was \$780 million, up from \$348 million in the previous financial year. While the Board is encouraged by the improved financial outcome, we are acutely aware that this growth was from an unacceptably low base, and that much more is required to regain the ground lost over the past two years. We are, however, confident that the foundations are now in place to see this achieved.

At the Group level, we have a clearly articulated direction and strategy, driven by a highly experienced management team, skilled in the financial services industries. Our balance sheet and capital position have been strengthened significantly, providing us with stability in an environment where regulatory change and global market volatility remain cause for concern across financial services.

Each of our businesses is growing profitably, and earlier this year each presented its growth strategy to the market. These presentations were well received. As is the case at the Group level, the management team within each business has a deep level of experience and expertise within the context of that business. The teams are now fully focused on the execution and delivery of their strategic objectives.

While no-one at Suncorp underestimates the challenges, we are now well on the path towards realising the full extent of the

substantial potential that resides within each of our businesses and the Group.

It is this confidence in our future prospects that has enabled the Board to declare a second half dividend of 20 cents per share fully franked, meaning that our full year payout is at the top end of our target ratio.

We believe that this ratio, of 50% to 60% of cash profits, remains appropriate having regard to the continuing uncertainties within the external environment that I referred to earlier. The validity of our decision to position our first half dividend slightly below the ratio was confirmed following a succession of severe weather events in Melbourne, Perth and Queensland in March, and this emphasises the importance of a cautious approach in the rebuilding phase.

Given continued fair winds, we anticipate the emergence of capital that is surplus to the requirements of the Group, and it is our intention that this be returned to shareholders. I stress that this will be subject to a substantial resolution of the existing uncertainties within the external markets, and only when it is fully prudent to do so having regard to the circumstances within the Group.

In my conversations with shareholders last year, I received very clear messages concerning the size and composition of the Board. On behalf of the Board, I committed to our addressing these issues, and we have done so.

Securing changes to the State Government legislation setting residency requirements for directors was a lengthy but necessary step in this process.

Since last year's Annual General Meeting, five directors have retired from the Board. One new director has been appointed, bringing career experience in banking and the broader financial services industries. We are working on the further strengthening of the Board focus on financial services experience.

With continued evidence of the stabilisation of the operations of the Group and the redevelopment of its momentum, it is appropriate that we complete the renewal of the Board with the transition to a new Chairman.

I have decided, with the support of the Board, that I will retire at the 2011 Annual General Meeting. This timing will enable a planned and orderly process of transition.

In particular, it will ensure continuity as we emerge from the rebuilding phase and appropriate oversight of the complexities involved as we consider moving to a non-operating holding company structure. I retire by rotation in the normal course at this year's Annual General Meeting. I will stand for re-election but, if re-elected, will serve only one year of the extended term.

The past three years have been extraordinarily challenging for the Group, but I believe that throughout the Board has demonstrated continuity, stability and leadership. In particular, I would like to acknowledge the significant contributions by the non-executive directors who have retired during the year – Leo Tutt, Martin Kriewaldt, Cherrell Hirst and Ian Blackburne – and to thank them most sincerely for their commitment and support.

Sadly, a director who retired during the course of the year died recently. Chris Skilton served with distinction as an executive director, Chief Financial Officer and acting Chief Executive Officer during his long Suncorp career. He is greatly missed by all of us who had the pleasure of working with him.

Finally, I would like to thank our new Group Chief Executive Officer, Patrick Snowball, his senior leadership team and all Suncorp employees. Put simply, the Group today is in a far different place, and that is attributable to contributions throughout the Group. Since his arrival, Patrick has attacked the challenges with enthusiasm, commitment and absolute discipline, and has provided guidance and leadership that has re-invigorated the Group and re-ignited its momentum.

Thank you for your continued support of Suncorp.

John Story
Chairman
25 August 2010

Group Chief Executive Officer's report



The past year has been a period of significant change for Suncorp. We have laid the foundation for sustainable growth and profits and look to the future with confidence.

An important step forward

I am pleased to report that Suncorp has made significant progress in meeting the challenges that have affected our profitability over the past two years.

Our latest financial results confirm the recovery underway across the business. Underlying performance improved in each of our businesses.

Our General Insurance businesses grew premium and profits.

Our core Bank reached its targets – including strong deposit growth – while the non-core Bank continued its orderly run-off ahead of schedule.

Suncorp Life continued to build momentum around its new strategy, and the New Zealand businesses made a very strong contribution to the overall Group result.

Moreover, Suncorp's capital position is much improved. It is especially prudent to maintain capital buffers, given the economic and regulatory uncertainty in today's business environment.

These achievements are noteworthy, considering they occurred in the aftermath of the global financial crisis and during a period in which our people managed two of the costliest weather events in Australian history: the Melbourne and Perth hailstorms.

To what do we attribute our progress? To begin the recovery we identified the Group's broad challenges and immediate needs.

Suncorp's capital position is much improved. It is especially prudent to maintain capital buffers, given the economic and regulatory uncertainty in today's business environment.

The long-term challenges included restoring the Group's credibility and confidence and unifying the mix of cultures that are a legacy of past integrations. Immediate, pressing needs included strengthening our balance sheet and capital position and appointing a new executive team.

We then moved to clarify our strategic direction, which is summarised by our new tagline 'One Company. Many Brands'. This aptly describes our aim to combine the scale benefits of a large, unified financial services group with the market strength that comes from having a portfolio of leading brands and nine million customers.

To achieve the new direction we needed to reshape our management and business structure. In Personal Insurance we implemented the functional model that had been put in place in Commercial Insurance. Suncorp Bank has restructured its operations, positioning itself as a real alternative to the major banks. Meantime Suncorp Life has continued to change the focus of its business to take advantage of the attractive growth potential for life insurance and superannuation in Australia.

Suncorp now has five operating divisions: Personal Insurance, Commercial Insurance, Vero New Zealand, Suncorp Bank and Suncorp Life. These are supported by a leaner corporate centre and specialist areas providing shared services, such as business technology, procurement, real estate and human resource services.

We have also developed a new three-year plan to ensure we align our activities with strategy and set specific growth and profit targets for our businesses. To help achieve the plan we have launched a series of activities known as Suncorp's Strategic Building Blocks, designed to reduce the process complexity that impeded our progress in recent years.

The past year has been a period of significant change for Suncorp. We have laid the foundation for sustainable growth and profits and look to the future with confidence. Yet we temper that confidence with the knowledge that we cannot be complacent. We have much more work to do before we can deliver a truly satisfactory result for our shareholders.

Nevertheless it is testimony to the commitment of our people and Suncorp's resilience that we are able to discuss our future much more confidently than would have been possible a year ago.

I extend my warmest thanks to everyone in the organisation who has contributed to our progress over the last 12 months, and seek shareholders' ongoing support as we build on these foundations to achieve even greater successes in the year ahead.

Patrick Snowball
Group Chief Executive Officer
25 August 2010

General Insurance – net profit after tax of \$557 million



After helping with vehicle assessments following the hailstorm in Victoria in early March, motor assessing manager Joe Briffa found himself on the other side of the continent just weeks later helping with the inspection of over 1,000 cars in one day after a devastating storm in Perth.

'One-team' approach shines after freak storm

When a destructive storm ripped through Perth in March 2010, hailstones the size of golf balls damaged thousands of cars. The catastrophe, Western Australia's biggest ever insurance event, resulted in claims totalling \$1.05 billion being logged by insurers. The event provided one of the first real tests for Suncorp's newly-established functional operating model.

We now manage claims, including telephone enquiries and assessments, via a single back office function, rather than having a separate process for our 12 individual insurance brands – saving time and money. Customers benefit too, with more efficient claims handling and better response times.

In Perth, after the icy hailstorm dented cars and smashed windscreens, Suncorp adopted this 'one team' approach to mobilise resources in response to the emergency.

We set up a mass inspection centre, on the outskirts of the city, to inspect damaged vehicles, while additional assessors flew in from the eastern states. This team inspected approximately 1,000 hail-damaged cars in a single day, far beyond the capabilities of our competitors.

Motor assessing manager, Joe Briffa (now based in Victoria), was one of 30 assessors who assisted with the vehicle inspections in Perth.

Mark Milliner, Chief Executive Officer, Personal Insurance

"Having a single site allowed us to pool resources across our insurance brands. This helped us to respond to people quickly and remain focused on providing our customers with a high quality service.

"While we continue to bed down our new operating model, the Perth experience has helped prepare us well for future weather events. Despite the destruction caused by the storm, our response showcased the benefits of the Suncorp Group's scale and capabilities at a crucial time," says Joe.

Suncorp General Insurance businesses include Personal Insurance, Commercial Insurance and Vero New Zealand.

Suncorp Personal Insurance – competitive advantage in tough times

In a challenging year, **Suncorp Personal Insurance** has delivered an improved financial result and is implementing a streamlined, single pricing and claims strategy to support future growth.

Mark Milliner, Chief Executive Officer, Personal Insurance



CEO report

Suncorp Personal Insurance experienced another challenging year with multiple weather events.

These costly weather events tested our capabilities in a year in which we moved to a new functional operating model. This will see Suncorp manage claims through a single process and a single pricing capability.

Despite these events we have shown resilience in an uncertain economic climate and continue to offer our customers excellent service. Significant premium increases have been implemented in response to weather events, particularly in the home portfolio. We paid out \$2.6 billion in net claims, and we have come through with stronger relationships with customers and delivered an improved financial result.

Suncorp Personal Insurance, as a business, has enormous potential. We have been holding our own against new entrants, but we know we cannot be complacent.

Year in brief

The year's highlights include:

- premium growth of 8%¹
- general insurance trading ratio improved to 9.6%
- customer satisfaction reached 67% (82% for the mass brand home and motor portfolios – AAMI, Suncorp, GIO and Apia)
- Bingle, our low-cost online motor offering, increased gross written premium by over 90%.

Strategy

Our three-year strategy is for Personal Insurance to evolve from a portfolio of separate businesses to a single 'one-team' model. This strategy includes adopting a single approach to pricing across our portfolio to differentiate between brands and lift the yield on new and renewing policies. Enhanced pricing sophistication allows us to determine an appropriate price for a customer's risk, whether it be flood, bushfire or theft.

Another strategic advance in cost management is the move to a single claims system. Multi-branded assessment centres and SMART repair shops (Small to Medium Accident Repair Technique) repair drivable vehicles quickly after minor accidents.

The importance of these developments cannot be overstated, given we spend over \$1.5 billion each year repairing more than half a million cars. We also fix over 70,000 windscreens and hire 65,000 courtesy cars.

As part of our strategy, we are introducing a single claims system to reduce complexity and streamline service. This year we have centralised claims purchasing for the general insurance businesses to ensure we get the best deal when replacing stolen, damaged or lost goods.

Review of operations

This was also a year in which new entrants tried to penetrate the motor market, particularly through the low-cost internet channel. Despite aggressive marketing campaigns, we maintained our market share against smaller insurers. Our brands have

strong customer loyalty and clear value propositions, and their diversity means we are able to target customers with very different insurance needs, while maintaining end-to-end control of the value chain, including underwriting, pricing, distribution and claims.

Targets

We aim to contribute to a 3% margin improvement across Suncorp's General Insurance business by 2012. By June 2011, our aim is that 85% of our motor premium and 92% of our home premium for new and renewal business will be calculated using a consistent pricing methodology.



Suncorp Personal Insurance 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.

¹ excluding the impact of the discontinued Covermore business

Suncorp Commercial Insurance – continuing to deliver market-leading service for customers

Having achieved another year of growth in gross written premium, **Suncorp Commercial Insurance** has demonstrated it can deliver strong results and outstanding customer service while improving operations.

Anthony Day, Chief Executive Officer, Commercial Insurance



CEO report

Strong results this year were achieved despite large claims losses from the Melbourne and Perth storms. We are proud of how well we supported our customers when they needed us most. We broadened our risk appetite and made tough decisions to exit underperforming products. We also simplified our operating structure to reduce internal duplication and improve customer service.

There is great momentum in the Commercial Insurance business. With our foundations firmly set, we are determined to lift our performance to the next level.

Year in brief

The year's highlights include:

- growth of 3.9% in commercial insurance products adjusted for exited lines
- strong results despite claims losses resulting from the Melbourne and Perth storms
- the small-medium enterprise (SME) sector portfolio has seen good customer retention and new business growth
- rate increases and wages growth led to growth in workers' compensation premium income of 5.7% to \$222 million
- compulsory third party premium income increased 13.3% to \$837 million.

Strategy

Our strategy for lifting performance is three-fold. We will grow our business with specific focus on the SME business insurance market and insurance brokers.

We will take advantage of the Group's scale for such processes as claims, procurement and pricing to reduce costs and improve our profit margin. Most importantly, we will continue to deliver market-leading service for our customers and business partners.

Our multi-brand strategy means that whether our customers choose to deal with an insurance broker or purchase directly, our Vero, GIO, AAMI or Suncorp brands have an offering to match.

Review of operations

The Suncorp Commercial Insurance division has an established track record of delivering strong results. This year gross written premium was \$2.45 billion, up 4.0%.

Our customers range from large, multinational corporations to family businesses and sole traders. We strictly manage our portfolio mix to ensure all areas are sustainably profitable. In the past year we have transitioned from the home (builders) warranty, farm and aviation insurance markets.

Insurance for small-medium businesses continues to be a key focus and has strengthened through good customer retention and new business.

Suncorp currently holds about 30% of the direct business insurance market (through GIO and AAMI) and around 9% of the intermediated (broker) SME market.

We will keep using our expertise in underwriting to ensure growth continues in preferred markets, and premium rates accurately reflect risks.

Suncorp provided immediate assistance to victims of the Melbourne and Perth storms and Cyclone Ului in Queensland in March 2010, deploying tried and tested event response management plans.

Compulsory third party (CTP) and workers' compensation insurance share similarities in being regulated, personal injury classes, so we are bringing these products together in a single statutory portfolio.

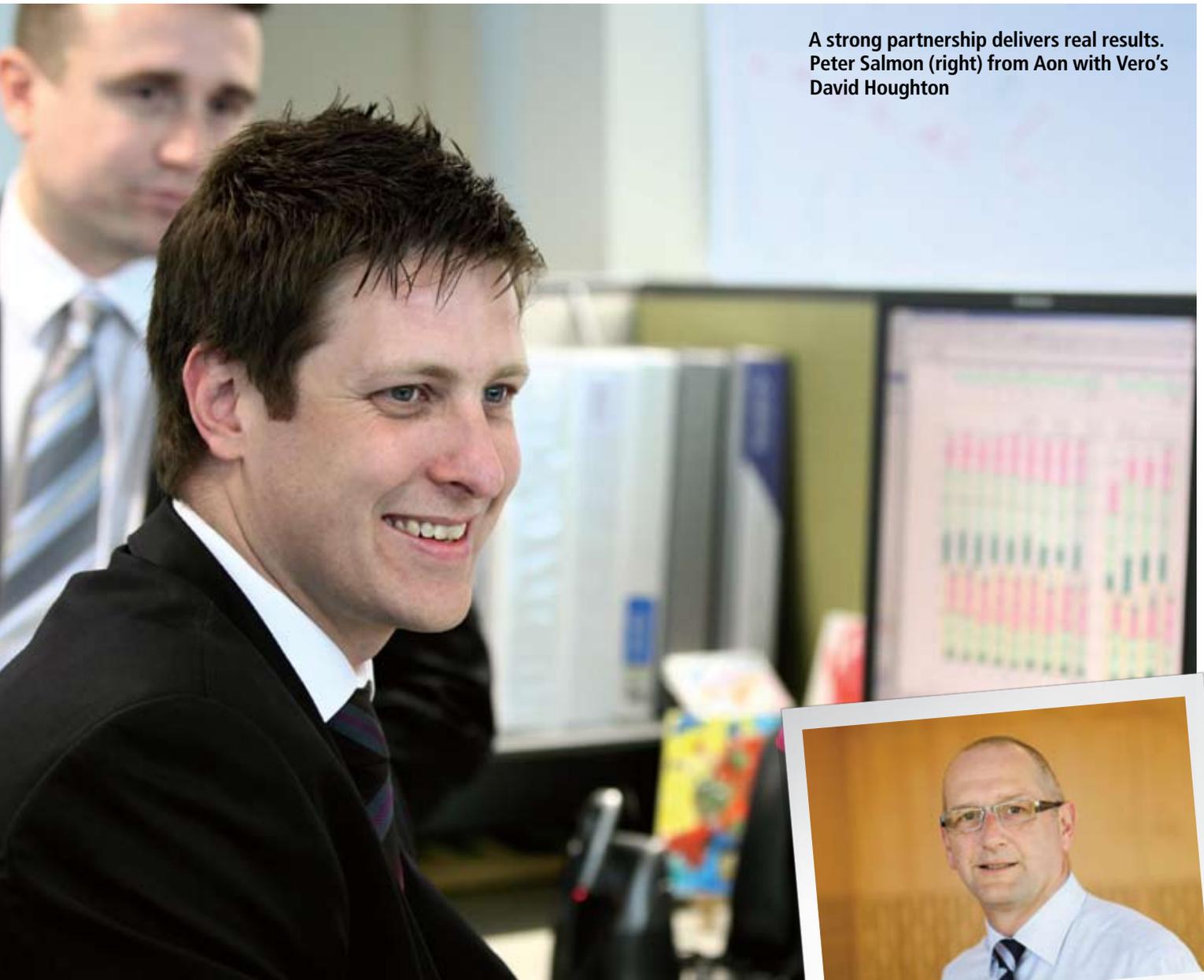
Targets

In Commercial Insurance we will aim to lift our performance by delivering superior experiences for customers in claims management and distribution. Growth, combined with cost reduction and expertise in risk selection, is intended to contribute to a 3% underlying margin improvement across Suncorp's General Insurance operations within two years, and deliver market share growth of approximately 3% in the next three years.



Suncorp Commercial Insurance offers a significant range of business insurance products in every Australian state and territory with customers ranging from large, multinational corporations to family businesses and sole traders.

A strong partnership delivers real results. Peter Salmon (right) from Aon with Vero's David Houghton



Anthony Day, Chief Executive Officer, Commercial Insurance

Efficient and easy ... how Vero is helping brokers and customers online

When insuring small business clients, Aon Product Manager Peter Salmon likes to shop around. But with a new internet-based system developed in partnership with Vero, Peter can now place business insurance at the click of a mouse, offering clients appropriate cover and minimal paperwork. After three years in development, Peter welcomes the move.

"Vero understands the need for brokers to respond quickly to their clients. Not only have they developed strong offerings for small businesses, they've also been proactive in their approach and responsive to our feedback.

"Using Vero's existing technology platforms has enabled us to develop *Defigo Business Insurance*. Instead of waiting up to 24 hours I can now input a client's data from my desk and the system generates four different options instantly," Peter said.

Technology enhancements are flowing behind the scenes as well. Suncorp's new General Insurance pricing engine will improve pricing quality, and a new single claims platform will simplify the claims process and further improve customer service.

Vero's Andrew Mair (Executive General Manager, Intermediated Distribution)

says responding to advances in technology will drive efficiencies for customers and help Vero increase market share. But there will always be a strong people element.

"The *Vero Central* web portal allows brokers to request quotes and cover for specialty insurance products and track customers' claims online. But while technology delivers strong results, it's the people behind it who are critical to our success. Technology will never replace our relationships with customers and brokers will continue to have options over how they do business with us," Andrew says.

Vero New Zealand – emerging opportunities

High levels of customer satisfaction and our world-class business status give Vero New Zealand a competitive edge over other underwriters.

Roger Bell, Chief Executive Officer, Vero New Zealand



CEO report

Our business is enjoying expansion. In the past 12 months we made progress in our strategic initiatives, helped by a benign claims environment.

Good future growth opportunities exist. The market in New Zealand has NZ\$3.6 billion in gross written premium. The potential privatisation of the accident market could add a further NZ\$2.5 billion to the premium pool.

Year in brief

We have delivered a strong result in a competitive market. Highlights include:

- gross written premium growth of 6.5% reflecting both rate increases and new business growth
- an insurance trading result (ITR) of \$70 million, resulting in an ITR ratio of 12.2%
- winning New Zealand 'Insurer of the Year' award, for the fifth time in eight years.

Strategy

Our strategy for achieving growth targets is to use existing strategic partnerships and distribution channels to maximum effect.

Review of operations

We have seen good growth in the AA Insurance joint venture. As a result of this, and our leading distribution arrangements with AMP and ANZ National Bank, our operations have the potential to double their sustainable net profit after tax over the next three years.

Target

Our target is to build on current momentum to contribute to a 3% improvement in the underlying insurance trading ratio for the Suncorp Group, with no significant additional investment.



Roger Bell, Chief Executive Officer, Vero New Zealand



Vero New Zealand is the second largest general insurer in New Zealand, offering commercial and personal insurance products and services. Our market share is 24%.

Vero TVNZ series lifts the curtain on insurance investigating

New Zealand television viewers will gain insights into the world of Vero's insurance claims when *The Claim Game*, a new documentary series, goes to air on TVNZ.

The show has exclusive access to Vero teams as they investigate insurance claims involving accidents and crime.

Its purpose is to promote awareness of insurance and the work involved in claims. It demonstrates, too, that some claims are fraudulent.

"In every claim we've seen the process and personnel work fast and efficiently," says Martin Cleave, Factual Producer at Great Southern TV who's been overseeing the filming. "I never realised how fascinating the hunt for the cause and origin of a blaze, or retracing the footsteps of a burglary, could be."

A typical day's filming starts with a call from Vero to inform Martin of a claim which would be of interest to viewers. 'Team Vero' then arranges for the film crew to have access to the site and a full understanding of the claim.

"It's a challenge for the film crew to keep up!" says Martin. "The insurance process is nothing short of amazing."

Suncorp Bank – creating a strong foundation for profitable growth

Customers are seeking an alternative to the major banks and **Suncorp Bank** is uniquely positioned to seize that opportunity. This will be our priority in 2011.

David Foster, Chief Executive Officer, Suncorp Bank



CEO report

Results in 2009/10 exceeded market expectations. Suncorp Bank has overcome significant challenges in recent times. As economic change forced regional bank competitors from the market, we had to adapt quickly to a new funding and competitive environment. As a priority, we implemented a strategic plan to reposition the Bank in this fundamentally altered marketplace.

A steadfast approach and efficient execution of strategy has allowed us to reshape our organisation, creating a strong foundation for profitable growth. At the end of 2009/10 we had already begun to see the benefits of this strategy, with a return to system growth levels, particularly in mortgage lending.

We are now a strong, credible alternative to the major banks, poised to take advantage of opportunities and expand in our target markets.

Year in brief

In the year under review we met aggressive targets and laid the platform for growth by:

- increasing total retail deposits by 12.4% to \$26.6 billion
- achieving a total Bank after tax profit of \$44 million
- opening seven new branches in growth regions and doubling our ATM network to 2,000 through an agreement with Bendigo and Adelaide Bank
- achieving sustainable, steady lending growth.

Review of operations

Deposits outperformed market growth, with Suncorp Bank at 12.9%¹ compared with system growth of 7.9%, which is consistent with our strategy to reduce reliance on expensive wholesale funding. Lending growth was on target in mortgage lending, though with small businesses it is taking longer to build up to system levels.

Our top priorities remain:

- customer acquisition – making Suncorp Bank a first choice for customers
- building a culture in which our people genuinely connect with customers to add value – less big bank attitude, more satisfied customers
- building our small business proposition
- simplifying systems and processes
- improving the quality of our reporting and information management.

Targets

By December 2010, Suncorp Bank aims to achieve 1 to 1.3 times system lending growth. By 2013 we aim to grow our customer base to over one million. In Western Australia and New South Wales we aim to double branch numbers and triple our customers.

In the core Bank, our goal is to achieve a lower cost-to-income ratio and deliver sustained return on equity greater than 15%.



David Foster, Chief Executive Officer, Suncorp Bank

SUNCORP BANK

Suncorp Bank is Australia's leading regional bank servicing more than 900,000 customers nationwide. We offer home and personal loans, deposit products, savings and transaction accounts, credit and debit cards, margin lending, foreign currency and travel products. Our aim is to be the best bank for middle Australia in our target areas of personal banking, small-medium enterprise and agribusiness.

Suncorp Bank is a leader in customer service. Roy Morgan data for July 2010 shows Suncorp Bank ahead of the major banks and listed as number two nationally for total customer satisfaction among personal banking customers.

Suncorp Bank's customer phone lines are answered by real people ... not an automated answering service. Call 13 11 75 to talk to a real person at Suncorp Bank. It's worth the switch.

¹ Source: Australian Prudential Regulation Authority, June 2010

Less big bank attitude, more satisfied customers

Lidija Pekar is a working mother of two and part owner along with her husband of Harmony Star Productions – a record label, recording and publishing business in the Marrickville area. Lidija no longer worries about her business banking arrangements since she joined Suncorp Bank.

“I used to be with one of the four major Australian banks but felt that the customer service was really slipping. When Suncorp Bank opened in my local shopping centre I decided to move my business account across to them because I was so impressed with the warmth and friendliness of the people. I love those little personal touches – the branch staff all know my name and even thank me for my time when I come in! It’s been such a hassle-free experience I’m now bringing my personal account across. I’d recommend Suncorp for its competitive products and the genuine customer-focused vibe from the branch staff ... Suncorp Bank’s certainly my alternative to the big banks,” said Lidija.



Suncorp Bank customer Lidija Pekar with James Rankin, Branch Manager, Suncorp Bank Marrickville Branch

James Machin, Michael McKeand and Margaret McKenzie from the Suncorp Bank team.

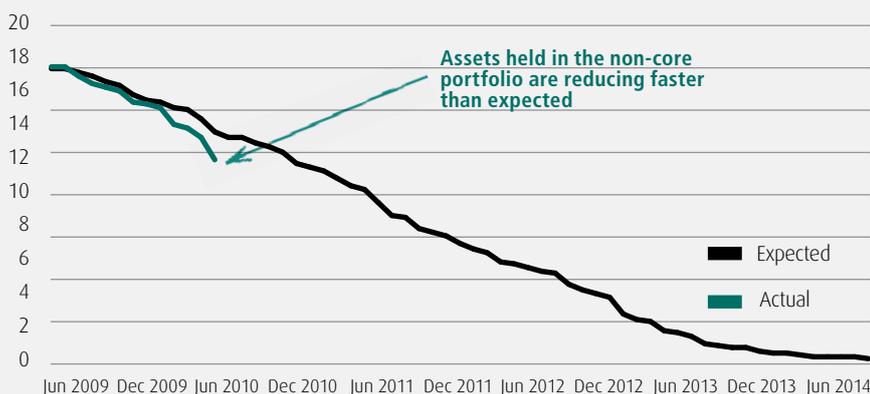
Non-core Bank portfolio strategy

The global financial crisis forced Australian banks to reassess their operating models, change the way they fund their books and de-risk their balance sheets as a result of enduring constraints on global credit. In 2008/09 Suncorp Bank set out a clear strategy to respond to this major economic change by splitting its activities into core and non-core portfolios.

The Bank announced it would:

- focus on the core portfolios of personal, small business, commercial and agribusiness banking
- no longer write new business in the capital and funding-intensive sectors of high-end corporate banking and development finance.

Forecast run-off A\$ billion



Non-core portfolio run-off

A dedicated team was established with clear accountability to run off the non-core portfolio, releasing capital and easing funding requirements.

The team has made excellent progress with the non-core portfolio – match-funding it to maturity, de-risking the book and achieving targets ahead of schedule. During 2009/10 the non-core portfolio reduced ahead of expectations by \$4.9 billion from \$17.5 billion at the start of the year. The number of larger exposures – those over \$50 million – reduced from 121 to 79.

Both the impaired assets balances and the actual losses in the non-core portfolio started trending down in 2010. Actual run-off is ahead of forecast by \$1.4 billion. The portfolio is being actively managed and all existing contractual obligations are being met.

The result in 2010 is a bank positioned for growth, with strong capital levels, less reliance on wholesale funding and a strategy to manage risk and volatility.

Suncorp Life – a strong result

Suncorp Life is reaping the benefits of a simplified, more efficient business model and strategy.

Geoff Summerhayes, Chief Executive Officer, Suncorp Life

CEO report

The Suncorp Life business reported a net profit after tax, including market adjustments, of \$222 million. Underlying profit increased 6.7% to \$192 million. This is a strong result.

Suncorp Life is the eighth largest life insurer in Australia and the third largest in New Zealand, with \$784 million of in-force premium at the end of 2009/10. Asteron is the key life insurance brand. We also have complementary businesses in superannuation and investments, and asset management.

Our industry is changing, but we are well positioned to take advantage of growth opportunities.

Year in brief

In a pleasing year we have:

- grown our presence in the Independent Financial Adviser (IFA) market
- begun to build a direct distribution business
- managed pressure on customer retention and claims through process improvements
- continued to simplify operations.

Strategy

Twelve months ago we outlined strategies to build distribution reach and capability and focus on retention, simplification and management of costs. Through this strategy we plan to lead the IFA market and build a direct distribution business of scale. Our business model reflects this focus.

Review of operations

Discipline in managing policy lapse issues resulted in Life Risk profit strengthening in the second half and in-force premium growing by 7%. Good new business growth was also seen in the IFA channel, while both the Superannuation and Investments and Asset Management businesses posted solid results.

Targets

Over the next three years, Suncorp Life expects to more than double new business volumes, reduce acquisition expenses and achieve double digit in-force premium growth.

Achievements	
✓ individual Life Risk sales	\$81 million, up 2.5%
✓ Superannuation and Investments profit	\$41 million, up 28%
✓ Asset Management profit	\$14 million, up 17%
✓ operating expenses	\$321 million, down 5%
✓ embedded value	\$2.4 billion, up 12%



Geoff Summerhayes, Chief Executive Officer, Suncorp Life



Suncorp Life is a trans-Tasman life insurance specialist offering life risk and superannuation and investment products and asset management services.

The Group's General Insurance and Bank customers can also have their life risk policy through us, giving them the full protection they need in a climate of underinsurance.



GIO customer Shirley Abraham has added a funeral plan to her other GIO insurance.

Why GIO's the go for a Cooma customer

Shirley Abraham of the New South Wales town of Cooma sees herself as a practical person who wouldn't want her loved ones to face unexpected bills if something happened to her. So when her insurer GIO rang offering her a funeral plan at an affordable rate, she quickly accepted.

Shirley has used GIO for home and car insurance for years, so it was an easy decision. "I like GIO and it's all insurance to me," she says, "and it's simpler to have it with one provider."

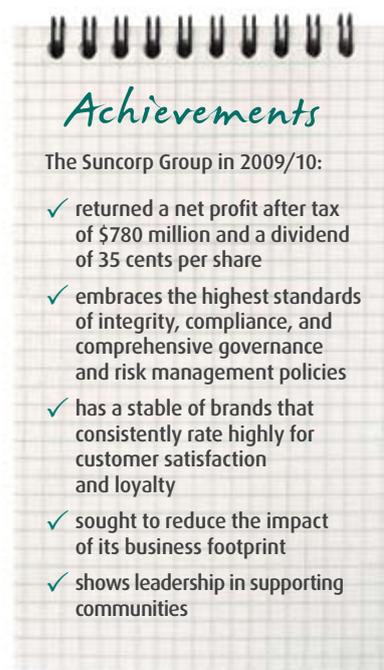
Suncorp Life is now offering Life products – like funeral insurance – to customers through our General Insurance brands.

Corporate social responsibility

During the year Suncorp launched a new approach to **corporate social responsibility**.

Suncorp's responsible approach model defines how we meet our various obligations and provides a framework to help us integrate corporate social responsibility into our business operations.

As a top 25 ASX-listed company, people rightly expect us to show integrity, leadership and innovation in our commercial activities. Our commercial responsibilities include operating an efficient and profitable business with quality products and services for customers, and providing careers for employees and returns for shareholders. Social duties include supporting communities through sponsorships and partnerships, and encouraging employees to act as community volunteers.



Environmental

This year we sought to understand and better manage our environmental impacts. More than 98% of Suncorp's carbon emissions are a result of electricity consumption. Our Real Estate department is dedicating resources to make our buildings more energy efficient and reduce our usage.

Some ways we are reducing our other impacts on the environment include:

- recycling 215kg of mobile phones including batteries through *MobileMuster*, the official mobile phone recycling campaign; about 90% of the materials can be recycled into jewellery, plastic fence posts and even new batteries
- we have increased the ratio of virtual to physical servers, reducing the energy required to operate. The majority of our data is now housed in Polaris, the new state-of-the-art data storage facility in Greater Springfield, Queensland
- 92% of Suncorp's computers are wake-on-LAN capable, meaning they turn off automatically at night.

Risk Management

Risk management and governance are a major focus for the Suncorp Group.

During the year we enhanced our risk management frameworks and embedded risk management practices in our five operating divisions and corporate centre functions by:

- appointing a Group Chief Risk Officer
- appointing a Chief Risk Officer to each business
- appointing a Chief Investment Officer to oversee capital management across the Group
- implementing improved practices developed in the wake of the global financial crisis
- adopting a three lines of defence model – widely accepted by regulators and financial institutions as providing robust risk management discipline

- having each business formally review their risk profile with the Board each quarter
- having an independent panel review the risk performance of each business each quarter.

In May 2010, the Board endorsed the new three-year strategic and financial plans – incorporating the Risk Appetite Statements and Capital Management Plans for each of our businesses. The integrated approach demonstrated the alignment of strategy, risk and capital planning across the Group.

Over the last 12 months, Suncorp has elevated its focus on risk and we are continually evolving and adapting to ensure our risk management practices are appropriate and effective.

Our skin cancer message: prevention is key

Every 90 seconds, someone in Australia is diagnosed with skin cancer. Yet by practising 'sun safety' and having regular check ups the disease is largely preventable.

Suncorp's SunWise campaign has been spreading the prevention message in our community since 2004, helped by several community partnerships and fundraising activities.

Over the summer, the Suncorp SunWise Shade Bar travelled the length of the Queensland coast, offering shade and protection and thousands of litres of sunscreen and hats. Suncorp staff volunteered at beaches, providing the free sunscreen and spreading the SunWise message. Our shade tent lending program for events and functions provides 20 free shade tents for hire each month (there is no charge for eligible organisations).

Meanwhile, joining forces with Surfing Australia allows us to broadcast our sun-safety message nationally at surfing events throughout Australia – at the Quicksilver Pro on the Gold Coast, the Noosa Surfing Festival and many others.

Suncorp also helps to fund the work of the Queensland Institute of Medical Research's skin cancer laboratories and the Western Australia-based Scott Kirkbride Melanoma Research Centre.



Adam Gilchrist, former Australian international cricketer, launches the first Suncorp Bank SunWise Ad Search competition for Perth primary school children. More than \$10,000 was on offer to winning entrants and their schools to help make grounds more sun-safe.



NSWFB firefighter, Adam Richards takes Nicole Webb through a Fire Safety Audit of her home.

GIO takes the initiative in the quest for fewer fires

Do you know the leading cause of fire in homes? It's cooking.

Faulty appliances and overloaded circuits add to the risk. So in an important step towards lowering the rate of domestic fires in New South Wales, GIO and New South Wales Fire Brigades (NSWFB) have jointly developed two useful tools in this first year of our major community partnership.

The first is a *Home Fire Safety Audit*, a free online audit to assess your fire safety knowledge and risk. It takes just minutes to complete. Users receive a fire risk rating and practical tips. Visit www.homefiresafetyaudit.com.au.

The second is *After the Fire: what next?*, a recovery kit offering useful checklists, phone numbers and advice to heed in the days

after a house fire. All NSWFB fire engines carry copies of the kit to distribute to residents. Visit: www.fire.nsw.gov.au

"The tools are the first of their kind in Australia and will help prevent fires and prepare and protect families across the state," says Greg Mullins, Commissioner for NSWFB.

"Australians know to 'get down low and go, go, go' in a fire, but are they forgetting good fire safety behaviours in the home?" asks Greg.



With nearly 90 years' experience protecting customers in New South Wales through our GIO brand, we understand few things are more important than the family home.

"The equipment AAMI funds helps our 5,500 volunteers provide vital emergency services and support in their local communities where it's of most benefit," says Ruby Haouchar, a volunteer from Melbourne's Footscray Unit.



How AAMI is helping to build a safer community

AAMI is a major sponsor of the Victoria State Emergency Service (VICSES), contributing more than \$3.4 million to the service since 2002. The money is used for vital safety and rescue equipment such as toolkits, chainsaws, ropes, and high-performance lights and torches. The funding is deeply appreciated by hard-working VICSES volunteers, who respond tirelessly to thousands of requests for help during bushfires and emergencies across the state every year.

AAMI

The volunteers were called upon yet again in March 2010 when Melbourne experienced the largest hailstorm event in its history. With more than 7,400 calls to respond to, and supported by help drafted in from other emergency services, the volunteers spent weeks building temporary roofing for homes and clearing fallen trees and storm debris.

Supporting VICSES is a natural fit for our business and the reason AAMI has been a principal sponsor for nearly a decade.

How AAMI is encouraging safe driving and trauma prevention

Trauma injury is the leading cause of death in Australia for people under 40, and road accidents are a major contributor. That's because young, inexperienced drivers have more chance of having a serious accident. Nearly a third of serious road crashes in 2010 involved drivers under the age of 25.

But their odds can improve if they complete the AAMI Skilled Drivers course. Founded in 1982 in response to community concerns, the one-day course encourages positive behaviour in drivers under 25. It's AAMI's biggest community program; this year AAMI contributed \$1,227,346 towards its running costs.

The course is offered free to AAMI comprehensive policyholders aged under 25 and to the children and grandchildren of AAMI policyholders. A 10% premium discount is available to participants who are still under 25. In 2009/10, 5,042 young drivers saved more than a million dollars in total premiums by attending the course.

Through the Skilled Drivers course, AAMI is also a major sponsor of the Prevent Alcohol and Risk-Related Trauma in Youth (PARTY) program run by the National Trauma Research Institute at the Alfred Hospital, Melbourne. Launched in 2009, this program educates teenagers about avoiding situations that can result in injury.

The teenagers witness first hand the appalling impacts of trauma in Alfred Hospital's intensive care department.



AAMI offers PARTY program participants a complimentary place on the Skilled Drivers course when they reach legal driving age.



Students participate in the PARTY program.



"I feel almost like a new man. I have no doubt Asteron's program saved my life," says Tony Lye, Head of Alliances, Aon Wealth Management.

How Tony Lye is shaping up with Asteron *Life!*

Meet Tony Lye, Head of Alliances at Aon Wealth Management. A well-admired figure in the adviser community, Tony often put work before his health. But it wasn't until he attended a product launch in December 2009 that he realised how unfit he really was.

"At 62 and 141 kilos I knew I had issues. I'd recently been tested for arterial calcium build-up which has a direct correlation to the risk of heart failure, but hadn't fully understood the implications of the result," Tony said.

"But when I heard the guest medical officer at this breakfast say that anyone with a reading of 400 shouldn't buy a copy of *War and Peace*, I knew I was in trouble because mine had come in at 782!"

At the same launch, Tony heard about Asteron *Life!* – our initiative to help improve customers' health and wellbeing.

Deciding to heed the alarm bells, he offered to raise awareness of the program, publicly promising to drop 46 kilos in 12 months.

Today Tony is 32 kilos lighter and an inspiration. Not only is he on target to reach 95 kilos by December, he's also managed to raise \$15,000 for charity along the way.

"I'm just lucky I got a reality check. Asteron's positive conversation about health and the links to life insurance made me want to support this industry innovation. Through the program's advice and simple changes in food and physical activity, my fitness is through the roof. My heart rate's improved from 160 to 120 beats per

minute after vigorous exercise and my stress electrocardiogram, blood pressure and cholesterol levels are all normal now. I feel almost like a new man. I have no doubt Asteron's program saved my life," Tony said.



Asteron Life! is Asteron's health and wellbeing program that can help customers feel their best. Once customers set up an Asteron Lifeguard policy, they have 24-hour access to a library of articles by our ambassadors – Dr Ross Walker and Dr Adam Fraser – including recipes, articles on nutrition, fitness and health, tailored programs, health assessment and tracking tools as well as ongoing communication, support and simple principles to get results.

Board of Directors



John Story

Bill Bartlett

Ian Blackburne

Paula Dwyer

Stuart Grimshaw



Ewoud Kulk

Geoff Ricketts

Patrick Snowball

Ziggy Switkowski

John Story, Chairman

BA, LLB, FAICD

Chairman since March 2003; non-executive director since January 1995

Other appointments

Chairman Tabcorp Holdings Limited, Director CSR Limited, Chancellor of The University of Queensland, Commissioner of the Public Service Commission (Queensland)

Bill Bartlett

FCA, CPA, FCMA, CA (SA)

Non-executive director since July 2003

Other appointments

Director Abacus Property Group, GWA International Limited, Reinsurance Group of America Inc.(NYSE), Honorary Board Member Bradman Foundation and Bradman Museum, Chairman Council of Governors Cerebral Palsy Foundation

Ian Blackburne

BSc (First Class Hons), MBA, PhD

Non-executive director since August 2000; retiring 31 August 2010

Other appointments

Chairman CSR Limited, Director Teekay Corporation (NYSE), Aristocrat Leisure Limited

Paula Dwyer

BComm, FCA, FAICD, FFin

Non-executive director since April 2007

Other appointments

Director Tabcorp Holdings Limited, Astro Japan Property Group Limited, Healthscope Limited, Deputy Chairman Baker IDI Heart and Diabetes Research Institute, Member of the Takeovers Panel

Geoff Ricketts

LLB (Hons)

Non-executive director since March 2007

Other appointments

Chairman Lion Nathan National Foods Limited, Director Spotless Group Limited, Todd Corporation Limited, Southern Cross Building Society (NZ), Centre for Independent Studies Limited

Stuart Grimshaw

BCA (Vic, NZ), MBA, PMD (Harvard)

Non-executive director since January 2010

Other appointments

CEO Caledonia Investments, Board Member Melbourne Football Club, President Hockey Australia

Patrick Snowball

MA, Hon. LL.D

Group Chief Executive Officer and Managing Director since 1 September 2009

For biography see opposite

Ewoud Kulk

BEcon, FAICD

Non-executive director since March 2007

Other appointments

Member NSW Council – Australian Institute of Company Directors

Ziggy Switkowski

BSc (Hons), PhD, FAICD, FTSE

Non-executive director since September 2005

Other appointments

Chairman Australian Nuclear Science and Technology Organisation, Chairman Opera Australia, Director Healthscope Limited, Tabcorp Holdings Limited

Former directors who retired during the financial year

C Hirst, M Kriewaldt, C Skilton, L Tutt

Complete biographical details for current directors, and those who retired during the year, are in the 2009/10 Annual Report and on the website at www.suncorpgroup.com.au.

A majority of directors are independent.

Senior Leadership Team



Roger Bell

Anthony Day

David Foster

Mark Milliner

Robert Stribling



Geoff Summerhayes

Patrick Snowball

John Nesbitt

Amanda Revis

Jeff Smith

Roger Bell

ANZIIF (Fellow), CIP

Chief Executive Officer, Vero New Zealand

Roger joined Suncorp in March 2007 following the Promina merger. Roger was with the Promina Group for over 30 years in senior executive roles. He was formerly Chief Executive, Intermediated General Insurance, Promina New Zealand. His broad experience gives him a comprehensive understanding of the New Zealand insurance industry.

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.

David Foster

B.Sc, 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 general insurance business including General Manager, Workers' Compensation and General Manager, General Insurance Property Claims. Mark joined Suncorp in 1994. He has extensive experience in insurance and organisational change management in Australia and Europe.

Robert Stribling

BS – Human Relations and Organisational Behaviour

Group Chief Risk Officer

Bob joined Suncorp in January 2010. With more than 30 years' global experience in the United States, Europe and Asia as a risk management professional, his most recent risk role was Chief Risk Officer for National Australia Bank (NAB) (Australia). Bob has also served in a number of roles in financial services risk management, including ANZ Banking Group and Commonwealth Bank of Australia.

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.

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.

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 with responsibility for all aspects of financial management, mergers and acquisitions, strategy, investor relations and corporate secretariat. He was previously at Lend Lease Group and MLC in senior financial positions.

Amanda Revis

BSc (Hons) Mathematics and Management Sciences

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, the separation of the retained businesses from Bankwest 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 eight years in senior human resources roles with Westpac, the start up and growth of FOXTEL, and 11 years in leadership roles with the Mars Group in the UK, Middle East and Asia.

Jeff Smith

BS 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 technology, real estate, group procurement and human resources services portfolio. His previous roles include Chief Information Officer for Telstra Corporation, and executive positions at Honeywell, Toyota and Charles Schwab. Jeff has worked in the IT industry for over 26 years.

Director and Senior Leadership Team remuneration summary 2009/10

Suncorp's executive remuneration strategy clearly aligns performance directly with company financial targets and the creation of shareholder value. Remuneration results in 2009/10 link to stronger company performance but are still conservative.

In a year of substantial progress, the Group reported a significantly improved operating result, both in terms of a \$780 million net profit after tax and underlying business performance. Key to this success was the contribution of our Board and the Senior Leadership Team led by Patrick Snowball. Overall remuneration is consistent with market rates and is linked to the improved financial result but still shows restraint.

For 2010 therefore:

- executives received no increase to fixed pay except where their responsibilities increased (2009: no increase)
- short-term incentive (STI) performance hurdles were achieved resulting in STI awards being made but still below the maximum payable (2009: zero)
- no long-term incentive values were received (2009: zero).

The actual values that the non-executive directors and the Senior Leadership Team in office at 30 June 2010 received from the various components of their remuneration are set out in the following table.

Name	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 ³ \$000
Non-executive directors							
John Story (Chairman)	Non-executive Chairman	600	1	-	-	601	-
William Bartlett	Non-executive director	275	1	-	-	276	-
Dr Ian Blackburne	Non-executive director	262	1	-	-	263	-
Paula Dwyer	Non-executive director	240	1	-	-	241	-
Stuart Grimshaw (from 27 January 2010)	Non-executive director	107	-	-	-	107	-
Ewoud Kulk	Non-executive director	256	1	-	-	257	-
Geoffrey Ricketts	Non-executive director	245	1	-	-	246	-
Dr Zygmunt Switkowski	Non-executive director	262	1	-	-	263	-
Executive director							
Patrick Snowball (from 1 September 2009) ¹	Group CEO	1,757	411	963	963	4,094	1,148
Senior Leadership Team							
Roger Bell ²	CEO, Vero New Zealand	555	(59)	650	-	1,146	336
Anthony Day (from 21 October 2009)	CEO, Commercial Insurance	387	17	460	-	864	58
David Foster	CEO, Suncorp Bank	706	17	700	-	1,423	342
Mark Milliner	CEO, Personal Insurance	739	32	750	-	1,521	354
John Nesbitt (from 3 May 2010)	Group CFO	136	10	133	-	279	103
Jeff Smith	CEO, Suncorp Business Services	755	22	850	-	1,627	356
Robert Stribling (from 4 January 2010)	Group CRO	297	22	300	-	619	-
Geoff Summerhayes	CEO, Suncorp Life	629	(13)	625	-	1,241	205

These amounts are not amounts actually received by executives during the year.

¹ Mr Snowball was awarded a deferred STI of \$962,500; this amount is discounted and amortised over the service period as outlined in section 2.6 of the full Remuneration Report.

² Mr Bell is remunerated in New Zealand dollars, amounts are disclosed in Australian dollars.

³ The amounts that appear under the column headed 'share-based payments' are the amounts required under the Accounting Standards to be expensed by the Company in respect of the allocation 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 Group.

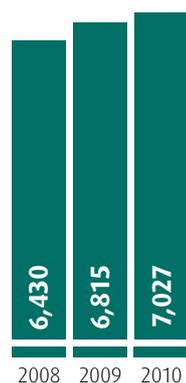
No information for Amanda Revis has been included since Ms Revis was appointed in August 2010.

Full details of remuneration strategy and components; individual contracts; and remuneration of former executives and directors in office during the year are disclosed in the full Remuneration Report in the 2010 Annual Report online.

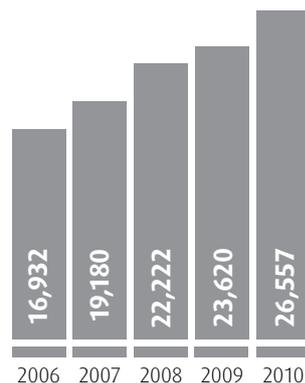
5-year ratios and statistics

		Jun-10	Jun-09	Jun-08	Jun-07	Jun-06
Financial strength						
Total assets	(\$m)	95,339	97,463	94,722	84,901	57,514
Net assets	(\$m)	13,953	13,229	12,366	12,391	4,435
Net profit after tax attributable to shareholders	(\$m)	780	348	583	1,064	916
General Insurance gross written premium	(\$m)	7,027	6,815	6,430	3,790	2,691
Bank total lending	(\$m)	49,983	54,363	55,083	45,663	38,791
Suncorp Life risk in-force annual premium	(\$m)	784	733	683	673	121
Suncorp Life funds under management	(\$m)	24,926	23,385	24,183	27,026	12,995
Suncorp Life funds under administration	(\$m)	12,307	11,851	14,430	16,492	5,163
Performance ratios						
Basic earnings per share	(cents)	61.81	31.62	60.20	158.60	161.30
Basic cash earnings per share	(cents)	73.46	47.21	74.70	170.00	161.30
Cash return on average shareholders' equity	(%)	6.8	4.1	5.8	13.5	21.0
Return on average total assets	(%)	0.81	0.36	0.65	1.49	1.67
Insurance trading ratio	(%)	9.6	7.7	10.3	17.8	18.8
Bank net interest margin	(%)	1.42	1.68	1.79	1.97	2.09
Productivity ratios						
Banking cost to income ratio	(%)	49.5	40.8	44.7	44.6	46.1
General Insurance expense ratio	(%)	26.4	27.4	27.9	27.9	25.9
Shareholder summary						
Dividend per ordinary share, fully franked	(cents)	35.0	40.0	107.0	107.0	97.0
Payout ratio – cash earnings excluding divestments	(%)	58.1	96.3	–	–	–
Number of shares at end of period	(million)	1,273.2	1,250.2	950.5	919.8	553.5
Net tangible asset backing per share	(\$)	5.74	5.11	5.54	5.43	5.98
Share price at end of period	(\$)	8.04	6.70	13.04	20.17	19.35
Capital						
Bank capital adequacy ratio	(%)	14.71	12.77	10.44	9.86	12.31
Bank capital adequacy ratio – Tier 1	(%)	13.23	11.31	8.04	11.90	10.18
Adjusted fundamental Tier 1 ratio	(%)	7.03	5.78	–	–	–
General Insurance Group MCR coverage	(times)	1.89	1.67	1.66	2.72	1.79

General Insurance gross written premium (since merger with Promina)
\$m



Bank total retail funding
\$m



Suncorp Life risk in-force annual premium (since merger with Promina)
\$m



Contribution to profit by division

	30 Jun-10 \$m	30 Jun-09 \$m
General Insurance		
Gross written premium	7,027	6,815
Net earned premium	6,310	5,981
Net incurred claims	(4,637)	(4,610)
Operating expenses	(1,670)	(1,642)
Investment income – insurance funds	602	733
Insurance trading result	605	462
Managed schemes net income	4	19
Joint venture and other income	53	1
Investment income – shareholder funds	194	130
Profit before tax and capital funding	856	612
Capital funding	(82)	(39)
Profit before tax	774	573
Income tax	(217)	(157)
General Insurance profit after tax	557	416
Banking		
Core Bank profit after tax	268	n/a
Non-core Bank loss after tax	(224)	n/a
Consolidated Bank profit after tax before one-offs	44	37
One-off non-recurring items after tax	–	32
Total Bank profit after tax	44	69
Life		
Underlying profit after tax	192	180
Market adjustments after tax	30	(63)
Life profit after tax	222	117
Profit after tax from business lines	823	602
Other		
Contribution from LJ Hooker	4	8
Sale of subsidiary and investment in joint ventures	215	–
Amortisation of Promina acquisition intangible assets	(210)	(245)
Integration costs	(59)	(147)
Consolidation adjustments	9	3
Loss before tax	(41)	(381)
Income tax benefit	7	132
Loss after tax on other items	(34)	(249)
Profit after tax before non-controlling interests	789	353
Non-controlling interests	(9)	(5)
Net profit after tax	780	348

An insurance trading result or ITR has become the preferred measure of profitability in insurance companies by investors. During the year Suncorp's insurance trading ratio improved to 9.6% (2009: 7.7%).

Accounting for the split of banking into the core and non-core portfolios began on 1 April 2009. As a result, profit and loss data for the full year to June 2009 is not split by core and non-core lines.

Underlying profit after tax (PAT) is the sum of Life Risk PAT, Superannuation & Investments PAT, and Asset Management PAT. This is a better reflection of the performance of Suncorp Life because it excludes market impacts over which Suncorp Life has little control.

Includes profit before tax from both the sale of LJ Hooker of \$50 million and the sale of RACQI and RAAI joint ventures of \$165 million.

Statement of financial position

	Consolidated	
	30 Jun-10 \$m	30 Jun-09 \$m
Assets		
Cash and cash equivalents	883	2,356
Receivables due from other banks	232	118
Trading securities	8,233	6,694
Derivatives	833	552
Investment securities	21,091	20,330
Loans, advances and other receivables	53,724	56,753
Reinsurance and other recoveries	1,878	1,622
Deferred insurance assets	748	799
Investments in associates and joint ventures	62	201
Property, plant and equipment	358	407
Deferred tax assets	101	260
Investment property	144	160
Other assets	425	375
Goodwill and intangible assets	6,627	6,836
Total assets	95,339	97,463
Liabilities		
Deposits and short-term borrowings	34,098	37,866
Derivatives	2,461	1,556
Payables due to other banks	28	29
Payables and other liabilities	1,874	2,345
Current tax liabilities	1	154
Employee benefit obligations	280	251
Unearned premium liabilities	3,672	3,528
Outstanding claims liabilities	8,028	7,506
Gross policy liabilities	5,583	5,547
Unvested policyowner benefits	404	397
Managed funds units on issue	437	506
Securitisation liabilities	4,710	5,711
Debt issues	16,759	15,661
Total liabilities excluding loan capital	78,335	81,057
Loan capital		
Subordinated notes	2,182	2,312
Preference shares	869	865
Total loan capital	3,051	3,177
Total liabilities	81,386	84,234
Net assets	13,953	13,229
Equity		
Share capital	12,618	12,425
Reserves	74	(123)
Retained profits	1,241	921
Total equity attributable to owners of the Company	13,933	13,223
Non-controlling interests	20	6
Total equity	13,953	13,229

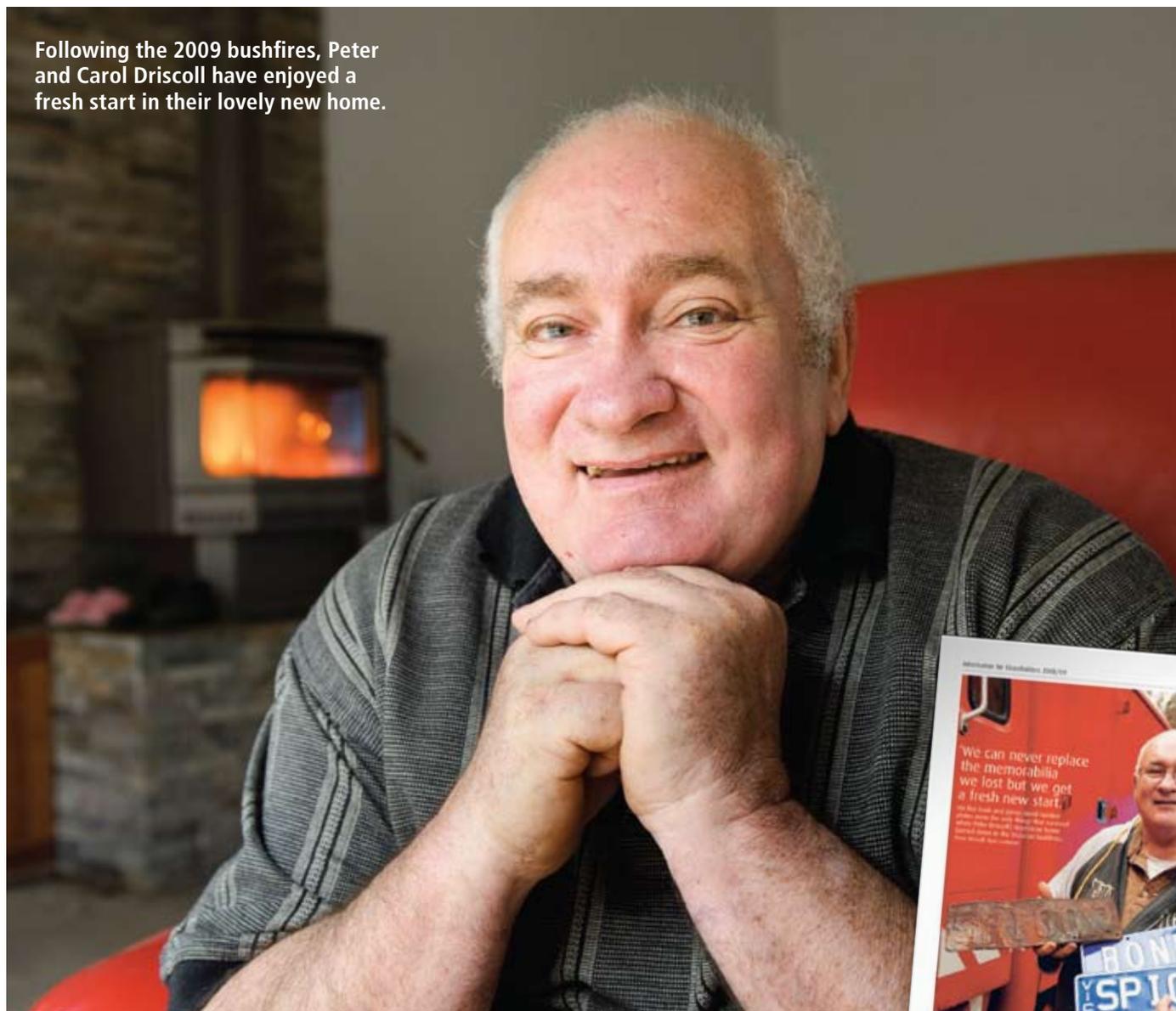
Total loans have reduced due to the non-core Bank portfolio run-off.

Goodwill and intangibles predominantly relates to the Promina acquisition.

The Group's strengthened capital position is reflected in the stronger equity and net asset totals.

After the bushfires of 2009 ... a fresh start

Following the 2009 bushfires, Peter and Carol Driscoll have enjoyed a fresh start in their lovely new home.



Stoical Peter Driscoll is an ardent advocate for Apia, one of Suncorp's Personal Insurance brands.

The former firefighter told Suncorp in our 2008/09 Shareholder Review how he, his wife Carol and their two dogs survived the bushfires that devastated their Flowerdale home in Victoria in February 2009. The fires didn't leave much behind ... Peter's fire truck and two James Bond numberplates from his collection were all he was able to retrieve.

Apia settled Peter's home insurance claim in full within 14 days. Peter says this gave him the ability to plan his rebuild straight away and, despite his significant losses, it gave his

family a fresh start. In August 2009 Peter laid the slab for his new dream home.

One year on, we caught up with him again and asked him how he was rebuilding his life.

"Yes, it's been a difficult couple of years for Carol and me with so many challenges. But I would never have dreamed back in February last year that I'd have such a wonderful new home.

"It's a beauty. From the outside it looks like a new fire station with my fire truck parked next to it. *Flowerdale Heights* they've named

it locally. Absolutely, I have gone with Apia to insure my home again. I pump Apia to everyone. I wouldn't go near anyone else as an insurer," Peter said.



This August Peter and Carol's carpets were water damaged in the recent Victoria floods. Once again, Apia are processing Peter's claim so he can get on with his life.

Our heritage

From its humble beginnings as the Queensland Agricultural Bank in 1902, the Suncorp Group has evolved into one of Australia's largest general insurance groups by gross written premium, the eighth largest life insurer and the fifth largest bank. In New Zealand we are the second largest general insurer. Our combined heritage as an insurer with the Promina brands dates back to 1833.

The Group offers competitive banking, insurance, superannuation and investment products through a stable of well-known, trusted brands.

2010 Suncorp Annual General Meeting – 4 November 2010

2.30pm at the Sofitel Brisbane,
249 Turbot Street, Brisbane Qld 4000

Key dates¹

1 October 2010	final dividend payment
23 February 2011	half-year results
1 April 2011	interim dividend payment
24 August 2011	full year results

¹ Dates may be subject to change

Shareholder information

This 2009/10 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 2009/10 annual financial report and 2010 full year results announcement.

All references:

- are as at 30 June 2010 except where stated otherwise
- to changes (including an increase or decrease) relate to the previous year, unless otherwise stated
- to 'Suncorp' or to the 'Company' are to Suncorp-Metway Ltd ABN 66 010 831 722
- to the 'Group' are to Suncorp-Metway Ltd and its controlled entities.

For a more complete understanding of the financial performance, financial position, operating and investment activities of Suncorp, please refer to the statutory 2009/10 annual financial report on the financial results link on the Group website at www.suncorpgroup.com.au. The 2009/10 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.

Special offers

From time to time Suncorp will make special offers available to shareholders.

Details of these offers will be published on www.suncorpgroup.com.au.

Registered office

Suncorp-Metway Ltd
Suncorp Centre
Level 18, 36 Wickham Terrace
Brisbane Qld 4000 Australia
Ph 07 3362 1222
Fax 07 3836 1190
www.suncorpgroup.com.au

Auditors

KPMG
Level 16, Riparian Plaza
71 Eagle Street
Brisbane Qld 4000 Australia

The annual financial report contains a statement that the auditors have complied with the independence requirements of the *Corporations Act 2001*, as well as a breakdown of audit and non-audit fees.

Share registry

Shareholders can 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)
Fax 02 9287 0303
email: suncorp@linkmarketservices.com.au
www.linkmarketservices.com.au

Listed securities

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

Ordinary shares	SUN
Reset preference shares	SUNPA
Convertible preference shares	SUNPB
Floating rate capital notes	SUNHB



www.suncorpgroup.com.au



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