



Suncorp Group Limited

Capital Notes 3 Prospectus

Prospectus for the issue of Capital Notes 3 to raise \$250 million with the ability to raise more or less

Issuer

Suncorp Group Limited

Arranger

Goldman Sachs

Joint Lead Managers

Commonwealth Bank of Australia

Morgans

National Australia Bank

UBS

Westpac Institutional Bank

Co-Managers

Crestone Wealth Management

JBWere

Suncorp Group Limited

ABN 66 145 290 124



This page has been left blank intentionally.

Important notices

About this Prospectus

This Prospectus relates to the offer by Suncorp Group Limited (ABN 66 145 290 124) (**Suncorp**) of Capital Notes 3 to raise \$250 million with the ability to raise more or less (the **Offer**).

This Prospectus is dated and was lodged with the Australian Securities and Investments Commission (**ASIC**) on 11 November 2019 pursuant to section 713(1) of the Corporations Act (as modified by ASIC Corporations (Offers of Convertibles) Instruments 2016/83). This Prospectus expires on the date which is 13 months after 11 November 2019 (**Expiry Date**) and no Capital Notes 3 will be issued on the basis of this Prospectus after the Expiry Date.

Neither ASIC nor the Australian Securities Exchange (**ASX**) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Defined words and expressions

Certain capitalised words and expressions used in this Prospectus have defined meanings which are explained in the Glossary in Appendix B of this Prospectus and in the Capital Notes 3 Terms as set out in Appendix A (**Terms**). If there is any inconsistency in definitions between Appendix A and Appendix B, the definitions in Appendix A prevail.

Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, New South Wales, Australia.

Offer and issuer

The Offer contained in this Prospectus is an offering by Suncorp of Capital Notes 3 at \$100 per Capital Note 3 to raise \$250 million with the ability to raise more or less.

Capital Notes 3 are issued by Suncorp, an ASX-listed company incorporated in Australia. Suncorp is the ultimate parent company of a group of insurance, banking and wealth businesses. References in this Prospectus to Suncorp are to the holding company on a standalone basis and references to the Suncorp Group are to Suncorp and its subsidiaries on a consolidated basis.

This Prospectus describes the activities and the financial performance and position of the Suncorp Group.

Capital Notes 3 are unsecured notes for the purposes of section 283BH of the Corporations Act.

Capital Notes 3 are issued by Suncorp under the Trust Deed and Holders have no direct right to claim against Suncorp except as provided in the Trust Deed (which includes the Terms).

Capital Notes 3 are not deposit or policy liabilities of Suncorp, or any other member of the Suncorp Group, are not protected accounts or policies and are not guaranteed.

Capital Notes 3 are not:

- deposits or policy liabilities of Suncorp, or any other member of the Suncorp Group;
- protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act;
- protected policies for the purposes of the policyholder protection provisions of the Insurance Act;
- guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction; or
- secured over any of Suncorp's or any member of the Suncorp Group's assets.

The investment performance of Capital Notes 3 is not guaranteed by Suncorp or any other member of the Suncorp Group. The risks associated with investing in these securities could result in the loss of your investment. Information about the risks associated with investing in Capital Notes 3 is detailed in Section 5.

Exposure Period

The Corporations Act prohibits Suncorp from processing Applications to subscribe for Capital Notes 3 under this Prospectus in the seven day period after the date of lodgement of this Prospectus (**Exposure Period**). This period may be extended by ASIC up to a further seven days. This period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Application Forms will not be available during the Exposure Period.

How to obtain a Prospectus and Application Form

Persons in Australia may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge) by telephoning the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time), or by downloading a copy of the Prospectus at www.suncorpgroup.com.au/sunph.

This Prospectus is also available to Australian investors in electronic form at www.suncorpgroup.com.au/sunph. The following conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of the Prospectus; and
- the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

Applications for Capital Notes 3 under this Prospectus may only be made during the Offer Period, pursuant to an Application Form (either electronic or paper) that is attached to, or accompanying this Prospectus.

Providing personal information

You will be asked to provide personal information to Suncorp via its agent Registry if you apply for Capital Notes 3. See Section 9.14 for details of how your personal information is handled.

Restrictions on distribution

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify Capital Notes 3 or the Offer or to otherwise permit a public offering of Capital Notes 3 outside Australia.

This Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. Neither Capital Notes 3 nor Ordinary Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. Capital Notes 3 are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the U.S. Securities Act.

See Section 7.7.1 for further information.

Financial information and forward-looking statements

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is also set out in Section 4.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties.

Any forward-looking statements are subject to various risk factors that could cause actual circumstances or outcomes to differ materially from the circumstances or outcomes expressed, implied or anticipated in these statements. Forward-looking statements should be read in conjunction with the risk factors, as set out in Section 5, and other information in this Prospectus.

No representations other than in this Prospectus

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. You should rely only on information in this Prospectus.

Unless otherwise indicated, all information in this Prospectus, while subject to change from time to time, is current as at the date of this Prospectus.

ASX quotation

Suncorp will apply for Capital Notes 3 to be quoted on ASX. Capital Notes 3 are expected to trade under ASX code 'SUNPH'.

Website

The Suncorp Group maintains a website at www.suncorpgroup.com.au. Information contained in, or otherwise accessible through this or a related website is not part of this Prospectus.

This Prospectus does not provide financial product or investment advice — you should seek your own professional investment advice.

The information in this Prospectus does not take into account your investment objectives, financial situation or particular needs as an investor. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues). See, in particular, the risks set out in Section 5.

Capital Notes 3 are complex and involve more risks than a simple debt or ordinary equity security. Capital Notes 3 are not suitable for all investors and contain features which may make the Terms difficult to understand. Suncorp strongly recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision.

Diagrams

The diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

Enquiries

If you are considering applying for Capital Notes 3 under the Offer, this document is important and should be read in its entirety.

If you have any questions in relation to the Offer, please telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).

Table of contents

Important notices	3
Chairman's letter	6
Guidance for investors	7
Key dates	8
1. Investment overview	9
2. About Capital Notes 3	22
3. About Suncorp	45
4. Financial information	54
5. Investment risks	61
6. About the Reinvestment Offer	88
7. About the Offer	96
8. Australian taxation summary	106
9. Additional information	113
A Capital Notes 3 Terms	126
B Glossary	142
Corporate directory	152

Chairman's letter

11 November 2019

Dear Investors,

On behalf of the Directors, I am pleased to present you with an opportunity to invest in Capital Notes 3.

The Suncorp Group is a top-20 ASX-listed group with more than 13,000 people, \$96 billion in assets (as at 30 June 2019), and a heritage dating back to 1902.

The Suncorp Group offers banking, wealth management and insurance products and services through our well-recognised brands including Suncorp, AAMI, GIO, Apia, Shannons and Vero, as well as those from our partners. Suncorp intends to raise \$250 million through the offer of Capital Notes 3 with the ability to raise more or less. The Offer comprises an Institutional Offer, a Broker Firm Offer, a Reinvestment Offer and a Securityholder Offer.

If you currently hold Suncorp convertible preference shares issued in 2014 (**CPS3**), you may be eligible to reinvest your CPS3 in Capital Notes 3. You can apply to reinvest your CPS3 through your Syndicate Broker (under the Broker Firm Offer) or directly by applying online or submitting a paper Application under the Reinvestment Offer. The alternatives available to Eligible CPS3 Holders are outlined in Section 6. Eligible CPS3 Holders who apply to reinvest through a Syndicate Broker will receive their allocation from their Syndicate Broker.

Suncorp currently has an option to convert, redeem or resell the CPS3 on 17 June 2020 and will consider converting, redeeming or reselling the outstanding CPS3 that are not reinvested in Capital Notes 3 on that date, subject to various factors (including satisfactory completion of the Offer, market conditions closer to 17 June 2020 and any required regulatory approvals).

Capital Notes 3 are being issued as part of Suncorp's ongoing funding and capital management strategy. Suncorp is issuing Capital Notes 3 to raise Eligible Additional Tier 1 Capital, the proceeds of which it expects to use to fund the capital needs of one or more Regulated Entities within the Suncorp Group and for general corporate and funding purposes, including the partial refinancing of CPS3 through the Reinvestment Offer.

Capital Notes 3 are perpetual, convertible, subordinated, unsecured notes to be issued by Suncorp. Capital Notes 3 are scheduled to pay discretionary quarterly Distributions which are expected to be fully franked. Suncorp will apply for Capital Notes 3 to be quoted on ASX.

At Suncorp's option, Capital Notes 3 may be Converted, Redeemed or Resold (**Exchanged**) on 17 June 2026 or earlier in certain circumstances, subject to the Australian Prudential Regulation Authority's (**APRA**) prior written approval¹. If still outstanding, Capital Notes 3 will mandatorily Convert into Ordinary Shares of Suncorp on 17 June 2028 (subject to certain conditions being met). If those conditions are not met on that date, mandatory Conversion will be deferred until a later date, when those conditions are re-tested. The key features of Capital Notes 3 are set out in Section 2 of this Prospectus.

On behalf of the Directors, I encourage you to read this Prospectus carefully and consider the risk factors set out in Section 5. Capital Notes 3 are complex and involve more risks than a simple debt or ordinary equity security. Section 1.4 of this Prospectus provides a comparison of the key features of Capital Notes 3 to some other types of investments in the Suncorp Group. They are not suitable for all investors and contain features which may make the Terms difficult to understand. You should seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before deciding whether to apply for Capital Notes 3.

If, after reading this Prospectus, you have any questions about the Offer or how to apply for Capital Notes 3 under the Reinvestment Offer or Securityholder Offer, please telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).

If you have any questions in relation to the Broker Firm Offer, please call your Syndicate Broker.

The key dates for the Offer are summarised on page 8. The Offer may close early, so you are encouraged to submit your Application as soon as possible after the Opening Date.

On behalf of the Directors, I invite you to consider this investment opportunity.

Yours sincerely,



Christine McLoughlin

Chairman

¹ You should not assume that APRA's approval will be given for any Exchange of Capital Notes 3 if requested.

Guidance for investors

-
- | | |
|--|---|
| 1. Read this Prospectus in full | <ul style="list-style-type: none">– If you are considering applying for Capital Notes 3 under the Offer, this Prospectus is important and should be read in its entirety.– You should have particular regard to the:<ul style="list-style-type: none">– 'Important notices' at the front of this Prospectus;– 'Investment overview' in Section 1 and 'About Capital Notes 3' in Section 2;– 'Investment risks' in Section 5; and– 'Capital Notes 3 Terms' in Appendix A.– In considering whether to apply for Capital Notes 3, it is important that you consider all risks and other information regarding an investment in Capital Notes 3 in light of your particular investment objectives and circumstances. |
| 2. Speak to your licensed adviser | <ul style="list-style-type: none">– Capital Notes 3 are complex and involve more risks than a simple debt or ordinary equity security. Capital Notes 3 are not suitable for all investors and contain features which may make the Terms difficult to understand.– Suncorp strongly recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision.– ASIC has published guidance on how to choose a licensed financial adviser on its MoneySmart website. You can read this guidance by searching for the term 'choosing a financial adviser' at www.moneysmart.gov.au. |
| 3. Consider ASIC guidance for retail investors | <ul style="list-style-type: none">– ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of Capital Notes 3. You can find this guidance by searching 'hybrid securities' at www.moneysmart.gov.au.– The guidance includes a series of questions you should ask before you invest in hybrid securities, as well as a short quiz to check your understanding of how hybrids work, their features and risks. |
| 4. Obtain further information about Suncorp and Capital Notes 3 | <ul style="list-style-type: none">– Suncorp is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Suncorp must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about Suncorp that a reasonable person would expect to have a material effect on the price or value of its securities, including Capital Notes 3.– Copies of documents lodged with ASIC, which are publicly available, can be obtained from ASIC's website www.asic.gov.au (a fee may apply) and Suncorp's ASX announcements may be viewed at www.asx.com.au. |
| 5. Enquiries | <ul style="list-style-type: none">– If you have any questions in relation to the Offer or an Application, please see www.suncorpgroup.com.au/sunph or telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time). |
-

Key dates

Key dates for the Offer	Date
Record date for determining Eligible Securityholders	7:00pm Sydney time on 6 November 2019
Lodgement of this Prospectus with ASIC	11 November 2019
Bookbuild to determine the Margin	18 November 2019
Announcement of the Margin	18 November 2019
Lodgement of the replacement Prospectus with ASIC	19 November 2019
Opening Date for Broker Firm Offer and the Securityholder Offer	19 November 2019
Closing Date for the Securityholder Offer	5:00pm Sydney time on 10 December 2019
Closing Date for the Broker Firm Offer (excluding applications in respect of the Reinvestment Offer)	10:00am Sydney time on 13 December 2019
Issue Date	17 December 2019
Capital Notes 3 commence trading on ASX (deferred settlement basis)	18 December 2019
Date the Holding Statements are despatched by	19 December 2019
Capital Notes 3 commence trading on ASX (normal settlement basis)	20 December 2019

Key dates for Capital Notes 3	Date
First quarterly Distribution Payment Date	17 March 2020
Optional Exchange Date	17 June 2026
Scheduled Mandatory Conversion Date	17 June 2028

Key dates for CPS3 Holders	Date
Record date for determining Eligible CPS3 Holders for the Reinvestment Offer	7:00pm Sydney time on 6 November 2019
Opening Date for the Reinvestment Offer	19 November 2019
Closing Date for the Reinvestment Offer	5:00pm Sydney time on 10 December 2019
Closing Date for the Broker Firm Offer (applications in respect of the Reinvestment Offer)	5:00pm Sydney time on 10 December 2019
Reinvestment CPS3 Repayment Date and scheduled dividend payment date for all CPS3	17 December 2019
Optional exchange date for remaining CPS3	17 June 2020

Dates may change

These dates are indicative only and may change without notice.

Suncorp, the Arranger and the Joint Lead Managers may, at their discretion, agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before Capital Notes 3 are issued.

1. Investment overview

This Section provides a summary of the key features and risks of investing in Capital Notes 3. Detailed information about these matters is provided in this Prospectus and it is important that you read this Prospectus in full before deciding whether to apply for Capital Notes 3.



1.1 Key features of the Offer

Topic	Summary	Further information
What is the Offer?	<ul style="list-style-type: none"> – The Offer is for the issue of Capital Notes 3 to raise approximately \$250 million with the ability to raise more or less. – The final size of the Offer will depend on the volume of Applications received and accepted under the Securityholder Offer and the Reinvestment Offer, with Suncorp reserving the right to scale back Applications or increase the final size of the Offer if there is excess demand. 	Section 7.1
Who is the issuer?	<ul style="list-style-type: none"> – The issuer is Suncorp Group Limited. 	Section 3
What are Capital Notes 3?	<ul style="list-style-type: none"> – Capital Notes 3 are: <ul style="list-style-type: none"> – fully paid—at \$100 Issue Price per Capital Note 3; – subordinated—although Capital Notes 3 have priority over Ordinary Shares and rank equally with Equal Ranking Instruments, they are subordinated to the claims of Senior Ranking Creditors in a Winding-up of Suncorp; – perpetual—Capital Notes 3 do not have any fixed maturity date and you may not receive your capital back or receive any Ordinary Shares; – Redeemable and Resalable—in certain circumstances, Suncorp may Redeem Capital Notes 3 by paying an amount equal to their Issue Price or may require Holders to Resell their Capital Notes 3 to a third party in exchange for a cash amount equal to their Issue Price (but there are significant restrictions on Redemption or Resale of Capital Notes 3); – convertible—in certain circumstances, Capital Notes 3 will Convert into Ordinary Shares; – unguaranteed and unsecured—Capital Notes 3 are not guaranteed or secured, are not policy liabilities or deposit liabilities of Suncorp or any member of the Suncorp Group, and are not protected policies under the Insurance Act or protected accounts under the Banking Act; – exposed to Non-Viability Trigger Events—if APRA determines that a Non-Viability Trigger Event has occurred, Capital Notes 3 will be subject to Conversion into Ordinary Shares or Write-Off, which would likely result in Holders suffering a material loss; and – quoted—Suncorp will apply, within seven days after the date of this Prospectus, to ASX for Capital Notes 3 to be quoted on ASX and Capital Notes 3 are expected to trade under ASX code 'SUNPH'. – The Terms are complex and include features to comply with the regulatory capital requirements which APRA applies to these types of securities and to qualify for rating agency equity credit. Suncorp's ability to pay a Distribution or to Exchange Capital Notes 3 are, in each case, subject to a number of restrictions, including, in the case of a payment of a Distribution, APRA not objecting to the Distribution payment and, in the case of an Optional Exchange, APRA giving its prior written approval to the Exchange. Holders should not assume that APRA's approval will be given, if requested. 	Section 2
What is the Issue Price?	<ul style="list-style-type: none"> – \$100 per Capital Note 3. This is the price you need to pay to apply for each Capital Note 3 under the Prospectus. 	

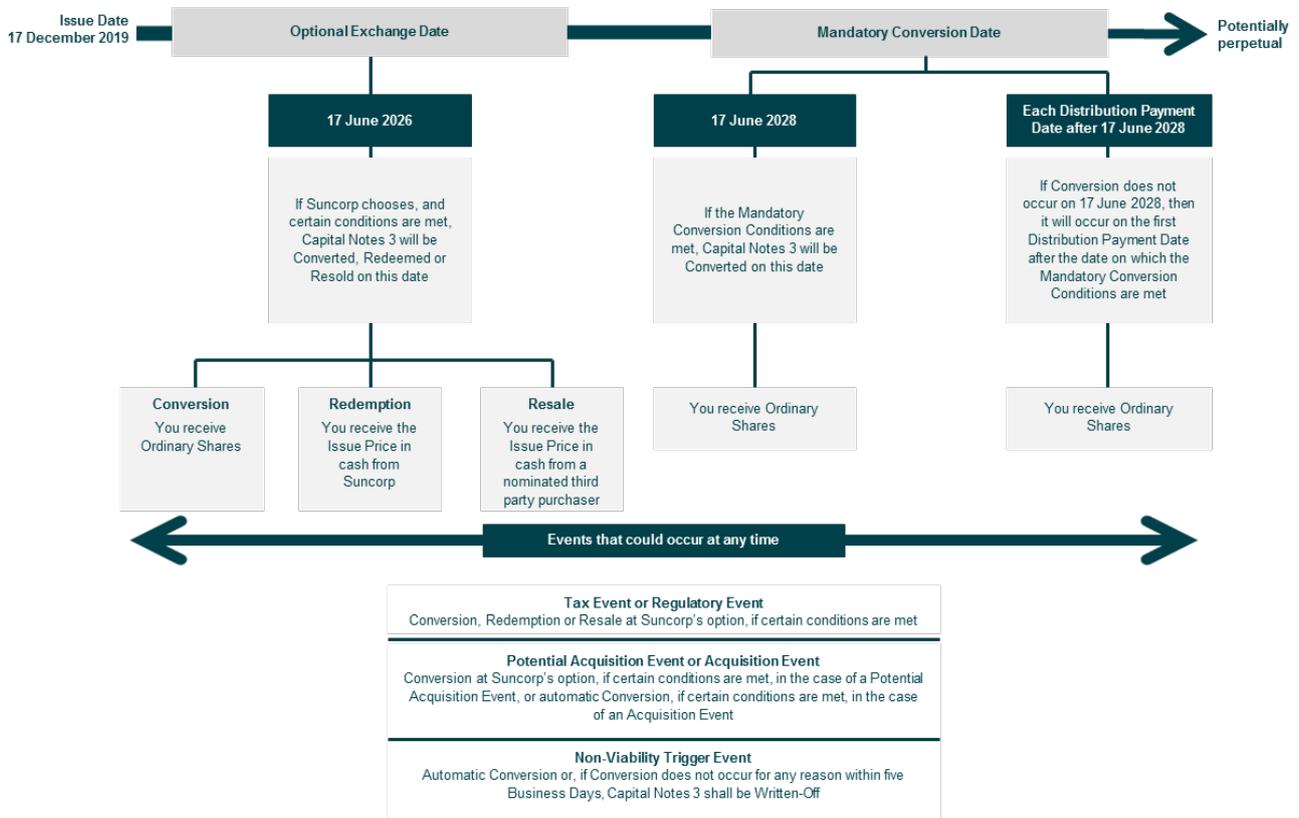
Topic	Summary	Further information
Why is Suncorp issuing Capital Notes 3?	<ul style="list-style-type: none"> – Capital Notes 3 are being issued as part of Suncorp's ongoing funding and capital management strategy. Suncorp is issuing Capital Notes 3 to raise Eligible Additional Tier 1 Capital, the proceeds of which it expects to use to fund the capital needs of one or more Regulated Entities within the Suncorp Group and for general corporate and funding purposes, including the partial refinance of CPS3 through the Reinvestment Offer. – Suncorp currently has an option to convert, redeem or resell the CPS3 on 17 June 2020 and will consider converting, redeeming or reselling the outstanding CPS3 that are not reinvested in Capital Notes 3 on that date, subject to various factors (including satisfactory completion of the Offer, market conditions closer to 17 June 2020 and any required regulatory approvals). 	Sections 2.6 and 4.5
What Distributions are payable?	<ul style="list-style-type: none"> – Capital Notes 3 are scheduled to pay quarterly floating rate cash Distribution payments in arrears, as long as Capital Notes 3 remain on issue (subject to no Payment Condition existing). – The Distribution Rate is calculated in accordance with the following formula: <ul style="list-style-type: none"> $\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ where: <ul style="list-style-type: none"> – Bank Bill Rate is the 3-month Bank Bill Rate (described in Section 2.1.3) on the first Business Day of the relevant Distribution Period; – Margin is expected to be in the range of 3.00% - 3.20%, to be determined under the Bookbuild; and – Tax Rate is the Australian corporate tax rate applicable to the franking account of Suncorp as at the relevant Distribution Payment Date. As at the date of this Prospectus, the Tax Rate is 30% (but that rate may change). 	Section 2.1
Will Distributions be franked?	<ul style="list-style-type: none"> – Distributions paid on Capital Notes 3 are expected to be fully franked. – If Distributions are fully franked, the cash amount received by Holders on each Distribution Payment Date is based on the Distribution Rate calculated using the formula above. If a Distribution is not fully franked, it will be adjusted to reflect the applicable Franking Rate. – The ability of Holders to use franking credits will depend on their individual tax position. Holders should also be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution. – Holders should refer to the Australian taxation summary in Section 8 and each Holder should obtain professional advice in relation to their tax position. 	Section 2.1.5
Will Distributions be paid?	<ul style="list-style-type: none"> – Payments of Distributions are at the absolute discretion of Suncorp, which means Suncorp does not have to pay them. Distributions are also only payable subject to no Payment Condition existing. – Distributions are non-cumulative which means that Holders will not have any claim or right to compensation if Suncorp does not pay a Distribution. Failure to pay a Distribution when scheduled will not constitute an event of default. – If a Distribution is not paid in full on a Distribution Payment Date, subject to certain exceptions, Suncorp cannot pay or declare or determine to pay any Ordinary Share Dividend, or undertake any Buy-Back or Capital Reduction, until and including the next Distribution Payment Date (unless the Distribution is paid in full within three Business Days of the Distribution Payment Date). 	Sections 2.1.7 and 2.1.8

Topic	Summary	Further information
Do Capital Notes 3 have a maturity date?	<ul style="list-style-type: none"> – Capital Notes 3 do not have any fixed maturity date. While Capital Notes 3 are scheduled to Convert into Ordinary Shares on 17 June 2028, that Conversion is subject to conditions which may never be met. As a result, Capital Notes 3 could remain on issue indefinitely and Holders have no right to request or require an Exchange. 	Section 5.1.7
Will Capital Notes 3 be Redeemed?	<ul style="list-style-type: none"> – As described in Section 2.3, if certain conditions are met (including APRA's prior written approval), Suncorp will have a right, but not an obligation, to Redeem Capital Notes 3: <ul style="list-style-type: none"> – on the Optional Exchange Date, being 17 June 2026; or – on the occurrence of a Tax Event or Regulatory Event. 	Section 2.3
Will Capital Notes 3 Convert into Ordinary Shares?	<ul style="list-style-type: none"> – Subject to certain conditions being met, Capital Notes 3 may be Converted into Ordinary Shares in the following circumstances: <ul style="list-style-type: none"> – Mandatory Conversion (see Section 2.2); – Optional Conversion on the Optional Exchange Date (being 17 June 2026) or following a Tax Event, a Regulatory Event or a Potential Acquisition Event (see Section 2.3); – Conversion following a Non-Viability Trigger Event (this Conversion is not subject to any conditions) (see Section 2.4); or – Conversion following an Acquisition Event (see Section 2.5). – In each case, each Capital Note 3 will Convert into a number of Ordinary Shares worth approximately \$101 based on the Volume Weighted Average Price (VWAP) at the time of Conversion¹, except in the case of Conversion following a Non-Viability Trigger Event where Holders are likely to receive a number of Ordinary Shares worth significantly less than \$100 per Capital Note 3. 	Sections 2.2 to 2.5
In which circumstances may Capital Notes 3 be Written-Off?	<ul style="list-style-type: none"> – Where Suncorp is required to Convert some or all Capital Notes 3 to Ordinary Shares following a Non-Viability Trigger Event but Conversion does not occur, for any reason, within five Business Days of APRA's Non-Viability Determination, then those Capital Notes 3 will be Written-Off. If this occurs, all rights in relation to those Capital Notes 3 (including in respect of Distributions and return of capital) will be immediately and irrevocably terminated and Holders will lose all of the value of those Capital Notes 3 without compensation. 	Section 2.4
What is the regulatory treatment of Capital Notes 3?	<ul style="list-style-type: none"> – APRA has advised that Capital Notes 3 are eligible for inclusion as Eligible Additional Tier 1 Capital. 	Section 2.6

¹ The number of Ordinary Shares a Holder will receive on Conversion is calculated based on the VWAP during the VWAP Period. The share price on and after the date of Conversion may be higher or lower than this price.

1.2 Summary of events that may affect Capital Notes 3

The diagram below summarises certain events that may occur while Capital Notes 3 are on issue and what Holders may receive if those events occur. If none of these events occurs, Capital Notes 3 could remain on issue indefinitely and the Issue Price will not be repaid.



The table below provides further summary details about events that may affect what Holders may receive in relation to Capital Notes 3 under the Terms.

Event	When?¹	Is APRA approval required?²	Do conditions apply?	What value will a Holder receive?³	In what form will that value be provided to a Holder?	Further information
Optional Redemption or Resale	On 17 June 2026 or following a Tax Event or Regulatory Event	Yes	Yes	\$100 per Capital Note 3	Cash	Section 2.3
Optional Conversion	On 17 June 2026 or following a Tax Event, Regulatory Event or Potential Acquisition Event	Yes	Yes	Approximately \$101 per Capital Note 3	Variable number of Ordinary Shares	Section 2.3
Mandatory Conversion on specified dates	On 17 June 2028	No	Yes	Approximately \$101 per Capital Note 3	Variable number of Ordinary Shares	Section 2.2
Conversion upon Acquisition Event	On the Acquisition Conversion Date	No	Yes	Approximately \$101 per Capital Note 3	Variable number of Ordinary Shares	Section 2.5
Conversion or Write-Off following a Non-Viability Trigger Event	Immediately on a Non-Viability Trigger Event occurring	No (although APRA will determine that a Non-Viability Trigger Event has occurred)	No	Between \$101 (and likely to be significantly less) and \$0 per Capital Note 3	Variable number (capped at the Maximum Conversion Number) of Ordinary Shares or, if Conversion does not occur Capital Notes 3 will be Written-Off ⁴	Section 2.4

¹ In the case of Conversion, except for Conversion on account of a Non-Viability Trigger Event, if the relevant conversion conditions are not met, Conversion is deferred to the following Distribution Payment Date on which the relevant Conversion conditions are satisfied.

² Holders should not assume that APRA's approval will be given, if requested.

³ In the case of Conversion, the value stated is the value a Holder will receive on Conversion based on the share price during a specified period prior to Conversion called the VWAP Period. The VWAP period is usually a period of 20 Business Days on which trading in Ordinary Shares took place on ASX except in the case of a Non-Viability Trigger Event, where it is five Business Days, and in the case of an Acquisition Event or Potential Acquisition Event, where it may be less than 20 Business Days. The share price on and after the date of Conversion may be higher or lower than this price. Conversion as a result of a Non-Viability Trigger Event is not subject to any conditions and since the Conversion Number may not exceed the Maximum Conversion Number the value received is likely to be substantially less than \$101 per Capital Note 3.

⁴ If a Capital Note 3 is Written-Off, all rights (including to Distributions) in respect of that Capital Note 3 are terminated and the Holder will not receive their capital back.

1.3 Ranking of Capital Notes 3 in a Winding-up of Suncorp

In a Winding-up of Suncorp, Capital Notes 3 rank ahead of Ordinary Shares, equally among themselves and other Equal Ranking Instruments (including CPS3, Capital Notes 1 and Capital Notes 2) and behind all Senior Ranking Creditors, as shown in the table below.

The ranking of Holders in a Winding-up will be adversely affected if a Non-Viability Trigger Event occurs. If, following a Non-Viability Trigger Event, Capital Notes 3 are Converted into Ordinary Shares, Holders will have a claim as holders of Ordinary Shares. If, following a Non-Viability Trigger Event, Capital Notes 3 are Written-Off, those Capital Notes 3 will never be Exchanged, all rights (including Distributions) in relation to those Capital Notes 3 will be terminated and Holders will not have their capital repaid.

The table below illustrates how Capital Notes 3 would rank upon a Winding-up of Suncorp if they are on issue at the time (and have not been required to be Converted). In the table, a higher ranking claim is one which will be paid out of Suncorp's available assets in a Winding-up before claims with a lower ranking. It may be that lower ranking securityholders, including Holders, will be paid only part or none of the amounts owing to them (in the case of Holders, the claim for the Issue Price), as there may be insufficient assets remaining to make such payments after higher ranking claims have been paid.

	Type	Illustrative examples
Higher ranking 	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors
	Unsubordinated and unsecured debt	Bonds and notes, trade and general creditors
	Subordinated and unsecured debt	Suncorp Wholesale Subordinated Notes and other subordinated and unsecured debt obligations
	Perpetual and subordinated instruments	Capital Notes 3, CPS3, Capital Notes 1, Capital Notes 2 and any other securities expressed to rank equally with Capital Notes 3
Lower ranking	Ordinary Shares	Ordinary Shares

Suncorp is a Non-Operating Holding Company (**NOHC**) and substantially all its assets are made up of shares in, or other claims on, Suncorp's subsidiaries. Accordingly, the claims of Holders against Suncorp will be limited to the value of Suncorp's residual claims to the net assets (if any) of the subsidiaries, after all liabilities of those subsidiaries, including liabilities to depositors, policyholders and other creditors, have been discharged or provided for.

1.4 Comparison between Capital Notes 3 and other types of investments

Capital Notes 3 are different from other types of investments such as term deposits and ordinary shares. The table below compares the key features of Capital Notes 3 to some other types of investments in the Suncorp Group. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding whether to apply for Capital Notes 3. Suncorp strongly recommends that you seek professional advice from a licensed adviser, which takes into account your particular investment objectives and circumstances. For a more detailed comparison of Capital Notes 3 and CPS3, refer to Section 6.2.

Feature	Standard term deposit	Suncorp CPS3	Suncorp Capital Notes 1 and Capital Notes 2	Suncorp Capital Notes 3	Suncorp Ordinary Shares
ASX code	Not applicable	SUNPE	CN1: SUNPF CN2: SUNPG	Expected to be SUNPH	SUN
Issuer	Suncorp-Metway Limited	Suncorp Group Limited	Suncorp Group Limited	Suncorp Group Limited	Suncorp Group Limited
Legal form	Bank deposit	Preference share	Unsecured, subordinated debt	Unsecured, subordinated debt	Ordinary share
Maturity	One month to five years	Perpetual	Perpetual	Perpetual	Perpetual
Ranking in Winding-up	Senior to general unsecured creditors of Suncorp-Metway Limited ¹	Equally with CPS3, Capital Notes 1, Capital Notes 2 and Capital Notes 3	Equally with CPS3 and Capital Notes 3	Equally with CPS3, Capital Notes 1 and Capital Notes 2 ²	Junior to all creditors, including Capital Notes 3
Protected under the Financial Claims Scheme	Yes ³	No	No	No	No
Transferable on market	Term deposits are not listed	Yes	Yes	Yes	Yes
Distribution rate	Interest rate is fixed (varies across different amounts, terms and interest payment arrangements)	Floating (Bank Bill Rate + 3.40% per annum)	CN1: Floating (Bank Bill Rate + 4.10% per annum) CN2: Floating (BBSW + 3.65% per annum)	Floating (Bank Bill Rate + Margin expected to be in the range of 3.00% - 3.20% per annum to be determined under the Bookbuild)	Variable dividends
Distribution frequency	Monthly, quarterly, semi-annually, annually or on maturity depending on the term	Quarterly	Quarterly	Quarterly	Semi-annually
Distribution discretionary	No	Yes	Yes	Yes	Yes
Distribution cumulative	Interest payments cannot be waived or deferred	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Feature	Standard term deposit	Suncorp CPS3	Suncorp Capital Notes 1 and Capital Notes 2	Suncorp Capital Notes 3	Suncorp Ordinary Shares
Restriction on Ordinary Share Dividends if distribution not paid	No	Yes, until the next distribution payment date	Yes, until the next distribution payment date	Yes, until the next Distribution Payment Date	n/a
Franking	Interest payments are not franked	Expected to be fully franked	Expected to be fully franked	Expected to be fully franked	Expected to be fully franked
Non-Viability conversion or write-off	No	Yes	Yes	Yes ⁴	No
Issuer's optional redemption ⁵	No	Yes	Yes	Yes	No
Issuer's optional resale ⁵	No	Yes	Yes	Yes	No
Issuer's optional conversion ⁵	No	Yes	Yes	Yes	n/a
Scheduled mandatory conversion	No	Yes	Yes	Yes	n/a
Mandatory conversion on acquisition event	No	Yes	Yes	Yes	n/a
Treated as regulatory capital	No	Yes, Eligible Additional Tier 1 Capital	Yes, Eligible Additional Tier 1 Capital	Yes, Eligible Additional Tier 1 Capital	Yes, CET1 Capital

Notes:

1 As provided in section 13A of the Banking Act.

2 Any return in a Winding-up may be adversely affected if APRA determines that a Non-Viability Trigger Event has occurred, as described in Sections 1.3, 2.4.4 and 5.1.9.

3 Up to \$250,000 in aggregate across all accounts that an account holder has with an Australian authorised deposit-taking institution (**ADI**) declared subject to the Financial Claims Scheme.

4 If Capital Notes 3 are not Converted when required, those Capital Notes 3 are Written-Off and all obligations are terminated. In this scenario, Holders will likely be worse off than holders of CPS3 or Ordinary Shares as further described in Sections 2.4.4 and 5.1.9.

5 Optional redemption, resale and conversion are on specified dates and following a tax or regulatory event.

1.5 Key risks associated with Capital Notes 3

Before applying for Capital Notes 3, you should consider whether Capital Notes 3 are a suitable investment for you. There are risks associated with an investment in Capital Notes 3 and in Suncorp, many of which are outside the control of Suncorp and its Directors. These risks include those described in this Section 1.5 and more fully in Section 5, and other matters referred to in this Prospectus.

Topic	Summary	Further information
Not deposit or policy liability	<ul style="list-style-type: none"> Capital Notes 3 are not deposit or policy liabilities of Suncorp or any member of the Suncorp Group, are not protected accounts under the Banking Act or protected policies under the Insurance Act, and are not guaranteed by any government or other person. 	Section 5.1.1
Market price of Capital Notes 3	<ul style="list-style-type: none"> The price at which Holders are able to sell Capital Notes 3 on ASX is uncertain. The market price might be below the Issue Price of \$100 per Capital Note 3. Circumstances in which the price of Capital Notes 3 may decline include general financial market conditions, the availability of better rates of return on other securities and investor perception of Suncorp's financial performance or position. Unlike Ordinary Shares, Capital Notes 3 do not provide a material exposure to growth in the Suncorp Group's business. 	Section 5.1.2
Liquidity	<ul style="list-style-type: none"> There may be no liquid market for Capital Notes 3. Holder who wish to sell their Capital Notes 3 may be unable to do so at a price acceptable to them, or at all. 	Section 5.1.3
Fluctuation in Ordinary Share price	<ul style="list-style-type: none"> The market price of Ordinary Shares may fluctuate due to various factors, including Australian and worldwide economic conditions, investor perceptions and Suncorp's financial performance and position. In addition, the market price may be affected by the actual or prospective Conversion of Capital Notes 3. As a result, Holders receiving Ordinary Shares upon Conversion may not be able to sell those Ordinary Shares at the price on which the Conversion calculation was based, or at all. 	Section 5.1.4
Distributions may not be paid	<ul style="list-style-type: none"> There is a risk that Distributions may not be paid as they are discretionary and will not be paid if a Payment Condition exists. Payment Conditions include APRA objecting to the payment, Suncorp becoming insolvent as a result of the payment or the Suncorp Group not complying with APRA's prudential capital requirements as a result of the payment. Distributions are non-cumulative. Accordingly, in the event that Suncorp does not pay a scheduled Distribution, a Holder has no entitlement to that Distribution. Non-payment of a Distribution is not an event of default. 	Section 5.1.5
Changes in Distributions	<ul style="list-style-type: none"> The Distribution Rate will fluctuate over time (it may increase and/or decrease) as a result of movements in the Bank Bill Rate. There is a risk that the Distribution Rate may become less attractive when compared with the rates of return available on comparable securities or financial products. The amount of cash Distributions will also fluctuate with any change in the rate of franking of Distributions. 	Sections 5.1.6 and 5.1.16
It is not certain whether and when Capital Notes 3 may be Exchanged	<ul style="list-style-type: none"> There are a number of scenarios in which Capital Notes 3 may be Exchanged. It is uncertain whether and when Exchange may occur. The timing of any Exchange may not suit Holders. Capital Notes 3 may not be Exchanged at all, in which case they may remain on issue indefinitely and you may not receive your capital back or receive any Ordinary Shares. 	Sections 5.1.7 to 5.1.11

Topic	Summary	Further information
No right for Holders to request Exchange	<ul style="list-style-type: none"> – Holders have no right to request that their Capital Notes 3 be Exchanged. To realise their investment, unless their Capital Notes 3 are Exchanged, Holders would need to sell their Capital Notes 3 on ASX at the prevailing market price. That price may be less than the Issue Price and there may be no liquid market in Capital Notes 3. 	Section 5.1.8
Conversion or Write-Off following a Non-Viability Trigger Event	<ul style="list-style-type: none"> – If Conversion occurs following a Non-Viability Trigger Event, the Holder may receive Ordinary Shares worth significantly less than \$101 per Capital Note 3. – In cases where Conversion does not occur for any reason (including an Inability Event) within five Business Days after the Trigger Event Date, those Capital Notes 3 which are required to be Converted will be Written-Off. – If Capital Notes 3 are Written-Off, all rights in relation to those Capital Notes 3 (including Distributions) will be terminated and Holders will not receive their capital back or receive compensation in relation to those Capital Notes 3. 	Section 5.1.9
Restrictions on rights and ranking in a Winding-up of Suncorp	<ul style="list-style-type: none"> – In a Winding-up of Suncorp, Capital Notes 3 rank for payment ahead of Ordinary Shares, equally with Equal Ranking Instruments (which include CPS3, Capital Notes 1 and Capital Notes 2) but behind all Senior Ranking Creditors. – If there is a shortfall of funds on a Winding-up of Suncorp to pay all amounts ranking senior to and equally with Capital Notes 3, Holders will lose all or some of their investment. – If Capital Notes 3 have been Converted into Ordinary Shares prior to a Winding-up of Suncorp, the Ordinary Shares received on Conversion will rank equally with other Ordinary Shares. As such, a Holder's claim in a Winding-up of Suncorp will rank lower than it would have if Capital Notes 3 had not been Converted. – If Capital Notes 3 are Written-Off, those Capital Notes 3 will never be Exchanged and therefore Holders will not receive their capital back or receive compensation. – Suncorp is a NOHC and substantially all its assets are made up of shares in, or other claims on, Suncorp's subsidiaries. Accordingly, the claims of Holders against Suncorp will be limited to the value of Suncorp's residual claims to the net assets (if any) of the subsidiaries, after all liabilities of the relevant companies, including to depositors and policyholders, have been discharged or provided for. 	Section 5.1.13
Further issues or redemptions of securities by Suncorp	<ul style="list-style-type: none"> – There is no limit on the amount of senior debt or other obligations or securities that may be incurred or issued by Suncorp at any time, which may affect a Holder's ability to be repaid on a Winding-up of Suncorp. – There is no restriction on Suncorp redeeming or otherwise repaying other securities it may have on issue from time to time, including other securities which rank equally with or junior to Capital Notes 3 (other than to the extent the Distribution Restriction applies), and an investment in Capital Notes 3 carries no right to be redeemed or otherwise repaid at the same time as Suncorp redeems or otherwise repays other securities. 	Section 5.1.14
Suncorp's financial performance and position	<ul style="list-style-type: none"> – The market price of Capital Notes 3 (and the Ordinary Shares into which they can Convert) may be affected by the Suncorp Group's financial performance and position. For specific risks associated with an investment in Suncorp, see Section 5.2. – The Suncorp Group's financial performance and position may also affect the credit ratings associated with Suncorp, which may impact the market price and liquidity of Capital Notes 3 (even though Capital Notes 3 themselves are not rated). Suncorp's credit rating may be revised, withdrawn or suspended by rating agencies at any time. 	Section 5.2

1.6 What is the Offer and how do I apply?

Topic	Summary	Further information
How is the Offer structured and who can apply?	<ul style="list-style-type: none"> – The Offer comprises: <ul style="list-style-type: none"> – an Institutional Offer to Institutional Investors; – a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers; – a Securityholder Offer made to Eligible Securityholders; and – a Reinvestment Offer made to Eligible CPS3 Holders. 	Section 7
Is the Offer underwritten?	<ul style="list-style-type: none"> – No. 	Section 9.8
When is the Offer Period?	<ul style="list-style-type: none"> – The Reinvestment Offer opens on 19 November 2019. – The Broker Firm Offer and the Securityholder Offer open on 19 November 2019. – The Reinvestment Offer and the Securityholder Offer close at 5:00pm (Sydney time) on 10 December 2019. – The Broker Firm Offer (excluding applications in respect of the Reinvestment Offer) closes at 10:00am (Sydney time) on 13 December 2019. 	Key dates and Section 7
Reinvestment Offer for Eligible CPS3 Holders	<ul style="list-style-type: none"> – Under the Reinvestment Offer, Eligible CPS3 Holders may apply for some or all of the CPS3 registered in their name at 7:00pm (Sydney time) on 6 November 2019 to be repaid in the amount of \$100 per CPS3 and the proceeds applied on the Issue Date to the Application Payment for Capital Notes 3. – You are an Eligible CPS3 Holder if you were a registered holder of CPS3 at 7:00pm (Sydney time) on 6 November 2019, shown on the CPS3 register as having an address in Australia and are not in the United States or acting for the account or benefit of a person in the United States. – Eligible CPS3 Holders can apply to reinvest their CPS3 through their Syndicate Broker or directly by submitting an online or paper Application. – There are differences between CPS3 and Capital Notes 3. Capital Notes 3 are complex and involve more risks than a simple debt or ordinary equity security. Capital Notes 3 are not suitable for all investors and contain features which may make the Terms difficult to understand. Suncorp strongly recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision. 	Key dates and Sections 6 and 7
Is there a minimum Application size?	<ul style="list-style-type: none"> – Applications must be for a minimum of 50 Capital Notes 3 (\$5,000) and, after that, in multiples of 10 Capital Notes 3 (\$1,000). – In respect of the Reinvestment Offer only, applications from Eligible CPS3 Holders may be for less than 50 Capital Notes 3 but only if that Eligible CPS3 Holder held 50 or less CPS3 as at 7:00pm (Sydney time) on 6 November 2019 and applies to reinvest all their CPS3 in Capital Notes 3. 	Sections 6.1.7 and 7.4.1

Topic	Summary	Further information
How can I apply?	<ul style="list-style-type: none"> – Broker Firm Applicants must contact their Syndicate Broker. – Applications from Securityholder Applicants under the Securityholder Offer can be made by either applying online at www.suncorp.com.au/sunph or completing a paper Application Form. – Applications from Eligible CPS3 Holders under the Reinvestment Offer can be made either: <ul style="list-style-type: none"> – by either applying online at www.suncorp.com.au/sunph or completing a paper Application Form; or – through a Syndicate Broker. 	Sections 6 and 7
How will Capital Notes 3 be allocated?	<ul style="list-style-type: none"> – Allocations under the Institutional Offer and Broker Firm Offer will be determined by Suncorp in consultation with the Arranger and the Joint Lead Managers. – Suncorp (at its discretion and in consultation with the Arranger and the Joint Lead Managers) reserves the right to scale back Applications under the Securityholder Offer and the Reinvestment Offer or increase the final size of the Offer if there is excess demand. – The Allocation Policy is described in Section 7.6. 	Section 7.6
Is there brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> – No brokerage, commission or stamp duty is payable on your Application. – You may have to pay brokerage but will not have to pay any stamp duty if you sell your Capital Notes 3 on ASX after Capital Notes 3 have been quoted on ASX. 	Section 7.5.3
What are the tax implications of investing in Capital Notes 3?	<ul style="list-style-type: none"> – A general description of the Australian taxation consequences of investing in Capital Notes 3 is set out in Section 8. 	Section 8
Where can I find more information about the Offer?	<ul style="list-style-type: none"> – If you have any questions in relation to the Offer, please see www.suncorp.com.au/sunph or telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time). – If you are a Broker Firm Applicant, you should contact your Syndicate Broker. 	Section 7.8

2. About Capital Notes 3

This Section is intended to provide information about the key features of Capital Notes 3. Where indicated, more detailed information is provided in other Sections of this Prospectus.



2.1 Distribution payments

Capital Notes 3 are scheduled to pay quarterly Distributions, which are expected to be fully franked.

A Distribution will be paid only if Suncorp determines to pay it and if other conditions (summarised below) are met. The Distribution Rate is a floating rate (i.e. it will fluctuate) and is equal to the sum of a market reference rate (the Bank Bill Rate) plus a Margin (as determined under the Bookbuild), adjusted for Suncorp's tax rate.

If a Distribution is not paid, Holders have no right to receive that Distribution at any later time however (subject to certain exceptions), Suncorp will not be entitled to declare or pay dividends on Ordinary Shares until and including the next Distribution Payment Date.

Topic	Summary	Further information																					
2.1.1 What are Distributions?	<ul style="list-style-type: none"> – Distributions are discretionary, non-cumulative, floating rate payments in Australian dollars and are scheduled to be paid quarterly in arrears on the Distribution Payment Dates, as long as Capital Notes 3 remain on issue. – Distributions are subject to no Payment Condition existing in respect of the relevant Distribution Payment Date. – Distributions are expected to be fully franked and, accordingly, Holders are expected to receive franking credits in respect of any Distribution. However, Holders should be aware that franking is not guaranteed. – Distributions are non-cumulative. If a Distribution or part of a Distribution is not paid on a Distribution Payment Date, Holders will have no claim or entitlement in respect of non-payment and no right to receive that Distribution at a later time. Failure to pay a Distribution when scheduled will not constitute an event of default. 	Clause 3 of the Terms																					
2.1.2 How will the Distribution Rate be calculated?	<ul style="list-style-type: none"> – The Distribution Rate for each quarterly Distribution will be calculated using the following formula: $\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ where: <ul style="list-style-type: none"> – Bank Bill Rate is the 3-month Bank Bill Rate (described in Section 2.1.3) on the first Business Day of the relevant Distribution Period; – Margin is the margin to be determined under the Bookbuild; and – Tax Rate is the Australian corporate tax rate applicable to the franking account of Suncorp at the relevant Distribution Payment Date. As at the date of this Prospectus, the Tax Rate is 30% (but that rate may change). – As an example, assuming the Bank Bill Rate for a Distribution Period is 0.9400% per annum, the Margin is 3.0000% per annum and the Tax Rate is 30%, then the Distribution Rate for that Distribution Period would be calculated as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%;">Bank Bill Rate</td> <td style="width: 10%; text-align: right;">0.9400%</td> <td style="width: 40%;">per annum</td> </tr> <tr> <td>plus Margin</td> <td style="text-align: right;">3.0000%</td> <td>per annum</td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Equivalent unfranked Distribution Rate</td> <td style="text-align: right;">3.9400%</td> <td>per annum</td> </tr> <tr> <td>Multiplied by (1 – Tax Rate)</td> <td style="text-align: right;">x 0.70</td> <td></td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Fully franked Distribution Rate</td> <td style="text-align: right;">2.7580%</td> <td>per annum</td> </tr> </tbody> </table> <ul style="list-style-type: none"> – It is possible for the Bank Bill Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. For example, if the Bank Bill Rate is -1.00% per annum, the Margin is 3.00% per annum and the Tax Rate is 30%, then the Distribution Rate will be 1.4000% per annum. 	Bank Bill Rate	0.9400%	per annum	plus Margin	3.0000%	per annum	<hr/>			Equivalent unfranked Distribution Rate	3.9400%	per annum	Multiplied by (1 – Tax Rate)	x 0.70		<hr/>			Fully franked Distribution Rate	2.7580%	per annum	Clause 3.1 of the Terms
Bank Bill Rate	0.9400%	per annum																					
plus Margin	3.0000%	per annum																					
<hr/>																							
Equivalent unfranked Distribution Rate	3.9400%	per annum																					
Multiplied by (1 – Tax Rate)	x 0.70																						
<hr/>																							
Fully franked Distribution Rate	2.7580%	per annum																					

Topic	Summary	Further information
2.1.3 What is the Bank Bill Rate?	<ul style="list-style-type: none"> – Currently, the Bank Bill Rate is the primary short-term rate used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate. – The Bank Bill Rate, in respect of a Distribution Period, will be the rate designated ‘BBSW’ in respect of prime bank eligible securities having a tenor of three months, which ASX (or its successor as administrator of that rate) publishes through information vendors on the first Business Day of the Distribution Period. – The graph below illustrates the movement in the Bank Bill Rate over the past 20 years. The rate on 6 November 2019 was 0.94% per annum. – If Suncorp determines that a Rate Disruption Event has occurred, then, subject to APRA’s prior written approval, Suncorp shall use as the Bank Bill Rate such Replacement Rate as it may determine and shall make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate. In making these determinations, Suncorp: <ul style="list-style-type: none"> – shall act in good faith and in a commercially reasonable manner; – may consult with such sources of market practice as it considers appropriate; and – may otherwise make such determination in its discretion. – Holders should note that APRA’s approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards. – Broadly, a Rate Disruption Event occurs when, in Suncorp’s opinion, the Bank Bill Rate: <ul style="list-style-type: none"> – has been discontinued or otherwise ceased to be calculated or administered; or – is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Capital Notes 3. – Broadly, Replacement Rate means a rate that is generally accepted in the Australian market as the successor to the Bank Bill Rate, or if Suncorp is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate: <ul style="list-style-type: none"> – a reference rate that is, in Suncorp’s opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of Capital Notes 3; or – such other rate as Suncorp determines having regard to available comparable indices. 	Clause 3.1 of the Terms
Bank Bill Rate (3-month) since 1999		
Source: Bloomberg, “BBSW3m Index” (ASX Australian Bank Bill Short Term Rates 3 Month Mid)		
<ul style="list-style-type: none"> – The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. The actual Bank Bill Rate for the first and any subsequent Distribution Periods may be higher or lower than the rates in the above graph and there is no guarantee that the Bank Bill Rate will be greater than zero throughout the life of Capital Notes 3. If the Bank Bill Rate is negative, the Distribution Rate will be reduced by taking account of 		

Topic	Summary	Further information										
2.1.4 How will the Distribution be calculated for each Distribution Period?	<p>the negative value of that rate in the calculation of the Distribution Rate, as set out in Section 2.1.2 (but there is no obligation on Holders to pay Suncorp if the Distribution Rate were to become negative).</p> <p>– Distributions scheduled to be paid on each Distribution Payment Date will be calculated using the following formula:</p> $\text{Distribution on each Capital Note 3} = \frac{\text{Distribution Rate} \times \$100 \times \text{N}}{365}$ <p>– where:</p> <ul style="list-style-type: none"> – Distribution Rate means the rate (expressed as a percentage per annum) calculated as set out in Section 2.1.2; and – N means the number of days in the Distribution Period calculated as set out in the Terms. <p>– Following the formula above, if the fully franked Distribution Rate was 2.7580% per annum, the cash Distribution on each Capital Note 3 for a Distribution Period of 90 days would be calculated as follows:</p> <table border="1" data-bbox="488 813 1182 1104"> <tr> <td>Fully franked Distribution Rate</td> <td>2.75800% per annum</td> </tr> <tr> <td>Multiplied by \$100</td> <td>x \$100</td> </tr> <tr> <td>Multiplied by the number of days in the Distribution Period</td> <td>x 90</td> </tr> <tr> <td>Divided by 365</td> <td>÷ 365</td> </tr> <tr> <td>Fully franked Distribution payment on each Capital Note 3</td> <td>\$0.6801</td> </tr> </table> <p>– The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution payment for the first or any subsequent Distribution Period. Actual Distribution payments may be higher or lower than this example. The Distribution Rate for the first Distribution Period will be set on the Issue Date and will include the Margin to be determined under the Bookbuild.</p>	Fully franked Distribution Rate	2.75800% per annum	Multiplied by \$100	x \$100	Multiplied by the number of days in the Distribution Period	x 90	Divided by 365	÷ 365	Fully franked Distribution payment on each Capital Note 3	\$0.6801	Clause 3.1 of the Terms
Fully franked Distribution Rate	2.75800% per annum											
Multiplied by \$100	x \$100											
Multiplied by the number of days in the Distribution Period	x 90											
Divided by 365	÷ 365											
Fully franked Distribution payment on each Capital Note 3	\$0.6801											
2.1.5 What is the impact of franking credits?	<p>– Distributions paid on Capital Notes 3 are expected to be fully franked. However, Holders should be aware that franking is not guaranteed.</p> <p>– Holders are expected to receive franking credits in respect of any Distribution as long as Capital Notes 3 remain on issue. The level of franking may vary over time and Distributions may be partially franked, fully franked or not franked at all.</p> <p>– If any Distribution is not franked or only partially franked, the amount of the scheduled cash Distribution will be increased to compensate for the unfranked component according to the following formula:</p> $D \div (1 - [\text{Tax Rate} \times (1 - F)])$ <p>– where:</p> <ul style="list-style-type: none"> – D is the Distribution (as defined above in Section 2.1.4); and – F is the applicable Franking Rate. <p>– For example, if the Franking Rate applicable to the Distribution was only 90% and the Tax Rate was 30%, then the cash Distribution on each Capital Note 3 for the Distribution Period (if the Distribution Period was 90 days) would be calculated as follows:</p>	Clause 3.2 of the Terms										

Topic	Summary	Further information
	<p>Fully franked Distribution Rate 2.7580% per annum</p> <p>Multiplied by \$100 x \$100</p> <p>Multiplied by the number of days in the Distribution Period x 90</p> <p>Divided by 365 ÷ 365</p> <hr/> <p>Sub-total \$0.6801</p> <p>Divided by 1 – [0.3 x (1 – 0.9)] ÷ 0.9700</p> <hr/> <p>Partially franked Distribution \$0.7010 payment on each Capital Note 3</p>	
	<ul style="list-style-type: none"> – Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution. Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder. – If the corporate tax rate were to change, the cash amount of Distributions and the amount of any franking credits will change. For example, if the Tax Rate decreases, the cash amount of any Distribution Suncorp may pay would increase and the franking credits attached to that Distribution would decrease. – Holders should refer to the Australian taxation summary in Section 8 and seek professional advice in relation to their tax position. 	
2.1.6 When are the Distribution Payment Dates?	<ul style="list-style-type: none"> – The first Distribution Payment Date is 17 March 2020. – The number of days in the first Distribution Period will be 91 days. – Subsequent Distribution Payment Dates are 17 June, 17 September, 17 December and 17 March each year. – If any of these dates is not a Business Day, then the Distribution Payment Date will be the next Business Day. 	Clause 3.5 of the Terms
2.1.7 What are the Payment Conditions?	<ul style="list-style-type: none"> – Distributions may not always be paid. The payment of each Distribution is subject to the following: <ul style="list-style-type: none"> – Suncorp’s absolute discretion; and – no Payment Condition existing in respect of the relevant Distribution Payment Date. – A Payment Condition will exist with respect to the payment of a Distribution on a Distribution Date if: <ul style="list-style-type: none"> – paying the Distribution would result in the Eligible Capital of the Suncorp Group not complying with APRA’s then current prudential capital requirements as they are applied to the Suncorp Group (unless approved in writing by APRA); – paying the Distribution would result in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or – APRA objects to the payment of the Distribution. 	Clauses 3.3 and 22.2 of the Terms

Topic	Summary	Further information
2.1.8 What is the Distribution Restriction and when will it apply?	<ul style="list-style-type: none"> – If for any reason a Distribution has not been paid in full on a Distribution Payment Date (the relevant Distribution Payment Date), Suncorp must not, subject to certain exclusions, without approval of a Special Resolution, until and including the next Distribution Payment Date: <ul style="list-style-type: none"> – declare or determine to pay or pay an Ordinary Share Dividend; or – undertake any Buy-Back or Capital Reduction, unless the Distribution is paid in full within three Business Days of the relevant Distribution Payment Date. – Failure to pay a Distribution when scheduled will not constitute an event of default. 	Clauses 3.7, and 3.8 of the Terms
2.1.9 How will Distributions be paid?	<ul style="list-style-type: none"> – Distributions will be made to Holders whose details are recorded in the Register at 7:00pm (Sydney time) on the relevant record date. – Distributions and any other amount payable in respect of a Capital Note 3 may be paid in Australian dollars in any manner Suncorp decides from time to time, including by any method of direct credit determined by Suncorp to an Australian dollar bank account maintained by the Holder in Australia (or in such other place as Suncorp approves) with a financial institution specified by the Holder to the Registry. – Where no Australian dollar bank account is specified by a Holder, or where Suncorp attempts to pay the relevant amount and the transfer is unsuccessful, the amount Suncorp attempted to pay will be held by Suncorp or on behalf of Suncorp for the Holder without bearing interest, as described in the Terms. – The Terms include detailed provisions for the payment of Distributions—see Clause 15 of the Terms. 	Clause 15 of the Terms
2.1.10 Are any deductions made on the Distributions?	<ul style="list-style-type: none"> – Suncorp may deduct from any Distribution or other amount payable in accordance with the Terms the amount of any withholding or other tax, duty or levy required by any applicable law to be deducted in respect of such amount, or on account of the <i>Foreign Account Tax Compliance Act</i> (U.S.) (FATCA). – Suncorp is not required to pay an additional amount where it has made a deduction as described above. 	Clauses 15.7 and 15.8 of the Terms

2.2 Mandatory Conversion

Suncorp must convert any Capital Notes 3 outstanding on 17 June 2028 into Ordinary Shares, provided that certain conditions (summarised below) are met (and failing that, on the next Distribution Payment Date on which those conditions are met). Those conditions may never be met and, accordingly, Capital Notes 3 may never Convert into Ordinary Shares.

The conditions to Mandatory Conversion and the associated Conversion calculations (as set out below) are designed to ensure that Holders receive a number of Ordinary Shares worth approximately \$101 for each Capital Note 3 they hold and that those Ordinary Shares are capable of being sold on ASX.

Topic	Summary	Further information
2.2.1 What happens on Mandatory Conversion?	<ul style="list-style-type: none"> – Holders will receive Ordinary Shares on Conversion of Capital Notes 3 on the Mandatory Conversion Date unless the Mandatory Conversion Conditions are not met, or Capital Notes 3 are not outstanding on that date. – Upon Conversion on a Mandatory Conversion Date, Holders will receive Ordinary Shares worth approximately \$101 per Capital Note 3 based on the VWAP during a period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date. – The number of Ordinary Shares received will not be greater than the Maximum Conversion Number. – The VWAP that is used to calculate the number of Ordinary Shares that Holders receive will most likely differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be worth more or less than \$101 per Capital Note 3 when they are issued or at any time after that. 	Clauses 4.1, 4.3 and 8 of the Terms
2.2.2 What are the consequences of Mandatory Conversion?	<ul style="list-style-type: none"> – As a result of any Mandatory Conversion of Capital Notes 3 to Ordinary Shares, Holders will become holders of Ordinary Shares, which will rank equally with existing Ordinary Shares from the date of issue. – For the Suncorp Group more broadly, the composition of the capital base will alter as a consequence of any Mandatory Conversion and result in CET1 Capital increasing and Eligible Additional Tier 1 Capital decreasing. 	
2.2.3 When is the Mandatory Conversion Date?	<ul style="list-style-type: none"> – The Mandatory Conversion Date will be 17 June 2028 provided the Mandatory Conversion Conditions are met on that date. – If any of the Mandatory Conversion Conditions are not met on that date, then the Mandatory Conversion Date will be the next Distribution Payment Date on which the conditions are met. – These conditions may never be met and, therefore, Capital Notes 3 may never Convert into Ordinary Shares. 	Clauses 4.2 and 4.3 of the Terms
2.2.4 What are the Mandatory Conversion Conditions?	<ul style="list-style-type: none"> – The Mandatory Conversion Conditions are as follows: <ul style="list-style-type: none"> – First Mandatory Conversion Condition: the VWAP of Ordinary Shares on the 25th Business Day before a possible Mandatory Conversion Date¹ is greater than 55.0000% of the Issue Date VWAP; – Second Mandatory Conversion Condition: the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) a possible Mandatory Conversion Date (VWAP Period) is greater than 50.5050% of the Issue Date VWAP; and 	Clauses 4.3 and 8.1 of the Terms

¹ If no trading in Ordinary Shares took place on that date, the VWAP is the VWAP on the first Business Day preceding that date on which trading in Ordinary Shares took place.

Topic	Summary	Further information
	<ul style="list-style-type: none"> – Third Mandatory Conversion Condition: no Delisting Event applies to Ordinary Shares in respect of a possible Mandatory Conversion Date (broadly, a Delisting Event occurs when Suncorp is delisted from ASX, its Ordinary Shares have been suspended from trading for a certain period or it is prevented by applicable law or order of any court or action of any government authority or any other reason from Converting Capital Notes 3). 	

The following diagram illustrates the operation of the conditions.



Note: In the diagram above, dates are set on the assumption that during the VWAP Period, trading takes place on each of the Business Days, which may not be the case if trading in Ordinary Shares is suspended during the period leading up to the possible Mandatory Conversion Date.

2.2.5 What is the purpose of the Mandatory Conversion Conditions?	<ul style="list-style-type: none"> – The purpose of the Mandatory Conversion Conditions is to ensure that the Conversion will not occur unless the number of Ordinary Shares that Holders will receive will be worth approximately \$101 per Capital Note 3 (calculated as described below) and the Ordinary Shares are capable of being sold on ASX. – The number of Ordinary Shares to be issued on Mandatory Conversion is to be determined by applying a formula reflecting the VWAP of Ordinary Shares described in Section 2.2.7. – There is a cap on the maximum number of Ordinary Shares that a Holder can be issued upon Conversion. The cap is the Maximum Conversion Number. The cap arises from the prudential standards issued by APRA which govern the characteristics of instruments which may qualify as regulatory capital, and also from the equivalent criteria of rating agencies for such instruments. Where the number of Ordinary Shares issued is less than the Maximum Conversion Number, the effect of the formula is that the value of these Ordinary Shares (calculated on a VWAP basis) will be approximately \$101 per Capital Note 3. If the Ordinary Share price at the time for Conversion has fallen below certain levels, the number of Ordinary Shares received would be limited to the Maximum Conversion Number and would be worth less than \$101 per Capital Note 3. – The Maximum Conversion Number is calculated in accordance with the following formula: <ul style="list-style-type: none"> Maximum Conversion Number = $\frac{\text{Issue Price}}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$ <p>where:</p> <ul style="list-style-type: none"> – Relevant Fraction is 0.5 in relation to a Mandatory Conversion and 0.2 in the case of any other Conversion. 	Clauses 4.3 and 8.1 of the Terms
---	--	----------------------------------

Topic	Summary	Further information						
	<ul style="list-style-type: none"> – The First Mandatory Conversion Condition and the Second Mandatory Conversion Condition are intended to help protect Holders against receiving a number of Ordinary Shares limited to the Maximum Conversion Number and, accordingly, are worth less than \$101 per Capital Note 3 (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date). – The Third Mandatory Conversion Condition is intended to protect Holders from the risk of receiving Ordinary Shares that are not capable of being sold on ASX by making Conversion conditional on Ordinary Shares being quoted on ASX. 							
2.2.6 What can happen if the Mandatory Conversion Conditions are not met?	<ul style="list-style-type: none"> – If any of the Mandatory Conversion Conditions are not met, Capital Notes 3 continue to be on issue and Conversion is deferred until the next Distribution Payment Date on which all the Mandatory Conversion Conditions are met. 	Clause 4.2 of the Terms						
2.2.7 How many Ordinary Shares will a Holder receive on the Mandatory Conversion Date?	<ul style="list-style-type: none"> – Where the Mandatory Conversion Conditions are met, a Holder will receive, on a Mandatory Conversion Date, a number of Ordinary Shares per Capital Note 3 (Conversion Number) calculated in accordance with the following formula: $\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$ <p>where:</p> <ul style="list-style-type: none"> – VWAP is the volume weighted average price of Ordinary Shares during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date. <p><i>Illustrative example of Conversion</i></p> <ul style="list-style-type: none"> – Assuming the VWAP is \$13.42, the number of Ordinary Shares a Holder would receive following Conversion on a Mandatory Conversion Date would be calculated as follows: <table border="1" style="margin-left: 40px;"> <tbody> <tr> <td style="text-align: left;">Issue Price</td> <td style="text-align: right;">\$100</td> </tr> <tr> <td style="text-align: left;">Divided by VWAP x 0.99</td> <td style="text-align: right;">÷ 13.2858</td> </tr> <tr style="border-top: 1px solid black;"> <td style="text-align: left;">Ordinary Shares per Capital Note 3</td> <td style="text-align: right;">7.5268</td> </tr> </tbody> </table> <ul style="list-style-type: none"> – Assuming the price of those Ordinary Shares on the Mandatory Conversion Date is also \$13.42, the aggregate value of those Ordinary Shares (calculated by multiplying 7.5268 by \$13.42) on the Mandatory Conversion Date would be approximately \$101. – Assuming a Holder has 100 Capital Notes 3, the total number of Ordinary Shares to which they would be entitled would be 752 (i.e. 100 x 7.5268, which number is rounded down to disregard the fraction of the Ordinary Share). – The above example is for illustrative purposes only. The actual VWAP and the number of Ordinary Shares that Holders might receive on Conversion on the Mandatory Conversion Date may be higher or lower than in this example. – Where the Ordinary Share Price has fallen such that the VWAP during the VWAP Period described in Section 2.2.4 is less than or equal to 50.5050% of the Issue Date VWAP, the Second Mandatory Conversion Condition will not be met and, therefore, Conversion will not occur on that date. The Mandatory Conversion Date will be the next Distribution Payment Date on which the Mandatory Conversion Conditions are met. 	Issue Price	\$100	Divided by VWAP x 0.99	÷ 13.2858	Ordinary Shares per Capital Note 3	7.5268	Clauses 8 and 22.2 of the Terms
Issue Price	\$100							
Divided by VWAP x 0.99	÷ 13.2858							
Ordinary Shares per Capital Note 3	7.5268							

Topic	Summary	Further information
2.2.8 What adjustments to the Issue Date VWAP are made to account for changes to Suncorp's capital?	<ul style="list-style-type: none"> – The Issue Date VWAP, and consequently the Maximum Conversion Number and the price at which the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition would be met, may be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of Suncorp). – However, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect. 	Clauses 8.2 to 8.8 of the Terms

2.3 Optional Exchange by Suncorp

Suncorp may, with APRA's prior written approval, elect to Exchange Capital Notes 3 on 17 June 2026 or on the occurrence of certain events. Exchange means a Capital Note 3 is Converted into Ordinary Shares worth approximately \$101 or Redeemed or Resold for \$100. Some methods of Exchange are not available for some events and may only be used if certain requirements are met.

As with a Mandatory Conversion, there are conditions to an optional Conversion which are designed to ensure that Holders receive a number of Ordinary Shares worth approximately \$101 for each Capital Note 3 they hold and that those Ordinary Shares are capable of being sold on ASX.

For any such Redemption, Resale or Conversion to occur, certain conditions (summarised below) need to be met and APRA's prior written approval is required.

Holders should not assume that those requirements will be met or that APRA will give its approval to any Exchange. Holders do not have a right to request Exchange.

Topic	Summary	Further information
2.3.1 When may Suncorp choose to Exchange?	<ul style="list-style-type: none"> – Suncorp may choose to Exchange: <ul style="list-style-type: none"> – all or some Capital Notes 3 on the Optional Exchange Date; – all or some Capital Notes 3 after a Tax Event or a Regulatory Event; or – all (but not some only) Capital Notes 3 after a Potential Acquisition Event. – Exchange means: <ul style="list-style-type: none"> – Suncorp Converts Capital Notes 3 into a variable number of Ordinary Shares with a value (based on the VWAP during a period, usually 20 Business Days¹, before the Exchange Date) of approximately \$101 per Capital Note 3; – Suncorp Redeems Capital Notes 3 for \$100 per Capital Note 3; – Suncorp Resells Capital Notes 3 for \$100 per Capital Note 3; or – a combination of Conversion, Redemption and Resale. – Suncorp may not elect to Redeem or Resell Capital Notes 3 in connection with a Potential Acquisition Event. – Suncorp's right to elect to Exchange is subject to APRA's prior written approval and is restricted in circumstances described further in Sections 2.3.4, 2.3.5 and 2.3.6. – Holders should not assume that APRA will give its approval for any Exchange. 	Clauses 6, 8, 9, 10 and 22 of the Terms
2.3.2 When is the Optional Exchange Date?	<ul style="list-style-type: none"> – The Optional Exchange Date is 17 June 2026. 	Clause 22.2 of the Terms

¹ If Conversion occurs as a result of an Acquisition Event or Potential Acquisition Event, the period for calculating the VWAP may be less than 20 Business Days before the Exchange Date.

Topic	Summary	Further information
2.3.3 What is a Tax Event, Regulatory Event or Potential Acquisition Event?	<ul style="list-style-type: none"> – A summary of these events, which give Suncorp the right to Exchange Capital Notes 3 is as follows: <ul style="list-style-type: none"> – Tax Event means, broadly, that the Directors receive advice that, as a result of a change in tax law or regulation in Australia on or after the Issue Date (which Suncorp did not expect on the Issue Date), there is more than an insubstantial risk which the Directors determine to be unacceptable that any Distribution would not be frankable or that Suncorp would be exposed to an increase in its costs (which is not insignificant) in relation to Capital Notes 3. – A Regulatory Event will occur if, broadly: <ul style="list-style-type: none"> – Suncorp receives legal advice that, as a result of a change of law or regulation on or after the Issue Date (not expected by Suncorp on the Issue Date), additional requirements (which are more than trivial) would be imposed on Suncorp in relation to Capital Notes 3 which the Directors determine to be unacceptable; or – the Directors determine that, as a result of such change, Suncorp is not or will not be entitled to treat some or all Capital Notes 3 as Eligible Additional Tier 1 Capital, except where this is because of a limit or other restriction on that treatment which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect. For example, a Regulatory Event could include Capital Notes 3 ceasing to be Eligible Additional Tier 1 Capital due to the implementation by APRA of capital-related prudential standards applicable to conglomerate groups. – A Potential Acquisition Event will occur if, broadly: <ul style="list-style-type: none"> – a takeover bid is made to acquire Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue or a majority of Directors recommend acceptance of the offer (without the need that all regulatory approvals necessary for the acquisition have been obtained); or – a court orders the holding of meetings to approve a scheme of arrangement with respect to Suncorp which would result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue after the scheme is implemented. 	Clause 22.2 of the Terms
2.3.4 What are the requirements for Conversion to be elected as the Exchange Method?	<ul style="list-style-type: none"> – If Suncorp wishes to Convert Capital Notes 3, there are two types of restrictions that apply: <ul style="list-style-type: none"> – Restrictions on choosing to Convert—Suncorp may not elect to Convert Capital Notes 3 as the Exchange Method, on the second Business Day before the date on which an Exchange Notice is to be sent if: <ul style="list-style-type: none"> – the VWAP is less than or equal to 22.0000% of the Issue Date VWAP; or – a Delisting Event applies. – Restrictions on completing the Conversion—further, if Suncorp has given notice that it has elected to Convert Capital Notes 3, Suncorp may not proceed to Convert Capital Notes 3 if, on the Exchange Date specified in the notice: <ul style="list-style-type: none"> – the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) that date is less than or equal to 20.2020% of the Issue Date VWAP; or – a Delisting Event applies. 	Clauses 4.3, 6.5, 6.6 and 8.1 of the Terms

Topic	Summary	Further information
	<ul style="list-style-type: none"> – The percentages used in the above conditions (referred to in the Terms as the First Test Date Percentage and the Conversion Test Date Percentage) are derived from market precedents and the cap on the number of Ordinary Shares that are permitted to be issued in these circumstances under the prudential standards issued by APRA and rating agency requirements. – Without these conditions, Conversion could occur in situations where Holders would receive a number of Ordinary Shares limited to the Maximum Conversion Number (which in these circumstances is set by dividing the Issue Price by 20% of the Issue Date VWAP¹) and, accordingly those Ordinary Shares could be worth less than \$101 per Capital Note 3 (see further detail in Section 2.2.5). 	
2.3.5 What happens if the Conversion restrictions apply on the Exchange Date?	<ul style="list-style-type: none"> – If the Conversion restrictions described above apply on the Exchange Date, Suncorp will notify the Trustee and Holders and the Conversion will be deferred until the next Distribution Payment Date on which the restrictions on electing to Convert and on completing the Conversion described above do not apply (unless Capital Notes 3 are otherwise Exchanged or Written-Off before that date in accordance with the Terms). 	Clause 6.6 of the Terms
2.3.6 What are the requirements for Redemption to be elected as the Exchange Method?	<ul style="list-style-type: none"> – Suncorp may not specify Redemption as the Exchange Method unless: <ul style="list-style-type: none"> – the Capital Notes 3 which are the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the Capital Notes 3 is done under conditions that are sustainable for Suncorp's income capacity; or – APRA is satisfied that Suncorp does not have to replace the Capital Notes 3 the subject of the Redemption. Holders should not assume that APRA will be satisfied that this is the case. – Suncorp may not specify Redemption as the Exchange Method in connection with a Potential Acquisition Event. 	Clause 6.4 of the Terms
2.3.7 What happens on Resale?	<ul style="list-style-type: none"> – If Suncorp elects for Capital Notes 3 to be Resold, subject to payment by the Nominated Purchaser(s) of \$100 per Capital Note 3 (Resale Price), the Holder's Capital Notes 3 will be transferred to the Nominated Purchaser on the Exchange Date. 	Clause 10 of the Terms
2.3.8 Are there any restrictions on the identity of Nominated Purchaser(s) that Suncorp can appoint?	<ul style="list-style-type: none"> – Suncorp may not appoint a person as a Nominated Purchaser unless that person: <ul style="list-style-type: none"> – has undertaken to acquire Capital Notes 3 from each Holder on the terms and conditions that Suncorp reasonably determines for the benefit of each Holder; – has a long-term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and – is not a Related Entity of Suncorp. 	Clause 10.3 of the Terms
2.3.9 When can a Resale occur?	<ul style="list-style-type: none"> – A Resale can occur on the Optional Exchange Date or following a Tax Event or a Regulatory Event. – Suncorp may only elect to Resell Capital Notes 3 with APRA's prior written approval. Holders should not assume that APRA's approval will be given, if requested. 	Clauses 6.4 and 10.1 of the Terms

¹ The Issue Date VWAP may be adjusted as described in Section 2.2.8.

Topic	Summary	Further information
2.3.10 What if a Nominated Purchaser does not pay the Resale Price?	– If the Nominated Purchaser does not pay the Resale Price of any Capital Notes 3 when due, those Capital Notes 3 will not be transferred and the Holder will continue to hold Capital Notes 3 in accordance with the Terms until Capital Notes 3 are otherwise Converted, Redeemed or Resold.	Clause 10.6 of the Terms
2.3.11 Can Holders request Exchange?	– Holders do not have a right to request Exchange.	Clause 11.4(f)(i) of the Terms

2.4 Non-Viability Conversion

Capital Notes 3 have certain loss absorption features, which may be triggered if Suncorp encounters severe financial difficulty. These features are required to be included in the Terms for regulatory purposes.

If a Non-Viability Trigger Event occurs, all or some Capital Notes 3 and other Relevant Securities will need to be immediately Converted into Ordinary Shares but if such Conversion does not occur for any reason within five Business Days of APRA's Non-Viability Determination those Capital Notes 3 which should have been Converted will be Written-Off. If this occurs, all rights in relation to those Capital Notes 3 (including in respect of Distributions and return of capital) will be immediately and irrevocably terminated and Holders will lose all of the value of those Capital Notes 3, without compensation.

As a Non-Viability Conversion is likely to occur during a time of severe financial difficulty for Suncorp, depending on the market price of Ordinary Shares at the relevant time, Holders are likely to receive a number of Ordinary Shares worth less, or significantly less, than approximately \$101 per Capital Note 3 and a Holder would suffer a loss as a consequence. The calculations set out below are illustrative only and designed to demonstrate the potential number and value of Ordinary Shares that a Holder would receive on Conversion following a Non-Viability Trigger Event.

Topic	Summary	Further information
2.4.1 What is a Non-Viability Trigger Event?	<ul style="list-style-type: none"> – A Non-Viability Trigger Event means APRA has provided a written determination to Suncorp that: <ul style="list-style-type: none"> – the conversion to Ordinary Shares or write-off of Relevant Securities (including Capital Notes 3) in accordance with their terms or by operation of law is necessary because without the conversion to Ordinary Shares or write-off, APRA considers that Suncorp would become non-viable; or – without a public sector injection of capital into, or equivalent support with respect to, Suncorp, APRA considers that Suncorp would become non-viable. – The date on which a Non-Viability Trigger Event occurs is referred to as the Trigger Event Date. – On the Trigger Event Date, Suncorp must immediately Convert Capital Notes 3, as required by the determination, into the Conversion Number of Ordinary Shares (subject to the Maximum Conversion Number). 	Clauses 5.1 and 22.2 of the Terms
2.4.2 Why do Capital Notes 3 include a Non-Viability Trigger Event?	– A Non-Viability Trigger Event is an APRA regulatory requirement for Capital Notes 3 to be characterised as Eligible Additional Tier 1 Capital.	

Topic	Summary	Further information
2.4.3 What does non-viable mean?	<ul style="list-style-type: none"> – APRA has not provided guidance as to how it would determine non-viability. – Non-viability would be expected to include serious impairment of Suncorp’s financial position and insolvency. However, it is possible that APRA’s definition of non-viability may not necessarily be constrained to solvency measures or capital ratios. – In the context of authorised deposit-taking institutions (ADIs), APRA has recently indicated that it may regard non-viability as occurring well before an ADI is at risk of becoming insolvent. – APRA may publish further guidance on the parameters used to determine non-viability, however, it is possible that it will not provide any further guidance and Suncorp has no control over whether it will do so (see further detail in Section 5.1.9). 	
2.4.4 When does Conversion on account of a Non-Viability Trigger Event occur?	<ul style="list-style-type: none"> – If a Non-Viability Trigger Event occurs, Suncorp must, on that date (whether or not that day is a Business Day), immediately and irrevocably Convert some or all Capital Notes 3 into Ordinary Shares: <ul style="list-style-type: none"> – where APRA’s determination is made on the grounds that, without a public sector injection of capital or equivalent support, Suncorp will become non-viable, Suncorp must convert all Relevant Securities; and – where APRA’s determination is not made on those grounds and does not require all Relevant Securities to be converted or written-off, Suncorp must Convert such number of Capital Notes 3 as is sufficient to satisfy APRA that Suncorp will be viable without further conversion or write-off. – Conversion is immediate and, from the Trigger Event Date, Suncorp will treat Holders as having been issued the Conversion Number of Ordinary Shares. Suncorp expects any ASX trades in Capital Notes 3 that have not settled on the Trigger Event Date will continue to settle in accordance with the normal ASX T+2 settlement, although Suncorp expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of Ordinary Shares into which Capital Notes 3 have been Converted as a result of the occurrence of the Non-Viability Trigger Event. – In determining the number of Capital Notes 3 to be Converted, Suncorp will Convert Capital Notes 3 and convert into Ordinary Shares or write-off other Relevant Securities on an approximately pro rata basis or in a manner that is otherwise, in the opinion of Suncorp, fair and reasonable (subject to such adjustment as Suncorp may determine to take into account the effect on marketable parcels and the need to round to whole numbers the number of Ordinary Shares and any Capital Notes 3 or Relevant Securities). In addition, where the specified currency of the outstanding principal amount of any Relevant Securities is not Australian dollars¹, Suncorp may, for the purposes of determining the outstanding principal amount that is to be converted or written-off, convert the outstanding principal amount into Australian dollars at such rate of exchange determined in accordance with the terms of such Relevant Securities or, if those terms do not specify a basis for determining such rate of exchange, at such rate of exchange as Suncorp in good faith considers reasonable. However, this determination must not impede the immediate Conversion of the relevant number of Capital Notes 3. 	Clauses 5.2 and 5.3 of the Terms

¹ As of the date of this Prospectus, Suncorp does not have any non-Australian dollar-denominated Relevant Securities outstanding.

Topic	Summary	Further information
	<ul style="list-style-type: none"> – Suncorp may make any decisions with respect to the identity of the Holders where Capital Notes 3 are to be Converted as may be necessary or desirable to ensure Conversion occurs immediately in an orderly manner, including disregarding any transfers of Capital Notes 3 that have not been settled or registered at that time. – Holders should be aware that: <ul style="list-style-type: none"> – if APRA does not require all Relevant Securities to be converted or written-off, Relevant Securities such as Capital Notes 3 will be converted or written-off before any Tier 2 Capital instruments are converted or written-off; – Suncorp has no Relevant Securities on issue other than CPS3, Capital Notes 1 and Capital Notes 2. Suncorp has no obligation to keep CPS3, Capital Notes 1 or Capital Notes 2 on issue or to issue or keep on issue any Relevant Securities; and – Suncorp has on issue Relevant Securities (being CPS3) that take the form of convertible preference shares. Due to the requirements of the Corporations Act, if CPS3 are written-off, the rights of holders of these securities are not terminated but are instead varied so as to give a holder rights equivalent to the rights in respect of Ordinary Shares it would have received if conversion had occurred. By contrast, if Capital Notes 3 are Written-Off, as is the case for Capital Notes 1 and Capital Notes 2, all rights in relation to those Capital Notes 3 will be terminated and the Holders will lose the entire amount of their investment, without compensation. Accordingly, if Capital Notes 3 are Written-Off, Holders will have lesser rights and will likely be worse off than holders of CPS3, even though CPS3 rank equally with Capital Notes 3. – Suncorp must notify the Trustee and Holders of the Non-Viability Trigger Event as soon as practicable (which may be after Conversion has occurred) but failure to give such notice will not prevent, impede or delay the Conversion. 	
2.4.5 Are there any conditions which apply to Conversion if a Non-Viability Trigger Event occurs?	<ul style="list-style-type: none"> – Conversion on account of a Non-Viability Trigger Event is not subject to the Mandatory Conversion Conditions or any other conditions being satisfied. 	Clause 11.4(c)(i) of the Terms
2.4.6 How many Ordinary Shares will Holders receive on the Trigger Event Date?	<ul style="list-style-type: none"> – If Conversion occurs, the number of Ordinary Shares a Holder will receive per Capital Note 3 on account of a Non-Viability Trigger Event is the Conversion Number (calculated as described below), unless that number is greater than the Maximum Conversion Number (in which case a Holder will receive the Maximum Conversion Number of Ordinary Shares per Capital Note 3). Since there are no conditions to a Non-Viability Conversion, the number of Ordinary Shares a Holder may receive on account of a Non-Viability Conversion may be worth significantly less than \$101 per Capital Note 3 and a Holder may suffer a significant loss as a consequence. – The Conversion Number in the event of a Non-Viability Conversion is calculated in accordance with the following formula, subject to the Conversion Number being no greater than the Maximum Conversion Number: $\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$ 	Clauses 5.2, 5.5 and 8 of the Terms

Topic	Summary	Further information																
	<p>where:</p> <ul style="list-style-type: none"> – VWAP is the volume weighted average price of Ordinary Shares during the period of five Business Days on which trading in Ordinary Shares occurred immediately preceding the Trigger Event Date. See also Section 5.1.9.¹ – The Maximum Conversion Number is described in Section 2.4.7 (this number may be adjusted as described in Section 2.4.8). – Following a Non-Viability Trigger Event, if Conversion does not occur within five Business Days for any reason, those Capital Notes 3 that are required to be Converted will be Written-Off and Holders will not receive any Ordinary Shares with respect to those Capital Notes 3—see Section 2.4.9. 																	
2.4.7 What is the Maximum Conversion Number?	<p>– The Maximum Conversion Number is calculated in accordance with the following formula:</p> $\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$ <p>where:</p> <ul style="list-style-type: none"> – Relevant Fraction is 0.2 in the case of Conversion following a Non-Viability Trigger Event. – This means that, depending on the market price of Ordinary Shares at the relevant time, a Holder is likely to receive Ordinary Shares worth significantly less than \$101 per Capital Note 3 and is likely to suffer a significant loss as a consequence. <p><i>Illustrative example of Conversion</i></p> <ul style="list-style-type: none"> – This example illustrates how many Ordinary Shares a Holder will receive per Capital Note 3 following Conversion on account of a Non-Viability Trigger Event. – Assumptions used in this example: <table border="1" data-bbox="488 1205 1158 1317"> <tr> <td>Issue Date VWAP</td> <td>\$13.42</td> </tr> <tr> <td>VWAP</td> <td>\$1.50</td> </tr> </table> <ul style="list-style-type: none"> – This example is for illustrative purposes only. The actual VWAP, Issue Date VWAP and Maximum Conversion Number may be higher or lower than in this example and the Issue Date VWAP may be adjusted after the Issue Date in limited circumstances (see Section 2.4.8). <p>Step 1 - Calculate the number of Ordinary Shares using the Conversion mechanics</p> <table border="1" data-bbox="488 1563 1158 1727"> <tr> <td>Issue Price</td> <td>\$100</td> </tr> <tr> <td>Divided by VWAP x 0.99</td> <td>÷ \$1.4850</td> </tr> <tr> <td>Ordinary Shares per Capital Note 3</td> <td>67.3401</td> </tr> </table> <p>Step 2 - Calculate the Maximum Conversion Number</p> <table border="1" data-bbox="488 1794 1158 1973"> <tr> <td>Issue Price</td> <td>\$100</td> </tr> <tr> <td>Divided by Issue Date VWAP x 0.20</td> <td>÷ \$2.6840</td> </tr> <tr> <td>Maximum Conversion Number of Ordinary Shares per Capital Note 3</td> <td>37.2578</td> </tr> </table>	Issue Date VWAP	\$13.42	VWAP	\$1.50	Issue Price	\$100	Divided by VWAP x 0.99	÷ \$1.4850	Ordinary Shares per Capital Note 3	67.3401	Issue Price	\$100	Divided by Issue Date VWAP x 0.20	÷ \$2.6840	Maximum Conversion Number of Ordinary Shares per Capital Note 3	37.2578	Clauses 8.1 and 22.2 of the Terms
Issue Date VWAP	\$13.42																	
VWAP	\$1.50																	
Issue Price	\$100																	
Divided by VWAP x 0.99	÷ \$1.4850																	
Ordinary Shares per Capital Note 3	67.3401																	
Issue Price	\$100																	
Divided by Issue Date VWAP x 0.20	÷ \$2.6840																	
Maximum Conversion Number of Ordinary Shares per Capital Note 3	37.2578																	

¹ The VWAP during the five Business Days before the Trigger Event Date may differ from the Ordinary Share price on or after that date. The Ordinary Shares may not be listed or may not be able to be sold at prices representing their value based on the VWAP calculation or at all.

Topic	Summary	Further information
	<p>Step 3 - Assess the effect of the Maximum Conversion Number</p> <ul style="list-style-type: none"> – In this example, the Maximum Conversion Number is lower than the number of Ordinary Shares a Holder would receive per Capital Note 3 calculated using the Conversion formula. As a result, the Maximum Conversion Number would cap the number of Ordinary Shares a Holder would receive per Capital Note 3 at 37.2578 Ordinary Shares. If the Holder holds 100 Capital Notes 3 (having an aggregate Issue Price of \$10,000) they would receive (after disregarding any fraction of an Ordinary Share) 3725 Ordinary Shares. If those Ordinary Shares were sold on ASX at the same price as the VWAP (being \$1.50), the Holder in this example would receive approximately \$5,588, which is significantly less than \$10,000. 	
2.4.8 What adjustments to the Issue Date VWAP are made to account for changes to Suncorp's capital?	<ul style="list-style-type: none"> – The Issue Date VWAP, and consequently the Maximum Conversion Number, will be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of Suncorp). – However, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP in effect. 	Clauses 8.2 to 8.7 of the Terms
2.4.9 What happens if Capital Notes 3 are not Converted on the Trigger Event Date?	<ul style="list-style-type: none"> – If Capital Notes 3 are required to be Converted on a Trigger Event Date and Conversion has not been effected within five Business Days after the relevant Trigger Event Date for any reason (including because Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, Winding-up or other external administration of Suncorp) (Inability Event)), Capital Notes 3 which would otherwise be Converted will not be Converted on that date and will not be Converted, Redeemed or Resold on any subsequent date and will be Written-Off. If this occurs, all rights in relation to those Capital Notes 3 (including in respect of Distributions and return of capital) will be immediately and irrevocably terminated and Holders will lose all of the value of their investment in those Capital Notes 3 without compensation. – The laws under which an Inability Event may arise, and the grounds on which a court or government authority may make orders preventing the Conversion of Capital Notes 3 (or other reasons which prevent Conversion), may change. 	Clause 5.5 of the Terms

2.5 Conversion on an Acquisition Event

Suncorp is also required to Convert Capital Notes 3 into Ordinary Shares where Suncorp is taken over by way of takeover bid or scheme of arrangement which meets certain requirements described below.

As with Mandatory Conversion and Optional Conversion, there are conditions to Conversion in these circumstances which are designed to ensure that Holders receive a number of Ordinary Shares worth approximately \$101 for each Capital Note 3 they hold and that those Ordinary Shares are capable of being sold on ASX.

These conditions may never be met; accordingly, Capital Notes 3 may never Convert into Ordinary Shares.

Topic	Summary	Further information
2.5.1 What is an Acquisition Event?	<ul style="list-style-type: none"> – An Acquisition Event means: <ul style="list-style-type: none"> – a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and: <ul style="list-style-type: none"> – the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or – the Directors issue a statement that at least a majority of those Directors who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or – a court approves a scheme of arrangement which when implemented will result in a person other than Suncorp having a relevant interest in more than 50% of the Ordinary Shares on issue; and – all regulatory approvals necessary for the acquisition to occur have been obtained. – There may be ways in which control of Suncorp or its business operations change, including as a result of regulatory intervention, which do not amount to an Acquisition Event. See Sections 5.1.10 and 5.2.15 for further information. 	Clause 22.2 of the Terms
2.5.2 What must Suncorp do on the occurrence of an Acquisition Event?	<ul style="list-style-type: none"> – If an Acquisition Event occurs, Suncorp must (by giving an Acquisition Conversion Notice) Convert all Capital Notes 3 on issue into a number of Ordinary Shares with a value of approximately \$101 per Capital Note 3 (based on the VWAP during a period before the Acquisition Conversion Date, being usually 20 Business Days but a lesser period if trading in Ordinary Shares in the period after the Acquisition Event and before the Acquisition Conversion Date is less than 20 Business Days). The number of Ordinary Shares received will not be greater than the Maximum Conversion Number. – If certain requirements for Conversion to occur (described in Section 2.5.3 below) have not been met, Suncorp will not be required to give an Acquisition Conversion Notice to the Trustee and Holders, and will not be required to Convert Capital Notes 3 at that time. However, Suncorp must Convert Capital Notes 3 on the next Distribution Payment Date in respect of which the conditions to Conversion are met. 	Clauses 7 and 8 of the Terms
2.5.3 What are the restrictions on Conversion occurring following an Acquisition Event?	<ul style="list-style-type: none"> – There are two types of restrictions that apply in relation to Conversion in connection with an Acquisition Event: <ol style="list-style-type: none"> 1. Suncorp is not required to give an Acquisition Conversion Notice if, on the second Business Day before the date on which an Acquisition Conversion Notice is to be sent: <ul style="list-style-type: none"> – the VWAP is less than or equal to 22.0000% of the Issue Date VWAP; or – a Delisting Event applies; and 2. if Suncorp has given an Acquisition Conversion Notice, Suncorp may not proceed to Convert Capital Notes 3 if, on the Acquisition Conversion Date specified in the notice: <ul style="list-style-type: none"> – the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) that date is less than or equal to 20.2020% of the Issue Date VWAP; or – a Delisting Event applies. – Without these conditions, Conversion could occur in situations where Holders would receive a number of Ordinary Shares limited to the Maximum Conversion Number and, accordingly, those Ordinary Shares could be worth less than \$101 per Capital Note 3. – The Maximum Conversion Number in the case of Conversion in these circumstances is set by dividing the Issue Price of the Capital Notes 3 by 20% of the Issue Date VWAP (as such number may be adjusted as described in Section 2.2.8). 	Clauses 7.4 and 7.5 of the Terms

Topic	Summary	Further information
2.5.4 What happens if Conversion does not occur?	<ul style="list-style-type: none"> – If Suncorp is not required to give an Acquisition Event Notice or the further Conversion restrictions prevent Conversion, Suncorp must: <ul style="list-style-type: none"> – notify the Trustee and Holders as soon as practicable that Conversion will not occur; and – give, unless the restrictions on Conversion apply, an Acquisition Conversion Notice on or before the 25th Business Day prior to the following Distribution Payment Date and the conditions described above will be tested again in respect of that date. This process will be repeated until a Conversion occurs as long as Capital Notes 3 remain on issue. 	Clause 7.5 of the Terms
2.5.5 What other obligations does Suncorp have in connection with a takeover or scheme of arrangement?	<ul style="list-style-type: none"> – On the occurrence of a recommended takeover or scheme of arrangement which would result in an Acquisition Event or Potential Acquisition Event, if the Directors consider that Suncorp will not be permitted to Convert Capital Notes 3 or the Second Mandatory Conversion Condition or Third Mandatory Conversion Condition will not be satisfied in respect of the relevant Acquisition Conversion Date, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that Holders are entitled to participate in the scheme of arrangement or a similar transaction. 	Clause 13 of the Terms

2.6 Regulatory treatment

APRA has advised that Capital Notes 3 are eligible for inclusion as Eligible Additional Tier 1 Capital.

Topic	Summary	Further information
2.6.1 Who is APRA?	<ul style="list-style-type: none"> – APRA is the prudential regulator of the Australian financial services industry. It oversees life insurance companies, banks, credit unions, building societies, general insurance and reinsurance companies, friendly societies, private health insurance companies and most members of the superannuation industry. – APRA's website at www.apra.gov.au includes further details of its functions and prudential standards. 	
2.6.2 What is regulatory capital?	<ul style="list-style-type: none"> – Any business requires capital to support its income-generating activities in its chosen industry. – APRA's regulatory capital prudential standards aim to ensure that regulated groups, including life insurers, banks, general insurers and regulated registrable superannuation entities, maintain adequate capital to support the risks associated with their activities and can withstand unexpected losses. APRA has detailed guidelines and restrictions on the types of capital instruments that are permitted to form the capital base. The types of capital deemed eligible for inclusion in the capital base are referred to as regulatory capital. – APRA currently classifies regulatory capital of APRA-Regulated Entities into two tiers for its supervisory purposes, being Tier 1 Capital and Tier 2 Capital. – Tier 1 Capital is generally considered from the perspective of a financial institution to be higher quality capital and comprises: <ul style="list-style-type: none"> – CET1 Capital (including ordinary shares and retained earnings); and – Additional Tier 1 Capital (such as perpetual subordinated instruments issued by APRA-Regulated Entities). – Tier 2 Capital includes other components which fall short of some of the qualities of Tier 1 Capital but nonetheless contribute to the overall strength of the entity. 	

Topic	Summary	Further information
	<ul style="list-style-type: none"> – The Suncorp Group is regulated by APRA as a conglomerate group (a Level 3 group) and Suncorp is the authorised NOHC of that group. Suncorp's NOHC authority contains conditions requiring the group to hold eligible capital in excess of a specified prudential capital requirement. Under the authority, Eligible Additional Tier 1 Capital includes capital issued by Suncorp that meets the definition of Additional Tier 1 Capital as applied by APRA to a general insurance company. Eligible Additional Tier 1 Capital contributes to meeting the prudential capital requirement specified in the authority. – APRA has released the final non-capital related prudential standards for the supervision of conglomerate groups. These prudential standards apply to the Suncorp Group as a conglomerate group. APRA has deferred implementation of the capital-related prudential standards applicable to conglomerate groups until a number of other domestic and international policy initiatives are further progressed. The non-capital related standards took effect on 1 July 2017. The prudential standards cover requirements for governance, risk management and risk exposure for conglomerate groups. – The Terms include terms necessary to meet APRA's requirements for Eligible Additional Tier 1 Capital (including Conversion (or Write-Off) following a Non-Viability Trigger Event, subordination provisions and certain limitations on the rights of Holders). 	
2.6.3 What is the regulatory treatment of Capital Notes 3?	<ul style="list-style-type: none"> – APRA has advised that Capital Notes 3 are eligible for inclusion as Eligible Additional Tier 1 Capital. – If APRA's treatment of Capital Notes 3 changes, a Regulatory Event may occur in which case Suncorp would have an option to Exchange Capital Notes 3 as described in Section 2.3. 	Clause 6.1(a) of the Terms
2.6.4 Are Capital Notes 3 guaranteed by any government?	<ul style="list-style-type: none"> – No. Capital Notes 3 are not: <ul style="list-style-type: none"> – deposits or policy liabilities of any member of the Suncorp Group; – protected accounts under the Banking Act or protected policies under the Insurance Act; or – guaranteed or insured by any government, government agency or compensation scheme. 	Clause 2.2 of the Terms

2.7 Other

Topic	Summary	Further information
2.7.1 Can Suncorp issue further Capital Notes 3 or other instruments?	<ul style="list-style-type: none"> – Suncorp reserves the right to: <ul style="list-style-type: none"> – issue any securities which rank equally with Capital Notes 3 (on the same terms or otherwise) or rank in priority or junior to Capital Notes 3; – redeem, buy back, return capital on or convert any securities other than Capital Notes 3 at any time, except where expressly prevented from doing so as described in Section 2.1.8; – subject to APRA's prior written consent, purchase or procure the purchase of Capital Notes 3 from Holders at any time and at any price; or – incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion. – Capital Notes 3 do not confer on Holders any right to subscribe for new securities in Suncorp or to participate in any bonus issues of shares in Suncorp's capital. 	Clauses 11.4(e) and 11.5 of the Terms

Topic	Summary	Further information
2.7.2 What voting rights do Capital Notes 3 carry?	<ul style="list-style-type: none"> – Holders have no voting rights at meetings of holders of shares in Suncorp. – Holders may vote at meetings for Holders in accordance with the Trust Deed. 	Clause 12 of the Terms
2.7.3 Can Suncorp amend the Terms and the Trust Deed?	<ul style="list-style-type: none"> – As described in Section 5.1.24, subject to complying with all applicable laws and to receiving the approval of the Trustee and, where required, APRA, Suncorp may amend the Terms and Trust Deed without the approval of Holders, in certain circumstances. – These may include amendments which may affect the rights of Holders, including: <ul style="list-style-type: none"> – amendments of a formal, technical or minor nature, made to cure any ambiguity or correct any manifest error; – changes to dates or time periods necessary or desirable to facilitate a Mandatory Conversion, Non-Viability Conversion or Exchange; – changes that enable Capital Notes 3 to be quoted on ASX or sold or to comply with applicable laws or the ASX Listing Rules; – amendments made to align Terms with any subsequently issued Eligible Additional Tier 1 Capital instrument; – amendments made in accordance with Suncorp's adjustment rights in relation to VWAP and Issue Date VWAP in Clause 8 of the Terms; and – any other change that, in Suncorp's opinion, will not be materially prejudicial to the interests of Holders as a whole. – Suncorp may also, with the Trustee's approval (and APRA's prior written approval where required), amend the Terms and Trust Deed if the amendment has been approved by a Special Resolution. – APRA's prior written approval to amend the Terms and Trust Deed is required only where the amendment may affect the eligibility of Capital Notes 3 as Eligible Additional Tier 1 Capital. Holders should not assume that APRA's approval will be given, if requested. 	Clause 18 of the Terms
2.7.4 What is the time limit for a Holder to make a claim against Suncorp?	<ul style="list-style-type: none"> – Holders should be aware that a claim against Suncorp for payment in respect of a Capital Note 3 is void, to the fullest extent permitted by applicable law, unless made within five years of the date for payment. 	Clause 15.5 of the Terms
2.7.5 Are Suncorp determinations binding?	<ul style="list-style-type: none"> – Except where there is a manifest error, calculations, elections and determinations made by Suncorp under the Terms are binding on Holders. 	Clause 22.1(o) of the Terms
2.7.6 Is set-off applicable?	<ul style="list-style-type: none"> – A Holder may not exercise any right of set-off against Suncorp in respect of any claim by Suncorp against that Holder and will have no offsetting rights or claims on Suncorp if Suncorp does not pay a Distribution when scheduled under the Terms. – Suncorp may not exercise any right of set-off against a Holder in respect of any claim by that Holder against Suncorp. 	Clause 11.1 of the Terms
2.7.7 What is the power of attorney?	<ul style="list-style-type: none"> – Each Holder appoints each of Suncorp, its officers and any External Administrator of Suncorp (each an Attorney) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under the Terms including, but not limited to, effecting any Conversion, Redemption or Resale, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale. 	Clause 11.3 of the Terms

Topic	Summary	Further information
2.7.8 Trustee and Trust Deed	<ul style="list-style-type: none"> – Suncorp has appointed Sargon CT Pty Ltd as Trustee for Holders, as required by Chapter 2L of the Corporations Act. The Trustee holds certain rights in relation to Capital Notes 3 on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders. – The Trustee holds on trust for Holders the right to enforce any obligations of Suncorp under the Terms and the Trust Deed. The Trustee will be entitled to take any action against Suncorp to enforce any obligations of Suncorp, subject to the Terms and the Trust Deed. – The Trustee must take action to enforce the Terms and the Trust Deed if it has been directed to do so by a Special Resolution of Holders or so requested in writing by the Holders holding Capital Notes 3 representing at least 15% of the aggregate Issue Price of all Capital Notes 3 then outstanding, its liability has been limited consistent with the Trust Deed, it is indemnified to its reasonable satisfaction and the action is permitted by the Trust Deed or the Terms and by law. – Holders will not be entitled to proceed directly against Suncorp to enforce any right or remedy under or in respect of any Capital Note 3 unless the Trustee is bound to proceed with that action and has not taken that action within 14 days. In this case, any Holder may itself institute proceedings against Suncorp for the relevant remedy to the same extent that the Trustee would have been entitled to do so. – Under the Trust Deed, Suncorp must establish and maintain, or procure the establishment and maintenance, of the Register. The Trust Deed also includes provisions for meetings of Holders. Holders will be bound by the terms of the Trust Deed and the Terms when Capital Notes 3 are issued or transferred to them or they purchase Capital Notes 3. – Section 9.7 contains a summary of the principal provisions of the Trust Deed. – A copy of the Trust Deed can be obtained from www.suncorpgroup.com.au/sunph. 	Section 9.7 and Clause 17 of the Terms
2.7.9 What if a Holder is not resident in Australia or does not wish to receive Ordinary Shares on Conversion?	<ul style="list-style-type: none"> – If the Register indicates that a Holder's address is outside Australia (or Suncorp believes that a Holder may not be a resident of Australia) (such a Holder being a Foreign Holder) and that Foreign Holder's Capital Notes 3 are to be Converted, Suncorp is entitled, in certain circumstances, to issue the relevant Ordinary Shares to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp). – A Holder may also elect not to receive Ordinary Shares on Conversion, in which case those shares will be issued to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp). – The Trustee, or other nominee (as the case may be), will sell those Ordinary Shares and pay a cash amount equal to the net proceeds to the relevant Holder. – The issue of Ordinary Shares to the Trustee, or other nominee (as the case may be), satisfies Suncorp's obligations in connection with the Conversion and Suncorp and the Trustee, or other nominee (as the case may be), do not owe any duty in relation to the price or terms on which the Ordinary Shares are sold and have no liability for any loss suffered as a result of such sale. 	Clauses 8.10, 8.11 and 8.13 of the Terms

Topic	Summary	Further information
2.7.10 What are the consequences of a FATCA Withholding in respect of Ordinary Shares issued on Conversion?	<ul style="list-style-type: none"> – Where a FATCA Withholding is required to be made in respect of Ordinary Shares issued on Conversion of Capital Notes 3, or where Suncorp has reasonable grounds to suspect such a FATCA Withholding would be required to be made, the Ordinary Shares, which the relevant Holder is obliged to accept, will be issued to the Holder only to the extent (if at all) that the issue is net of FATCA Withholding. Suncorp will issue the balance of the Ordinary Shares, if any, to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp), who will sell those Ordinary Shares and pay a cash amount equal to the proceeds net of any FATCA Withholding to the relevant Holder. 	Clause 8.12 of the Terms
2.7.11 What are the taxation implications of investing in Capital Notes 3?	<ul style="list-style-type: none"> – The taxation implications of investing in Capital Notes 3 will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice. – A general outline of the Australian taxation implications is included in the Australian taxation summary in Section 8. 	Section 8
2.7.12 Will Capital Notes 3 be rated?	<ul style="list-style-type: none"> – Suncorp has not sought a credit rating for Capital Notes 3. 	

3. About Suncorp

This Section sets out information about Suncorp and the Suncorp Group.



3.1 Introduction

Suncorp is a top 20 ASX-listed company and financial services provider in Australia and New Zealand, and the ultimate parent company of the Suncorp Group, which delivers insurance and banking and wealth products and services to more than nine million customers in Australia and New Zealand.

This Prospectus describes the activities and the financial performance and position of the Suncorp Group.

More information about Suncorp and its businesses can be found at www.suncorpgroup.com.au.

3.2 Overview of the Suncorp Group

The Suncorp Group employs approximately 13,000 people, has \$96 billion in assets (as at 30 June 2019) and a heritage dating back to 1902.

The Suncorp Group offers banking, wealth management and insurance products and services through the Suncorp Group's many brands including Suncorp, AAMI, GIO, Apia, Shannons and Vero, as well as those from its partners.

Through these products and services the Suncorp Group aims to:

- protect what matters to customers;
- help customers recover from injury;
- support customers' everyday financial needs; and
- enable customers and businesses to reach their financial goals.

3.2.1 Strategy

The Suncorp Group's purpose is to *create a better today for its customers*.

The Suncorp Group's vision is to be the destination for the moments that matter to its customers. The Suncorp Group seeks to demonstrate its unique culture by doing the right thing and being there for customers and communities when they need it most.

To achieve this vision, the Suncorp Group is focused on strengthening its core businesses, products and brands while leveraging its digital foundations and driving operational excellence.

The Suncorp Group's strategy is underpinned by four key priorities:

- **Improving the performance of the core business** – ensuring all of the Suncorp Group's people and programs of work are aligned to improve the performance of the core businesses. In Insurance this means reinvigorating the multi-brand strategy; maintaining a disciplined approach to underwriting; developing new and innovative products; maintaining the Suncorp Group's claims capabilities; and using reinsurance to reduce earnings volatility. For banking, the focus is on building digital products and functionality; preparing for open banking; improving broker service levels; and maintaining high credit standards.
- **Embracing regulatory change** – strengthening trust and improving customer outcomes. Following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the Suncorp Group is investing in a range of regulatory change projects and sees the new standards as an opportunity to deliver better customer outcomes. Improving shareholder returns is predicated on the Suncorp Group's ability to deliver customer outcomes in a fair, honest and efficient way.
- **Leveraging digital investments and data capability** – having invested significantly in building digital capability and the ability to utilise and analyse data over the last couple of years, the Suncorp Group has an opportunity to further scale its digital capability to better meet customer needs and reduce the cost to serve.
- **Further improve operational efficiency** – simplifying the business and embedding process improvement, operational excellence, digital and artificial intelligence into business as usual activities across the Suncorp Group.

3.2.2 The Suncorp Group's network of brands

The Suncorp Group has a range of brands to meet the needs of customers across Australia and New Zealand. The Suncorp Group's main brands include:



3.2.3 The Suncorp Group's core businesses

The Suncorp Group has three core businesses— Insurance (Australia), Banking & Wealth and New Zealand. The operating functions are responsible for product design, manufacturing, claims management, distribution and have end-to-end responsibility for the statutory entities within the Suncorp Group.

Insurance (Australia)

The Suncorp Group's Insurance (Australia) business provides consumer, commercial and personal injury products to the Australian market. The Suncorp Group is one of Australia's largest general insurers by Gross Written Premium (**GWP**) and the largest compulsory third party (**CTP**) insurer.

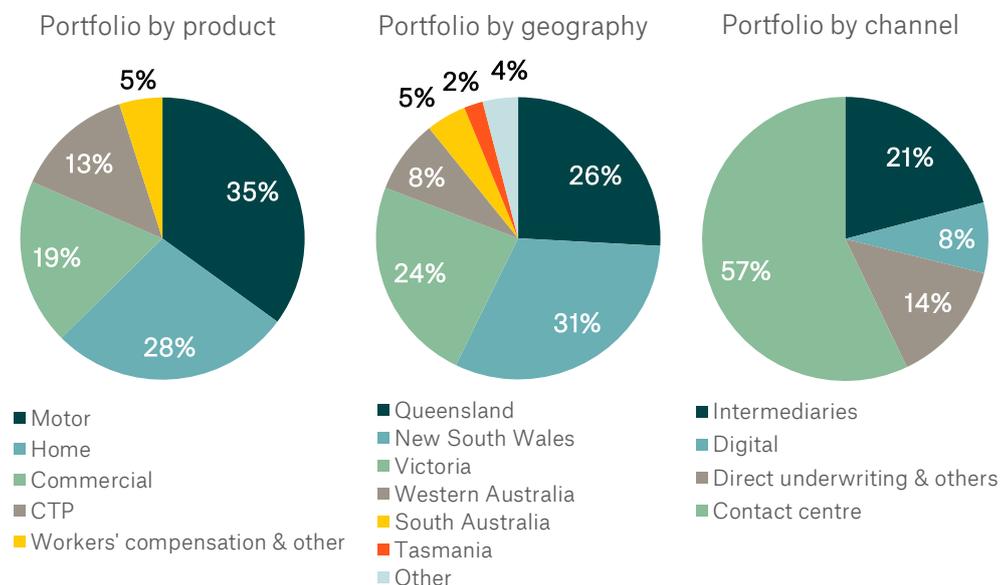
Following the sale of the Australian Life Insurance and Participating Wealth Business to TAL Dai-ichi Life Australia Pty Ltd (TAL) in February 2019, Suncorp provides life insurance solutions through a 20-year strategic alliance with TAL.

The Insurance (Australia) business offers the following products:

- **Consumer insurance** - products include home and contents insurance, landlord insurance, motor insurance and travel insurance;
- **Commercial insurance** - products include commercial motor insurance, commercial property insurance, industrial special risk insurance and public liability and professional indemnity insurance; and
- **Personal injury insurance** - products include CTP insurance, workers' compensation insurance and travel insurance.

Insurance (Australia) General Insurance GWP (excluding FSL)

Total GWP (excluding FSL) increased by 1.5% to \$8.1 billion



On 31 October 2019, the Suncorp Group completed the sale of its Australian and New Zealand smash repair business Capital S.M.A.R.T to AMA Group for an enterprise value of \$420 million. The sale consideration was in the form of upfront cash proceeds and the retention of a 10% interest in the business. The Suncorp Group will have a board seat on the Capital S.M.A.R.T group holding entity to underpin its on-going, long-term partnership with the business.

As part of the transaction, the Suncorp Group will continue to have access to repair services under a 15-year agreement with Capital S.M.A.R.T with two options to extend for a further five years (10 years in total). As part of the transaction, the Suncorp Group also completed the sale of ACM Parts Pty Ltd to AMA Group for a cash consideration of \$20 million. The after-tax profit on sale from the overall transaction is expected to be in the range of \$285 - \$295 million.

The sale of Capital S.M.A.R.T and ACM Parts generates approximately \$300m of excess CET1. The Suncorp Group expects to update the market on the use of these proceeds during the 2020 financial year. There are risks associated with undertaking divestments, including in connection with the Capital S.M.A.R.T transaction (refer to Sections 5.2.15 and 5.2.17).

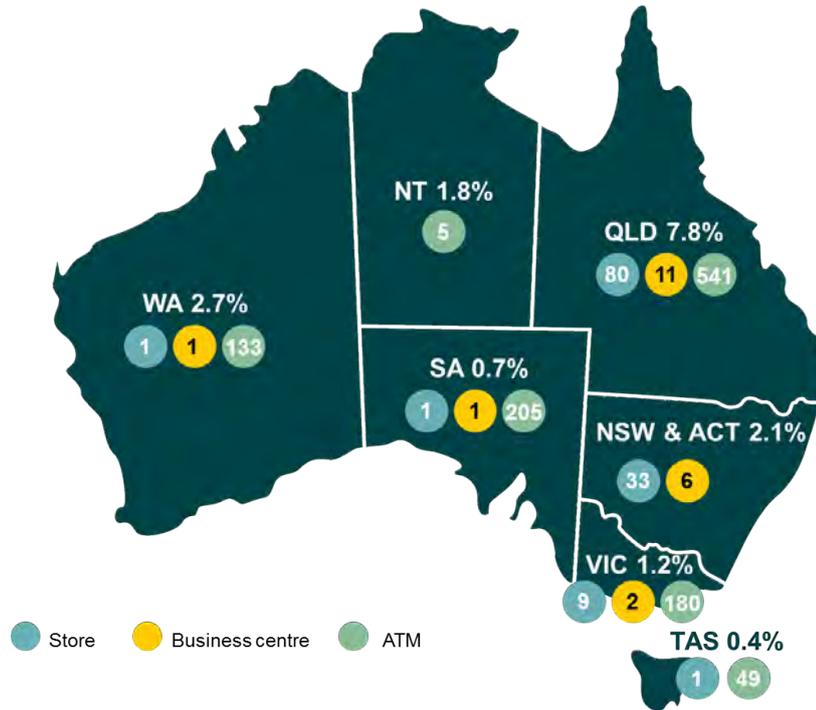
Banking & Wealth

The Suncorp Group's Banking & Wealth business holds \$59.3 billion in lending assets and \$6.4 billion in funds under management and administration as at 30 June 2019.

The Suncorp Group's regional bank is focused on lending, deposit gathering and transaction account services to personal, small and medium enterprise, commercial and agribusiness customers.

The Suncorp Group's wealth portfolio manufactures, administers and distributes superannuation through the Everyday Super and Brighter Super products and provides financial advice services through SunAdvice.

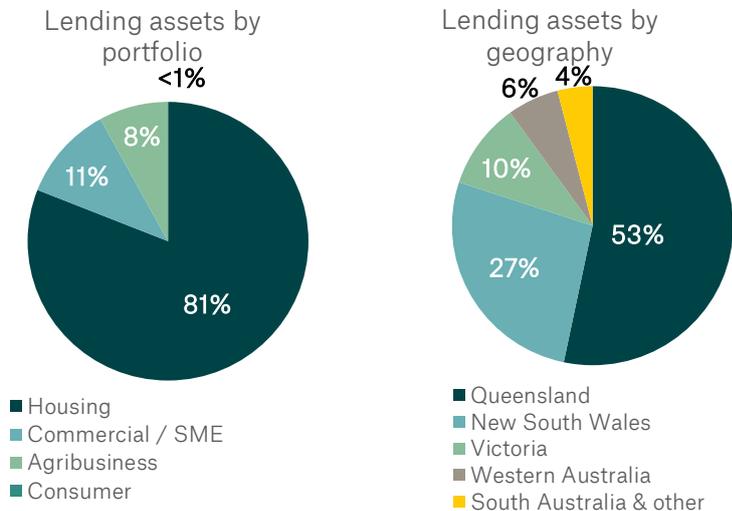
Suncorp's retail banking market share



Source: Customer Atlas, June 2019.

Banking & Wealth total lending portfolio

Total lending assets of \$59.3 billion have increased by 1.0% since 30 June 2018



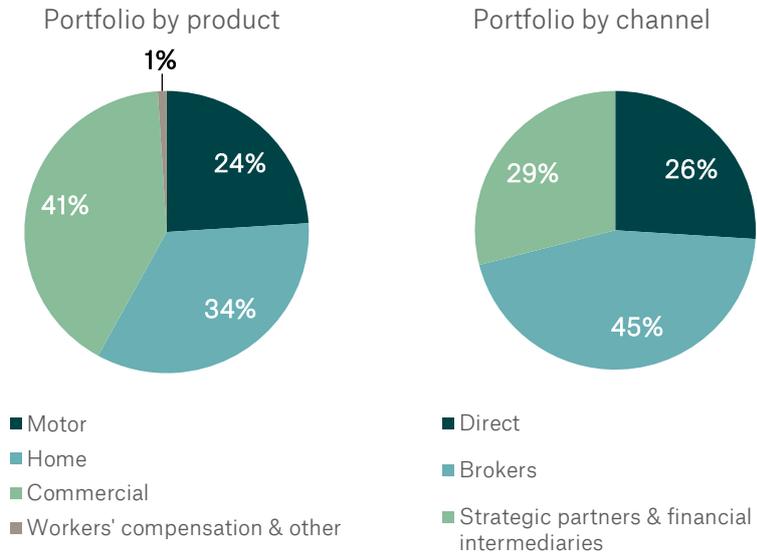
New Zealand

The Suncorp Group's New Zealand business shares a similar purpose and strategy with the Australian insurance business with an aligned vision and priorities that have been localised for the New Zealand market.

Suncorp New Zealand distributes consumer, commercial and life insurance products through intermediaries and corporate partners as well as directly to customers via a joint venture with the New Zealand Automobile Association.

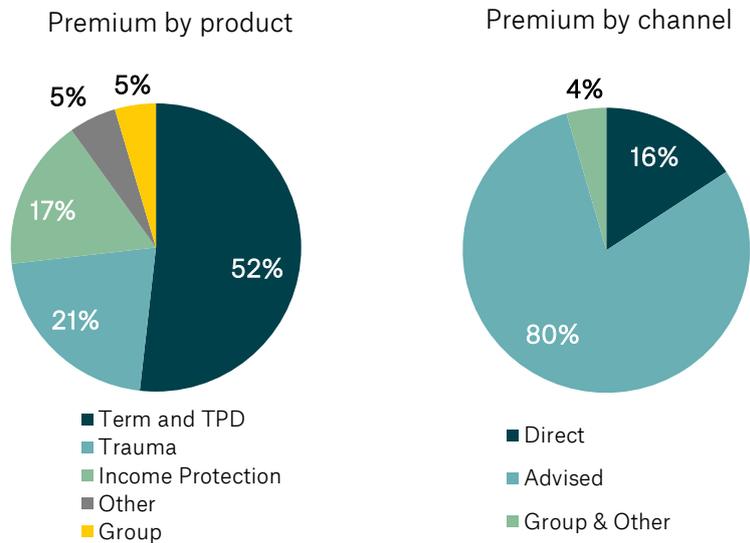
New Zealand General Insurance GWP

Total GWP increased by 8.4% to NZ\$1.7 billion



New Zealand Life Insurance in-force premium

Total in-force premium of NZ\$267 million



Financial highlights for the year ended 30 June 2019

- Cash earnings of \$1,115 million (FY18: \$1,098 million).
- Net profit after tax (**NPAT**) of \$175 million (FY18: \$1,059 million) including a \$910 million after tax loss on sale of the Australian Life Business.
- Suncorp Group profit after tax from ongoing functions¹ of \$1,197 million (FY18: \$1,185 million).
- Suncorp Group top-line growth of 2.3% (FY18: 2.3%).
- Total operating expenses of \$2,685 million (FY18: \$2,700 million).
- Cash return on average shareholders' equity of 8.4% (FY18: 8.0%).
- Final ordinary dividend of 44 cents per share fully franked and total FY19 dividend of 70 cents (FY18 total dividend: 73 cents) representing a cash earnings payout ratio of 81.2%.
- Bank CET1 capital ratio of 9.28% (FY18: 9.07%) and general insurance CET1 of 1.39 times the Prescribed Capital Amount (**PCA**) (FY18: 1.37 times PCA), both above the top end of their target ranges.
- Combined Australia and New Zealand general insurance underlying insurance trading ratio of 12.3% (FY18: 10.6%).
- Bank Net Interest Margin of 1.79% (FY18: 1.84%).
- **Insurance (Australia)** profit after tax (**PAT**) was \$588 million (FY18: \$681 million).
- **Banking & Wealth** PAT was \$364 million (FY18: \$369 million).
- **New Zealand** PAT was A\$245 million (FY18: A\$135 million).
- **Australian Life Business** PAT was \$23 million (FY18: 78 million).
- Suncorp sold its Australian Life Business to TAL Dai-ichi Life Australia Pty Ltd on 28 February 2019. Suncorp paid an 8 cent per Ordinary Share, fully franked, special dividend on 3 May 2019, equating to approximately \$104 million, as the first component of the return of sale proceeds to ordinary shareholders. Following shareholder approval at the 2019 Annual General Meeting, a 39 cents per Ordinary Share capital return payment, was made on 24 October 2019, equating to \$506 million, with a related Ordinary Share consolidation, as the second and final component of the return of sale proceeds to ordinary shareholders.
- The Suncorp Group's financial information is detailed in Section 4 including adjustments reflecting the impact of the \$506 million capital return and pro-forma impacts of the Offer.

¹ 'Profit after tax from ongoing functions' is defined as the NPAT for the Insurance (Australia), Banking & Wealth and New Zealand functions and excludes the contribution from the Australian Life Business sold in February 2019.

3.3 General insurance reinsurance

Reinsurance is a form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all or a share of certain claims incurred by the insurance company.

The Suncorp Group enters into a number of reinsurance arrangements for its general insurance business. These arrangements allow risk to be limited from particular lines of business or from specific events (such as natural catastrophes), stabilise earnings, reduce both insurance risk and capital requirements, and increase the Suncorp Group's capacity to write new policies.

The main catastrophe reinsurance program covers all physical and natural perils to which the Suncorp Group is exposed covering home, motor and commercial portfolios for major events. The program provides gross reinsurance protection for losses up to \$7.2 billion for the 2019-20 financial year, in line with APRA requirements and in excess of Reserve Bank of New Zealand (RBNZ) regulatory requirements. The Suncorp Group retains the first \$250 million of losses for the first event. Additional cover has also been purchased to reduce the maximum losses the Suncorp Group retains for a second Australian event to \$200 million and, for a third and fourth event, to \$50 million. For New Zealand risks, the maximum loss the Suncorp Group for the first event is NZ\$50 million and, for the second and third event, NZ\$25 million.

The Suncorp Group has a number of other reinsurance arrangements in place . These include:

- reinsurance natural hazards protection which provides \$300 million protection for losses from natural hazards in excess of \$515 million aggregate during the year relating to events that exceed \$10 million each;
- further natural hazards protection that provide an additional \$200 million protection for losses from natural hazards in excess of \$820 million aggregate during the year, regardless of the size of the event; and
- a number of quota share arrangements including a 30% multi-year quota share arrangement covering the Queensland Home Insurance portfolio whereby the Suncorp Group is protected for 30% of the cost of claims on the portfolio in return for 30% of the premiums. The Suncorp Group maintains strong market share within Queensland and the quota share reduces concentration risk in this region.

3.4 Investments

The primary objective is to optimise investment returns relative to investment risk appetite, which remains conservatively positioned. For the Suncorp Group's insurance businesses, this process inherently has regard to the insurance liabilities and capital that the investment assets are supporting and seeks to substantially offset the associated interest rate and claims inflation risks. High quality fixed interest securities and inflation-linked bonds play a central role in achieving this objective.

3.5 Regulation

The Suncorp Group operates across a number of highly-regulated industry sectors and is subject to ongoing oversight by a number of regulatory authorities in Australia and New Zealand including APRA, Reserve Bank of Australia (RBA), ASIC, ASX, the Australian Competition and Consumer Commission (ACCC), Australian Transaction Reports and Analysis Centre (AUSTRAC), RBNZ, the Financial Markets Authority (FMA) and New Zealand Commerce Commission. In particular, as a provider of insurance and banking products, the Suncorp Group is subject to ongoing oversight by financial services regulators with the prudential regulator in Australia being APRA and RBNZ in New Zealand.

A full list of regulatory matters which may impact the Suncorp Group is set out in the **2018-19 Annual Report**. Further information on regulatory risks which may affect the Suncorp Group is set out in Section 5.2.

3.6 Risk Management

Suncorp recognises that strong risk culture, good governance and effective risk management are essential to achieving Suncorp's strategy and maintaining its social licence to operate. Suncorp's Enterprise Risk Management Framework lays the foundation for Suncorp's approach to risk management and will continue to evolve in support of Suncorp's strategy and operating environment. Each APRA-Regulated Entity within Suncorp has its own Board-approved risk appetite statement which has separate tolerances for capital sufficiency, the maintenance of credit ratings and a range of key risk drivers.

3.7 Directors of Suncorp

The Directors of Suncorp as at the date of this Prospectus are:

- Ms Christine McLoughlin, Independent Chairman;
- Mr Steve Johnston, Group CEO and Managing Director;
- Ms Audette Exel AO, Independent Non-Executive Director;
- Ms Sylvia Falzon, Independent Non-Executive Directors;
- Mr Ian Hammond, Independent Non-Executive Director;
- Ms Sally Herman, Independent Non-Executive Director;
- Mr Simon Machell, Independent Non-Executive Director;
- Dr Douglas McTaggart, Independent Non-Executive Director; and
- Mr Lindsay Tanner, Independent Non-Executive Director.

The Directors of Suncorp may change from time to time due to the appointment or resignation of Directors, and if this occurs Suncorp will make an ASX announcement.

The role and responsibilities of the Directors are set out in the Suncorp Board Charter. The Board Charter and further information on the Directors of Suncorp, including their experience, qualifications and expertise can be found on the Suncorp Group's website at www.suncorpgroup.com.au.

Information on the Board of Directors can be accessed by selecting 'About' and then 'Board & Committees', and the Board Charter can be accessed by selecting 'About' and then 'Governance & Policies'.

4. Financial information

This Section sets out:

- summary financial and capital information for Suncorp and the Suncorp Group;
- pro forma financial information demonstrating the capital return recently completed, and the effect of the Offer and CPS3 reinvestment on Suncorp and the Suncorp Group; and
- pro forma capital information demonstrating the capital return recently completed, and the effect of the Offer and CPS3 reinvestment on the Suncorp Group.



4.1 Introduction

Section 4 provides summary actual historical financial and capital information and summary pro forma financial and capital information for Suncorp and the Suncorp Group. The pro forma financial and capital information has been included to illustrate the Suncorp Group's financial and capital position as at 30 June 2019, assuming the issuance of Capital Notes 3 and the reinvestment of some of the proceeds of CPS3 occurred on that date. It also includes an adjustment to the historical financial information to illustrate the impact of the return of capital to ordinary shareholders following the sale of the Australian Life Business, as outlined in Section 3.2.3. The pro-forma adjustments do not adjust for the impact of the sale of Capital S.M.A.R.T and ACM Parts, also discussed in Section 3.2.3. The pro forma adjustments do not materially impact the Suncorp Group's consolidated statement of comprehensive income or Suncorp's summary financial results for the financial year ended 30 June 2019.

The Suncorp Group summary actual financial information presented in this Section has been extracted from the Suncorp Group's audited consolidated financial report for the financial year ended 30 June 2019. This report is available at **www.suncorpgroup.com.au**.

The summary financial and capital information has, except as otherwise noted, been prepared in accordance with the measurement and recognition requirements, but not the disclosure requirements, of the Australian Accounting Standards and other mandatory reporting requirements in Australia as well as APRA prudential standards. The presentation currency of the summary financial and capital information is in Australian dollars.

The pro forma consolidated statement of financial position is presented using a liquidity format in which the assets and liabilities are presented in order of liquidity. The assets and liabilities comprise both current (expected to be recovered or settled within 12 months of the reporting date) and non-current amounts (expected to be recovered or settled within more than 12 months of the reporting date).

Investors should note that past performance is not a reliable indicator of future performance.

4.2 Selected financial information of the Suncorp Group

4.2.1 Consolidated statements of comprehensive income

The following table sets out the Suncorp Group's consolidated statements of comprehensive income for the financial year ended 30 June 2019 (FY19) as well as the prior financial year ended 30 June 2018 (FY18) comparative.

\$ million	FY19	FY18
Revenue		
Insurance premium income	9,979	9,681
Reinsurance and other recoveries income	1,716	819
Interest income on financial assets not at fair value through profit or loss	2,523	2,503
Interest income on financial assets at fair value through profit or loss	449	456
Net gains on financial assets and liabilities at fair value through profit or loss	246	153
Dividend and trust distribution income	97	34
Fees and other income	550	544
Total revenue	15,560	14,190
Expenses		
Claims expense and movement in policy owner liabilities	(7,917)	(6,651)
Outwards reinsurance premium expense	(1,176)	(1,138)
Underwriting and policy maintenance expenses	(2,172)	(2,097)
Interest expense on financial liabilities not at fair value through profit or loss	(1,392)	(1,344)
Interest expense on financial liabilities at fair value through profit or loss	(75)	(88)
Impairment loss on loans and advances	(13)	(27)
Impairment loss on goodwill and other intangible assets	(13)	-
Amortisation and depreciation expense	(169)	(175)
Fees, overheads and other expenses	(1,036)	(1,142)
Outside beneficial interests in managed funds	(72)	(119)
Total expenses	(14,035)	(12,781)
Profit before income tax	1,525	1,409
Income tax expense	(449)	(440)
Profit after tax from continuing operations	1,076	969
(Loss) profit after tax from discontinued operations ¹	(881)	103
Profit for the financial year	195	1,072
Profit for the period attributable to:		
Owners of the Company	175	1,059
Non-controlling interests	20	13
Other comprehensive income		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Net change in fair value of cash flow hedges	20	16
Net change in debt investments at fair value through other comprehensive income	3	-
Net change in fair value of available-for-sale financial assets	-	(12)
Net change in net investment hedge of foreign operations	(3)	1
Exchange differences on translation of foreign operations	35	(36)
Related income expense	(6)	(1)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial (losses) gains on defined benefit plans	(22)	2
Related income tax benefit (expense)	6	(1)
Total other comprehensive income (loss)	33	(31)
Total comprehensive income for the financial year	228	1,041
Total comprehensive income for the financial year attributable to:		
Owners of the Company	208	1,028
Non-controlling interests	20	13

Notes:

¹ (Loss) profit from discontinued operations relates to the segment profit from the Australian Life Business in FY18 and FY19, and the loss on its sale recognised during FY19

4.2.2 Statement of financial position of the Suncorp Group

The following table sets out the Suncorp Group's consolidated statement of financial position as at 30 June 2019, as well as the consolidated statement of financial position as at 30 June 2018. It also provides the Suncorp Group's pro forma consolidated statement of financial position as at 30 June 2019, assuming the Offer and the reinvestment of some of the proceeds of CPS3 occurred on 30 June 2019. It also includes an adjustment to the historical consolidated statement of financial position at 30 June 2019 to illustrate the impact of the return of capital to ordinary shareholders following the sale of the Australian Life Business, as outlined in Section 3.2.3.

Assets	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Pro forma adjustment for capital return ¹	Sub-total	Pro forma adjustments for the Offer ²	Pro forma adjustment for CPS3 reinvestment ³	Pro forma as at 30 June 2019
Cash and cash equivalents	1,165	1,086	-	1,086	44	-	1,130
Receivables due from other banks	474	499	-	499	-	-	499
Trading securities	1,639	1,227	-	1,227	-	-	1,227
Derivatives	256	666	-	666	-	-	666
Investment securities	22,706	19,243	(506)	18,737	-	-	18,737
Loans and advances	58,598	59,154	-	59,154	-	-	59,154
Premiums outstanding	2,668	2,802	-	2,802	-	-	2,802
Reinsurance and other recoveries	2,377	2,656	-	2,656	-	-	2,656
Deferred reinsurance assets	834	898	-	898	-	-	898
Deferred acquisition costs	706	723	-	723	-	-	723
Gross policy liabilities ceded under reinsurance	528	21	-	21	-	-	21
Property, plant and equipment	211	208	-	208	-	-	208
Deferred tax assets	203	242	-	242	-	-	242
Goodwill and other intangible assets	5,722	5,460	-	5,460	-	-	5,460
Other assets	1,246	1,350	-	1,350	-	-	1,350
Total assets	99,333	96,235	(506)	95,729	44	-	95,773
Liabilities							
Payables due to other banks	148	353	-	353	-	-	353
Deposits and ST borrowings	45,550	46,190	-	46,190	-	-	46,190
Derivatives	207	456	-	456	-	-	456
Amounts due to reinsurers	747	776	-	776	-	-	776
Payables and other liabilities	2,062	1,980	-	1,980	-	-	1,980
Current tax liabilities	68	62	-	62	-	-	62
Unearned premium liabilities	5,036	5,123	-	5,123	-	-	5,123
Outstanding claims liabilities	10,176	10,611	-	10,611	-	-	10,611
Gross policy liabilities	2,721	-	-	-	-	-	-
Deferred tax liabilities	129	155	-	155	-	-	155
Managed funds units on issue	1,285	847	-	847	-	-	847
Securitisation liabilities	4,848	3,831	-	3,831	-	-	3,831
Debt issues	9,854	10,358	-	10,358	-	-	10,358
Subordinated notes	1,394	1,220	-	1,220	-	-	1,220
Capital notes	738	741	-	741	44	200	985
Preference shares	397	399	-	399	-	(200)	199
Total liabilities	85,360	83,102	-	83,102	44	-	83,146
Net assets	13,973	13,133	(506)	12,627	-	-	12,627
Equity							
Share capital	12,863	12,889	(506)	12,383	-	-	12,383
Reserves	135	207	-	207	-	-	207
Retained profits	965	17	-	17	-	-	17
Total equity attributable to owners of Suncorp	13,963	13,113	(506)	12,607	-	-	12,607
Non-controlling interests	10	20	-	20	-	-	20
Total equity	13,973	13,133	(506)	12,627	-	-	12,627

Notes:

- 1 This adjustment reflects the return of capital to ordinary shareholders completed in October 2019, as outlined in Section 3.2.3.
- 2 These adjustments assume \$250 million of Capital Notes 3 were issued on 30 June 2019, net of issue transaction costs of \$6 million, and net of the \$200 million of CPS3 reinvested as described in Note 3. The actual issue amount may be more or less than \$250 million and, consequently, the issue transaction costs may be more or less than \$6 million.
- 3 Under the amendments to the CPS3 Terms, holders of the existing \$400 million CPS3 may elect to reinvest the proceeds of their existing CPS3 in the new Capital Notes 3 instrument. The adjustment assumes that \$200 million CPS3 are reinvested in the new instrument. The amount reinvested may be more or less than this amount.

4.3 Summarised financial information of Suncorp

Suncorp is the issuing entity for Capital Notes 3. It is a NOHC and the ultimate parent company of the Suncorp Group. The following table contains certain information extracted from the Suncorp Group's audited consolidated financial report for the financial year ended 30 June 2019. Suncorp applies the amendments to the Corporations Act that removed the requirement to prepare separate parent entity financial statements. The disclosures in the following table represent the specific parent entity disclosures made for FY19 and FY18.

4.3.1 Summary financial results

\$ million	FY18	FY19
Results of Suncorp		
Profit after tax for the year	890	806
Total comprehensive income for the year	890	806

4.3.2 Pro forma summary financial position

The following table sets out Suncorp's summary standalone financial position (as parent entity) as at 30 June 2018 and as at 30 June 2019. It also provides the pro forma summary financial position as at 30 June 2019, assuming the Offer and the reinvestment of some of the proceeds of CPS3 occurred on 30 June 2019. It also includes an adjustment to the historical summary financial position at 30 June 2019 to illustrate the impact of the return of capital to ordinary shareholders following the sale of the Australian Life Business, as outlined in Section 3.2.3.

\$ million	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Pro forma adjustment for capital return ¹	Sub-total	Pro forma adjustments for the Offer and CPS3 reinvestment ^{2, 3}	Pro forma as at 30 June 2019
Financial position of Suncorp at the end of the financial year						
Current assets	669	1,175	(506)	669	44	713
Total assets	15,623	15,783	(506)	15,277	44	15,321
Current liabilities	82	663	-	663	-	663
Total liabilities	1,987	2,399	-	2,399	44	2,443
Net assets	13,636	13,384	(506)	12,878	-	12,878
Total equity of Suncorp consists of:						
Share capital	12,957	12,964	(506)	12,458	-	12,458
Retained profits	679	420	-	420	-	420
Total equity	13,636	13,384	(506)	12,878	-	12,878

Notes:

- 1 This adjustment reflects the return of capital to ordinary shareholders completed in October 2019, as outlined in Section 3.2.3.
- 2 These adjustments assume \$250 million of Capital Notes 3 were issued on 30 June 2019, net of issue transaction costs of \$6 million, and net of the \$200 million of CPS3 reinvested as described in Note 3. The actual issue amount may be more or less than \$250 million and, consequently, the issue transaction costs may be more or less than \$6 million.
- 3 Under the Amendments to the CPS3 Terms approved by the Directors, holders of the existing \$400 million CPS3 may elect to reinvest the proceeds of their existing CPS3 in the new Capital Notes 3 instrument. The adjustment assumes that \$200 million CPS3 are reinvested in the new instrument, both of which are classified as liabilities for accounting purposes and therefore have a nil impact on total liabilities. The amount reinvested may be more or less than this amount.

4.4 Capital management

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

The Suncorp Group's Internal Capital Adequacy Assessment Process (**ICAAP**) provides the framework to ensure that the Suncorp Group and each Regulated Entity is capitalised to meet internal and external requirements.

The Suncorp Group is subject to, and in compliance with, externally imposed capital requirements set and monitored by APRA and the Reserve Bank of New Zealand.

The ICAAP is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the capital needs and risk profile of the Suncorp Group. Capital targets are structured according to risk appetite, the regulatory framework and APRA's non-operating holding company (**NOHC**) conditions.

The Suncorp Group has been operating under a NOHC structure since 2011, with associated NOHC conditions from APRA. The NOHC conditions include the following:

- the Suncorp Group is required to meet, at all times, the Level 3 Prudential Capital Requirement for Eligible Capital (and the Eligible Capital must meet certain requirements around the proportion of high-quality capital such as share capital and retained earnings);
- reductions in the Suncorp Group's capital base require APRA's written approval (for example, planned payment of dividends that exceed the prior 12 months' earnings);
- the NOHC activities of Suncorp, the Suncorp Bank NOHC, and Suncorp Life NOHC are limited and defined in scope;
- compliance with certain APRA Prudential Standards; and
- Suncorp must ensure that where the Suncorp Group raises capital or funds externally and these are transferred within the Suncorp Group, the nature and quality of the capital or funds is not upgraded to a higher category of capital than the external capital or funds.

The Suncorp Group has established comprehensive policies and procedures to ensure compliance with the NOHC conditions.

A range of instruments and methodologies are used to effectively manage capital, including share issues, reinsurance, dividend policies, Tier 1 Capital instruments and Tier 2 Capital instruments. Capital targets are structured according to risk appetite, the business line regulatory framework and APRA's NOHC conditions.

For regulatory purposes, capital is classified as follows:

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

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

Capital position at 30 June 2019

As at 30 June 2019 the Suncorp Group's excess CET1 (after payment of the dividend) to its capital targets was \$990 million. As outlined in Section 3.2.3, Suncorp completed the sale of the Australian Life Business to TAL in FY19. Subsequent to 30 June 2019, the Suncorp Group returned \$506 million of capital to ordinary shareholders. Adjusting for this return, at 30 June 2019, the Suncorp Group's excess CET1 to its capital targets would have been \$484 million.

4.5 Pro forma capital adequacy position

The following table sets out the Suncorp Group's actual capital adequacy position as at 30 June 2018 and as at 30 June 2019. It also provides the Suncorp Group's pro forma capital adequacy position as at 30 June 2019, based on the Suncorp Group's financial position as at 30 June 2019 and after adjusting for the following assumptions:

- \$250 million is raised through the Offer. The instrument is to be eligible for recognition as Additional Tier 1 Capital. Issue costs associated with the Offer are assumed to be \$6 million;
- An assumed \$200 million reinvestment from holders of CPS3 as part of the \$250 million raised in the Offer, with the balance of the \$400 million CPS3 remaining on issue. CPS3 is currently eligible for recognition as Additional Tier 1 Capital; and
- An adjustment to the historical capital adequacy position at 30 June 2019 to illustrate the impact of the return of capital to ordinary shareholders following the sale of the Australian Life Business, as outlined in Section 3.2.3.

\$ million	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Pro forma adjustment for capital return ¹	Sub-total	Pro forma adjustments for the Offer ²	Pro forma adjustments for CPS3 Reinvestment ³	Pro forma as at 30 June 2019 ³
CET1 Capital	6,881	7,341	(506)	6,835	(6)	-	6,829
Additional Tier 1 Capital	1,150	1,150	-	1,150	250	(200)	1,200
Tier 1 Capital	8,031	8,491	(506)	7,985	244	(200)	8,029
Tier 2 Capital	1,554	1,358		1,358			1,358
Total Capital	9,585	9,849	(506)	9,343	244	(200)	9,387
Excess to CET1 Capital Target (ex dividend)	448	990	(506)	484	(6)	0	478
Excess Total Capital to target (ex dividend)	1,010	1,377	(506)	871	244	(200)	915

Notes:

1 This adjustment reflects the return of capital to ordinary shareholders completed in October 2019, as outlined in Section 3.2.3.

2 These adjustments assume \$250 million of Capital Notes 3 were issued on 30 June 2019, net of issue transaction costs of \$6 million, and net of \$200 million of CPS3 reinvested as described in Note 3. The actual issue amount may be more or less than \$250 million and, consequently, the issue transaction costs may be more or less than \$6 million.

3 Under the Amendments to the CPS3 Terms approved by the Directors, holders of the existing \$400 million CPS3 may elect to reinvest the proceeds of their existing CPS3 in the new Capital Notes 3 instrument. The adjustment assumes that \$200 million CPS3 are reinvested in the new instrument. The amount reinvested may be more or less than this amount.

5. Investment risks

This Section describes some of the risks associated with an investment in Capital Notes 3 and in Suncorp.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. They are not an exhaustive statement of all risks that might emerge, they are not listed in order of likelihood of occurrence or impact and there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

Investors should carefully consider these risk factors, together with the other information in this Prospectus, before deciding whether to invest in Capital Notes 3.

This summary does not cover all the risks of investing in Capital Notes 3.

Before applying for Capital Notes 3, you should consider whether Capital Notes 3 are a suitable investment for you. There are risks associated with an investment in Capital Notes 3 and in Suncorp, many of which are outside the control of Suncorp and its Directors.



5.1 Risks associated with investing in Capital Notes 3

5.1.1 Capital Notes 3 are not deposit or policy liabilities

Capital Notes 3 are not:

- deposits or policy liabilities of Suncorp or any other member of the Suncorp Group;
- protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act;
- protected policies for the purposes of the policyholder protection provisions of the Insurance Act;
- guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction; or
- secured over any of Suncorp's or any member of the Suncorp Group's assets.

The investment performance of Capital Notes 3 is not guaranteed by Suncorp or any other member of the Suncorp Group.

5.1.2 Market price of Capital Notes 3

The market price of Capital Notes 3 may fluctuate due to various factors, including Australian and worldwide economic conditions, better rates of return on other securities, interest rates, movements in foreign exchange rates, impacts of regulatory change (including product intervention by ASIC in the market for Capital Notes 3 or similar securities), movements in the market price of Ordinary Shares or senior or subordinated debt, investor perceptions, Suncorp's financial performance and position, the occurrence or potential occurrence of a Non-Viability Trigger Event or factors resulting in Suncorp deciding or not being permitted to make payments on Capital Notes 3, the effect of any Exchange or Write-Off on the amount outstanding (if any) of Capital Notes 3 on issue, the risk of early Exchange following a Tax Event or Regulatory Event, and other factors that may affect Suncorp's financial performance and position. Capital Notes 3 may trade at a market price below the Issue Price. There is no guarantee that Capital Notes 3 will remain continuously quoted on ASX or ASX will not suspend trading in Capital Notes 3.

Holders who wish to sell or otherwise transfer their Capital Notes 3 prior to Exchange may suffer loss if Capital Notes 3 trade at a market price below the amount for which Capital Notes 3 were acquired by those Holders.

In recent years, markets have sometimes been volatile. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

You should carefully consider the impact of volatility risk on the potential market price of Capital Notes 3 before deciding whether to invest in Capital Notes 3.

Holders should note that, unlike Ordinary Shares, Capital Notes 3 do not provide a material exposure to growth in the Suncorp Group's business.

The Ordinary Shares issued on Conversion will rank equally with existing Ordinary Shares and their ongoing value will reflect the market price of Ordinary Shares after the date on which Capital Notes 3 are Converted. That market price of Ordinary Shares is also subject to many of the factors outlined above and may also be volatile.

5.1.3 Liquidity

There is a risk that there may be no liquid market for Capital Notes 3. Although Suncorp intends to have Capital Notes 3 quoted on ASX, there is no guarantee that a liquid market will develop for Capital Notes 3. The market for Capital Notes 3 may be less liquid than the market for Ordinary Shares or comparable securities issued by Suncorp or other entities and may be volatile. The market price of Capital Notes 3 is likely to fluctuate and, if Holders wish to sell or otherwise transfer their Capital Notes 3 prior to Exchange, they may be unable to do so at a price acceptable to them, or at all, if insufficient liquidity exists in the market for Capital Notes 3.

Capital Notes 3 are expected to Convert into Ordinary Shares as described in Sections 2.2 and 2.3 of this Prospectus. Where Capital Notes 3 are Converted, there may be no liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion. Holders may suffer loss as a result.

The liquidity of the market for Capital Notes 3 may also be negatively impacted if ASIC exercises its product intervention powers (as outlined in Section 9.12) in relation to comparable securities issued by Suncorp or other entities.

5.1.4 Fluctuation in Ordinary Share price

There is a risk that the market price of the number of Ordinary Shares received per Capital Note 3 on Conversion will be less than the Issue Price of the Capital Note 3 and the market price of Ordinary Shares may fluctuate after Conversion.

Where Capital Notes 3 are Converted, other than on account of a Non-Viability Trigger Event (see further detail in Section 5.1.12), the number of Ordinary Shares issued is calculated to have a value of approximately \$101 per Capital Note 3 (calculated on the VWAP basis provided in the Terms). However, the market price of the Ordinary Shares issued upon Conversion will likely be different from the VWAP used in the Conversion calculations and will also fluctuate due to various factors, including Australian and worldwide economic conditions, investor perceptions, Suncorp's financial performance and position (see further detail in Section 5.1.2, and the market price of the number of Ordinary Shares received per Capital Note 3 on Conversion could be less than the Issue Price of the Capital Note 3. Where Capital Notes 3 are Converted on account of a Non-Viability Trigger Event, the number of Ordinary Shares issued per Capital Note 3 could be worth less than \$101 per Capital Note 3 and, in addition, the Non-Viability Trigger Event is likely to be accompanied by deterioration in the market price of the Ordinary Shares.

Other events and conditions may affect the ability of Holders to trade or dispose of the Ordinary Shares issued on Conversion; for example, the willingness or ability of ASX to accept the Ordinary Shares issued on Conversion for quotation or any practical issues which affect that quotation, whether ASX has suspended trading in Ordinary Shares, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time, or laws of general application, including securities law and laws relating to the holding of shares and other interests in financial institutions, which limit a person's ability to acquire or dispose of Ordinary Shares. ASX has broad powers to suspend trading in Ordinary Shares, including because Suncorp has not complied with the ASX Listing Rules.

5.1.5 Distributions may not be paid

There is a risk that Distributions will not be paid. The Terms do not oblige Suncorp to pay Distributions.

The payment of a Distribution is subject to Suncorp's absolute discretion and to no Payment Condition existing in respect of the relevant Distribution Payment Date (see Section 2.1.7). The Payment Conditions require, among other things, that, unless APRA otherwise approves, paying the Distribution would not result in the Suncorp Group not complying with APRA's capital adequacy requirements. Further, the Payment Conditions prevent a Distribution to be paid if that would result in Suncorp becoming, or being likely to become, insolvent or APRA objects to the payment of the Distribution. There is a risk that one or more elements of the Payment Conditions will not be met or that Suncorp could exercise its discretion not to pay Distributions at any time and for any (or no) reason and there is, therefore, a risk that a Distribution may not be paid in full or at all.

The Terms contain no events of default and, accordingly, failure to pay a Distribution when scheduled will not constitute an event of default. Further, in the event that Suncorp does not pay a Distribution when scheduled, a Holder:

- has no right to apply for Suncorp to be wound up or placed in administration or to cause a receiver, or a receiver and manager, to be appointed in respect of Suncorp merely on the grounds that Suncorp does not, or may become unable to, pay a Distribution when scheduled; and
- has no right of set-off and no offsetting rights or claims on Suncorp under the Terms.

Distributions are non-cumulative, meaning that if not paid, Distributions do not accrue for future payment. If a Distribution is not paid for any reason, Holders will have no recourse whatsoever to Suncorp for the unpaid amount and will not receive payment of those Distributions or any interest on unpaid Distributions.

However, if Suncorp does not pay a Distribution in full on a Distribution Payment Date, then the Distribution Restriction applies to Suncorp unless the Distribution is paid in full within three Business Days of that date (see further detail in Section 5.1.18).

Suncorp may also be prevented from paying Distributions by the terms of other securities, if a dividend or other distribution has not been paid on those securities (see further detail in Section 5.1.17). If such a constraint applies, Suncorp may not be able to pay Distributions without the approval of the holders of those other securities.

Changes in regulations applicable to Suncorp may impose additional requirements which prevent Suncorp from paying a Distribution in additional circumstances.

5.1.6 Changes in Distribution Rate

There is a risk that the rate of return in respect of Capital Notes 3 may become less attractive when compared to rates of return available on comparable securities issued by Suncorp or other entities.

The Distribution Rate is calculated for each Distribution Period by reference to the Bank Bill Rate, which is influenced by a number of factors, varies over time and the methodology used to calculate the Bank Bill Rate may change. The Distribution Rate will fluctuate over time (potentially increasing or decreasing) as a result of movements in the Bank Bill Rate.

The Distribution Rate will also be affected (potentially increasing or decreasing) with a change in the Australian corporate tax rate applicable to Suncorp (see further detail in Section 5.1.21).

If Suncorp determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, Suncorp shall use as the Bank Bill Rate such Replacement Rate as it may determine and shall make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate (see further detail in Section 2.1.3).

Holdings should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards.

5.1.7 Capital Notes 3 are perpetual and Mandatory Conversion is subject to certain conditions and may not occur when expected or at all

Capital Notes 3 must be Converted into Ordinary Shares of Suncorp on the Scheduled Mandatory Conversion Date, which will be 17 June 2028, (unless they have been Redeemed or Resold for cash, Converted to Ordinary Shares or Written-Off on an earlier date). However, Conversion (except in case of Conversion on account of a Non-Viability Trigger Event) is subject to satisfaction of the Mandatory Conversion Conditions and may not occur on the Scheduled Mandatory Conversion Date or at all. The Mandatory Conversion Conditions that must be satisfied in relation to any Mandatory Conversion Date are:

- the VWAP on the 25th Business Day immediately preceding the relevant Mandatory Conversion Date is greater than 55.0000% of the Issue Date VWAP;
- the VWAP for the 20 Business Days preceding the relevant Mandatory Conversion Date is greater than 50.5050% of the Issue Date VWAP; and
- no Delisting Event applies.

There is a risk that Conversion will not occur on the Scheduled Mandatory Conversion Date because the Mandatory Conversion Conditions are not satisfied due to a significant reduction in the Ordinary Share price relative to the Issue Date VWAP or a Delisting Event applies. The Ordinary Share price may be affected by transactions impacting the share capital of Suncorp, such as rights issues, placements, returns of capital, certain buy-backs and other corporate actions. The Issue Date VWAP is adjusted only for transactions by way of pro rata bonus issues of Ordinary Shares and a reorganisation of share capital as described in Clauses 8.5 and 8.6 of the Terms and not for other transactions, including rights issues, placements, returns of capital, buy-backs or special dividends. The Terms do not limit the transactions that Suncorp may undertake with respect to its share capital and any such action may affect whether Conversion will occur and the Conversion Number of Ordinary Shares; this may adversely affect the position of Holders.

If Mandatory Conversion does not occur on the Scheduled Mandatory Conversion Date, Mandatory Conversion will be deferred until the next Distribution Payment Date on which all the Mandatory Conversion Conditions would be satisfied (unless Capital Notes 3 are otherwise Exchanged or Written-Off on or before that date).

Capital Notes 3 are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions will never be satisfied and, if this occurs, unless Capital Notes 3 are otherwise Converted, Capital Notes 3 will never Convert.

5.1.8 Exchange and the Exchange Method are at Suncorp's option

There is a risk that Exchange may occur on dates not previously contemplated by Holders or using an Exchange Method which may be disadvantageous in light of market conditions or a Holder's individual circumstances and preferences.

Suncorp may (subject to APRA's prior written approval) elect to Exchange some or all Capital Notes 3 on the Optional Exchange Date or on the occurrence of a Tax Event or a Regulatory Event and may elect to Exchange all (but not some only) Capital Notes 3 after a Potential Acquisition Event. Holders should not assume that APRA's approval will be given, if requested. In addition, Suncorp must (subject to certain conditions) Convert all Capital Notes 3 on the occurrence of an Acquisition Event. Holders have no right to request or require an Exchange.

Any Exchange at Suncorp's option may occur on dates not previously contemplated by Holders or may not occur at all. This may be disadvantageous to Holders in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 3 (such as Distributions) is unknown.

Subject to certain conditions, Suncorp also has discretion to elect which Exchange Method or combination of Exchange Methods will apply to an Exchange and, where a combination of Exchange Methods is selected, to which Capital Notes 3 and Holders the Exchange Method will apply (see further detail in Sections 2.3.1, 2.3.4 and 2.3.6). The method chosen by Suncorp may be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant Exchange Date.

For example, if APRA approves an election by Suncorp to Redeem or Resell Capital Notes 3, Holders will receive cash equal to \$100 per Capital Note 3 rather than Ordinary Shares and, accordingly, they will not benefit from any subsequent increases in the Ordinary Share price after the Exchange occurs.

In addition, where Holders receive cash on Redemption or Resale, the rate of return at which they could reinvest their funds may be lower than the Distribution Rate at the time. Where Holders receive Ordinary Shares on Conversion, they will have the same rights as other holders of Ordinary Shares, which are different to the rights attaching to Capital Notes 3.

5.1.9 Conversion on account of a Non-Viability Trigger Event

There is a risk that a Non-Viability Trigger Event will occur, in which case Suncorp must immediately Convert Capital Notes 3 into Ordinary Shares. If a Non-Viability Trigger Event occurs, a Holder may suffer a significant loss as they may receive a number of Ordinary Shares worth significantly less than \$101 per Capital Note 3 and, if for any reason Conversion of Capital Notes 3 has not been effected within five Business Days after the relevant Trigger Event Date, Capital Notes 3 will be Written-Off.

A Non-Viability Trigger Event is determined by APRA and could occur at any time. Accordingly, a Conversion on account of a Non-Viability Trigger Event may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances.

What is a Non-Viability Trigger Event?

A Non-Viability Trigger Event occurs if APRA has provided a written determination to Suncorp that:

- the conversion to Ordinary Shares or write-off of Relevant Securities in accordance with their terms or by operation of law is necessary because without

the conversion into Ordinary Shares or write-off, APRA considers that Suncorp would become non-viable; or

- without a public sector injection of capital into, or equivalent support with respect to, Suncorp, APRA considers that Suncorp would become non-viable.

APRA has not provided guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of Suncorp's financial position and insolvency; however, it is possible that APRA's definition of non-viability may not necessarily be constrained to solvency measures or capital ratios and APRA's position on these matters may change over time. In the context of ADIs, APRA has recently indicated that it may regard non-viability as occurring well before an ADI is at risk of becoming insolvent. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to this event.

Non-viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of Suncorp. For instance, systemic and non-systemic macro-economic, environmental and operational factors, globally and in Australia and New Zealand, may affect the viability of Suncorp.

Effect of a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs, Suncorp must immediately Convert all (or some) Capital Notes 3 on issue (in accordance with APRA's determination) into the Conversion Number of Ordinary Shares.

Where a Non-Viability Trigger Event occurs because APRA determines that without a public sector injection of capital (or equivalent support) Suncorp would become non-viable, all Capital Notes 3 will be Converted.

If APRA makes a determination that only some Capital Notes 3 are required to be Converted, Suncorp must determine which Capital Notes 3 will Convert and in doing so must endeavour to treat Holders and holders of other Relevant Securities on an approximately proportionate basis but may discriminate to take account of the effect on marketable parcels, other logistical considerations and the need to effect conversions immediately. Accordingly, should a Non-Viability Trigger Event occur and some (but not all) Capital Notes 3 must be Converted, not all Holders may have their Capital Notes 3 converted into Ordinary Shares.

Holders should be aware that:

- if APRA does not require all Relevant Securities and Tier 2 Capital instruments to be converted or written-off, Relevant Securities such as Capital Notes 3 will be converted or written-off before any Tier 2 Capital instruments are converted or written-off;
- on the occurrence of a Non-Viability Trigger Event, APRA may determine that Capital Notes 3 must be Converted into Ordinary Shares; however, other equally-ranking Suncorp securities (such as CPS3, Capital Notes 1 and Capital Notes 2) may not be required to be converted. This may result in the Capital Notes 3 investment effectively ranking lower in Suncorp's capital structure than other previously equally-ranking securities;
- Suncorp has on issue Relevant Securities (being CPS3) that take the form of convertible preference shares. Due to the requirements of the Corporations Act, if CPS3 are written-off, the rights of holders of these securities are not terminated but are instead varied to give a holder rights equivalent to the rights in respect of Ordinary Shares it would have received if conversion had occurred. By contrast, as is the case for Capital Notes 1 or Capital Notes 2, if Capital Notes 3 are Written-Off, all rights in relation to those Capital Notes 3 will be terminated and Holders will lose the entire amount of their investment, without compensation. Accordingly, if Capital Notes 3 are Written-Off, Holders will have lesser rights and will likely be worse off than holders of CPS3, even though CPS3 rank equally with Capital Notes 3;
- Suncorp currently has no Relevant Securities on issue other than CPS3, Capital Notes 1 and Capital Notes 2; and
- Suncorp has no obligation to maintain on issue any Relevant Securities and does not, and may never, have on issue Relevant Securities which require them to be converted or written-off before Capital Notes 3.

Conversion on the occurrence of a Non-Viability Trigger Event is not subject to the Mandatory Conversion Conditions being satisfied. The number of Ordinary Shares a Holder will receive on Conversion following a Non-Viability Trigger Event is calculated in accordance with the Conversion Number formula which provides for a calculation based on a discounted five Business Day VWAP but cannot be more than the Maximum Conversion Number.

Accordingly, this may result in a Holder receiving a number of Ordinary Shares worth significantly less than \$101 per Capital Note 3 and suffering loss as a result. This is because:

- the number of Ordinary Shares is limited to the Maximum Conversion Number and this number of Ordinary Shares may have a value of less than \$101;
- where the number of Ordinary Shares is calculated by reference to the five Business Day VWAP, the VWAP during the five Business Days before the Trigger Event Date may differ from the Ordinary Share price on or after that date. The Ordinary Shares may not be quoted or may not be able to be sold at prices representing their value based on the VWAP. In particular, if Ordinary Shares are suspended from trading during the VWAP Period, VWAPs may be based wholly or partly on trading days which occurred more than five Business Days before the Trigger Event Date. ASX has broad powers to suspend Ordinary Shares from trading, including because Suncorp has not complied with the ASX Listing Rules; and
- as noted in Section 2.4.8, the Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including, for example, rights issues, returns of capital, buy-backs or special dividends. The Terms do not limit the transactions that Suncorp may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so may adversely affect the position of Holders.

Suncorp may seek a trading halt to prevent further trading in Capital Notes 3 on ASX and, if ASX permits, may refuse to register transfers of Capital Notes 3. This may result in disruption or failures in trading or dealing in Capital Notes 3 and Holders may suffer loss as a result.

Write-Off if Conversion does not occur

If, following a Non-Viability Trigger Event, Conversion of Capital Notes 3 has not been effected within five Business Days after the relevant Trigger Event Date for any reason (including because Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, winding-up or other external administration of Suncorp) (Inability Event)), those Capital Notes 3 will not be Converted but will instead be Written-Off, in which case all rights in relation to those Capital Notes 3 will be terminated and Holders will not get back their capital. This means that, for example, unlike Shareholders, if Capital Notes 3 are Written-Off, Holders will have no right to participate in a surplus of assets on a winding-up of Suncorp.

The laws under which an Inability Event may arise include laws relating to the insolvency, winding-up or other external administration of Suncorp. Those laws, and the grounds on which a court or government authority may make orders preventing the Conversion of Capital Notes 3, may change and may be adverse to the interests of Holders and the change may increase the risk of Capital Notes 3 being Written-Off.

5.1.10 Conversion as a result of an Acquisition Event

There is a risk that Capital Notes 3 may be affected by merger and acquisition activity affecting Suncorp. Capital Notes 3 are issued by Suncorp, which, as an ASX-listed company, may be acquired by or merged with another company or group of companies, potentially resulting in a change of control. The outcome for Holders of such activity may be uncertain; they may suffer loss or face increased risks in holding Capital Notes 3.

Where this corporate activity constitutes an Acquisition Event, Suncorp is required, subject to satisfaction of certain conditions, to Convert all Capital Notes 3 in accordance with Clause 7 of the Terms.

Where this corporate activity constitutes a Potential Acquisition Event, Suncorp may (but is not required to) elect, subject to satisfaction of certain conditions, to Convert all Capital Notes 3 in accordance with Clause 6 of the Terms. Conversion may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 3 (such as Distributions) is unknown. Where Holders receive Ordinary Shares on Conversion, they will have the same rights as other holders of Ordinary Shares, which are different to the rights attaching to Capital Notes 3.

There is a risk that Conversion may not occur on the Acquisition Conversion Date (or at all) because one of the restrictions on when Conversion is required or restrictions on completing a Conversion in connection with an Acquisition Event apply. This may be due, for example, to a large fall in the Ordinary Share price relative to the Issue Date VWAP or where a Delisting Event applies. The Ordinary Share price may be affected by many factors, including transactions affecting the share capital of Suncorp.

If Conversion does not occur on the Acquisition Conversion Date, then Conversion will occur on the following Distribution Payment Date for which the restrictions do not apply, unless Capital Notes 3 are otherwise Exchanged or Written-Off on or before that date. If Conversion does not occur on a possible Acquisition Conversion Date and Capital Notes 3 are not otherwise Exchanged or Written-Off, Distributions may continue to be paid on Capital Notes 3, subject to Suncorp's discretion and to no Payment Condition existing in connection with the relevant Distribution Payment Date.

Capital Notes 3 are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers or a Delisting Event continues to subsist, it is possible that the restrictions on Conversion will continue to apply and, if this occurs, unless Capital Notes 3 are otherwise Exchanged, Capital Notes 3 will never Convert.

Not all corporate activities that have the effect of a change of control of Suncorp or its business operations will be an Acquisition Event. In particular, it would not be an Acquisition Event if APRA were to require the compulsory transfer of the Suncorp Group's insurance or banking business. Where the corporate activity is not an Acquisition Event, Suncorp is not obliged to Convert Capital Notes 3. Therefore, the outcomes for Holders arising from that corporate activity will be uncertain and Holders may suffer loss or face increased or different risks in holding Capital Notes 3.

5.1.11 Exchange at Suncorp's option is subject to certain conditions

There is a risk that Suncorp will not Exchange Capital Notes 3. Exchange is at Suncorp's option and Holders have no right to require it.

If Suncorp elects to Exchange Capital Notes 3 by way of Conversion, Redemption or Resale, APRA's prior written approval is required. Holders should not assume that APRA will give its approval to any Exchange.

If Suncorp wishes to Exchange Capital Notes 3 by Converting them, there are two types of restrictions which apply:

- **Restrictions on electing Conversion**—Suncorp may not elect to Convert Capital Notes 3 as the Exchange Method if, on the second Business Day before the date on which an Exchange Notice is to be sent:
 - the VWAP is less than or equal to 22.0000% of the Issue Date VWAP; or
 - a Delisting Event applies.

If any of the above conditions apply, Suncorp is not permitted to choose Conversion as the Exchange Method; and

- **Restrictions on completing the Conversion**—further, if Suncorp has given notice that it has elected to Convert Capital Notes 3, Suncorp may not proceed to Convert Capital Notes 3 if, on the Exchange Date specified in the notice:
 - the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) that date is less than or equal to 20.2020% of the Issue Date VWAP; or
 - a Delisting Event applies.

If the requirements for Conversion on the Exchange Date are not satisfied, Suncorp will notify Holders and the Conversion will be deferred until the next Distribution Payment Date on which the requirements for Conversion would be satisfied if that Distribution Payment Date were a possible Mandatory Conversion Date.

The choice of Redemption as the Exchange Method is subject to the condition that:

- the Capital Notes 3 which are the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the Capital Notes 3 is done under conditions that are sustainable for Suncorp's income capacity; or
- APRA is satisfied that, having regard to the capital position of the Suncorp Group, Suncorp does not have to replace the Capital Notes 3 the subject of the Redemption.

Suncorp may not select Redemption or Resale as the Exchange Method in relation to a Potential Acquisition Event.

5.1.12 Conversion into Ordinary Shares

There is a risk that Capital Notes 3 will Convert into Ordinary Shares, which may be disadvantageous in light of market conditions or not suit individual Holder's circumstances and preferences. The only conditions to Conversion are, in the case of Mandatory Conversion, the Mandatory Conversion Conditions and, in the case of an Exchange at Suncorp's option or following an Acquisition Event, the conditions expressly applicable to such Conversion under Clauses 4, 6 and 7 of the Terms. No other conditions will affect the Conversion, except as expressly provided by the Terms.

Although one condition to Conversion is that a Delisting Event does not apply (other than in connection with a Conversion on account of a Non-Viability Trigger Event, which is not subject to conditions), other events and conditions may affect the ability of Holders to trade or dispose of the Ordinary Shares issued on Conversion including, for example, the willingness or ability of ASX to accept the Ordinary Shares issued on Conversion for quotation or any practical issues which affect that quotation, whether ASX has suspended trading in Ordinary Shares, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time. Further, as outlined in Section 5.1.9, Conversion following a Non-Viability Trigger Event is not subject to any conditions.

5.1.13 Capital Notes 3 are perpetual, unsecured and subordinated obligations

Capital Notes 3 are unsecured and subordinated obligations issued by Suncorp. They are perpetual instruments, meaning they have no maturity date, so Holders may never be repaid the principal they have invested and Capital Notes 3 may never be Converted to Ordinary Shares.

Capital Notes 3 are claims on Suncorp, a NOHC of the companies in the Suncorp Group. The majority of Suncorp's assets consist of investments in companies which are other members of the Suncorp Group. Suncorp's claims in respect of those investments rank behind the relevant company's depositors, policyholders and other creditors (as the case may be) in a winding-up of those companies. Holders have no claim on any other member of the Suncorp Group for payment of any amount in respect of Capital Notes 3.

There is a risk, that if Suncorp is wound-up, a Holder may not receive a return of their investment. Capital Notes 3 are issued by Suncorp under the Terms. A Holder has no claim on Suncorp in respect of Capital Notes 3, except as provided in the Terms, and has no claim on any other member of the Suncorp Group.

In a Winding-up of Suncorp, if Capital Notes 3 have not been Converted or Written-Off on account of a Non-Viability Trigger Event, Capital Notes 3 are subordinated and Holders rank behind senior creditors for payment of the Redemption Price. Capital Notes 3 will rank equally with, and shall be paid in proportion to, the claims of holders of other instruments issued as Equal Ranking Instruments. Capital Notes 3 will rank ahead only of Ordinary Shares of Suncorp. Holders will lose their investment in Capital Notes 3 if there are insufficient assets to satisfy senior creditors in a Winding-up of Suncorp. Distributions, being at Suncorp's absolute discretion, are not payable and no claim may be brought in respect of any unpaid Distributions.

If, following a Non-Viability Trigger Event, Capital Notes 3 are Converted into Ordinary Shares, Holders will have claims as Shareholders and rank lowest of all creditors in a winding-up of Suncorp. If Conversion does not occur for any reason within five Business Days of APRA's Non-Viability Determination, Capital Notes 3 will be Written-Off. If Capital Notes 3 are Written-Off, all rights in relation to those Capital Notes 3 will be terminated and Holders will lose the entire amount of their investment, without compensation.

Although Capital Notes 3 may pay a higher rate of distribution than comparable securities and instruments which are not subordinated, there is a significant risk that Holders will lose all or some of their investment in Capital Notes 3 should Suncorp become insolvent.

5.1.14 Future issues or redemptions of securities by Suncorp

There is a risk that Suncorp may issue other securities that may affect the return that a Holder receives on their investment. Capital Notes 3 do not in any way restrict Suncorp from issuing further securities or from incurring further indebtedness. Suncorp's obligations under Capital Notes 3 rank subordinate and junior in a Winding-up to Suncorp's obligations to holders of senior ranking securities and instruments and all Senior Ranking Creditors, including subordinated creditors (other than creditors whose claims are subordinated to rank equally with or behind Capital Notes 3). Accordingly, Suncorp's obligations under Capital Notes 3 will not be satisfied unless it can fully satisfy all of its obligations ranking senior to Capital Notes 3.

The Terms do not restrict Suncorp from issuing securities of any kind. Suncorp may in the future issue securities that:

- rank for dividends, distributions or return of capital (including on the Winding-up of Suncorp) equally with, behind or ahead of Capital Notes 3;
- have the same or different dividend, interest or distribution rates as those for Capital Notes 3;
- have payment tests and distribution restrictions or other covenants which affect Capital Notes 3 (including by restricting circumstances in which Distributions can be paid or Capital Notes 3 can be Redeemed); or
- have the same or different terms and conditions as Capital Notes 3.

Suncorp may incur further indebtedness and may issue further securities including further Tier 1 Capital securities before, during or after the issue of Capital Notes 3.

An investment in Capital Notes 3 carries no right to participate in any future issue of securities (whether equity, Tier 1 Capital, subordinated or senior debt or otherwise) by Suncorp.

No prediction can be made as to the effect, if any, which the future issue of securities by Suncorp may have on the market price or liquidity of Capital Notes 3, on Suncorp's financial position or performance or on the likelihood of Suncorp making payments on Capital Notes 3.

Similarly, Capital Notes 3 do not restrict Suncorp from redeeming or otherwise repaying its other securities it may have on issue from time to time, including other securities which rank equally with or junior to Capital Notes 3 (other than to the extent the Distribution Restriction applies).

An investment in Capital Notes 3 carries no right to be redeemed or otherwise repaid at the same time as Suncorp redeems or otherwise repays other securities (whether equity, Tier 1 Capital, subordinated or senior debt or otherwise).

No prediction can be made as to the effect, if any, which the future redemption or repayment by Suncorp of existing securities may have on the market price or liquidity of Capital Notes 3 or on Suncorp's financial position or performance.

5.1.15 Exposure to the Suncorp Group's financial performance and position

There is a risk that if the Suncorp Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Capital Notes 3 could decline in value even if Capital Notes 3 have not been Converted. Accordingly, when you evaluate whether to invest in Capital Notes 3, you should carefully evaluate the investment risks associated with an investment in Suncorp (see further detail in Section 5.2).

5.1.16 Distributions may not be fully franked or franked at all

Suncorp expects Distributions, if paid, to be fully franked. However, there is no guarantee that Suncorp will have sufficient franking credits in the future to fully frank Distributions or to frank them at all. The Franking Rate for a Distribution Period may fluctuate (potentially increasing or decreasing), depending on Suncorp's level of available franking credits and Suncorp's distributable profits. Suncorp's available franking credits may be affected by a wide range of factors, including its business performance, the applicable Australian corporate tax rate, the assessment of relevant tax authorities and the amount of other frankable distributions. Suncorp's distributable profits may also be affected by a wide range of factors including its level of earnings and other distributions it makes.

Distributions will be franked at the same rate as Ordinary Shares. If any Distribution payment is not fully franked, then the cash amount of the Distribution will increase to compensate for the reduction in franking credits. This payment is subject to the conditions governing the payment of Distributions.

The value and availability of franking credits to a Holder will differ depending on that Holder's particular tax circumstances. Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution and that the ability to use any franking credits, either by offsetting a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder. Each Holder should refer to the taxation summary in Section 8 and obtain professional advice in relation to their tax position.

5.1.17 Distributions on Capital Notes 3 may be restricted by the terms of other similar securities

There is a risk that the terms of Suncorp's other outstanding and future securities could limit the Suncorp Group's ability to make payments on Capital Notes 3. If Suncorp does not make payments on other securities, payments may not be permitted to be made in respect of Capital Notes 3.

The dividend or distribution payment dates on Suncorp's other securities may differ from the Distribution Payment Dates for Capital Notes 3. Further, the payment tests applying to other securities (whether currently outstanding or issued in the future) may be different to the conditions governing the payment of Distributions for Capital Notes 3. Accordingly, Suncorp may not be permitted to make a payment on another security in circumstances where it would otherwise be permitted to make a payment on Capital Notes 3. In these circumstances, the distribution restrictions on the other securities may then apply, preventing Suncorp from making a payment on Capital Notes 3. Similarly, Suncorp may not be permitted to make a payment on Capital Notes 3 in circumstances where the payment tests on other securities have been passed.

If distribution restrictions for another security apply to payments on Capital Notes 3, Suncorp may not be able to pay Distributions when scheduled to do so under the Terms and may not be able to Redeem Capital Notes 3. Suncorp is not restricted from issuing other securities of this kind or agreeing in the terms of issue of other securities to additional or different payment tests or distribution restrictions (see Section 2.1).

5.1.18 A Distribution Restriction applies but only in limited circumstances

If a Distribution is not paid in full within three Business Days of the scheduled Distribution Payment Date then, subject to certain exceptions set out in Clause 3.8 of the Terms, Suncorp must not declare, determine to pay or pay a dividend on any Ordinary Shares, or buy back or reduce capital on any Ordinary Shares, without the approval of a Special Resolution. This restriction applies only to payments on, or buy-backs or capital reductions in respect of, Ordinary Shares and not to payments on, or buy-backs or capital reductions in respect of, securities ranking equally with Capital Notes 3 (such as CPS3, Capital Notes 1 and Capital Notes 2) or any other class of security (if on issue). These restrictions will apply only until and including the next Distribution Payment Date.

The dates for the declaration, determination or payment of dividends on Ordinary Shares of Suncorp, or on which Suncorp may undertake a capital reduction or buy-back, are determined by Suncorp in its discretion and are not related to the Distribution Payment Dates for Capital Notes 3. Accordingly, as soon as the next scheduled Distribution on Capital Notes 3 is paid, the restriction ceases to apply and Suncorp will not be restricted from declaring, determining to pay or paying a dividend or undertaking any buy-back or capital reduction.

5.1.19 Changes to credit ratings

Suncorp's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by its credit ratings (including any long-term credit ratings or the ratings assigned to any class of its securities). Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Even though Capital Notes 3 will not be rated, such changes could adversely affect the market price, liquidity and performance of Capital Notes 3 or Ordinary Shares received on Conversion. A rating of Suncorp or any member of the Suncorp Group is not a rating of Capital Notes 3.

5.1.20 Regulatory classification and prudential supervision

There is a risk that the position of Holders may be adversely affected due to Capital Notes 3 being eligible as regulatory capital. Capital Notes 3 are eligible for inclusion as Eligible Additional Tier 1 Capital which qualifies as regulatory capital of the Suncorp Group for APRA purposes.

As a result of Capital Notes 3 being eligible as regulatory capital, the Terms contain features which may have adverse consequences for Holders. For example, Suncorp is required to Convert Capital Notes 3 on the occurrence of a Non-Viability Trigger Event, the ability of Suncorp to pay Distributions is subject to APRA not objecting to the payment and the Exchange of Capital Notes 3 at Suncorp's option is subject to APRA approval. If APRA subsequently determines that some or all Capital Notes 3 do not qualify as Eligible Additional Tier 1 Capital, Suncorp may decide that a Regulatory Event has occurred. For example, a Regulatory Event could include Capital Notes 3 ceasing to be Eligible Additional Tier 1 Capital due to the implementation by APRA of capital-related prudential standards applicable to conglomerate groups. APRA has advised that the implementation of the capital related prudential standards previously proposed has been deferred. Following a Regulatory Event, Suncorp may elect, at its option, to Exchange all or some Capital Notes 3 on issue (subject to APRA's prior written approval and Holders should not assume that APRA's approval will be given, if requested). A Regulatory Event will not have occurred if the change in regulatory treatment was expected by Suncorp at the Issue Date or if the reason Suncorp or the Suncorp Group is not entitled to treat some or all Capital Notes 3 as Eligible Additional Tier 1 Capital is because of a prudential limit or other restriction which is in effect on the Issue Date, or which, on the Issue Date, is expected by Suncorp may come into effect.

Any such Exchange, at Suncorp's option, may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 3 (such as Distributions) is unknown.

The Exchange Method chosen by Suncorp may also be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant date.

APRA's powers with respect to Suncorp also include the ability for APRA to direct Suncorp not to pay Distributions.

For further information on the investment risks arising from Suncorp being subject to prudential supervision, see Section 5.2.1.

5.1.21 Australian tax consequences

A general outline of the tax consequences of investing in Capital Notes 3 for certain potential investors is set out in the Australian taxation summary in Section 8. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor.

Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If, as a result of a change in Australian tax law or any judicial decision, administrative pronouncement, ruling or written challenge affecting taxation, there is more than insubstantial risk that there would be a more than insignificant increase in Suncorp's costs in relation to Capital Notes 3 being on issue or that any Distribution would not be frankable, a Tax Event may occur. Suncorp may then elect, at its option, to Exchange all or some Capital Notes 3 (subject to APRA's prior written approval). A Tax Event will not have occurred if the change in tax treatment was expected by Suncorp at the Issue Date.

If the corporate tax rate were to change, the cash amount of Distributions and the amount of any franking credits will change.

5.1.22 Accounting standards

New accounting standards or amendments to existing accounting standards issued by either the International Accounting Standards Board or Australian Accounting Standards Board may affect the reported earnings and financial position of Suncorp in future financial periods. This may adversely affect the ability of Suncorp to pay Distributions.

5.1.23 Shareholding limits

There is a risk that a Holder may, by acquiring any Capital Notes 3 (taking into account any Ordinary Shares into which they may Convert), breach applicable restrictions on ownership.

Laws, including the *Financial Sector (Shareholdings) Act 1998* (Cth), restrict ownership by people (together with their associates) of general insurer holding companies, such as Suncorp, to a 20% stake. A shareholder may apply to the Australian Treasurer to extend their ownership beyond 20% but approval will not be granted unless the Treasurer is satisfied that a holding by that person of greater than 20% is in the national interest.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as Suncorp) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX. These provisions include restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian competition law regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

Holder should take care to ensure that, by acquiring any Capital Notes 3 (taking into account any Ordinary Shares into which they may Convert), Holders do not breach any applicable restrictions on ownership and Holders should seek professional guidance from their solicitor, accountant or other independent qualified professional adviser in relation to their obligations.

5.1.24 Amendment of the Terms and Trust Deed

There is a risk that either or both the Terms and the Trust Deed may be amended in a way that the Holder does not agree with.

Suncorp may, with the approval of the Trustee and, where required, with APRA's prior written approval, make certain amendments to the Terms or Trust Deed without the approval of Holders.

- These may include amendments which may affect the rights of Holders, including:
 - amendments of a formal, technical or minor nature, made to cure any ambiguity or correct any manifest error;

- changes to dates or time periods necessary or desirable to facilitate a Mandatory Conversion, Non-Viability Conversion or Exchange;
- changes that enable Capital Notes 3 to be quoted on ASX or sold or to comply with applicable laws or listing rules;
- amendments made to align the Terms with any subsequently issued Eligible Additional Tier 1 Capital instrument;
- amendments made in accordance with Suncorp's adjustment rights in relation to VWAP and Issue Date VWAP in Clause 8 of the Terms; and
- any other change that, in Suncorp's opinion, will not be materially prejudicial to the interests of Holders as a whole.

Suncorp may also, with the approval of the Trustee and, where required, with APRA's prior written approval, amend the Terms or Trust Deed if the amendment has been approved by a Special Resolution. Amendments under these powers are binding on all Holders even if a Holder does not agree with or did not attend or vote at any meeting in relation to the amendment.

APRA's prior written approval to amend the Terms is required only where the amendment may affect the eligibility of Capital Notes 3 as Eligible Additional Tier 1 Capital.

5.1.25 No rights to vote

There is a risk that Holders may be affected by corporate decisions made by Suncorp. Holders have no voting or other rights in relation to Ordinary Shares until Ordinary Shares are issued to them. In addition, Capital Notes 3 do not confer on Holders any right to subscribe for new securities in Suncorp or to participate in any bonus issue of securities. The rights attaching to Ordinary Shares, if Ordinary Shares are issued, will be the rights attaching to Ordinary Shares at that time. Holders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Ordinary Shares that may be issued to them upon Conversion. Therefore, Holders will not be able to influence decisions that may have adverse consequences for them.

5.1.26 Relevant provisions of the Insurance Act, powers of a statutory manager and APRA secrecy rules

In certain circumstances APRA may appoint a statutory manager (an Insurance Act statutory manager) to take control of the business of an authorised NOHC of a general insurer, such as Suncorp.

Those circumstances are defined in the Insurance Act to include, among other things where a statutory manager has taken control of a general insurer which is a subsidiary of the NOHC, (or APRA intends that this occur) and APRA either:

- considers the NOHC provides services or conducts business essential to the capacity of the general insurer to maintain its operations; or
- considers that this is necessary to facilitate the resolution of the general insurer or one or more of its related bodies corporate.

The grounds on which APRA may appoint a statutory manager to the general insurer include:

- where a statutory manager has taken control of a body related to the general insurer (including any related ADI under the Banking Act or life insurer under the Life Insurance Act);
- where the general insurer's financial position is deteriorating rapidly, or is likely to deteriorate rapidly, and failure to respond quickly to the deterioration would be likely to prejudice the interests of policyholders of the general insurer;
- where it is likely that the general insurer will be unable to carry on insurance business in Australia consistently with the stability of the financial system in Australia;
- an external administrator has been appointed to a holding company of the general insurer and the appointment poses a significant threat to the operation or soundness of the general insurer, the interests of its policy holders or the stability of the financial system.

The powers of an Insurance Act statutory manager include the power to alter a NOHC's constitution, to issue, cancel or sell shares (or rights to acquire shares) in the NOHC and to vary or cancel rights or restrictions attached to shares in a class of shares in the NOHC. An Insurance Act statutory manager is authorised to do so despite the Corporations Act, the NOHC's constitution, any contract or arrangement to which the NOHC is party or the ASX Listing Rules. The Insurance Act statutory manager may also dispose of the whole or part of a NOHC's business.

If an Insurance Act statutory manager is appointed to Suncorp in the future, these broad powers may be exercised in a way which adversely affects the rights attaching to Capital Notes 3 and the position of Holders.

APRA may also, in certain circumstances, require Suncorp to transfer all or part of its business to another entity under the *Financial Sector (Transfer and Restructure) Act 1999* (Cth) (**FSTR Act**).

A transfer under the FSTR Act overrides anything in any contract or agreement to which Suncorp is party and therefore may have an adverse effect on Suncorp's ability to comply with its obligations under Capital Notes 3 and the position of Holders.

In addition, Holders should be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Insurance Act) may not be publicly disclosed.

5.1.27 FATCA Withholding

It is possible that, in order to comply with FATCA, Suncorp (or, if Capital Notes 3 are held through another non-U.S. financial institution, such other financial institution) may be required (pursuant to an agreement with the U.S. Internal Revenue Service (**IRS**) or under an applicable law, including a non-U.S. law implementing an intergovernmental approach to FATCA) to request certain information from Holders or beneficial owners of Capital Notes 3, which information may be provided to the IRS and to withhold, at the rate of 30%, on all or a portion of payments made with respect to Capital Notes 3 if (i) such information is not provided; or (ii) if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS or are otherwise exempt from FATCA Withholding.

Further, such FATCA Withholding is not expected to apply if Capital Notes 3 are treated as debt for U.S. federal income tax purposes unless Capital Notes 3 are issued or 'materially modified' after the date that is six months after the date on which final regulations defining the term 'foreign passthru payment' are filed with the U.S. Federal Register.

If Suncorp is required to withhold amounts under or in connection with FATCA from any payments made in respect of Capital Notes 3, Holders and beneficial owners of Capital Notes 3 will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

This description is based on guidance issued to date by the IRS. Future guidance may affect the application of FATCA to Capital Notes 3.

FATCA is particularly complex legislation. Holders should obtain their own advice about the requirements of FATCA and the Australian intergovernmental agreement may apply to them under Capital Notes 3.

In addition, the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**) requires certain financial institutions to report information regarding certain accounts (which may include Capital Notes 3) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS.

A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

5.2 Risks associated with Suncorp and the Suncorp Group

Set out below are business risks associated with Suncorp and the Suncorp Group. These are relevant to an investment in Capital Notes 3, as the value of your investment will depend on the financial performance and position of Suncorp and the Suncorp Group.

Suncorp and the Suncorp Group have mechanisms in place whereby they can avoid or reduce some of these risks but the risks (and their impact) may change, or new risks may emerge, over the lifetime of Capital Notes 3 that are not adequately mitigated by Suncorp or the Suncorp Group.

5.2.1 Regulatory and compliance risk

The Suncorp Group operates across a number of highly-regulated industry sectors. There have been, and continue to be, significant domestic and global legislative and regulatory reforms and proposals, as well as numerous government and regulator consultations, reviews and inquiries which may result in changes that may impact the Suncorp Group and its operations in Australia and New Zealand.

In Australia and New Zealand, the relevant regulatory authorities include APRA, ASX, RBA, ASIC, ACCC, AUSTRAC, RBNZ, the FMA and New Zealand Commerce Commission.

Suncorp and its subsidiaries are responsible for ensuring that they comply with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which they operate.

If Suncorp or another member of the Suncorp Group fails to comply with applicable laws and regulations, it may be subject to fines, penalties, restrictions on its ability to do business including additional capital requirements or licence conditions or loss of licence to conduct business or restrictions on its ability to perform its obligations with respect to Capital Notes 3.

There are also various proposals and changes from global regulatory, advisory and standard-setting bodies such as the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision, the International Organisation of Securities Commissions and the Financial Stability Board which if adopted, or followed by domestic regulators, may increase operational and capital costs or requirements. Suncorp is committed to embracing these regulatory changes and is well placed to respond through the additional regulatory investment in 2019-20 and the establishment of its regulatory program.

Risks impacting the Suncorp Group

The nature, timing and impact of future regulatory reforms or changes are not predictable and are beyond the Suncorp Group's control. Regulatory compliance and the management of regulatory change is an increasingly important part of the Suncorp Group's strategic planning. Regulatory change may also impact the Suncorp Group's operations by requiring it to have higher levels, and better quality of capital as well as place restrictions on the businesses the Suncorp Group operates or require the Suncorp Group to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of the Suncorp Group's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of the Suncorp Group's businesses. Any such costs or restrictions could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

The following changes are also likely to occur as a result of ongoing regulatory reform, which may have an impact on the Suncorp Group:

- The Royal Commission's Final Report into Misconduct in the Banking, Superannuation and Financial Services Industry (**Royal Commission**) and the Australian Government announcement to act upon on all 76 recommendations to strengthen protections for consumers, small business and rural and regional communities and generally brought greater focus on culture and compliance matters including:
 - industry codes approved by ASIC may contain enforceable provisions, of which a contravention will constitute a breach of the law;
 - provisions modelled on the Banking Executive Accountability Regime (**BEAR**) should be extended to all APRA-regulated entities, including superannuation trustees and insurers;

- hawking of superannuation products and insurance products should be prohibited other than in limited circumstances;
- the BEAR legislation should impose additional duties and behavioural expectations;
- the development of a Code of Practice for insurance in superannuation to address claims handling processes which should be designated as enforceable provisions by 30 June 2021;
- removal of the exemption for insurance claims handling constituting a financial service; and
- cessation of the grandfathering of conflicted remuneration paid to financial advisers.

The following changes are also likely to occur (or continue to occur) as a result of the Royal Commission, which may have an impact on the Suncorp Group:

- potential increased enforcement activity by ASIC, in response to the findings of the Royal Commission that ASIC's enforcement approach should focus on increased enforcement actions and on litigation rather than negotiated outcomes. There is also a higher likelihood of adverse outcomes due to an increase in the statutory penalties under the Corporations Act;
- a new 'constructively tough' approach by APRA to the use of enforcement powers and taking enforcement action; and
- APRA is directing additional resources to a multi-year effort involving inter-related streams of work to intensify supervision of governance, accountability and culture of APRA-regulated entities.

The Australian government has also announced its intentions to, or taken steps to, enact regulatory change in relation to the following matters which may have an impact on the Suncorp Group:

- introduction of the consumer data right which is intended to give Australians greater control over their data, empowering customers to choose to share their data with trusted recipients only for the purposes that they have authorised;
- passing of the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* (Cth) (**DDOPIP Legislation**) to impose design and distribution obligations on the issuers, providers and distributors of financial products and provide ASIC with a product intervention power. The impact of these new obligations remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like Capital Notes 3. These changes may also affect the liquidity of funding instruments (including hybrids such as Capital Notes 3), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors;
- APRA, RBA and ASIC are increasing the scrutiny of entities' approaches to climate change as a material risk and using the Taskforce on Climate-related Disclosures as the mechanism to facilitate entities conducting a deeper assessment and issuing greater disclosure. The AASB and Auditing and Assurance Standards Board has released guidance stating if climate-related risks are important to investors' decision-making, it should be considered material and reflected in the financial statements of the relevant entity;
- proposed establishment by the Australian Government of a statutory compensation scheme of last resort for unpaid determinations by external dispute resolution bodies;
- introduction of the *Modern Slavery Act 2018* (Cth) which requires certain entities based or operating in Australia to publish annual Statements detailing their actions to address the risk of modern slavery in their operations and supply chain;
- the Productivity Commission's Final Report into increasing competition in the Australian financial system across banking, insurance and superannuation and the Federal Government's intention to provide significant additional funding to smaller banks and non-bank lenders to on-lend to small and medium enterprises;
- the Superannuation Productivity Commission Inquiry Report which assessed the efficiency and competitiveness of Australia's superannuation system, and whether better ways to allocate defaults are needed;
- ongoing focus on enhancing board governance and risk management in the superannuation industry led by APRA;

- APRA’s focus on integrating AASB 17 Insurance Contracts into the Life and General Insurance Capital framework and reporting frameworks, aligned with the international approach; and
- APRA has outlined an intention to establish a new prudential standard on resolution and improve its resolution capability. APRA defines resolution as being directed at protecting the Australian community from financial loss and disruption by planning for and implementing responses to crisis within the financial system. APRA has not yet indicated what the form or content of any new standard will be. However, it is possible Suncorp may incur incremental costs in responding to or complying with the requirements of a new standard.

The outcomes and costs associated with many of these potential matters remain uncertain.

Other foreign regulations

The Suncorp Group’s businesses may be affected by changes to the regulatory framework in other jurisdictions, including the cost of complying with regulation that has extra-territorial application such as the *Bribery Act 2010* (UK), FATCA, *Dodd–Frank Wall Street Reform and Consumer Protection Act 2010* (U.S.) and other reforms.

There has also been increased regulator expectation and focus in relation to a number of other areas such as data quality and controls, governance and culture and conduct.

Risks which may impact the Australian Insurance Business

Recent regulatory reforms and proposals that may impact the Suncorp Group’s insurance business in Australia include:

- the Australian Competition and Consumer Commission’s (**ACCC**) inquiry into the supply of residential (home), contents and strata insurance in northern Australia, and any recommendations made as a result;
- the Australian Capital Territory (**ACT**) Parliament passing the Motor Accident Injuries Bill 2019 that effects reforms to the ACT comprehensive third party (CTP) insurance scheme by replacing the current at-fault common law scheme with a new hybrid no-fault common law scheme;
- the Insurance Council of Australia’s review of the General Insurance Code of Practice Final Report recommendations. The Code reiterates core commitments and high standards of conduct on insurers, their employees, distributors and service suppliers in particular areas;
- the extension of the unfair contract terms legislation to insurance contracts;
- passing of legislation to update and reform the New South Wales CTP motor accident insurance scheme and the New South Wales Government review of CTP insurers’ profits; and
- development of guidelines and legislative support for the trial and use of automated vehicles.

Risks which may impact the New Zealand Insurance Business

Recent regulatory reforms and proposals that may impact the Suncorp Group’s insurance business in New Zealand include:

- the FMA and the RBNZ issued a Thematic Review of Life Insurer Conduct and Culture which required New Zealand Life insurers to provide a detailed response including an action plan to address feedback, a gap analysis against the Australian Royal Commission final report and a 5-year systematic review of insurers’ existing products. General insurers are required to report to their boards on the same matters by 31 October 2019;
- the New Zealand Government has proposed reform to New Zealand’s insurance contract law by mid-2020 including changes to the duty of disclosure and remedies for non-disclosure, changes to the New Zealand unfair contract terms regime, proposals to provide specific information such as core policy terms or summary documents, participation in comparison websites;
- a public inquiry into the earthquake commission (**EQC**) is underway with findings and recommendations due by March 2020;
- the Canterbury Earthquake Tribunal Act was passed into law, which provides an alternate forum for policyholders with unresolved claims;

- the Financial Services Legislation Bill passed commencing June 2020 requiring all financial advisers to be licensed, meet competency standards, comply with a Code of Conduct and prioritise their customer's interests;
- the RBNZ is set to review the *Insurance (Prudential Supervision) Act 2010* (NZ), including the solvency standards and risk management policies. Currently, insurers are required to meet a minimum solvency ratio specified by the RBNZ for a particular company. The RBNZ intends to consider the case for requiring insurers to maintain solvency buffers; and
- the New Zealand Government has announced it intends to introduce legislation to establish a new regime to regulate the conduct of banks, insurers and non-bank deposit takers requiring them to meet a fair treatment standard for customers.

Risks which may impact the Banking & Wealth Business

Recent regulatory reforms and proposals that may impact the Suncorp Group's Banking & Wealth operations include:

- APRA is currently consulting on revisions to the ADI capital framework to give effect to expectations for 'unquestionably strong' capital ratios and implement the recently finalised Basel III reforms. Given the need for extensive consultation, the revised prudential standards are likely to be in effect from 2022;
- APRA's proposed revisions to its guidance (Prudential Practice Guide APG 223 Residential Mortgage Lending) on the serviceability assessments that ADIs perform on residential mortgage loan applications with the revisions being:
 - removing the quantitative guidance on the level of the serviceability floor rate. APRA will still expect ADIs to determine, and regularly review, their own level of floor rate, but ADIs will be able to choose a prudent level based on their own portfolio mix, risk appetite and other circumstances;
 - increasing the expected level of the serviceability buffer from at least 2% (most ADIs currently use 2.25%) to 2.5%, to maintain prudence in overall serviceability assessments; and
 - removing the expectation that a prudent ADI would use a buffer 'comfortably above' the proposed 2.5%;
- APRA and ASIC's consultation on updating responsible lending guidance to improve the lending practice in the Australian financial services sector, which includes considering the role of expense benchmarks when verifying a consumer's financial situation.
- APRA's changes to the large exposures prudential framework, which came into effect from 1 January 2019;
- APRA's new requirements to increase the loss-absorbing capacity of ADIs to support orderly resolution. The proposed changes will increase the Total Capital requirements by four to five percentage points of risk-weighted assets for domestically systemically important banks (**D-SIBs**), to be implemented over four years. While the requirements have not been extended to Suncorp-Metway Limited (**SML**) at this stage, APRA has indicated that a small number of additional ADIs in addition to the D-SIBs, may be impacted. If this were to occur, it would likely increase the capital requirements of SML and similarly increase the cost of funding;
- Australian Banking Association's (**ABA**) amendments to the Banking Code of Practice following the Royal Commission recommendations; and
- Open Banking as a component of the consumer data right will change traditional ownership and use of customer bank data, enabling easier comparisons of different products for customers, more informed choices, as well as switching of bank providers, with a phased implementation approach across products and type of bank provider from July 2019 through to July 2021.

5.2.2 Market risk

The Suncorp Group is exposed to market risk as a consequence of both its investments and trading activities in financial markets and through the asset and liability management of its balance sheet. The Suncorp Group is exposed to losses arising from adverse movements in levels and volatility of market factors, including interest rates (including potential for negative interest rates), foreign exchange rates, equity prices and credit spreads.

The Suncorp Group, through its investment portfolios, is exposed to risk and volatility in the markets, securities and other assets in which it invests. Those risks include, but are not limited to:

- asset/liability risk, i.e. the risk that the value of an investment portfolio will decrease relative to the value of the liabilities as a result of fluctuation in investment factors including share prices, interest rates, credit spreads, counterparty default, exchange rates or commodity prices;
- liquidity risk, including that assets cannot be sold without a significant impairment in value; and
- inflation risks, i.e. the risk that inflation levels and consequently, claims are higher than expected.

Such risks can be heightened during periods of high volatility, market disruption and periods of sustained low interest rates and could adversely affect the Suncorp Group's businesses, financial performance, capital resources and financial condition.

If the Suncorp Group was to suffer substantial losses due to any market volatility, it could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.3 Global market and economic volatility

The financial performance of the Suncorp Group is significantly affected by changes in investment markets and economic conditions both globally and in Australia and New Zealand, where the Suncorp Group conducts its banking and insurance business.

The financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and uncertainty as to the outlook for global economic conditions. Any such market and economic disruptions could have an adverse effect on financial institutions, such as the Suncorp Group, because consumer and business confidence may decrease, unemployment may rise and demand for the products and services the Suncorp Group provides may decline. This could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.4 Decline in asset markets

The Suncorp Group's performance is influenced by asset markets in Australia, New Zealand and other jurisdictions, including equity, property and other investment asset markets.

Declining asset prices could also impact customers and counterparties and the value of security held against loans and derivatives, which may impact the Suncorp Group's ability to recover amounts owing to it if customers or counterparties were to default.

In particular, the residential, commercial and rural property lending sectors are important to the Suncorp Group's banking operations. Overall, the property market has been variable and, in some locations, there have been substantially reduced asset values. Declining property valuations in Australia, or other markets where the Suncorp Group's customers do business could decrease the amount of new lending the Suncorp Group's banking operations are able to write and/or increase the losses that the Suncorp Group's banking operations may experience from existing loans and investments.

5.2.5 Funding and liquidity risk

Financial institutions (including Suncorp Group) are currently subject to global credit and capital market conditions, which experienced extreme volatility, disruption and decreased liquidity following the global financial crisis.

If market conditions deteriorate due to economic, financial, political or other reasons (for example, if a change in customer behaviour driven by low, zero or negative interest rates leads to an outflow of deposits), Suncorp Group's funding costs may be adversely affected and its liquidity and its funding of lending activities may be constrained. There is no assurance that Suncorp Group will be able to obtain adequate funding at acceptable prices or at all.

If the Suncorp Group's current sources of funding prove to be insufficient, it may be forced to seek alternative funding. The availability of such alternative funding, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Suncorp Group's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on

unfavourable terms, which could adversely affect Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.6 Strategic risks

There are risks associated with the competitive positioning of the business and the Suncorp Group's ability to respond in a timely manner to changes in its competitive landscape and protect the value of its brands.

Competitive environment

The financial services industry is highly competitive and, as a result, the Suncorp Group faces intense competition in all aspects of its business. The Suncorp Group's Banking & Wealth business competes with retail and commercial banks and its insurance businesses compete with other insurance firms. This includes specialist competitors, such as aggregators and comparison websites, which may not be subject to the same capital and regulatory requirements and, therefore, may be able to operate at lower cost.

If the Suncorp Group is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also divert business to the Suncorp Group's competitors or create pressure to lower margins.

The Suncorp Group is also dependent on its ability to offer products and services that match evolving technological advancements, customer preferences, habits and sentiment, including changing dynamics in the use of vehicles. If the Suncorp Group is not successful in developing or introducing new products and services or responding or adapting to changes in technological advancements, customer preferences, habits and sentiment, the Suncorp Group may lose customers to its competitors. This could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

The level of competition continues to increase as the trend toward consolidation in the global financial services industry is creating competitors with a broader range of products and services, increased access to capital, greater efficiency and enhanced pricing power. There is also increased competition from non-traditional financial service companies, such as technology companies offering financial services products. These non-traditional financial service companies can disrupt traditional business models by offering more data driven and comprehensive needs based offerings. As a result, the Suncorp Group could lose market share or be forced to reduce prices in order to compete effectively, particularly if both traditional and non-traditional industry participants engage in aggressive growth strategies or severe price discounting.

Dependence on the Australian and New Zealand economies

As the Suncorp Group currently conducts its banking and insurance business in Australia and New Zealand, its performance is influenced by the level and cyclical nature of business activity in Australia and New Zealand. This in turn, is impacted by both domestic and international economic and political events. A weakening in the Australian and/or New Zealand economies, and/or in the economic and business conditions of other countries, may have an adverse effect on the Suncorp Group's financial condition and on the results of its operations. This includes reduced demand for products and services but also lower investment returns and increased costs, which could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

The electoral cycles in Australia and New Zealand may lead to new regulatory, taxation or other legislative proposals. If enacted, these may impact the underlying performance of the Suncorp Group or an investment in the Capital Notes 3 themselves.

Execution of strategic initiatives

The Suncorp Group is managing the delivery of a number of strategic initiatives, however there is a risk that implementation of these initiatives across Suncorp Group may not realise some or all of the anticipated benefits. Failure to successfully deliver these programs could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.7 Change in credit ratings

Credit ratings are opinions on the Suncorp Group's creditworthiness. The Suncorp Group's credit ratings affect the cost and availability of its funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating its products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to the Suncorp Group and its subsidiaries by rating agencies are based on an evaluation of a number of factors, including financial strength, support from members of the Suncorp Group and structural considerations regarding the Australian financial system. A credit rating downgrade could be driven by the occurrence of one or more of the other events identified as risks in this Section 5 or by other events, including changes to the methodologies used by the rating agencies to determine ratings.

If Suncorp, or any member of the Suncorp Group, fails to maintain its current credit ratings, this could adversely affect the Suncorp Group's cost of funds and related margins, competitive position and its access to capital and funding markets. This could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects. The extent and nature of these impacts depend on various factors, including the extent of any ratings change, whether the ratings of Suncorp, or any member of the Suncorp Group, differ among agencies (split ratings) and whether any ratings changes also impact the Suncorp Group's peers or the banking and insurance sectors.

5.2.8 Reputational risk

The Suncorp Group's ability to attract and retain customers and investors and its prospects could be adversely affected if the Suncorp Group's reputation is damaged.

There are various potential sources of reputational damage including potential conflicts of interest, pricing policies, failing to comply with legal and regulatory requirements (including without limitation, money laundering laws, trade sanctions legislation or privacy laws), ethical issues, litigation, failing to comply with information security policies, improper sales and trading practices, or personnel and supplier policies, improper conduct of companies in which it holds strategic investments, technology failures, security breaches and risk management failures. The Suncorp Group's reputation could also be adversely affected by the actions of the financial services and allied industries in general or from the actions of its customers and counterparties.

Failure to appropriately address issues that could, or do, give rise to reputational damage could also give rise to additional legal risks, subject the Suncorp Group to regulatory enforcement actions, fines and penalties and could lead to loss of business, which could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.9 Credit risk

Credit risk is a significant risk and arises primarily from the Suncorp Group's lending, reinsurance and investment activities. The risk arises from the likelihood that some customers and counterparties will be unable to honour their obligations to the Suncorp Group, including the repayment of loans and interest.

Credit risk also arises from certain derivative contracts the Suncorp Group enters into and, from its dealings with and holdings of debt securities issued by other banks, financial institutions, companies, governments and government bodies, the financial conditions of which may be impacted, to varying degrees, by economic conditions in global financial markets.

The Suncorp Group's banking operations hold collective and individually assessed provisions for its credit exposures. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and the Suncorp Group may experience a significant increase in defaults and write offs and be required to increase its provisioning.

Deterioration in economic conditions, inadequate provisioning or a significant breakdown in credit disciplines could diminish available capital and could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.10 Insurance risk

There are risks associated with the Suncorp Group's insurance businesses, including exposure to the risk of financial loss and the inability to meet liabilities due to inadequate insurance product design, pricing, underwriting, concentration risk, reserving, claims management and/or reinsurance management.

Estimation and adequacy of claims provisions

The Suncorp Group's provisions for insurance liabilities may prove to be inadequate to cover its ultimate liability under policies written by its insurance subsidiaries. Within the Insurance (Australia) and New Zealand functions, insurance provisions for outstanding claims and unearned premiums are maintained to cover the estimated ultimate liability for claims, including claims handling expenses. Although the Suncorp Group seeks to maintain provisions across its insurance businesses at a high probability of adequacy, the estimation of claims provisions is inherently uncertain so, there remains a chance that the ultimate cost of claims will be higher, perhaps significantly. The estimates are based on actuarial and statistical methodologies made on the basis of facts and circumstances known at a given time and estimates of trends into the future. Potential causes of inadequate estimates include a greater than estimated number of future claims reported, wage inflation greater than forecast, increased costs as a result of new legal precedents, changes in exchange rates or increased cost of goods and services for repairs. Insufficient provisions for insurance liabilities could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

To satisfy its reporting obligations to APRA, the Suncorp Group is required to test on a quarterly basis the adequacy of unearned premium provisions net of acquisition costs to ensure they are sufficient to cover the cost of future claims relating to them at an appropriate probability of adequacy. If the unearned premium provisions are insufficient the Suncorp Group may be required to write-off deferred acquisition costs and/or strengthen its provisions. This test is significantly impacted by the seasonality of natural hazard events, with claims estimates typically increasing in the lead up to the peak natural hazard season (October through to March). As at 30 September 2019, the test resulted in a deficiency in provisions which reduced distributable capital by approximately \$14 million and NPAT by approximately \$38 million. This deficiency is expected to reverse by 31 December 2019 due to the impact of usual seasonal factors and is not considered material.

Certain product classes of life and general insurance offered by the Suncorp Group may also be subject to the emergence of new types of latent claims. An example is claims arising from historical asbestos exposure. The impact from latent claims can be substantial and can adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

Catastrophes

Through its insurance businesses, the Suncorp Group deals with claims arising from catastrophic events predominantly in the Australia and New Zealand regions including, but not limited to, cyclones, earthquakes, wind, hail, fires, floods, volcanic activity and bushfires, in addition to man-made disasters. It is not possible to predict the timing or severity of catastrophes. Claims arising out of catastrophes can be substantial and could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects. The Suncorp Group manages its exposure to catastrophes through the purchase of catastrophe reinsurance, which is required to meet APRA requirements in Australia. It is subject to the same reinsurance risks as outlined below.

Climate change may impact the possibility and severity of these events occurring and thereby have an impact on claims volumes and subsequently, the cost of claims.

Reinsurance

The Suncorp Group enters into a number of reinsurance arrangements. These arrangements allow the Suncorp Group to limit its risk from particular lines of business or from specific events and to increase its capacity to write new policies. Under these arrangements, other insurers and reinsurers assume a portion of the Suncorp Group's exposure to reported and unreported losses, in exchange for a premium. The availability, amount and cost of reinsurance capacity depends on prevailing market conditions, the credit ratings of reinsurance counterparties and previous loss experience and this can vary significantly.

From time to time, market conditions may limit, and in some cases prevent, the Suncorp Group from obtaining the types and amounts of reinsurance considered adequate for its business needs. Accordingly, the Suncorp Group may not be able to obtain desired amounts of reinsurance at prices acceptable to it or at all. In addition, even if the Suncorp Group is able to obtain such reinsurance, it may not be able to negotiate terms that it deems appropriate or acceptable or to obtain such reinsurance from entities with satisfactory creditworthiness.

There are risks associated with the determination of proper levels of reinsurance protection, the cost of such reinsurance and the financial security of reinsurers. While modelling is used to assist with determining adequate coverage, there can be no assurance that the Suncorp Group's current reinsurance coverage is adequate, that it matches the underlying risks assumed or that increases in reinsurance costs will be able to be fully recovered through increased premium rates.

The Suncorp Group is also exposed to the risk that its reinsurers may default on any obligation to pay valid claims. In addition, the Suncorp Group may take a considerable period to collect on reinsurance receivables, and reinsurers may dispute its claims, even if valid. Despite the use of reinsurance, the Suncorp Group is primarily liable to policyholders and so, a failure by a reinsurer to make payment, for whatever reason, could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.11 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. As a financial services organisation, the Suncorp Group is exposed to a variety of operational risks such as workplace safety, project and change management, compliance, business continuity and crisis management, key person dependencies, internal and external fraud and other dishonest activities, data risk, information and systems resilience as well as reliance on partners, suppliers and outsourcing. While the Suncorp Group has adopted policies and procedures to control exposure to, and limit the extent of, these risks, there are inherent limitations in any risk management control system and control breakdowns can occur.

The Suncorp Group also relies, to a significant degree, on information technology systems to obtain and maintain its data. Most of the Suncorp Group's daily operations are computer based and its information technology systems are essential to maintaining effective communication with customers, protecting customer and business data and keeping pace with the competitive environment.

The Suncorp Group has disaster recovery and systems development roadmaps in place to mitigate some of these risks. However, any failure in the Suncorp Group's information technology systems could result in business interruption, the loss of customers, damaged reputation and weakening of its competitive position.

5.2.12 Model risk

The Suncorp Group uses models to make material decisions in relation to its business. If the Suncorp Group does not identify or correct fundamental errors in its models, they may produce invalid outputs for the intended business use (model risk). A lack of veracity in models, the complexity of models or erroneous assumptions with respect to economic modelling could result in material financial impacts emanating from errors in reserving, pricing, capital or reinsurance.

5.2.13 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Examples include the accounting treatment of intangible assets and impairment. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised. However, these accounting policies may be applied inaccurately, resulting in a misstatement of financial position and results of operations.

5.2.14 Structural subordination

Suncorp is a holding company which owns or holds interests in a group of banking, general insurance in Australia and New Zealand and life insurance companies in New Zealand. In the event that a Suncorp subsidiary is wound up, the claims of Suncorp in respect of the subsidiary would be limited to the net assets (if any) of that subsidiary after all liabilities, including to policyholders and deposit holders, have been discharged or provided for.

In addition, Suncorp is reliant on the continued receipt of dividends or other funding from its subsidiaries to make payments on its securities. The ability of Suncorp's subsidiaries to pay dividends, or to otherwise make funds available to Suncorp, may in certain circumstances be subject to regulatory, contractual or legal restrictions.

5.2.15 Mergers, acquisitions and divestments

The Suncorp Group may engage in merger, acquisition or divestment activities which facilitate the Suncorp Group's strategic direction. These activities may involve entering new markets, exiting products and/or offering third party manufactured products or expanding the Suncorp Group's current product suite and may affect the Suncorp Group's risk profile through changes to, or to the relative importance of, the geographies and/or product types to which it has exposures. While the Suncorp Group recognises that benefits may arise from merger, acquisition or divestment activities, significant risks also exist in both the execution and implementation of such activities.

It is likely that the Suncorp Group would raise additional debt or raise equity to finance any major merger or acquisition and this would cause the Suncorp Group to face the financial risks and costs associated with additional debt or equity.

Mergers, acquisitions or divestments may require changes to operations or personnel and may also require significant resources and attention from the Suncorp Group's management. Depending on the type of transaction, it could take a substantial period of time for the Suncorp Group to realise the financial benefits of the transaction, if any. During the period immediately following this type of transaction, the Suncorp Group's operating results may also be adversely affected.

As a target in any future merger, acquisition or divestment activity, the issues identified above may also be relevant. For a discussion of the consequences of an Acquisition Event under the Terms, see Section 5.1.10. Where the Suncorp Group decides to divest a business or asset, this may involve a loss against book value, particularly of any goodwill or other intangibles.

The Suncorp Group's failure to adequately manage the risks associated with any mergers, acquisitions or divestments could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.16 Litigation and regulatory proceedings

Suncorp and the Suncorp Group, like all entities in the banking, insurance or finance sectors, are exposed to the risk of litigation and/or regulatory reviews or proceedings brought by or on behalf of policyholders, deposit holders, reinsurers, government agencies or other potential claimants. If the Suncorp Group fails to meet legal or regulatory expectations, the Suncorp Group may be exposed to fines, public censure, litigation, settlements, restitution to customers, regulators or other stakeholders, or enforced suspension of operations or loss of licence to operate all or part of the Suncorp Group's business.

The Suncorp Group has ongoing discussions with key regulators on industry-wide matters and matters specific to the Suncorp Group.

The Suncorp Group is currently undertaking a number of reviews to identify and resolve prior issues that have the potential to impact customers. An assessment of the Suncorp Group's likely loss has been considered on a case-by-case basis for the purpose of the financial statements, but cannot always be reliably estimated. Contingent liabilities may exist in respect of actual or potential claims, compensation payments and/or refunds identified as part of these reviews. The outcomes and total costs associated with these reviews and possible exposures remain uncertain.

As part of the sale of the Australian Life Business, the Suncorp Group provided warranties and indemnities to SLSL and TAL. These included warranties, indemnities and remediation obligations in regards to the provision of services and products in

accordance with terms and conditions of the contractual arrangements. The outcomes and costs of these potential warranties and indemnities remain uncertain.

On 28 June 2019, Suncorp Portfolio Services Limited (**SPSL**) being the trustee of the Suncorp Master Trust and two former SPSL executive directors were served with a class action filed by William Roberts lawyers supported by litigation funder Litigation Capital Management in the New South Wales Supreme Court. The class action alleges trustee failures by allowing conflicted remuneration to be paid to Australian Financial Services licenced companies (financial advisers) between 1 July 2013 to 21 June 2019. The class action has been filed on an open basis for all persons whose accounts were alleged to have been affected by the alleged payment of conflicted remuneration from 1 July 2013 to 21 June 2019. The outcomes and total costs associated with these potential exposures remain uncertain.

SPSL was considered as a case study during the Royal Commission. There were two matters referenced in the Commissioner's Final Report that were referred to APRA, namely:

- SPSL's utilisation of a tax surplus to reimburse Suncorp Life & Superannuation Limited (**SLSL**), a wholly-owned subsidiary of the Suncorp Group at the relevant time, for expenses incurred in providing services to SPSL was placed under scrutiny; and
- the timing of SPSL's transfer of Accrued Default Amounts (ADAs) to MySuper accounts. It was alleged SPSL delayed transfer of ADAs until the legislated deadline in June 2017 resulting in members paying commission to advisers in respect of ADAs during that period.

SPSL and the Suncorp Group are continuing to engage with APRA on both matters. The outcome and potential exposure associated with these items remains uncertain. As at the date of this prospectus, neither are the subject of litigation.

There can be no assurance that significant regulatory actions or litigation will not arise in the future and that the outcome of regulatory actions or legal proceedings from time to time will not have an adverse effect on the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition or prospects.

5.2.17 Risks specific to the Capital S.M.A.R.T transaction

In addition to the risks described in 'Mergers, acquisitions and divestments' above, the following are specific risks associated with the recent sale of Capital S.M.A.R.T as described in section 3.2.3 of the 'About Suncorp' section (**the Transaction**).

As announced on 31 October 2019, the Suncorp Group completed the sale of its automotive repair & parts businesses to AMA Group. The Suncorp Group has given certain warranties and indemnities in favour of AMA Group in connection with the Transaction. A breach of these warranties or a claim under an indemnity may result in the Suncorp Group being liable to AMA Group. As part of the Transaction, the Suncorp Group has entered into a 15-year Motor Repair Service Agreement with two options by the Suncorp Group to extend for a further five years (10 years in total). The duration and nature of these arrangements give rise to certain risks. For example, changes in regulation or the commercial environment in the future may impact the attractiveness of these long-term arrangements. Similarly, exclusivity and non-compete arrangements may limit future opportunities for the Suncorp Group.

5.2.18 Cyber risk

The Suncorp Group has a significant online presence and business operations are reliant upon key systems, which are supported by a combination of in-house expertise and outsourced partners. The Suncorp Group is exposed to industry-wide cyber security threats, including (but not limited to) denial of service attacks, network intrusions, malware, Trojans, viruses and insider attacks. The continuing evolution of cyber security threats and their increasing sophistication means constant vigilance and continuing control improvements are required. While strong controls are in place and further enhancements are underway, a successful cyber security attack is possible, which, in the worst-case scenario, could significantly disrupt business operations and/or result in loss of data, loss of customers, reputation damage and regulatory action. This could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

5.2.19 Environmental risk and Climate Change

The Suncorp Group and its customers operate businesses and hold assets in a diverse range of geographical locations. Any significant environmental change, climate change related impacts or external event (including fire, storm, drought, flood, earthquake or pandemic) in any of these locations has the potential to disrupt the Suncorp Group and its customers' business activities, damage property and otherwise affect the value of assets held in the affected locations. Suncorp's Climate Change Action Plan forms the basis for maturing the assessment, management and disclosure of climate change risks and opportunities. However, environmental changes, climate change-related impacts or external events may also impact the Suncorp Group's ability to recover amounts owing to it, or increase the size and frequency of claims made on it and could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets. This could adversely affect the Suncorp Group's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

Suncorp has published its Suncorp Climate-Related Financial Disclosures (**TCFD**) and made available on its website to articulate the risks and opportunities identified.

See also 'Catastrophes' under Section 5.2.10.

5.2.20 Failure of risk management strategies

The Suncorp Group has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including market risk (including interest rate and foreign exchange risk), strategic risk, financial risk, insurance risk, credit and counterparty risk and operational risk.

However, there are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that the Suncorp Group has not anticipated or identified or controls that may not operate effectively.

If any of the Suncorp Group's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, the Suncorp Group could suffer unexpected losses and reputational damage which could adversely affect the Suncorp Group's businesses, financial performance, capital resources, financial condition and prospects.

6. About the Reinvestment Offer

This Section provides information on how Eligible CPS3 Holders can apply to reinvest their CPS3 in Capital Notes 3.



6.1 Overview

6.1.1 What are CPS3?

CPS3 are convertible preference shares issued by Suncorp in 2014 that trade on ASX under code 'SUNPE'.

6.1.2 What is the Reinvestment Offer?

Under the Reinvestment Offer, Eligible CPS3 Holders may apply for some or all of the CPS3 registered in their name at 7:00pm (Sydney time) on 6 November 2019 to be repaid in the amount of \$100 per CPS3, and to have the proceeds applied on the Issue Date to the Application Payment for Capital Notes 3.

If you are an Eligible CPS3 Holder, you are not required to make a separate Application Payment if you apply under the Reinvestment Offer.

Under the Reinvestment Offer, Eligible CPS3 Holders can apply to reinvest their CPS3 through their Syndicate Broker (under the Broker Firm Offer) or directly by submitting an online or paper Application.

If your Application under the Reinvestment Offer is successful, in addition to receiving Capital Notes 3 you (like other CPS3 Holders) will also receive a scheduled dividend payment on 17 December 2019, subject to the payment tests in the CPS3 Terms (including that the Board resolves to pay the dividend), but this will not form part of the proceeds of repayment of the Reinvestment CPS3.

Once you have submitted an Application to reinvest your CPS3, a holding lock will be placed on those CPS3. You will not be able to deal with those CPS3 until they are released from the holding lock. The holding lock will be released:

- on any CPS3 not successfully reinvested into Capital Notes 3 as soon as practicable after the Issue Date; or
- as soon as practicable if Suncorp decides not to proceed with the Offer.

Pursuant to the CPS3 Terms, in connection with the repayment of Reinvestment CPS3, Suncorp will issue an exchange notice. It is expected that the repayment of Reinvestment CPS3 will be substantially by way of reduction of capital, with the balance returned by way of redemption upon which the Reinvestment CPS3 will be cancelled.

Completion of the repayment of Reinvestment CPS3 will take place on the Issue Date. Suncorp and its officers are authorised under the CPS3 Terms to take any necessary steps and to sign documents on behalf of Eligible CPS3 Holders to complete the repayment of Reinvestment CPS3.

6.1.3 What is the purpose of the Reinvestment Offer?

The Reinvestment Offer will enable Suncorp to refinance CPS3 as well as offer Eligible CPS3 Holders the opportunity to reinvest the proceeds of repayment of CPS3 in Capital Notes 3.

6.1.4 Am I eligible to participate in the Reinvestment Offer?

To participate in the Reinvestment Offer, you must have been a registered holder of CPS3 at 7:00pm (Sydney time) on 6 November 2019 and shown on the CPS3 register as having an address in Australia, and must not be in the United States or acting for the account or benefit of a person in the United States.

6.1.5 How do I apply to participate in the Reinvestment Offer?

See Sections 7.4.3 and 7.4.5 for details on how to apply to participate in the Reinvestment Offer.

6.1.6 If I apply to participate in the Reinvestment Offer, what dividends will I receive on CPS3?

If you are an Eligible CPS3 Holder and your Application under the Reinvestment Offer is successful, under the timetable summarised on page 8, you (like other CPS3 Holders) will receive a scheduled dividend payment in respect of CPS3 on 17 December 2019, subject to the payment tests in the CPS3 Terms (including that the Board resolves to pay the dividend)¹.

6.1.7 Do I need to apply for a minimum number of Capital Notes 3?

There is no minimum number of CPS3 that you must hold to be able to participate in the Reinvestment Offer.

However, if you are an Eligible CPS3 Holder and held 50 CPS3 or fewer at 7:00pm (Sydney time) on 6 November 2019, you must apply to reinvest all your CPS3 in Capital Notes 3 if you wish to participate in the Reinvestment Offer.

If you are an Eligible CPS3 Holder and held more than 50 CPS3 at 7:00pm (Sydney time) on 6 November 2019, you may apply:

- to reinvest all your CPS3 in Capital Notes 3; or
- to reinvest some of your CPS3 in Capital Notes (but you must apply to reinvest at least 50 CPS3).

6.1.8 Will I receive a priority allocation of Capital Notes 3?

Applicants under the Reinvestment Offer (including through Syndicate Brokers) will be given priority over Securityholder Applications in determining the allocation of Capital Notes 3.

See Section 7.6 for additional information on the Allocation Policy.

6.1.9 What happens if I have sold or purchased CPS3 since 7:00pm (Sydney time) on 6 November 2019?

If you have sold any CPS3 you held at 7:00pm (Sydney time) on 6 November 2019, you cannot apply to have those CPS3 reinvested in Capital Notes 3.

Additionally, if you have purchased any CPS3 since 7:00pm (Sydney time) on 6 November 2019, you cannot apply to have those CPS3 reinvested in Capital Notes 3.

6.1.10 Can I sell my CPS3 after I have completed and returned my Application Form?

No. If you apply to have your CPS3 reinvested in Capital Notes 3, it is your responsibility to ensure that you do not sell or dispose of any of those CPS3 that you wish to reinvest, other than as part of the Reinvestment Offer. If you do sell or dispose of any of those CPS3 before the Closing Date for the Reinvestment Offer, the maximum number of Capital Notes 3 that you may be allocated will be the number of CPS3 registered in your name on the Closing Date for the Reinvestment Offer. By submitting an Application to reinvest your CPS3, you will indemnify Suncorp for all costs or losses it incurs as a result of you selling or disposing of the CPS3 the subject of your Application.

An Application to participate in the Reinvestment Offer is irrevocable once submitted, but will only be effective for as long as the Reinvestment Offer proceeds. Suncorp reserves the right not to proceed with, and may withdraw, the Reinvestment Offer at any time before the issue of Capital Notes 3 to successful Applicants.

¹ If changes are made to the timetable summarised on page 8 such that the Reinvestment CPS3 Repayment Date does not fall on a scheduled dividend payment date for CPS3 (such as 17 December 2019), then, subject to the payment tests in the CPS3 Terms (including that the Board resolves to pay the dividend), a pro rata dividend will be paid in respect of each Reinvestment CPS3 on the Reinvestment CPS3 Repayment Date.

The pro rata dividend would cover the period from (and including) the scheduled dividend payment date for CPS3 immediately before the Reinvestment CPS3 Repayment Date to (but excluding) the Reinvestment CPS3 Repayment Date. You will not receive this pro rata dividend in respect of any CPS3 that are not reinvested in Capital Notes 3.

Any pro rata dividend will be paid to Eligible CPS3 Holders in respect of their Reinvestment CPS3 via direct credit on the Reinvestment CPS3 Repayment Date, in accordance with existing CPS3 payment instructions. You may not elect to reinvest any pro rata dividend in Capital Notes 3.

6.1.11 What are the tax implications of having my CPS3 repaid and will any brokerage or stamp duty be payable?

A general outline of the taxation implications for certain investors who are Australian residents for tax purposes participating in the Reinvestment Offer can be found in the 'Australian taxation summary' in Section 8.

No brokerage or stamp duty is payable in respect of the repayment of Reinvestment CPS3 or on your Application for Capital Notes 3.

6.1.12 What will happen to my CPS3 if I do not apply for them to be reinvested under the Reinvestment Offer or the Reinvestment Offer does not proceed?

Your CPS3 will remain on issue in accordance with their terms. Under the CPS3 Terms, Suncorp may elect to either redeem, convert or resell the CPS3 on 17 June 2020. Suncorp will consider redeeming, converting or reselling the outstanding CPS3 on that date, subject to a number of factors including approval in writing from APRA, satisfactory completion of the Offer and market conditions closer to 17 June 2020. No decision to convert, redeem or resell the CPS3 on 17 June 2020 has yet been made.

6.1.13 Can I continue to sell my CPS3 on market?

If you do not participate in the Reinvestment Offer, yes. You may choose to sell your CPS3 on market through your broker at the prevailing market price. The market price of CPS3 is subject to change from time to time. The current market price of CPS3 is available on the ASX website (www.asx.com.au).

If you elect to sell your CPS3 on market, you:

- may have to pay brokerage and may receive a price greater or less than the issue price of \$100 per CPS3; and
- have the option to use the sale proceeds of the CPS3 you sell to subscribe for Capital Notes 3 under the Securityholder Offer.

6.2 What are the key differences between CPS3 and Capital Notes 3?

A comparison of the key features of Capital Notes 3 and CPS3 is set out in summary form below, with key differences highlighted. These comparisons are not exhaustive.

Feature	Capital Notes 3	CPS3
Issue date	17 December 2019	8 May 2014
Legal form	Unsecured subordinated note	Preference share
Issuer	Suncorp	Suncorp
ASX code	Expected to trade under 'SUNPH'	SUNPE
Maturity	Perpetual	Perpetual
Issue price	\$100 per Capital Note 3	\$100 per CPS3
Amount to be issued/currently on issue	\$250 million with the ability to raise more or less	\$400 million
Margin	Expected to be in the range of 3.00% - 3.20% as determined under the Bookbuild	3.40%
Distribution rate	Floating	Floating
Distribution payment dates	Quarterly	Quarterly
Rights if distribution is not fully franked	Franked, subject to gross-up for any non-franked portion	Franked, subject to gross-up for any non-franked portion
Distribution payment conditions	Yes, subject to Suncorp's Directors' absolute discretion and certain Payment Conditions	Yes, subject to Suncorp Directors' absolute discretion and certain payment conditions
Dividend restrictions if distributions are not paid	Suncorp must, unless approved by Special Resolution, not declare or determine to pay or pay a dividend or distribution on Ordinary Shares or buy-back or reduce the capital on Ordinary Shares until and including the next quarterly Distribution Payment Date, unless the distribution on the Capital Notes 3 is paid in full within three Business Days	Suncorp must, unless approved by Special Resolution, not resolve to pay or pay a dividend or distribution on Ordinary Shares or buy-back or reduce the capital on Ordinary Shares until and including the next quarterly dividend payment date, unless the dividend or distribution is paid in full within three business days
Mandatory conversion	Yes	Yes
Mandatory conversion date	17 June 2028, or the first Distribution Payment Date after that on which the Mandatory Conversion Conditions are satisfied	17 June 2022, or the first dividend payment date after that on which the mandatory conversion conditions are satisfied
Conversion discount	1.00%	1.00%

Feature	Capital Notes 3	CPS3
Non-viability trigger event ¹	Yes. As a result, all (or in some cases, some) of the Capital Notes 3 must be Converted and, if not Converted within five Business Days, those Capital Notes 3 must be Written-Off, in which case the Capital Notes 3 Holders' rights in respect of the relevant Capital Notes 3 are terminated	Yes. As a result, all (or in some cases, some) of the CPS3 must be converted into a number of Ordinary Shares and, if not converted within five business days, those CPS3 must be written-off, in which case the rights of CPS3 Holders in respect of the CPS3 become broadly equivalent to the rights they would have had if the CPS3 had been converted into the relevant number of Ordinary Shares
Exchange	<p>Suncorp may elect (with APRA's prior written approval and subject to certain conditions) to:</p> <ul style="list-style-type: none"> – Exchange all or some Capital Notes 3 on the Optional Exchange Date, or following a Tax Event or Regulatory Event; or – Convert all (but not some only) Capital Notes 3 following a Potential Acquisition Event. <p>Subject to conditions, all Capital Notes 3 must be Converted following an Acquisition Event.</p> <p>Holders have no right to request an Exchange.</p> <p>Holders should not assume that APRA's approval will be given if requested.</p>	<p>Suncorp may elect (with APRA's prior written approval and subject to certain conditions) to:</p> <ul style="list-style-type: none"> – convert, redeem or resell all or some CPS3 on an optional exchange date, following a tax event or regulatory event; – convert, redeem or resell all CPS3 on an exchange date following a potential acquisition event; or – redeem the Reinvestment CPS3 on the Reinvestment CPS3 Repayment Date. <p>Subject to conditions, all CPS3 must be redeemed or converted following an acquisition event.</p> <p>CPS3 Holders have no right to request a conversion, redemption or resale of their CPS3.</p> <p>CPS3 Holders should not expect that APRA's approval will be given if requested.</p>
Exchange method	Conversion, Redemption, Resale or a combination of Conversion, Redemption and/or Resale (subject to certain conditions)	Conversion, redemption, resale or a combination of conversion, redemption and resale (subject to certain conditions)
Ranking in a winding-up	Rank ahead of Ordinary Shares, equally with Equal Ranking Instruments (including CPS3), but behind all Senior Ranking Creditors	Rank ahead of Ordinary Shares, equally with equal ranking instruments (including Capital Notes 3), but behind all senior ranking creditors
	Return in a Winding-up may be adversely affected on account of a Non-Viability Trigger Event	Return in a winding-up may be adversely affected on account of a non-viability trigger event
Voting rights	No right to vote at general meetings of Shareholders	No right to vote at general meetings of Shareholders, except in limited circumstances
Regulatory capital treatment	Eligible Additional Tier 1 Capital	Eligible Additional Tier 1 Capital

¹ If Capital Notes 3 are not Converted when required, those Capital Notes 3 are Written-Off and all obligations are terminated. In this scenario, Holders will likely be worse off than holders of CPS3 or Ordinary Shares as further described in Sections 2.4.4 and 5.1.9.

6.3 What are the options available to Eligible CPS3 Holders?

If you were a registered holder of CPS3 at 7:00pm (Sydney time) on 6 November 2019, are shown on the CPS3 register as having an address in Australia, and are not in the United States or acting for the account or benefit of a person in the United States, you are an Eligible CPS3 Holder and have the options set out below:

Option	What should Eligible CPS3 Holders do?
Option 1 - apply online or complete an Application Form to reinvest your CPS3 in Capital Notes 3	<ul style="list-style-type: none"> - You may apply to participate in the Reinvestment Offer by completing an Application Form. You may either: <ul style="list-style-type: none"> - make an Application by completing an electronic Application Form online before 5:00pm (Sydney time) on 10 December 2019; or - make an Application by completing and returning a paper Application Form that must be received by the Registry no later than 5:00pm (Sydney time) on 10 December 2019. See Sections 7.3, 7.4 and 7.5 for further information on how to make an Application. - If you make an Application under the Reinvestment Offer, you will not be required to make an Application Payment in respect of that Application, as the proceeds of repayment of the Reinvestment CPS3 will be applied to the Application Payment. <p>You can apply to reinvest all or part of your CPS3 as follows:</p> <p><i>Alternative A: full reinvestment</i></p> <ul style="list-style-type: none"> - You may apply to reinvest all of the CPS3 registered in your name at 7:00pm (Sydney time) on 6 November 2019 in Capital Notes 3. - If you own 50 CPS3 or fewer and wish to participate in the Reinvestment Offer, you must choose this alternative. - To choose this alternative, you must indicate 'full reinvestment' on your Application Form. <p><i>Alternative B: partial reinvestment</i></p> <ul style="list-style-type: none"> - You may apply to have some of the CPS3 registered in your name at 7:00pm (Sydney time) on 6 November 2019 reinvested in Capital Notes 3. - To choose this alternative, you must specify the number of CPS3 to be reinvested on your Application Form. You must apply to reinvest at least 50 CPS3. <p>You may also choose to apply for more Capital Notes 3 than the number of CPS3 registered in your name at 7:00pm (Sydney time) on 6 November 2019. If you apply for more Capital Notes 3, you will be required to make a separate Application Payment in respect of those additional Capital Notes 3 applied for and complete a Securityholder Offer Application Form or apply under the Broker Firm Offer through your Syndicate Broker.</p>
Option 2 - apply to reinvest your CPS3 in Capital Notes 3 through your Syndicate Broker	<ul style="list-style-type: none"> - If you are an Eligible CPS3 Holder and are an Australian resident retail or high net worth client of a Syndicate Broker, you may apply for Capital Notes 3 through your Syndicate Broker. - You may apply to reinvest all or some of the CPS3 registered in your name at 7:00pm (Sydney time) on 6 November 2019 in Capital Notes 3. You may also choose to apply for more Capital Notes 3. - If you apply to reinvest your CPS3, you will not be required to make an Application Payment in respect of that Application, as the proceeds of repayment of the Reinvestment CPS3 will be applied to the Application Payment. - You may also choose to apply for more Capital Notes 3 than the number of CPS3 registered in your name at 7:00pm (Sydney time) on 6 November 2019. If you apply for more Capital Notes 3 you will be required to make a separate Application Payment in respect of those additional Capital Notes 3 applied for and complete a Broker Firm Offer Application Form. - You should contact your Syndicate Broker for instructions on how to submit an Application.
Option 3 - take no action	<ul style="list-style-type: none"> - You are not required to participate in the Reinvestment Offer and as such you are not required to take any action. - If you take no action, your CPS3 will remain on issue in accordance with their terms. - Under the CPS3 Terms, Suncorp may elect to either redeem, convert or resell CPS3 on 17 June 2020 but no decision has yet been made.

6.4 What are the risks associated with participating in the Reinvestment Offer?

If you are an Eligible CPS3 Holder and you apply under the Reinvestment Offer, you may receive an allocation of Capital Notes 3. As such, you will be subject to the risks associated with an investment in Capital Notes 3 and in Suncorp, many of which are outside the control of Suncorp and its Directors. These risks are outlined in Section 5 and should be considered before you apply under the Reinvestment Offer.

The proceeds of repayment of Reinvestment CPS3 may be less than the ASX trading price of CPS3. Rather than participating in the Reinvestment Offer, Eligible CPS3 Holders may obtain a better financial outcome by selling their CPS3 on market and investing the proceeds in Capital Notes 3.

The Reinvestment Offer is not a simple rollover into a similar investment. Capital Notes 3 and CPS3 have different benefits and risks, which must be evaluated separately. For a description of the key differences between the two securities, see Section 6.2.

There is a risk that you may not receive your full allocation of Capital Notes 3, in which case, the balance of your CPS3 will not be reinvested and may be redeemed, converted or resold on 17 June 2020. The risks associated with this are that:

- following the completion of the Reinvestment Offer, it is anticipated that the number of CPS3 available to trade on the market will decline because of the repayment of Reinvestment CPS3 under the Reinvestment Offer. This may lead to a less liquid market for the CPS3 that remain outstanding, which could negatively impact the ability for remaining CPS3 Holders to sell their CPS3 on-market at an acceptable price, or at all; and
- if you hold both CPS3 and Capital Notes 3, you will hold two securities with different terms and conditions and different risks.

7. About the Offer

This Section provides information about the Offer, including how to apply. The key dates in relation to the Offer are outlined on page 8 of this Prospectus.



7.1 The Offer

The Offer is for the issue of Capital Notes 3 with an Issue Price of \$100 per Capital Note 3 to raise approximately \$250 million with the ability to raise more or less.

The final size of the Offer will depend on the volume of Applications received and accepted under the Securityholder Offer and the Reinvestment Offer. There is no guaranteed Allocation under the Offer, but Suncorp will give priority to Applicants under the Reinvestment Offer (including through Syndicate Brokers) over Securityholder Applications in relation to Applications for Capital Notes 3 up to the number of CPS3 registered in their name at 7:00pm (Sydney time) on 6 November 2019. Applications for additional Capital Notes 3 will be dealt with under the Securityholder Offer. Suncorp reserves the right to scale back Applications or increase the final size of the Offer if there is excess demand.

All Capital Notes 3 issued will be allotted under and subject to the disclosure in this Prospectus.

7.2 Structure of the Offer

The Offer comprises:

- an Institutional Offer made to certain Institutional Investors;
- a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers;
- a Securityholder Offer made to Eligible Securityholders; and
- a Reinvestment Offer made to Eligible CPS3 Holders.

Applications from Eligible CPS3 Holders under the Reinvestment Offer can be made either:

- applying online at www.suncorp.com.au/sunph or completing a paper Application Form; or
- through a Syndicate Broker.

7.3 Obtaining a Prospectus and Application Form

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be made available to eligible investors at www.suncorpgroup.com.au/sunph. Application Forms will not be made available until after the Exposure Period.

During the Offer Period:

- an electronic version of this Prospectus with an Application Form will be available at www.suncorpgroup.com.au/sunph and may be available through your Syndicate Broker; or
- you can request a free paper copy of this Prospectus and an Application Form by telephoning the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time) or by downloading a copy of the Prospectus at www.suncorpgroup.com.au/sunph.

Eligible CPS3 Holders will also have access to download an electronic version of this Prospectus and a personalised Application Form at www.suncorpgroup.com.au/sunph.

Eligible Securityholders will also have access to download an electronic version of this Prospectus and a personalised Application Form at <http://www.suncorpgroup.com.au/sunph>.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications will only be considered where Applicants have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus and have provided an Application Payment.

7.3.1 Electronic access to this Prospectus

The following conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of the Prospectus; and
- the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

7.4 Applying for Capital Notes 3

7.4.1 Minimum application

Applications must be for a minimum of 50 Capital Notes 3 (\$5,000) and, after that, in multiples of 10 Capital Notes 3 (\$1,000).

7.4.2 Applying under the Institutional Offer

The Institutional Offer is to Institutional Investors who are invited by the Joint Lead Managers to bid for Capital Notes 3 in the Bookbuild to be conducted on 18 November 2019.

Application and settlement procedures for Institutional Investors will be advised by the Joint Lead Managers.

7.4.3 Applying under the Broker Firm Offer

The Broker Firm Offer is available to Australian resident retail or high net worth clients of Syndicate Brokers invited to participate through the Broker Firm Offer.

If you are applying under the Broker Firm Offer, you should contact your Syndicate Broker for information about how and when to lodge your Application and accompanying Application Payment.

If you are an Eligible CPS3 Holder and are an Australian resident retail or high net worth client of a Syndicate Broker, you may apply to reinvest your CPS3 in Capital Notes 3 through your Syndicate Broker (refer to Section 6.3 for further detail). Eligible CPS3 Holders who apply to reinvest through a Syndicate Broker will receive their allocation from their Syndicate Broker.

Generally, you will lodge your Application with your Syndicate Broker. Applications under the Broker Firm Offer (whether lodged through a Syndicate Broker or as otherwise directed) must be received by your Syndicate Broker in sufficient time for your Syndicate Broker to process your Application on your behalf by the Closing Date.

The Closing Date for Applications in respect of the Reinvestment Offer is 5:00pm (Sydney time) on 10 December 2019. Applications for additional Capital Notes 3 under the Broker Firm Offer must be received by 10:00am (Sydney time) on 13 December 2019.

7.4.4 Applying under the Securityholder Offer

The Securityholder Offer is available to Eligible Securityholders.

To be an Eligible Securityholder, you must:

- be a registered holder of Ordinary Shares, CPS3, Capital Notes 1, Capital Notes 2 or SML Floating Rate Notes at 7:00pm (Sydney time) on 6 November 2019;
- be shown on the applicable register as having an address in Australia; and
- not be in the United States or acting for the account or benefit of a person in the United States.

If you wish to apply for Capital Notes 3, we encourage you to apply as soon as possible after the Opening Date, as the Offer may close early, without notice.

If you are an Eligible Securityholder, you may apply for Capital Notes 3 under the Securityholder Offer by either:

- applying online at www.suncorpgroup.com.au/sunph, providing your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**), and following the instructions in relation to your Application Payment. When applying online, you will be required to pay for Capital Notes 3 using BPAY®¹ (you will not be required to submit a personalised Application Form if applying online); or
- having received the personalised paper Application Form attached to, or accompanying, this Prospectus, or downloaded from www.suncorpgroup.com.au/sunph, following the instructions set out on the Application Form and paying for Capital Notes 3 using BPAY®.

Your BPAY® payment must be received by the Registry by the Closing Date and time. The Closing Date for the Securityholder Offer is expected to be 5:00pm (Sydney time) on 10 December 2019.

If you did not receive a personalised paper Application Form, or would like a replacement personalised paper Application Form, you can either download your personalised Application Form from www.suncorpgroup.com.au/sunph or telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).

7.4.5 Applying to reinvest CPS3 under the Reinvestment Offer

The Reinvestment Offer is available to Eligible CPS3 Holders. To be an Eligible CPS3 Holder, you must:

- be a registered holder of CPS3 at 7:00pm (Sydney time) on 6 November 2019;
- be shown on the CPS3 register as having an address in Australia; and
- not be in the United States or acting for the account or benefit of a person in the United States.

If you are an Eligible CPS3 Holder and are an Australian resident retail or high net worth client of a Syndicate Broker, you may apply to reinvest your CPS3 in Capital Notes 3 through your Syndicate Broker (refer to Section 6.3 for further detail).

If instead you wish to apply for Capital Notes 3 directly, we encourage you to apply as soon as possible after the Opening Date, as the Offer may close early, without notice.

If you are an Eligible CPS3 Holder, you may apply for Capital Notes 3 under the Reinvestment Offer by either:

- applying online at www.suncorpgroup.com.au/sunph, providing your SRN or HIN and following the instructions; or
- completing the personalised paper Application Form attached to, or accompanying, this Prospectus, or downloaded from www.suncorpgroup.com.au/sunph, providing your SRN or HIN and lodging your personalised paper Application Form.

Your completed personalised paper Application in respect of the Reinvestment Offer must be received by the Registry, or your online Application in respect of the Reinvestment Offer must be received by 5:00pm (Sydney time) on 10 December 2019.

If you did not receive a personalised paper Application Form, or would like a replacement personalised paper Application Form, you can either download your personalised Application Form from www.suncorpgroup.com.au/sunph or telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).

7.5 Completing and lodging your Application

7.5.1 Delivering Application Forms

Application under the Broker Firm Offer or the Reinvestment Offer via a Syndicate Broker

If you are applying under the Broker Firm Offer, or the Reinvestment Offer via a Syndicate Broker, you should contact the Syndicate Broker who has offered you an allocation for information about how and when to lodge your Application. Generally, you will lodge your Application with your Syndicate Broker.

Application under the Securityholder Offer or the Reinvestment Offer

If you are a Securityholder Applicant you should follow the instructions set out in your Application Form and make a BPAY® payment. Please note, Suncorp and the Registry will not accept payment by cheque for this Offer. If you are a Securityholder Applicant applying online or paying by BPAY®, no personalised paper Application Form is required to be sent to the Registry.

If you are an Eligible CPS3 Holder applying under the Reinvestment Offer by completing an Application Form, your completed Application Form must be received online or by the Registry (at one of the addresses below) no later than the Closing Date and time which is expected to be 5:00pm (Sydney time) on 10 December 2019. If returning a completed Application Form by post, you should allow sufficient time for the mail to be delivered to the Registry by the Closing Date and time.

Postal Delivery	Hand Delivery
Suncorp Capital Notes 3 Offer C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	Suncorp Capital Notes 3 Offer C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

Please note that personalised paper Application Forms will not be accepted at any other address or office and will not be accepted at Suncorp's registered office or any other Suncorp office or at other offices or branches of the Registry. If you are applying online or paying by BPAY®, no personalised paper Application Form is required to be sent to the Registry.

7.5.2 How to pay

BPAY®

If you are a Securityholder Applicant and you are applying online, you must complete your Application by making a BPAY® payment. If you are a Securityholder Applicant and have received the personalised paper Application Form, you can also pay for Capital Notes 3 using BPAY®.

Using the BPAY® details provided, you need to:

- access your participating BPAY® financial institution either through telephone banking or internet banking;
- select BPAY® and follow the prompts;
- enter the biller code supplied;
- enter the unique Customer Reference Number (**CRN**) supplied for each Application;
- enter the total amount to be paid which corresponds to the number of Capital Notes 3 you wish to apply for under each Application (i.e. a minimum of \$5,000 (50 Capital Notes 3) and incremental multiples of \$1,000 (10 Capital Notes 3) after that). Note that your financial institution may apply limits on your use of BPAY®. You should enquire about the limits that apply in your own personal situation;
- select the account you wish your payment to be made from;
- schedule your payment for the same day that you complete your online Application, since Applications without payment cannot be accepted; and
- record your BPAY® receipt number and date paid. Retain these details for your records.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY® closing times to ensure that your Application Payment will be received

prior to the Closing Date and time. If you do not make an Application Payment, your Application will be incomplete and will not be accepted by Suncorp.

If you are a Securityholder Applicant and you complete your Application by making a BPAY® payment, you do not need to complete or return the personalised paper Application Form. Simply use the biller code and CRN provided on your personalised paper Application Form and follow the BPAY® instructions. By completing a BPAY® payment, you acknowledge you are applying pursuant to the personalised Application Form.

Reinvestment Offer

If you are an Eligible CPS3 Holder applying under the Reinvestment Offer, you are not required to make an Application Payment in respect of that Application, as the proceeds of the repayment of Reinvestment CPS3 will be applied to the Application Payment.

7.5.3 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable on your Application. You may have to pay brokerage, but will not have to pay any stamp duty, if you sell your Capital Notes 3 on ASX after Capital Notes 3 have been quoted on ASX.

7.5.4 Application Payments held on trust

All Application Payments received before Capital Notes 3 are issued will be held by Suncorp on trust in an account established solely for the purposes of depositing Application Payments received. After Capital Notes 3 are issued to successful Applicants, the Application Payments held on trust in respect of those Applicants will be payable to Suncorp.

7.5.5 Refunds

Applicants who are not issued any Capital Notes 3, or are allotted fewer Capital Notes 3 than the number applied and paid for as a result of a scale back, will have all or some (as applicable) of their Application Payments refunded (without interest) as soon as practicable after the Issue Date.

In the event that the Offer does not proceed for any reason, all Applicants will have their Application Payments refunded (without interest) as soon as practicable. Refund amounts, if any, will be paid in Australian dollars.

If you wish to advise or change your banking instructions with Suncorp's share registry, you may do so by going to www.linkmarketservices.com.au and following the instructions.

7.6 Bookbuild and Allocation Policy

7.6.1 Bookbuild

The Bookbuild is a process that will be conducted by the Joint Lead Managers before the Opening Date to determine the Margin and firm allocations of Capital Notes 3 to Bookbuild participants (being Syndicate Brokers and certain Institutional Investors), by agreement with Suncorp. In this process, the Bookbuild participants are invited to lodge bids for a number of Capital Notes 3. On the basis of those bids, the Joint Lead Managers and Suncorp, by mutual agreement, determine the Margin and the firm allocations to Syndicate Brokers and to certain Institutional Investors.

The Bookbuild will be conducted in the manner contemplated in this Prospectus and, otherwise, on the terms and conditions agreed to by Suncorp and the Joint Lead Managers in the Offer Management Agreement.

Suncorp reserves the right to increase the size of the Offer following the close of the Bookbuild.

7.6.2 What is the Allocation Policy?

Institutional Offer	<ul style="list-style-type: none">– Allocations to Institutional Investors will be agreed by the Joint Lead Managers and Suncorp following completion of the Bookbuild.
---------------------	---

Broker Firm Offer	<ul style="list-style-type: none">– Allocations to Syndicate Brokers will be agreed by the Joint Lead Managers and Suncorp following completion of the Bookbuild.– Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.– Suncorp takes no responsibility for any allocation, scale back or rejection that is decided by a Syndicate Broker.
-------------------	--

Securityholder Offer	<ul style="list-style-type: none">– Allocations for the Securityholder Offer will be determined by Suncorp in consultation with the Joint Lead Managers after the Closing Date.– Suncorp (at its discretion and in consultation with the Joint Lead Managers) reserves the right to scale back Applications from Securityholder Applicants. Any scale back will be announced on ASX on the Issue Date — expected to be 17 December 2019.– Suncorp (at its discretion and in consultation with the Joint Lead Managers) and the Joint Lead Managers reserve the right to:<ul style="list-style-type: none">– allocate to any Securityholder Applicant all Capital Notes 3 for which they have applied;– reject any Application by a Securityholder Applicant; or– allocate to any Securityholder Applicant a lesser number of Capital Notes 3 than that applied for, including less than the minimum Application of Capital Notes 3, or none at all.– No assurance is given that any Securityholder Applicant will receive an allocation.
----------------------	---

Reinvestment Offer	<ul style="list-style-type: none">– Allocations to the Eligible CPS3 Holder Applicants under the Reinvestment Offer will be determined by Suncorp in consultation with the Joint Lead Managers after the Closing Date. There is no guaranteed Allocation under the Offer, but Suncorp will give priority to Applicants under the Reinvestment Offer (including through Syndicate Brokers) over Securityholder Applicants in relation to Applications for Capital Notes 3 up to the number of CPS3 registered in their name at 7:00pm (Sydney time) on 6 November 2019. Applications for additional Capital Notes 3 will be dealt with under the Securityholder Offer.– Suncorp (at its discretion and in consultation with the Joint Lead Managers) reserves the right to scale back Applications from Eligible CPS3 Holder Applicants. Any scale back will be announced on ASX on the Issue Date—expected to be 17 December 2019.– Suncorp, after consultation with the Joint Lead Managers, has absolute discretion to determine the method and extent of the allocation.– Suncorp (at its discretion and in consultation with the Joint Lead Managers) reserves the right to:<ul style="list-style-type: none">– allocate to any Eligible CPS3 Holder Applicants all Capital Notes 3 for which they have applied;– reject any Application by an Eligible CPS3 Holder Applicant; or– allocate to any Eligible CPS3 Holder Applicants a lesser number of Capital Notes 3 than that applied for, including less than the minimum Application of Capital Notes 3, or none at all.– No assurance is given that any Eligible CPS3 Holder Applicants will receive an allocation.
--------------------	--

7.6.3 How will the final Allocation Policy be announced?

Institutional Offer	– Allocations to Institutional Investors will be advised to those investors following completion of the Bookbuild.
---------------------	--

Broker Firm Offer	– Allocations to Syndicate Brokers will be advised to those brokers following completion of the Bookbuild. – Applicants under the Broker Firm Offer will be able to confirm their firm allocation through the Syndicate Broker from whom they received their allocation. – However, if you sell Capital Notes 3 before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.
-------------------	--

Securityholder Offer and Reinvestment Offer	– Applicants in the Securityholder Offer or the Reinvestment Offer will be able to telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time) to confirm their allocation. However, if you sell Capital Notes 3 before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding by telephoning the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).
---	---

7.7 Other information

7.7.1 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, Capital Notes 3, the Offer or otherwise to permit a public offering of Capital Notes 3 in any jurisdiction outside Australia.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus outside Australia, then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus and the Offer do not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. Neither Capital Notes 3 nor the Ordinary Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States and they may not be offered or sold in the United States. Capital Notes 3 are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the U.S. Securities Act.

Any offer, sale or resale of Capital Notes 3 in the United States by a dealer may violate the registration requirements of the U.S. Securities Act.

Subject to Suncorp's approval, Capital Notes 3 may be offered in certain permitted jurisdictions outside Australia under the Institutional Offer where such offer is made, and accepted, in accordance with the laws of such jurisdictions.

Each person submitting an Application will be deemed to have acknowledged that they are aware of the restrictions referred to in this Section 7.7.1 and to have represented and warranted that they are able to apply for and acquire Capital Notes 3 in compliance with those restrictions.

7.7.2 Application to ASX for quotation of Capital Notes 3

Suncorp will apply, within seven days after the date of this Prospectus, to ASX for Capital Notes 3 to be quoted on ASX. If ASX does not grant permission for Capital Notes 3 to be quoted within three months after the date of this Prospectus, Capital Notes 3 will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

7.7.3 CHES and issuer sponsored holdings

Suncorp will apply for Capital Notes 3 to participate in CHES. No certificates will be issued for Capital Notes 3. Suncorp expects that Holding Statements for issuer sponsored holders and confirmations for CHES holders are expected to be despatched to successful Applicants by 19 December 2019.

7.7.4 Deferred settlement trading and selling on market

It is expected that Capital Notes 3 will begin trading on ASX on a deferred settlement basis on 18 December 2019 under ASX code '**SUNPH**'. Trading is expected to continue on that basis until 20 December 2019, when it is anticipated that trading of Capital Notes 3 will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before Holding Statements are despatched to successful Applicants.

You are responsible for confirming your holding before trading in Capital Notes 3. If you are a successful Applicant and sell your Capital Notes 3 before receiving your Holding Statement, you do so at your own risk.

You may telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time), or your Syndicate Broker, after the Issue Date to enquire about your allocation.

7.7.5 Provision of bank account details for Distributions

Suncorp's current policy is that Holders with a registered address in Australia will be paid Distributions by direct credit into nominated Australian financial institution accounts (excluding credit card accounts).

7.7.6 Provision of TFN or ABN

If you are an Applicant who has not already quoted your Tax File Number (**TFN**) or Australian Business Number (**ABN**) to Suncorp and are issued any Capital Notes 3, then you may be contacted in relation to quoting your TFN, ABN or both.

The collection and quotation of TFNs and ABNs is authorised and their use and disclosure is strictly regulated by tax laws and the Privacy Act. It is not an offence to not quote your TFN or ABN however, not doing so may result in tax being withheld from Distributions. Please refer to 'Pay as you go withholding tax' in Section 8 for additional information.

Successful Applicants who do not have an address in Australia registered with the Registry, or who direct the payment of any Distributions to an address outside Australia, may have an amount deducted from any Distributions paid for Australian withholding tax, to the extent that the Distribution is not fully franked or declared to be conduit foreign income.

Suncorp may also be required to request information from successful Applicants to comply with its obligations under FATCA or CRS. See Section 5.1.27 for further information.

7.7.7 Discretion regarding the Offer

Suncorp reserves the right not to proceed with, and may withdraw, the Offer at any time before the issue of Capital Notes 3 to successful Applicants.

If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest) as soon as practicable.

Suncorp and the Joint Lead Managers also reserve the right to close the Offer (or any part of it) early, extend the Offer (or any part of it), accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Capital Notes 3 than applied or bid for. This is at Suncorp's discretion and Suncorp is under no obligation to exercise that discretion in any particular way.

Investors should also note that no cooling off rights (whether by law or otherwise) apply to an Application for Capital Notes 3. This means that, in most circumstances, Applicants may not withdraw their Applications once submitted.

7.8 Enquiries

7.8.1 Securityholder Applicants

You can telephone the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time) if you:

- have further questions on how to apply for Capital Notes 3;
- require assistance to complete your Application;
- require additional copies of the Prospectus and Application Forms; or
- have any other questions about the Offer.

If you are unclear in relation to any matter relating to the Offer, or are uncertain whether Capital Notes 3 are a suitable investment for you, you should consult your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

7.8.2 Applicants under the Broker Firm Applicants

If you have further questions about the Offer or your Broker Firm Application, contact your Syndicate Broker.

8. Australian taxation summary



11 November 2019

To The Directors
Suncorp Group Limited
Level 28
Brisbane Square
266 George Street
BRISBANE QLD 4000

Dear Directors

Australian tax consequences of investing in Suncorp Group Limited Capital Notes 3

We have been instructed by Suncorp Group Limited (“**Suncorp**”) to prepare this summary of the Australian tax consequences of investing in the Suncorp Capital Notes 3 (“**Notes**”), to be included in the Prospectus dated 28 October 2019. We refer to holders of the Notes as “**Holders**”.

This letter is not intended to constitute legal or taxation advice for Holders or prospective Holders and is of a general nature only. Holders and prospective Holders should obtain independent, professional legal and taxation advice relevant to their particular circumstances.

This letter does not constitute financial advice. King & Wood Mallesons does not make any comments promoting or recommending participation in the issue of Notes. Holders and prospective Holders should seek independent, professional financial advice before making any investment decision concerning the Notes.

1 Scope

This letter summarises the Australian income tax, capital gains tax (“**CGT**”), stamp duty and goods and services tax (“**GST**”) consequences arising to both Australian resident and non-Australian resident Holders who hold the Notes on capital account.

This letter also considers the taxation consequences of participation in the Reinvestment Offer by Eligible CPS3 Holders, being the class of entities specified in Class Ruling CR 2014/40.

This letter does not make any comments regarding the potential taxation consequences for Holders who hold their Notes on revenue account.

This letter also does not make any comments regarding the potential taxation consequences for Holders who are non-Australian residents who hold the Notes through a permanent establishment in Australia.

2 Anticipated Class Ruling

Suncorp has applied for a class ruling to be issued by the Commissioner of Taxation ("Commissioner") pursuant to section 358-5 of Schedule 1 of the *Taxation Administration Act 1953* (Cth), in respect of the Australian taxation consequences arising for a specified class of holders of the Notes (the "Class Ruling").

Once the Class Ruling has been issued, it will be publicly available on the Australian Taxation Office ("ATO") website at www.ato.gov.au.

The Class Ruling should apply to holders of the Notes who are Australian residents during the period in which they hold the Notes, who do not hold those Notes as "revenue assets" or "trading stock", and who are not subject to the taxation of financial arrangements ("TOFA") rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) ("1997 Act").

The Class Ruling should confirm the taxation consequences outlined below for Australian resident holders of the Notes. The Class Ruling will only specify the taxation consequences arising from Australian tax law as at the date of the Class Ruling.

The Class Ruling does not apply to non-Australian residents who hold the Notes. However, we set out some of the anticipated taxation consequences for such Holders below.

The Class Ruling does not consider the tax consequences of participation in the Reinvestment Offer by Eligible CPS3 Holders.

3 Tax consequences for applicable Holders – included in Class Ruling

3.1 Distributions and gross-up for franking credits

Distributions on the Notes will be included in the assessable income of the Holders as non-share dividends.

It is expected that the Distributions on the Notes will be franked. Those franking credits should be assessable to the Holders, who should then be entitled to a tax offset equal to the franking credits (provided the Holder is a "qualified person" as discussed below)

Holders who are not corporate tax entities and trustees, and who are entitled to a franking credit tax offset, should be subject to the refundable tax offset rules. Those rules should allow those Holders to be refunded any tax offset which is in excess of their income tax liability.

It is not anticipated that the Commissioner will seek to deny the Holders any imputation benefits using the various anti-avoidance provisions in the tax legislation.

3.2 CGT cost base and acquisition date

The first element of the cost base and reduced cost base of the Notes should be \$100, being the money paid in respect of acquiring each Note (its Issue Price). A Holder will not pay, and will not be required to pay, any further amounts or give any other property to acquire a Note. However, the cost base and reduced cost base of the Notes may include other amounts expended by a Holder with respect to those Notes, for example certain non-deductible incidental costs such as fees paid to professional advisors.

The Notes should be regarded as having been acquired when the contract was entered into to acquire the Notes. This should be the same as the date the Notes are issued.

3.3 Conversion of Capital Notes 3

If the Notes are Converted into ordinary shares in Suncorp, CGT event C2 will happen and any gain or loss that would otherwise arise from that Conversion will be disregarded.

The value of the ordinary shares acquired by Holders on Conversion should not be included in the assessable income of the Holders as a dividend. This is because they are not issued to the Holders as shareholders of Suncorp, but by virtue of their rights as Holders of the Notes. They will also not be included in the assessable income of the Holders as a non-share dividend, since the Issue Price of the Notes will be debited to Suncorp's non-share capital account.

3.4 CGT cost base and acquisition following Conversion

Following conversion, the first element of the cost base and reduced cost base of the ordinary shares acquired as a result of Conversion will be the cost base of the Notes at the time of conversion. If the number of ordinary shares issued to a Holder is more or less than the number of Notes previously held by that Holder, the cost base or reduced cost base of their Notes (including any other amounts expended by a Holder and included in that cost base or reduced cost base) will be spread across all of the ordinary shares issued to the Holder. This is because no amount is paid to convert the Notes to ordinary shares, and no amounts are included in the assessable income of the Holder in relation to the capital gain arising (and being disregarded) on the Notes on Conversion.

The Holders will be taken to have acquired the ordinary shares when Conversion happens, as opposed to when they acquired the Notes. As such, Holders who can benefit from the 50% CGT discount will need to hold the ordinary shares for 12 months or more following Conversion in order to benefit from the discount.

3.5 Utilising the franking credit – who is a “qualified person”?

A Holder is only required to include the franking credit in their assessable income and is only entitled to a tax offset with respect to that franking credit, if they are a “qualified person”. Holders who are individuals are considered to be qualified persons if their aggregate tax offsets from all franked distributions they have received in an income year is \$5,000 or less. (This rule does not apply in respect of any 'related payments' which may be made in respect of a distribution on the Notes as discussed below).

As the Notes are treated as preference shares for these purposes, to be a “qualified person” a Holder is required to have held the Notes for a continuous period of at least 90 days during the relevant qualification period, not including the days of acquisition and disposal and not including any days on which the Holder has “materially diminished” risks of loss or opportunities for gain in respect of the Notes (being where the Holder's “net position” on a particular day has less than 30% of the risks and opportunities).

The relevant qualification period begins on the day after the day on which the Holder acquired the Notes and ends on the 90th day after the day on which the Notes become “ex dividend”.

A different qualification period applies if there are 'related payments'. These payments generally occur when a Holder makes a payment which has the effect of passing the benefit of a distribution on the Notes to another person. In that case the Holder must not have materially diminished their risks of

loss or opportunities for gain during the period beginning 90 days before and ending 90 days after the day in which the Notes become 'ex dividend'.

4 Tax consequences for Holders – not included in Class Ruling

4.1 Capital Notes are equity

The Notes should be characterised as non-share equity interests in Suncorp.

This is on the basis that, while the Notes are not shares in the share capital of Suncorp, they should satisfy the equity test in Division 974 of the 1997 Act because they can be converted into ordinary shares in Suncorp. The terms of the Notes do not satisfy the test for a debt interest under Division 974 and therefore are not characterised as debt interests under the tiebreaker rule.

The Notes should not be characterised as "traditional securities" or "qualifying securities". As such, the CGT rules should govern the taxation consequences for Australian-resident holders of the Notes who hold them on capital account, rather than the specific rules for traditional securities or qualifying securities.

Whilst this is a matter which is not addressed in the Class Ruling, it is expected that it will be a matter which is covered in the Private Ruling which has also been sought by Suncorp from the Commissioner in relation to the issue of Capital Notes 3.

4.2 Sale of Capital Notes 3

If a Holder sells their Notes, they will make a capital gain if the proceeds of sale exceed the cost base of those Notes. This capital gain will be included in their assessable income. Conversely, they will make a capital loss if the proceeds of sale are less than the cost base of those Notes. This capital loss will be applied against any other capital gains made by the Holder, and any remaining capital loss after that application will be carried over into subsequent income years.

If the Holder has held the Notes for 12 months or more and is an Australian resident, they may benefit from the CGT discount. If the Holder is an individual or trust, that discount is 50% of the gain. For a superannuation entity, the discount percentage is 33⅓%. Holders which are companies are not eligible for the CGT discount.

If the Holder sells their Notes before 12 months have elapsed after they acquired them, the Holder is not eligible for the CGT discount.

4.3 Redemption or Resale of Capital Notes 3

Suncorp may elect to redeem the Notes in certain circumstances. That redemption requires Suncorp to pay the Redemption Price (equal to the Issue Price (\$100)) to the Holder, upon which all other rights and restrictions imposed by the Notes no longer have effect.

The payment of the Redemption Price should not be treated as a dividend paid by Suncorp to the Holders, to the extent they are paid out of capital and not out of profits.

Suncorp may also elect to resell the Notes in certain circumstances. This would require the Holder to transfer their Notes to a purchaser nominated by Suncorp for the Resale Price (equal to the Issue Price (\$100)).

Both Redemption and Resale would constitute a CGT event, and as such a Holder would make either a capital gain or capital loss depending on whether the Redemption Price or Resale Price are greater

than the cost base, or less than the reduced cost base of the Notes. As described above, certain Australian resident holders may be entitled to the CGT discount on any capital gain.

4.4 Pay-as-you-go withholding tax

Australian resident Holders may notify Suncorp of their tax file number, Australian Business Number or a relevant exemption from withholding tax.

If Suncorp does not receive any of the above, Suncorp will withhold tax at the highest marginal rate (including the Medicare Levy) from the unfranked part (if any) of the Distributions. At present, the highest marginal tax rate is 45%, with an additional 2% levied in respect of the Medicare Levy. Those amounts will be remitted to the Commissioner, with Australian resident Holders able to seek a tax credit or rebate in respect of that withheld tax in their tax returns.

4.5 GST

Holders should not be subject to GST on their investment in the Notes, or on any sale of the Notes.

4.6 Stamp duty

Holders should not be liable to stamp duty on their investment in the Notes, or on any sale, other transfer or Conversion of the Notes.

4.7 Taxation of Financial Arrangements

The TOFA rules in Division 230 of the 1997 Act should not apply to most Holders. While the Notes would constitute “financial arrangements” for the purposes of those rules, the rules do not apply to individuals, or to other types of Holders that have not exceeded certain asset or turnover thresholds, unless they have elected to be treated otherwise.

If a Holder considers that the TOFA rules may apply to them, they should seek independent tax advice regarding their specific circumstances.

4.8 Non-Australian resident Holders

Non-Australian resident Holders should not be subject to dividend withholding tax in respect of fully-franked distributions paid by Suncorp. However, non-Australian resident Holders cannot access any further credits or refunds in relation to the franking credits attached to those dividends.

To the extent a distribution is unfranked, a portion of the distribution will be withheld by Suncorp in respect of dividend withholding tax. That dividend withholding tax is generally 30%, however it may be reduced depending on any double taxation agreement in force between Australia and the country of residence of the non-Australian resident Holder. The Holder may be entitled to credits in their local jurisdiction for the dividend withholding tax paid on the Notes.

Any capital gain or loss arising from the disposal of the Notes by a non-Australian resident Holder will generally be disregarded.

4.9 Participation in Reinvestment Offer by Eligible CPS3 Holders

Eligible CPS3 Holders who participate in the Reinvestment Offer may receive a pro rata dividend on their Reinvestment CPS3 on the Reinvestment Date. This does not form part of the proceeds of the repayment of the Reinvestment CPS3.

The tax treatment of any such dividend should be the same as the treatment of other distributions on the CPS3 as outlined in CR 2014/40.

4.10 Repayment of CPS3

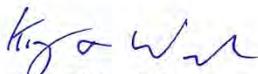
Eligible CPS3 Holders who participate in the Reinvestment Offer will receive capital proceeds of \$100 on their Reinvestment CPS3. This is comprised of a capital return of \$99.99999 and redemption proceeds of \$0.00001.

Eligible CPS3 Holders who participate in the Reinvestment Offer may make a capital gain or capital loss as a result of the repayment, depending on whether the capital proceeds exceed or are less than the cost base or reduced cost base in their Reinvestment CPS3.

If the Eligible CPS3 Holder has held the Reinvestment CPS3 for 12 months or more and is an Australian resident, they may benefit from the CGT discount. If the Eligible CPS3 Holder is an individual or trust, that discount is 50% of the gain. For a superannuation entity, the discount percentage is 33 $\frac{1}{3}$ %. Eligible CPS3 Holders which are companies are not eligible for the CGT discount.

If the Eligible CPS3 Holder has their Eligible CPS3 repaid before 12 months have elapsed after they acquired them, the Eligible CPS3 Holder is not eligible for the CGT discount.

Yours faithfully


King & Wood Mallesons



[Contact](#)

David Wood | Partner

King & Wood Mallesons

T +61 3 9643 4310 | M +61 419 338 386

david.wood@au.kwm.com

This communication and any attachments are confidential and may be privileged.

9. Additional information

This Section provides information about the Board of Directors of Suncorp, the interests of people involved in the Offer and any benefits they may receive.



9.1 Interests and benefits

9.1.1 Directors

The Directors as at the date of this Prospectus had the following relevant interests in issued securities of Suncorp:

Directors	Number of Ordinary Shares	Number of options/rights over Ordinary Shares
Ms Christine McLoughlin	48,550	Nil
Mr Steve Johnston	109,295	318,839
Ms Audette Exel AO	18,288	Nil
Ms Sylvia Falzon	7,620	Nil
Mr Ian Hammond	24,180	Nil
Ms Sally Herman	29,131	Nil
Mr Simon Machell	50,000	Nil
Dr Douglas F McTaggart	27,992	Nil
Mr Lindsay Tanner	7,768	Nil

Other than as set out in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Suncorp;
- the Offer; or
- any property acquired or proposed to be acquired by Suncorp in connection with the formation or promotion of Suncorp or the Offer.

Other than as set out in this Prospectus, no amount (whether in cash, Ordinary Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director or proposed Director:

- to induce a person to become, or qualify as, a Director; or
- for services provided by a Director or proposed Director in connection with the formation or promotion of Suncorp or the Offer.

Directors' fees

The Constitution contains provisions about the remuneration of the Directors. As remuneration for their services as Directors, the non-executive Directors are paid an amount of remuneration determined by the Board, subject to a maximum annual aggregate amount determined by shareholders in a general meeting. The maximum annual aggregate amount has been set at \$3,500,000. Each Director (other than the Chairman) may also be paid additional remuneration for performance of additional Board sub-Committee services and all Directors are entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Group CEO and Managing Director is fixed by the Board. The remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of profits or operating revenue.

Participation in the Offer

The Directors (and certain related persons) may collectively acquire up to 0.2% of Capital Notes 3 offered under the Offer, without shareholder approval (subject to certain conditions)—see Section 9.10.1.

9.1.2 Professionals

Goldman Sachs has acted as the Arranger for the Offer, and each of Commonwealth Bank of Australia, Morgans Financial Limited, National Australia Bank Limited, UBS AG (Australia Branch) and Westpac Institutional Bank have acted as the Joint Lead Managers to the Offer, in respect of which they will receive fees from Suncorp. The estimated aggregate fees payable by Suncorp to the Arranger and Joint Lead Managers are approximately \$4 million (exclusive of GST), making certain assumptions as to the allocations of Capital Notes 3 between the Broker Firm Offer, Institutional Offer and Securityholder Offer. The aggregate fees include an arranger fee payable to Goldman Sachs and other fees payable to the Joint Lead Managers, determined either on the basis of their Capital Note 3 allocation or split proportionately between each of the Joint Lead Managers.

The Joint Lead Managers on behalf of Suncorp are responsible for paying all selling fees and other commissions payable to the Syndicate Brokers.

King & Wood Mallesons has acted as Suncorp's Australian legal and Australian tax adviser in relation to the Offer. In respect of this work, King & Wood Mallesons will be paid approximately \$449,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Further amounts may be paid to King & Wood Mallesons in accordance with its time-based charges.

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) has acted as Suncorp's accounting adviser and provided due diligence services on certain financial disclosures in relation to the Offer. In respect of this work, KPMG Transaction Services will be paid approximately \$120,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services in accordance with its time-based charges.

Except as set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- Arranger; or
- Joint Lead Manager,

holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Suncorp;
- the Offer; or
- any property acquired or proposed to be acquired by Suncorp in connection with the formation or promotion of Suncorp or the Offer, nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of Suncorp or the Offer.

About the Trustee

The Trustee, Sargon CT Pty Ltd, and its directors, employees, officers, affiliates, agents, advisers, intermediaries and related bodies corporate (each a **related person**):

- have not authorised or caused the issue or distribution of this Prospectus, were not involved in preparing this Prospectus and do not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- do not assume any responsibility for, or make representations as to the accuracy or completeness of any information contained, in this Prospectus;
- to the maximum extent permitted by law, expressly disclaim all liability in respect of, make no representation or any statement regarding and take no responsibility for any part of this Prospectus, or any statements in or omissions from this Prospectus, other than in the case of the Trustee, only references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;

- in the case of the Trustee only, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and content in which it is named.
- have solely relied on Suncorp for the accuracy of the contents of this Prospectus;
- do not make any representation or warranty as to the performance of Capital Notes 3, the payment of distributions or Exchange of Capital Notes 3 or the value of any Ordinary Shares issued on Conversion (or their proceeds of sale); and
- are not, subject to the Trustee's obligations under the Corporations Act, responsible for monitoring Suncorp's business.

9.2 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$250 million, then the net proceeds of the Offer are expected to be \$244 million and the total expenses of the Offer (including fees payable to the Arranger, the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be \$6 million. All of these expenses have been, or will be, borne by Suncorp.

9.3 Reporting and disclosure obligations

Suncorp is admitted to the official list of ASX and is a disclosing entity for the purposes of the Corporations Act. As a disclosing entity, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these obligations require Suncorp to prepare both annually and half-yearly financial statements, to report on its operations during the relevant accounting period and to obtain an audit or review report from its auditor.

Copies of these and other documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

Suncorp must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purposes of ASX making the information available to the Australian securities market.

Suncorp has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately when it becomes aware of any information concerning Suncorp which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

9.4 Availability of documents

Suncorp will provide a copy of any of the following documents free of charge to any person upon their request during the Offer Period:

- the annual financial report for the year ended 30 June 2019 lodged with ASIC by Suncorp;
- any continuous disclosure notices given by Suncorp in the period after the lodgement of the annual financial report of Suncorp for the year ended 30 June 2019 and before lodgement of this Prospectus with ASIC; and
- the Constitution.

The annual financial report for the year ended 30 June 2019 and copies of continuous disclosure notices lodged with ASX are available at www.asx.com.au or at www.suncorpgroup.com.au.

The Constitution is available at www.suncorpgroup.com.au.

All written requests for copies of the above documents should be addressed to the Registry at the address set out in the Corporate directory at the end of this Prospectus.

9.5 Rights and liabilities attaching to Capital Notes 3

The rights and liabilities attaching to Capital Notes 3 are contained in the Terms, which are set out in Appendix A. Rights and liabilities attaching to Capital Notes 3 may also arise under the Corporations Act, the ASX Listing Rules, the Constitution and other laws.

9.6 Rights and liabilities attaching to Ordinary Shares

Holders will receive Ordinary Shares on Conversion. The rights and liabilities attaching to the Ordinary Shares are set out in the Constitution and are also regulated by the Corporations Act, the ASX Listing Rules and the general law.

This Section briefly summarises the key rights attaching to Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of Ordinary Shares. Investors who wish to inspect the Constitution may do so at the registered office of Suncorp during normal office hours or may obtain a copy as provided under Section 9.4.

The key rights attaching to Ordinary Shares are as follows:

- the right to receive notice of, attend and vote at general meetings of Suncorp (either in person or by proxy, attorney or representative) on the basis of one vote on a show of hands or one vote per fully paid Ordinary Share (or a fraction of a vote in proportion to the capital paid up on that Ordinary Share) on a poll;
- the right to receive dividends declared from time to time, as determined by the Board, in their judgement, as the financial position of Suncorp justifies, in proportion to the capital paid up on the Ordinary Shares held by each Shareholder (subject to the rights of holders of securities carrying preferred rights and in accordance with the Constitution and the Corporations Act). Suncorp may also be restricted from paying dividends on Ordinary Shares by prudential standards of APRA or, potentially, in particular circumstances by the terms of certain of its regulatory capital instruments;
- the right to receive information required to be distributed under the Corporations Act and the ASX Listing Rules; and
- the right to participate in a surplus of assets on a winding-up of Suncorp in proportion to the capital paid up on the Ordinary Shares at the commencement of the winding-up (subject to the rights of holders of securities carrying preferred rights on winding-up including CPS3, Capital Notes 1, Capital Notes 2 and Capital Notes 3).

9.7 Summary of Trust Deed

Suncorp has entered into a Trust Deed dated on or about the date of this Prospectus with the Trustee. A copy of the Trust Deed can be obtained from www.suncorpgroup.com.au/sunph. The following is a summary only of the principal provisions of the Trust Deed.

9.7.1 Appointment of Trustee

The Trustee has been appointed under the Trust Deed and holds on trust for the Holders and itself upon the terms of the Trust Deed:

- the right to enforce Suncorp's obligation to pay amounts payable under Capital Notes 3;
- the right to enforce any other duties or obligations that Suncorp has under the Terms, to the Holders under the Trust Deed or under Chapter 2L of the Corporations Act; and
- the amount of \$10 and any other property held by the Trustee on the trust established under the Trust Deed (including, without limitation, and to the extent such property is held on trust, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Trust Deed).

9.7.2 Undertakings

Suncorp has undertaken to the Trustee (as trustee for the relevant Holder) to, among other things:

- subject to any obligation of Suncorp to Convert or Write-Off the Capital Notes 3, pay the amounts due and payable in respect of that Capital Note 3 under and in accordance with the Trust Deed;
- comply with its obligations under the Terms; and
- comply with its obligations under Chapter 2L and section 318 of the Corporations Act.

9.7.3 Sale of Ordinary Shares

The Trust Deed contains a provision that, where a Non-Viability Trigger Event occurs and the Terms provide for the issue of Ordinary Shares to the Trustee, the Trustee must take delivery of the Ordinary Shares on trust for the relevant Holders and, as required by the Terms, sell (or appoint one or more entities as Sales Agent to sell on its behalf) the Ordinary Shares of the relevant Holders and pay the proceeds net of sale costs to them.

9.7.4 Enforcement

The Trustee is not obliged to take any action contemplated by the Terms or the Trust Deed, unless each of the following conditions are met:

- it is directed as to the manner in which it should exercise a power pursuant to an Ordinary Resolution (unless the Trust Deed or the Terms require a Special Resolution or a different threshold of approval in the particular circumstances);
- its liability is limited in accordance with the Trust Deed;
- it is indemnified, to its reasonable satisfaction, against certain actions or costs; and
- the action is permitted under the Trust Deed or the Terms and by law.

No Holder is entitled to proceed directly against Suncorp to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound so to proceed, fails to do so within 14 days and the failure is continuing.

9.7.5 Liability

Except to the extent arising as a result of the Trustee's fraud, negligence or wilful default, the Trustee is not liable to Suncorp or any other person in any capacity other than as trustee of the Trust and the Trustee's liability is further limited to the assets of the Trust available to indemnify the Trustee for the liability.

9.7.6 Fees and expenses

Suncorp will pay the Trustee fees as agreed between Suncorp and the Trustee. Suncorp will also pay, on demand, the Trustee's costs, losses and other liabilities incurred in the course of it acting as Trustee of the Trust (except where incurred as a result of the Trustee's default), as well as costs incurred in connection with enforcing or preserving rights under the Trust Deed.

9.7.7 Retirement and removal

The Trustee may retire at any time by giving notice to Suncorp at least 60 days before the date it wants to retire or any shorter period, which is agreed. Suncorp may remove the Trustee at any time by giving notice to the Trustee of at least 60 days (or such other period as Suncorp and the Trustee may agree or required by the Corporations Act) in circumstances, including:

- the Trustee is in breach of its material obligations under the Trust Deed and has not rectified the breach within 10 Business Days of receiving notice from Suncorp requesting the breach be remedied;
- the Trustee has acted fraudulently, has been grossly negligent or is in wilful default or is in breach of section 283DA of the Corporations Act and, where such default is capable of remedy, the Trustee has not remedied the breach within 7 Business Days after receiving notice from Suncorp of its occurrence;
- the Trustee ceases or has ceased or has expressed an intention to cease to carry on business;
- the Trustee ceases to be a person which can act as Trustee under the Corporations Act;
- the Trustee is placed in liquidation or is wound-up or dissolved or a receiver, liquidator, administrator or similar person is appointed to the Trustee; or
- Suncorp is authorised or requested to do so by a meeting of Holders.

The removal or retirement of the Trustee does not take effect until the appointment of a new trustee is effective. Suncorp has the power to appoint a new trustee.

9.7.8 Meetings

A meeting of Holders has the power to, by Ordinary Resolution, give directions to the Trustee as to the performance of its duties under the Trust Deed and the Terms and, by Special Resolution, release the Trustee from liability, approve any act taken by the Trustee or approve any amendment to the Trust Deed or the Terms required to be authorised by a Special Resolution.

Each Holder is entitled to one vote on a show of hands, unless a poll is demanded by the chairperson, the Trustee or Suncorp or by, or on behalf of, one or more Holders holding (in aggregate) Capital Notes 3 representing at least 5% of the aggregate Face Value of the Capital Notes 3 outstanding when the meeting begins. On a show of hands, every Holder who is present has one vote and on a poll, every Holder of Capital Notes 3 who is present has one vote for every Note with respect to which it is the registered holder.

9.7.9 No monitoring obligations

The Trustee is not responsible for monitoring compliance by Suncorp with its obligations under the Trust Deed or any other activities of Suncorp, except as required by law. In this regard, the Trustee is subject to certain statutory duties imposed on it under Chapter 2L of the Corporations Act, including to:

- exercise reasonable diligence to ascertain whether:
 - the property of Suncorp that is, or should be, available will be sufficient to repay the amounts lent by Holders in respect of Capital Notes 3; and
 - Suncorp has breached the Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Trustee is satisfied the breach will not materially prejudice the Holders' interests, it must do everything in its power to ensure Suncorp remedies such a breach.

9.7.10 Receipt of moneys

All moneys that are received by the Trustee under the Trust Deed will be applied first in payment of any amounts owing to the Trustee in connection with the Trust Deed and secondly, in or towards, payment of all amounts due but unpaid in respect of Capital Notes 3 to the relevant Holders. The balance (if any) of the money remaining after those payments will be returned to Suncorp.

9.8 Summary of the Offer Management Agreement

9.8.1 Overview

Suncorp, the Arranger and the Joint Lead Managers signed the Offer Management Agreement on 11 November 2019. Under the Offer Management Agreement, Suncorp appointed Commonwealth Bank of Australia, Morgans Financial Limited, National Australia Bank Limited, UBS AG (Australia Branch) and Westpac Institutional Bank as Joint Lead Managers of the Offer. The following is a summary of the principal provisions of the Offer Management Agreement.

Under the Offer Management Agreement, the Joint Lead Managers have agreed to manage the Offer, including the Bookbuild and related allocation process for the Offer and to provide settlement support for the settlement obligations of successful Applicants under the Bookbuild.

9.8.2 Fees

The estimated aggregate fees payable by Suncorp to the Arranger and Joint Lead Managers under the Offer Management Agreement are set out in Section 9.1.2. The actual amount payable will not be known until the allocation of Capital Notes 3 under the Offer. In addition, Suncorp must reimburse the Arranger and each Joint Lead Manager for reasonable costs, charges and expenses, including reasonable legal and travel costs, incurred by the Arranger and the Joint Lead Managers in relation to the Offer.

9.8.3 Representations, warranties and undertakings

Suncorp gives various representations, warranties and undertakings to the Arranger and Joint Lead Managers, including that the documents issued or published by or on behalf of Suncorp in respect of the Offer comply with all applicable laws, including the Corporations Act and the ASX Listing Rules.

With the exception of the Capital Notes 3 issue and certain other corporate actions (including an issue of Ordinary Shares under a dividend reinvestment plan), Suncorp has also agreed that it will not (and will ensure that its related bodies corporate do not), without the Arranger and Joint Lead Managers' prior written consent, offer or issue any securities with Additional Tier 1 Capital status before the expiration of 90 days after the Issue Date (other than any such securities which are issued by a related body corporate to Suncorp or another related body corporate) or any securities with Tier 2 Capital status predominantly offered to Australian retail investors at any time before the expiration of 45 days after the Issue Date.

9.8.4 Indemnity

Suncorp agrees to indemnify the Arranger and Joint Lead Managers, their affiliates and the officers, directors, employees, agents, advisers and representatives of the Arranger and Joint Lead Managers and their affiliates against all claims, demands, losses, costs, expenses, liabilities, damages or actions incurred by them in connection with the Offer (subject to limited exclusions).

9.8.5 Termination events

The Arranger and each Joint Lead Manager may terminate, at any time, its obligations under the Offer Management Agreement on the occurrence of a number of customary termination events, including (among others):

- ASIC issues a stop order in relation to the Offer;
- ASX refuses to quote Capital Notes 3 on ASX;
- ASIC withdraws, or otherwise varies relief from the provisions of Division 5A of Part 7.9 of the Corporations Act referred to in Section 9.11 in a manner which would prohibit or restrict the conduct of the Reinvestment Offer;
- the trading of Ordinary Shares is suspended or Ordinary Shares cease to be quoted on ASX;
- any person withdraws their consent to be named in the Prospectus;
- Suncorp withdraws the Prospectus or the Offer;
- a supplementary prospectus is lodged, or in the reasonable opinion of the Arranger or the Joint Lead Managers should be lodged, with ASIC under section 719 of the Corporations Act;
- Suncorp's credit rating is downgraded, withdrawn or placed on credit watch negative;
- a specified decline in the S&P ASX 200;
- unauthorised alterations to Suncorp's share capital or Constitution; and
- a material adverse change or effect, or any development that is likely to have a material adverse change or effect, in or affecting the general affairs, business, operations, prospects, management, financial position, earnings position, shareholders' equity or results of operations of the Suncorp Group.

Certain of these events, and other events, will only give rise to a right to terminate if the Arranger or Joint Lead Manager reasonably believes that the event has had or is likely to have a material adverse effect on the success or settlement of the Offer or there is a reasonable possibility that the Arranger or Joint Lead Manager will contravene, be involved in a contravention of or incur a liability under the Corporations Act, or any other applicable law, as a result of the event. If this occurs, the Joint Lead Manager who terminates will no longer be a Joint Lead Manager and will not be obliged to conduct the Bookbuild or provide settlement support for the Bookbuild.

Under the Offer Management Agreement, if one Joint Lead Manager terminates, the other Joint Lead Managers may give notice in writing to Suncorp stating whether they assume the obligations of the terminating Joint Lead Manager. In addition, if any Joint Lead Manager terminates its obligations under the Offer Management Agreement, then that Joint Lead Manager and certain of their affiliates will have no obligations to subscribe for any Capital Notes 3 as Bookbuild investors.

If all Joint Lead Managers terminate, none of them, their affiliates or any Bookbuild investors will have any obligation to subscribe for Capital Notes 3.

9.9 Consents

Except as set out below, each of the parties referred to in the following table:

- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based; and
- does not cause or authorise the issue of the Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

King & Wood Mallesons has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements by it, consisting of the Australian taxation summary in Section 8 in the form and context in which it appears in Section 8.

Role	Consenting parties
Arranger	Goldman Sachs
Joint Lead Managers	Commonwealth Bank of Australia Morgans Financial Limited National Australia Bank Limited UBS AG (Australia Branch) Westpac Institutional Bank
Co-Managers	Crestone Wealth Management Limited JBWere Limited
Auditor	KPMG
Australian legal adviser	King & Wood Mallesons
Australian tax adviser	King & Wood Mallesons
Registry	Link Market Services Limited
Trustee	Sargon CT Pty Ltd
Accounting adviser	KPMG Transaction Services

9.10 ASX confirmation

9.10.1 The Offer

ASX has classified Capital Notes 3 as 'equity securities' for the purposes of the ASX Listing Rules and has confirmed that:

- ASX Listing Rule 3.20.2 will not apply to the Conversion of the Capital Notes 3 following the occurrence of a Non-Viability Trigger Event;
- the Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the terms of the APRA constraints on the payment of Distributions do not amount to a removal of a right to a distribution for the purposes of ASX Listing Rule 6.10;
- Conversion, Redemption or Resale of Capital Notes 3, as provided in the Terms, is appropriate and equitable for the purposes of ASX Listing Rule 6.12;
- ASX does not consider Capital Notes 3 to be options or preference securities for the purposes of the Listing Rules;
- for the purposes of ASX Listing Rule 7.1, it is acceptable that the maximum number of Ordinary Shares into which Capital Notes 3 can be Converted in accordance with ASX Listing Rules 7.1 and 7.1B.1 will be calculated by notionally Converting Capital Notes 3 at the market price of Ordinary Shares on the trading day before the date of this Prospectus;
- there is no further requirement for member approval, or further absorption of placement capacity under Listing Rule 7.1, at the time that Capital Notes 3 are Converted in accordance with ASX Listing Rules 7.2 (exception 4) and 10.12 (exception 7);
- ASX Listing Rule 10.11 has been waived to permit Directors (and their associates) to participate in the Offer, without Shareholder approval, on the condition that the Directors (and their associates) are collectively restricted to being issued no more than 0.2% of the total number of Capital Notes 3 issued under the Offer; and
- the timetable for the Offer is acceptable.

ASX has also agreed to allow Capital Notes 3 to trade on a deferred settlement basis for a short time following the issue of Capital Notes 3.

9.10.2 The Reinvestment Offer

ASX has confirmed in relation to the Reinvestment Offer that:

- the amendments to the CPS3 Terms are appropriate and equitable. These amendments are to facilitate the repayment of Reinvestment CPS3 and, if applicable, payment of a pro rata dividend in respect of Reinvestment CPS3 in the event that the Reinvestment CPS3 Repayment Date does not fall on a scheduled dividend payment date for CPS3 (such as 17 December 2019);
- the addition of an early dividend payment right (if applicable) is permitted under ASX Listing Rule 6.10;
- CHESS will apply a holding lock to any CPS3 the subject of an Application from a CPS3 Holder Applicant; and
- the timetable for the Reinvestment Offer is acceptable.

9.11 ASIC Modification

ASIC has granted relief from the provisions of Division 5A of Part 7.9 of the Corporations Act relating to unsolicited offers for Suncorp to conduct the Reinvestment Offer (subject to certain conditions).

9.12 Design and distribution obligations and ASIC product intervention powers

The DDOPIP Legislation imposes additional obligations on Suncorp regarding the design and distribution of certain financial products offered to retail investors (including hybrid securities), and grants product intervention powers to ASIC if it believes significant consumer detriment may occur.

The DDOPIP Legislation provides for the design and distribution obligations to come into force in April 2021 and therefore these obligations do not apply to the Offer. The design and distribution obligations in the DDOPIP Legislation are also limited to an initial offering of securities, which means that even if the obligations become effective while Capital Notes 3 are on issue, they will not apply to secondary market trading of Capital Notes 3.

The DDOPIP Legislation gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to retail clients or customers. It is uncertain whether ASIC would perceive significant consumer detriment in relation to Capital Notes 3 or similar securities. The DDOPIP Legislation requires ASIC to undertake a consultation process before it makes a product intervention order.

9.13 Acknowledgements

Each person submitting an Application Form and/or Application Payment will be deemed to have:

- acknowledged having read and understood the Terms and having had an opportunity to consider the suitability of an investment in Capital Notes 3 with the Applicant's professional advisers;
- agreed to be bound by the Terms and the terms and conditions of the Offer and, on Conversion of Capital Notes 3, agrees to become a member of Suncorp and to be bound by the terms of Suncorp's Constitution;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement document) accompanying the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- consented to the use and disclosure of their personal information as described in Section 9.14 and understood and agreed that the use and disclosure of their personal information applies to any personal information collected by Suncorp and any entity in the Suncorp Group in the course of the Applicant's relationship with Suncorp and any entity in the Suncorp Group;
- declared that the Applicant, if a natural person, is over 18 years of age;
- acknowledged that once Suncorp receives an Application, it may not be withdrawn, except as is permitted by law;
- acknowledged that, in some circumstances, Suncorp may not pay Distributions or any other amount payable on Capital Notes 3;
- applied for the number of Capital Notes 3 at the Australian dollar amount specified in the Application Form submitted or represented by the Application Payment;
- agreed to being allocated the number of Capital Notes 3 applied for (or a lower number allocated in a way described in this Prospectus) or no Capital Notes 3 at all;
- authorised Suncorp and the Joint Lead Managers, and their respective officers or agents, to do anything on the Applicant's behalf necessary for Capital Notes 3 to be allocated to the Applicant, including to act on instructions received by the Registry upon using the contact details in the Application Form;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Capital Notes 3 are suitable for the Applicant, given the Applicant's investment objectives, financial situation or particular needs;
- declared that the Applicant is an Australian resident or otherwise a person to whom the Offer can be made, and Capital Notes 3 issued, in accordance with Section 7.7.1;

- acknowledged that Capital Notes 3 have not been, and will not be, registered under the U.S. Securities Act or pursuant to the securities laws of any other jurisdiction outside Australia;
- represented and warranted that the Applicant is not in the United States and is not a U.S. Person (as defined in Regulation S of the U.S. Securities Act) (and not acting for the account or benefit of a U.S. Person) and the Applicant will not offer, sell or resell Capital Notes 3 in the United States to, or for the account or benefit of, any U.S. Person;
- represented and warranted that the laws of any other place, including the restrictions set out in Section 7.7.1 of this Prospectus, do not prohibit the Applicant from being given the Prospectus (or any supplementary or replacement Prospectus) or making an Application or being issued with Capital Notes 3; and
- acknowledged that Capital Notes 3 are not protected accounts or deposit liabilities of Suncorp for the purposes of the Banking Act or protected policies for the purposes of the Insurance Act. Investments can be subject to investment risk, including possible delays in repayment and loss of income and principal invested. Suncorp does not in any way guarantee or stand behind the capital value or performance of Capital Notes 3.

In addition, each person submitting an Application in respect of the Reinvestment Offer will be deemed to have:

- irrevocably agreed to have the number of CPS3 specified in the Application to be repaid in the amount of \$100 per CPS3 and to have the proceeds applied on the Issue Date to the Application Payment for Capital Notes 3;
- warranted that they are the holder of the number of CPS3 specified the Application;
- warranted that the CPS3 are free and clear of any encumbrances;
- authorised Suncorp and the Joint Lead Managers (or any person acting on their behalf) to complete and execute any documents and take all other actions necessary to effect the repayment of the CPS3 and to have the proceeds applied on the Issue Date to the Application Payment for Capital Notes 3;
- agreed not to transfer or dispose of the number of CPS3 specified the Application;
- agreed to indemnify Suncorp for all costs or losses it incurs as a result of you selling or disposing of the CPS3 the subject of your Application if you do sell or dispose of any of those CPS3 before the Closing Date for the Reinvestment Offer; and
- agreed to the application of a holding lock on the number of CPS3 specified the Application and authorised Suncorp and its related bodies corporate and their respective officers to request the application of a holding lock to those CPS3.

9.14 Privacy

The Registry has been engaged to maintain the Register on behalf of Suncorp. Protecting your privacy and your personal information is important to the Registry.

The Registry will collect your personal information to process your registration for Capital Notes 3, manage and administer your securityholding, provide facilities and services that you may request and carry out appropriate administration, as required by law.

The Corporations Act requires the collection of certain information and for that to be included in the Register. The Register is public and able to be inspected by any person.

If you do not provide your personal information, then it may not be possible to set up or administer your security-holding.

The Registry may disclose your personal information to agents, contractors and service providers, including printers, mailing houses, call centres and general advisors who enable it to provide its services to Suncorp.

Under the Privacy Act, an Applicant may request access to their personal information held on behalf of Suncorp. To request access or correct your personal information, please contact the Registry via the Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time). The Registry's privacy policy contains further information on how you can access or correct your personal information as well as how to complain about the handling of your personal information. You can read the Registry's privacy policy at www.linkmarketservices.com.au.

You can read the Suncorp Group's securityholder privacy statement at www.suncorpgroup.com.au/about-us/governance/securityholder-privacy-statement and the Suncorp Group's Privacy Policy at www.suncorpgroup.com.au.

9.15 Amendments to the CPS3 Terms

To facilitate the Reinvestment Offer, certain amendments have been made to the CPS3 Terms under Clause 15 of those terms. Those amendments have been released to ASX.

The amendments include terms permitting the:

- repayment of the Reinvestment CPS3 on the terms set out in this Prospectus; and
- if applicable, payment of a pro rata dividend in respect of Reinvestment CPS3 in the event that the Reinvestment CPS3 Repayment Date does not fall on a scheduled dividend payment date for CPS3 (such as 17 December 2019).

9.16 Statement of Directors

This Prospectus is authorised by each Director who consents, and who has not withdrawn their consent, to its lodgement with ASIC and its issue.

A.
Capital
Notes 3
Terms



1. Capital Notes 3

1.1 Capital Notes 3

Suncorp Capital Notes 3 (the **Capital Notes**) are perpetual, convertible, subordinated debt obligations in the form of unsecured notes issued by Suncorp, constituted by, and owing under, the Trust Deed. They are issued, and may be Redeemed, Converted or Resold, according to these Capital Notes Terms.

1.2 Form

The Capital Notes are in registered form and are issued by entry in the Register.

1.3 Issue Price

The Issue Price of each Capital Note is A\$100 and is payable in full on the Issue Date.

1.4 CHESS

The Capital Notes will be entered into and dealt with in CHESS. For so long as the Capital Notes remain in CHESS, the rights of a person holding an interest in the Capital Notes are subject to the ASX Settlement Operating Rules but this shall not affect any term which would cause the Capital Notes to cease to be eligible for inclusion as Eligible Additional Tier 1 Capital.

2. Status and ranking

2.1 Status and ranking

The Capital Notes constitute direct and unsecured subordinated obligations of Suncorp, ranking for payment of the Redemption Price in a winding-up of Suncorp:

- (a) in priority to Ordinary Shares;
- (b) equally among themselves and with all Equal Ranking Instruments; and
- (c) behind claims of Senior Ranking Creditors.

2.2 No guarantee, not policies under Insurance Act

The Capital Notes are not:

- (a) policy liabilities of Suncorp or any Related Entity of Suncorp for the purposes of the Insurance Act;
- (b) protected policies for the purposes of the Financial Claims Scheme established under Part VC of the Insurance Act; or
- (c) guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction or by any other party.

2.3 Unsecured notes

The Capital Notes are unsecured notes for the purposes of section 283BH of the Corporations Act.

3. Distributions

3.1 Distributions

Subject to these Capital Notes Terms, Suncorp will pay interest on each Capital Note in arrears on the relevant Distribution

Payment Date (a **Distribution**) calculated according to the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{A\$100} \times \text{N}}{365}$$

where:

Distribution Rate (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{T})$$

where:

Bank Bill Rate means:

(a) subject to paragraph (b) below:

- (i) for a Distribution Period, the rate (expressed as a percentage per annum) designated "BBSW" in respect of prime bank eligible securities having a tenor of 3 months, which ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am Sydney time (or such other time at which such rate is accustomed to be so published) on the first Business Day of the Distribution Period; and
- (ii) if Suncorp determines that such rate as is described in paragraph (i) above:

(A) is not published by midday (or such other time that Suncorp considers appropriate on that day); or

(B) is published, but is affected by an obvious error,

such other rate (expressed as a percentage per annum) that Suncorp determines having regard to comparable indices then available; and

(b) if Suncorp determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, Suncorp:

(i) shall use as the Bank Bill Rate such Replacement Rate as it may determine;

(ii) shall make such adjustments to these Capital Notes Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate; and

(iii) in making the determinations under paragraphs (i) and (ii) above:

(A) shall act in good faith and in a commercially reasonable manner;

(B) may consult with such sources of market practice as it considers appropriate; and

(C) may otherwise make such determination in its discretion.

Holders should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards.

Margin (expressed as a percentage per annum) means the margin determined under the Bookbuild;

Rate Disruption Event means that, in Suncorp's opinion, the rate described in paragraph (a) of the definition of "Bank Bill Rate":

(a) has been discontinued or otherwise ceased to be calculated or administered; or

(b) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Capital Notes; and

Replacement Rate means a rate (expressed as a percentage per annum) other than the rate described in paragraph (a) of the definition of "Bank Bill Rate" that is generally accepted in the Australian market as the successor to the Bank Bill Rate, or if Suncorp is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:

(a) a reference rate that is, in Suncorp's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of Capital Notes; or

(b) such other rate as Suncorp determines having regard to available comparable indices;

T (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Suncorp at the relevant Distribution Payment Date; and

N means in respect of:

(a) the first Distribution Payment Date, the number of days from (and including) the Issue Date until (but not including) the first Distribution Payment Date; and

(b) each subsequent Distribution Payment Date, the number of days from (and including) the preceding Distribution Payment Date until (but not including) the relevant Distribution Payment Date.

3.2 Franking adjustments

If a Distribution is not franked to 100% under Part 3-6 of the Tax Act (and any provisions that revise or replace that Part), the Distribution will be calculated according to the following formula:

$$\text{Distribution} = \frac{\text{D}}{1 - [\text{T} \times (1 - \text{F})]}$$

where:

D means the Distribution calculated under clause 3.1;

T has the meaning given in clause 3.1; and

F means the applicable Franking Rate.

3.3 Payment of a Distribution

Each Distribution is subject to:

(a) Suncorp's absolute discretion; and

(b) no Payment Condition existing in respect of the relevant Distribution Payment Date.

3.4 Distributions are non-cumulative

Distributions are non-cumulative. If all or any part of a Distribution is not paid because of clause 3.3 or because of any other reason:

- (a) Suncorp has no liability to pay the unpaid amount of the Distribution;
- (b) Holders have no claim or entitlement in respect of such non-payment; and
- (c) such non-payment does not constitute an event of default.

No interest accrues on any unpaid Distributions and Holders have no claim or entitlement in respect of interest on any unpaid Distributions.

3.5 Distribution Payment Dates

Subject to this clause 3, Distributions will be payable in arrears in respect of a Capital Note on the following dates (each a Distribution Payment Date):

- (a) each 17 March, 17 June, 17 September and 17 December commencing on 17 March 2020 until (but not including) the date on which the Capital Note is Converted or Redeemed in accordance with these Capital Notes Terms; and
- (b) each date on which an Exchange of that Capital Note occurs, other than a Conversion on a Trigger Event Date, in each case in accordance with these Capital Notes Terms.

If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date becomes the next day which is a Business Day.

3.6 Record Dates

A Distribution is only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution.

3.7 Restrictions in the case of non-payment

If for any reason a Distribution has not been paid in full on a Distribution Payment Date (the Relevant Distribution Payment Date), Suncorp must not, without the approval of a Special Resolution, until and including the next Distribution Payment Date:

- (a) declare, determine to pay or pay an Ordinary Share Dividend; or
- (b) undertake any Buy-Back or Capital Reduction,

unless the Distribution is paid in full within 3 Business Days of the Relevant Distribution Payment Date.

3.8 Exclusions from restrictions in case of non-payment

The restrictions in clause 3.7 do not apply to:

- (a) a redemption, buy-back or reduction of capital in connection with any employment contract, benefit plan or other similar arrangement; or
- (b) the payment of an Ordinary Share Dividend or completion of a Buy-Back or Capital Reduction which Suncorp had become legally obliged to pay or complete at the time that the Distribution was not paid.

Nothing in these Capital Notes Terms prohibits Suncorp or a Controlled Entity from purchasing Suncorp Shares (or an interest therein) in connection with transactions for the account of customers of Suncorp or customers of entities that Suncorp Controls or, with the prior written approval of APRA, in connection with the distribution or trading of Suncorp Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from acting as trustee for another person where neither Suncorp nor any entity it Controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

4. Mandatory Conversion

4.1 Mandatory Conversion

Subject to clauses 5, 6 and 7, on the Mandatory Conversion Date Suncorp must Convert all (but not some) Capital Notes on issue at that date into Ordinary Shares in accordance with clause 8 and this clause 4.

4.2 Mandatory Conversion Date

The **Mandatory Conversion Date** will be the first to occur of the following dates (each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied:

- (a) 17 June 2028 (the **Scheduled Mandatory Conversion Date**); and
- (b) a Distribution Payment Date after the Scheduled Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**).

4.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the First Test Date is greater than the First Test Date Percentage of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the Second Test Period) is greater than the Conversion Test Date Percentage of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and
- (c) no Delisting Event applies in respect of the Relevant Date (the Third Mandatory Conversion Condition and together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

In these Capital Notes Terms:

Conversion Test Date Percentage	=	101.01% x Relevant Fraction (expressed as a percentage)
First Test Date Percentage	=	110% x Relevant Fraction (expressed as a percentage)

4.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will give notice to the Trustee and Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will give notice to the Trustee and Holders on or as soon as practicable after the Relevant Date,

(each such notice a **Non-Conversion Notice**) that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date.

5. Non-Viability Conversion

5.1 Non-Viability Trigger Event

A **Non-Viability Trigger Event** means APRA has provided a written determination to Suncorp that:

- (a) the conversion to Ordinary Shares or write off of Relevant Securities in accordance with their terms or by operation of law is necessary because without the conversion to Ordinary Shares or write off, APRA considers that Suncorp would become non-viable; or
- (b) without a public sector injection of capital into, or equivalent support with respect to, Suncorp, APRA considers that Suncorp would become non-viable.

(such determination a **Non-Viability Determination**)

5.2 Conversion on Trigger Event Date

If a Non-Viability Trigger Event occurs:

- (a) on the Trigger Event Date, subject only to clause 5.5, such number of Capital Notes will immediately Convert as is required by the Non-Viability Determination, provided that:
 - (i) where such Non-Viability Determination is made on the grounds that, without a public sector injection of capital or equivalent support, Suncorp would become non-viable, all Capital Notes must be Converted; and

- (ii) where clause 5.2(a)(i) does not apply and such Non-Viability Determination does not require all Relevant Securities to be converted or written-off, such number of Capital Notes shall Convert as is sufficient (determined by Suncorp in accordance with clause 5.2(b)) to satisfy APRA that Suncorp is viable without further conversion or write-off;
- (b) in determining the number of Capital Notes which must be Converted in accordance with this clause, Suncorp will:
 - (i) Convert Capital Notes; and
 - (ii) convert into Ordinary Shares or write-off other Relevant Securities,
 in each case on an approximately pro-rata basis or in a manner that is otherwise, in the opinion of Suncorp, fair and reasonable (subject to such adjustment as Suncorp may determine to take into account the effect on marketable parcels and the need to round to whole numbers the number of Ordinary Shares and any Capital Notes or other Relevant Securities remaining on issue) and, for the purposes of this clause 5.2(b), where the specified currency of the outstanding principal amount of any Relevant Securities is not Australian dollars, Suncorp may, for the purposes of determining the outstanding principal amount that is to be converted or written-off, convert the outstanding principal amount into Australian dollars at such rate of exchange determined in accordance with the terms of such Relevant Securities or, if those terms do not specify a basis for determining such rate of exchange, at such rate of exchange as Suncorp in good faith considers reasonable;
- (c) on the Trigger Event Date Suncorp must determine the Holders whose Capital Notes will be Converted at the time on that date that the Conversion is to take effect and in making that determination may make any decisions with respect to the identity of the Holders at that time and date as may be necessary or desirable to ensure Conversion occurs immediately in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time;
- (d) Suncorp must give written notice of that event (a **Trigger Event Notice**) as soon as practicable to the Trustee and Holders, which notice must specify:
 - (i) the Trigger Event Date;
 - (ii) the number of Capital Notes Converted; and
 - (iii) the relevant number of other Relevant Securities converted or written-off;
- (e) from the Trigger Event Date, subject to clause 5.5 and clause 12.1, Suncorp, the Trustee and the Registrar shall treat the Holder of any Capital Note which is required to be Converted as the holder of the relevant number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion.

5.3 Immediacy of Conversion

- (a) A Non-Viability Determination takes effect, and Suncorp must perform the obligations in respect of the determination, immediately on the day it is received by Suncorp, whether or not such day is a Business Day.
- (b) None of the following events shall prevent, impede or delay the Conversion of Capital Notes as required by clause 5.2:
 - (i) any failure or delay in the conversion or write-off of other Relevant Securities;
 - (ii) any failure or delay in giving a Trigger Event Notice;
 - (iii) any failure or delay in quotation of Ordinary Shares to be issued on Conversion;
 - (iv) any decision as to the identity of Holders whose Capital Notes are to be Converted; and
 - (v) any requirement to select the number of Capital Notes to be Converted in accordance with clause 5.2(b) or 5.2(c).

5.4 Priority of Conversion obligations

- (a) Conversion on account of the occurrence of a Non-Viability Trigger Event is not subject to the matters described in clause 4.3 as Mandatory Conversion Conditions.
- (b) A Conversion required on account of a Non-Viability Trigger Event takes place on the date, and in the manner, required by clause 5.2, notwithstanding anything in clauses 4, 6 or 7.

5.5 Write-Off

Where Capital Notes are required to be Converted, if Conversion has not been effected within 5 Business Days after the relevant Trigger Event Date for any reason (including an Inability Event), Conversion of those Capital Notes on account of the Non-Viability Trigger Event will not occur and those Capital Notes shall be Written-Off with effect on and from the Trigger Event Date in accordance with this clause 5.5 and the provisions of clauses 5.2(b), 5.2(c) and 5.2(d) shall apply in respect of that Write-Off and those Capital Notes as if each reference in those clauses to "Conversion" or "Convert" were a reference to "Write-Off".

In this clause 5.5, **Written-Off** means that, in respect of a Capital Note and a Trigger Event Date:

- (a) the Capital Note will not be Converted on that date and will not be Converted, Redeemed or Resold under these Capital Notes Terms on any subsequent date; and
 - (b) the relevant Holders' rights (including to payment of Distributions and Redemption Price) in relation to such Capital Note are immediately and irrevocably terminated and written off,
- and **Write-Off** has a corresponding meaning.

6. Optional Exchange by Suncorp

6.1 Optional Exchange by Suncorp

- (a) Suncorp may with APRA's prior written approval by notice to the Trustee and Holders (an **Exchange Notice**) elect to Exchange:
 - (i) all or some Capital Notes on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event;
 - (ii) all (but not some only) Capital Notes on an Exchange Date following the occurrence of a Potential Acquisition Event; or
 - (iii) all or some Capital Notes on the Optional Exchange Date.
- (b) An Exchange Notice under this clause 6:
 - (i) cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Date; and
 - (ii) once given is irrevocable (subject to clause 5).

6.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) where clause 6.1(a)(i) or clause 6.1(a)(ii) applies, the details of the Tax Event, Regulatory Event or Potential Acquisition Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
 - (i) in the case of a Potential Acquisition Event, is the Business Day prior to the date reasonably determined by Suncorp to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as Suncorp may reasonably determine having regard to the timing for implementation of the bid or scheme concerned or such later date as APRA may require;
 - (ii) in the case of a Tax Event or a Regulatory Event, is the last Business Day of the month following the month in which the Exchange Notice was given by Suncorp unless Suncorp determines an earlier Exchange Date having regard to the best interests of Holders as a whole and the relevant event; or
 - (iii) in the case of clause 6.1(a)(iii), is the Optional Exchange Date, which must fall:
 - (A) no earlier than:
 - (aa) 25 Business Days, where the Exchange Method elected is Conversion; or
 - (ab) 15 Business Days, where the Exchange Method is Redemption or Resale; and
 - (B) in any case no later than 50 Business Days,

- after the date on which the Exchange Notice is given;
- (c) the Exchange Method in accordance with clause 6.3;
- (d) if less than all Capital Notes are subject to Exchange, the proportion of the Capital Notes that are to be Exchanged;
- (e) if the Exchange Notice provides that any Capital Notes are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (f) whether any Distribution will be paid in respect of the Capital Notes to be Exchanged on the Exchange Date.

6.3 Exchange Method

- (a) If Suncorp elects to Exchange Capital Notes in accordance with clause 6.1, it must, subject to clauses 6.3(b), 6.4 and 6.5 and subject to APRA's prior written approval, elect which of the following (or which combination of the following) it intends to do in respect of Capital Notes (the **Exchange Method**):
 - (i) Convert Capital Notes into Ordinary Shares in accordance with clause 8;
 - (ii) Redeem Capital Notes in accordance with clause 9; or
 - (iii) Resell Capital Notes in accordance with clause 10.

Holders should not assume that APRA's approval will be given for any Exchange of Capital Notes under these Capital Notes Terms.

- (b) Subject to clauses 6.4 and 6.5, in the election under clause 6.3(a), Suncorp may specify which of Conversion, Redemption and Resale applies to a particular Capital Notes. Without limitation to the foregoing:
 - (i) Suncorp may select any one or more of Conversion, Redemption or Resale to apply to the Capital Notes held by a Holder; and
 - (ii) Suncorp may select a different combination of Conversion, Redemption and Resale in respect of Capital Notes held by different Holders,

but otherwise Suncorp must endeavour to treat Holders, in the case of an Exchange of only some Capital Notes, on an approximately proportionate basis (although it may discriminate to take account of the effect on marketable parcels and other logistical considerations).

6.4 Restrictions on election by Suncorp of Redemption or Resale as Exchange Method

Suncorp may only elect Redemption or Resale as the Exchange Method in respect of an Exchange under this clause 6:

- (a) on the Optional Exchange Date; and
- (b) in the case of a Tax Event or Regulatory Event,

and provided in all cases where Suncorp elects Redemption that APRA is satisfied that either:

- (i) Capital Notes the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the Capital Notes is done under conditions that are sustainable for Suncorp's income capacity; or
- (ii) APRA is satisfied that, having regard to the capital position of the Group, Suncorp does not have to replace the Capital Notes the subject of the Redemption.

6.5 Restrictions on election by Suncorp of Conversion as Exchange Method

Suncorp may not elect Conversion as the Exchange Method in respect of an Exchange under this clause 6 if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by Suncorp (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the **Non-Conversion Test Date**) the VWAP on that date is less than or equal to the First Test Date Percentage of the Issue Date VWAP (the **First Optional Conversion Restriction**); or
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date (the **Second Optional Conversion Restriction** and together with the First Optional Conversion Restriction, the **Optional Conversion Restrictions**).

6.6 Conditions to Conversion occurring once elected by Suncorp

If Suncorp has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Capital Notes Terms:

- (a) the Exchange Date will be deferred until the first Distribution Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Distribution Payment Date were a Relevant Date for the purposes of clause 4 (the **Deferred Conversion Date**);
- (b) Suncorp must Convert the Capital Notes on the Deferred Conversion Date (unless the Capital Notes are Exchanged earlier in accordance with these Capital Notes Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the Capital Notes will continue as if the Exchange Notice had not been given.

Suncorp will notify the Trustee and Holders on or as soon as practicable after an Exchange Date in respect of which this clause 6.6 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

7. Conversion on Acquisition Event

7.1 Notice of Acquisition Event

Suncorp must notify the Trustee and Holders of the occurrence of an Acquisition Event as soon as practicable after becoming aware of that event (an **Acquisition Event Notice**).

7.2 Conversion on occurrence of Acquisition Event

If an Acquisition Event occurs, Suncorp must Convert all (but not some only) Capital Notes on the Acquisition Conversion Date by notice to the Trustee and Holders (an **Acquisition Conversion Notice**) in accordance with this clause 7 and clause 8.

7.3 Contents of Acquisition Conversion Notice

An Acquisition Conversion Notice must specify:

- (a) the details of the Acquisition Event to which the Acquisition Conversion Notice relates;
- (b) the date on which Conversion is to occur (the **Acquisition Conversion Date**), which must be:
 - (i) the Business Day prior to the date reasonably determined by Suncorp to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as Suncorp may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
 - (ii) such later date as APRA may require; and
- (c) whether any Distribution will be paid in respect of the Capital Notes on the Acquisition Conversion Date.

7.4 Where Acquisition Conversion Notice not required

Notwithstanding any provision of clause 7.2 or clause 7.3, Suncorp is not required to give an Acquisition Conversion Notice if either or both of the Optional Conversion Restrictions would apply if the Acquisition Conversion Notice were an Exchange Notice under clause 6 and in this case the provisions of clause 7.5 will apply.

7.5 Deferred Conversion on Acquisition Event

If clause 7.4 applies or Suncorp has given an Acquisition Conversion Notice but, if the Acquisition Conversion Date were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Capital Notes Terms (but without limitation to the operation of clause 5.4):

- (a) the Acquisition Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Acquisition Conversion Date specified in the Acquisition Conversion Notice;

- (b) Suncorp will notify the Trustee and Holders as soon as practicable that Conversion will not (or, as the case may be, did not) occur (a **Deferred Acquisition Conversion Notice**); and
- (c) Suncorp must, unless clause 7.4 then applies, give an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) on or before the 25th Business Day prior to the immediately succeeding Distribution Payment Date which is at least 25 Business Days after the date on which the Deferred Acquisition Conversion Notice was given.

The Acquisition Conversion Notice given in accordance with paragraph (c) above must otherwise comply with the requirements in clause 7.3.

If this clause 7.5 applies but:

- (i) clause 7.4 applies in respect of the Distribution Payment Date referred to in paragraph (c) such that no Acquisition Conversion Notice (or, as the case may be, no new Acquisition Conversion Notice) is given under this clause 7.5; or
- (ii) an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) is given under this clause 7.5 and, if the Acquisition Conversion Date specified in the Acquisition Conversion Notice were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 7.5 will be reapplied in respect of each subsequent Distribution Payment Date until a Conversion occurs.

8. Conversion mechanics

8.1 Conversion

If Suncorp elects to Convert Capital Notes or must Convert Capital Notes in accordance with these Capital Notes Terms, then, subject to this clause 8, the following provisions shall apply:

- (a) Suncorp will allot and issue on the Mandatory Conversion Date, the Trigger Event Date, the Exchange Date or the Acquisition Conversion Date (as the case may be) a number of Ordinary Shares in respect of each Capital Note held by the Holder equal to the Conversion Number, where the Conversion Number is a number calculated according to the following formula (subject always to the Conversion Number being no more than the Maximum Conversion Number):

$$\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period;

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{(Issue Date VWAP} \times \text{Relevant Fraction)}}$$

Relevant Fraction means:

- (i) in the case of a Mandatory Conversion, 0.5;
- (ii) in the case of any other Conversion, 0.2;
- (b) each Holder's rights (including to payment of Redemption Price and Distributions other than the Distribution, if any, payable on a date (other than a Trigger Event Date) on which Conversion is required to occur) in relation to each Capital Note that is being Converted will be immediately and irrevocably terminated in full for an amount equal to the Issue Price of that Capital Note and Suncorp will apply that amount by way of payment for subscription for the Ordinary Shares to be allotted and issued under clause 8.1. Each Holder is taken to have irrevocably directed that any amount payable under this clause 8.1 is to be applied as provided for in this clause 8.1 and no Holder has any right to payment in any other way;
- (c) if the total number of Ordinary Shares to be allotted and issued to a Holder in respect of that Holder's aggregate holding of Capital Notes upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and
- (d) the rights attaching to Ordinary Shares issued as a result of Conversion do not take effect until 5.00pm Sydney time on the Mandatory Conversion Date, the Exchange Date or the Acquisition Conversion Date (as the case may be) or, in the case of a Conversion on the Trigger Event Date, the time at which such Conversion occurs on that date.

8.2 Adjustments to VWAP

For the purposes of calculating the VWAP in these Capital Notes Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Capital Notes will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (the **Cum Value**) equal to:
- (i) in case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount referable to the franking credit that would be included in the assessable income of a recipient of the dividend

or other distribution who is both a resident of Australia and a natural person under the Tax Act;

- (ii) (in the case of any entitlement that is not a dividend or other distribution for which an adjustment is made under clause 8.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
- (iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by Suncorp; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Capital Notes will Convert into Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

8.3 Adjustments to VWAP for divisions and similar transactions

Where during the relevant VWAP Period there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, in calculating the VWAP for that VWAP Period the daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by multiplying it by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

8.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clauses 8.2 and 8.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by Suncorp in accordance with clauses 8.5 to 8.7 (inclusive); and
- (b) if so made, will correspondingly:
- (i) affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
- (ii) cause an adjustment to the Maximum Conversion Number.

8.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clause 8.5(b) and 8.5(c), if at any time after the Issue Date Suncorp makes a *pro rata* bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_o \times \frac{RD}{RD + RN}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Clause 8.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of clause 8.5(a), an issue will be regarded as a *pro rata* issue notwithstanding that Suncorp does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing Suncorp is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 8.5 for any offer of Ordinary Shares not covered by clause 8.5(a), including a rights issue or other essentially *pro rata* issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 8.5(a) shall not in any way restrict Suncorp from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of any Holder.

8.6 Adjustment to Issue Date VWAP for divisions and similar transactions

- (a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, Suncorp shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

- (b) Each Holder acknowledges that Suncorp may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of any Holder.

8.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 8.5 and 8.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

8.8 Certain provisions relating to adjustments

- (a) Suncorp will notify the Trustee and Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 8 within 10 Business Days of Suncorp determining the adjustment.
- (b) Any adjustment to the VWAP or Issue Date VWAP in accordance with this clause 8 will be effective and binding on Holders under these Capital Notes Terms and these Capital Notes Terms will be construed accordingly.

8.9 Ordinary Shares

Each Ordinary Share issued upon Conversion ranks *pari passu* with all other fully paid Ordinary Shares.

8.10 Foreign Holders

Where Capital Notes held by a Foreign Holder are to be Converted, unless Suncorp is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which Suncorp is not bound to enquire), either unconditionally or after compliance with conditions which Suncorp in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign Holder is obliged to accept will, subject to clause 5.5, be issued to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp) who will sell those Ordinary Shares and pay a cash amount equal to the Proceeds to the Foreign Holder accordingly.

8.11 Conversion where the Holder does not wish to receive Ordinary Shares

If Suncorp has elected or is required to Convert Capital Notes and the Holder has notified Suncorp that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given by the Holder at any time on or after the Issue

Date and no less than 15 Business Days prior to the date scheduled for Conversion then, on the date for Conversion, the number of Ordinary Shares which that Holder is obliged to accept will be issued to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp) who will sell that number of Ordinary Shares and pay a cash amount equal to the Proceeds to the relevant Holder.

8.12 FATCA withholding

Where a FATCA Withholding is required to be made in respect of Ordinary Shares issued on Conversion of Capital Notes, or where Suncorp has reasonable grounds to suspect that a FATCA Withholding would be required to be made in respect of Ordinary Shares issued on Conversion of Capital Notes, the Ordinary Shares which the Holder is obliged to accept will be issued to the Holder of the Capital Note only to the extent (if at all) that the issue is net of FATCA Withholding and Suncorp will issue the balance of the Ordinary Shares (if any) to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp) who will sell those Ordinary Shares and pay a cash amount equal to the Proceeds, net of any FATCA Withholding, to the Holder.

8.13 No duty on sale

For the purposes of clauses 8.10 and 8.11:

- (a) the issue of Ordinary Shares to the Trustee or other nominee satisfies the obligation of Suncorp to issue Ordinary Shares in connection with the Conversion and on and from the issue of those Ordinary Shares, the rights of a Holder the subject of, as applicable, clause 8.10 or 8.11 in respect of those Ordinary Shares are limited to its rights in respect of the Proceeds as provided in, as applicable, clause 8.10 or 8.11; and
- (b) Neither Suncorp nor the Trustee nor other nominee appointed by Suncorp owes any obligations or duties to the Holders in relation to the price for which, or other Capital Notes Terms on which, Ordinary Shares are sold and neither Suncorp nor the Trustee or other nominee appointed by Suncorp has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.

8.14 Listing Ordinary Shares issued on Conversion

Suncorp shall use all reasonable endeavours to list the Ordinary Shares issued upon Conversion of Capital Notes on ASX.

9. Redemption mechanics

9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 6.4, Suncorp elects to Redeem Capital Notes in accordance with these Capital Notes Terms, the provisions of this clause 9 apply to that Redemption.

Holders should not assume that APRA's approval will be given for any Redemption of Capital Notes under these Capital Notes Terms.

9.2 Redemption

- (a) Capital Notes will be Redeemed by payment on the Exchange Date of an amount equal to the Issue Price (the **Redemption Price**) to the Holder.
- (b) Redemption may occur even if Suncorp, in its absolute discretion, does not pay a Distribution for the final (or any other) Distribution Period.

9.3 Effect of Redemption on Holders

On the Exchange Date the only right Holders will have in respect of Capital Notes will be to obtain the Redemption Price payable in accordance with these Capital Notes Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by Capital Notes will no longer have effect.

10. Resale mechanics

10.1 Resale mechanics

If, subject to APRA's prior written approval, Suncorp elects to Resell Capital Notes in accordance with these Capital Notes Terms, the provisions of this clause 10 apply to that Resale.

10.2 Appointment of Nominated Purchaser

Suncorp must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between Suncorp and the Nominated Purchasers. If Suncorp appoints more than one Nominated Purchaser in respect of a Resale, all or any of the Capital Notes held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by Suncorp for the Resale Price.

The obligation of a Nominated Purchaser to pay the Resale Price on the Exchange Date may be subject to such conditions as Suncorp may reasonably determine.

10.3 Identity of Nominated Purchasers

Suncorp may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as Suncorp reasonably determines for the benefit of each Holder to acquire each Capital Note from each Holder for the Resale Price on the Exchange Date;
- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and
- (c) is not a Related Entity of Suncorp.

10.4 Irrevocable offer to sell Capital Notes

Each Holder on the Exchange Date is taken irrevocably to offer to sell Capital Notes the subject of a Resale to the Nominated Purchaser or Nominated Purchasers on the Exchange Date for the Resale Price.

10.5 Effect of Resale

On the Exchange Date subject to payment by the Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in such Capital Notes (excluding the right to any Distribution payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

10.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Exchange Date (a **Defaulting Nominated Purchaser**) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Exchange Notice as it relates to the Defaulting Nominated Purchaser will be void;
- (b) Capital Notes will not be transferred to the Defaulting Nominated Purchaser on the Exchange Date; and
- (c) Holders will continue to hold the Capital Notes referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these Capital Notes Terms.

11. General rights

11.1 No set-off or offsetting rights

A Holder:

- (a) may not exercise any right of set-off against Suncorp in respect of any claim by Suncorp against that Holder; and
- (b) will have no offsetting rights or claims on Suncorp if Suncorp does not pay a Distribution when scheduled under these Capital Notes Terms.

Suncorp may not exercise any right of set-off against a Holder in respect of any claim by that Holder against Suncorp.

11.2 No security

Capital Notes are unsecured.

11.3 Power of attorney

- (a) Each Holder appoints each of Suncorp, its officers and any External Administrator of Suncorp (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Capital Notes Terms including, but not limited to, effecting any Conversion, Redemption or Resale, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or

approval required for Conversion, Redemption or Resale.

- (b) The power of attorney given in this clause 11.3 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Capital Notes Terms and is irrevocable.

11.4 Holder acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of Capital Notes in accordance with clause 4 and clause 8, consents to becoming a member of Suncorp and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion;
- (b) acknowledges and agrees that it is obliged to accept Ordinary Shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of Capital Notes including:
 - (i) any change in the financial position of Suncorp since the Issue Date;
 - (ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally; or
 - (iii) any breach by Suncorp of any obligation in connection with Capital Notes;
- (c) acknowledges and agrees that:
 - (i) where clause 5.2 applies:
 - (A) there are no other conditions to a Non-Viability Conversion occurring as and when provided in clauses 5.1 to 5.4 (inclusive);
 - (B) Conversion must occur immediately on the Trigger Event Date and that Conversion or Write-Off may result in disruption or failures in trading or dealings in Capital Notes;
 - (C) it will not have any rights to vote in respect of any Non-Viability Conversion; and
 - (D) the Ordinary Shares issued on Non-Viability Conversion may not be quoted at the time of issue, or at all;
 - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
 - (iii) the only conditions to a Conversion on account of an Exchange under clause 6 or a Conversion under clause 7 are the conditions expressly applicable to such Conversion as provided in clauses 6 and 7 of these Capital Notes Terms and no other conditions or events will affect Conversion; and
 - (iv) clauses 5.4 and 5.5 are fundamental terms and where clause 5.5 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any Write-Off;
- (d) agrees to provide to Suncorp any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to

Capital Notes on the occurrence of the Conversion; and

- (e) acknowledges and agrees that Suncorp may from time to time, without the consent of any Holder:
 - (i) issue any securities ranking equally with the Capital Notes (on the same terms or otherwise) or ranking in priority or junior to the Capital Notes;
 - (ii) redeem, buy back, return capital on or convert any securities other than Capital Notes at any time except where expressly prevented from doing so under clause 3.7;
 - (iii) subject to APRA's prior written consent, purchase or procure the purchase of Capital Notes from Holders at any time and at any price. Any Capital Note purchased by or on behalf of Suncorp shall be cancelled; and
 - (iv) incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion; and
- (f) acknowledges and agrees that:
 - (i) a Holder has no right to request a Conversion, Redemption or Resale of any Capital Notes or to determine the Exchange Method;
 - (ii) a Holder has no right to apply for Suncorp to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of Suncorp merely on the grounds that Suncorp does not or is or may become unable to pay a Distribution when scheduled in respect of Capital Notes;
 - (iii) these Capital Notes Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Distribution on a scheduled Distribution Payment Date will not constitute an event of default; and
 - (iv) it has no remedy on account of a failure by Suncorp to issue Ordinary Shares to a Holder, the Trustee or other nominee in accordance with these Capital Notes Terms other than (and subject always to clauses 5.4 and 5.5) to seek specific performance of the obligation to issue Ordinary Shares.

11.5 No other rights

Capital Notes confer no rights on a Holder:

- (a) to participate in the profits or property of Suncorp, except as set out in these Capital Notes Terms; or
- (b) to subscribe for new securities in Suncorp or to participate in any bonus issues of shares in Suncorp's capital.

12. Voting rights and meetings

12.1 No voting rights

Prior to Conversion, Holders will not be entitled to vote at or attend any general meeting of Suncorp.

12.2 Meetings of the Holders

The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests including certain amendments of these Capital Notes Terms which require the consent of the Holders. Suncorp:

- (a) may convene a meeting at any time; and
- (b) must call a meeting of Holders:
 - (i) on request in writing of the Holders who together hold 10% or more of the aggregate Issue Price of all Capital Notes outstanding (determined disregarding any Capital Notes held beneficially by Suncorp or any member of the Group); and
 - (ii) in any other case required by the Corporations Act.

12.3 Resolutions binding

Any resolution passed at any meeting of the Holders or by writing, in each case, in accordance with the Meeting Provisions, is binding on Holders, whether or not they are present at the meeting.

13. Takeovers and schemes of arrangement

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
 - (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of Suncorp which will result in a person other than Suncorp having a relevant interest in more than 50% of the Ordinary Shares,
- in each case which would result in an Acquisition Event then, if the Directors consider that:
- (c) Suncorp will not be permitted to elect to Exchange the Capital Notes in accordance with clause 6 or to Convert the Capital Notes in accordance with clause 7; or
 - (d) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Acquisition Conversion Date in accordance with clause 7,

the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

14. Title and transfer of Notes

14.1 Title

Title to Capital Notes passes when details of the transfer are entered in the Register.

14.2 Effect of entries in Register

Each entry in the Register in respect of a Capital Note constitutes:

- (a) a separate and independent acknowledgment to the relevant Holder of the obligations of Suncorp to the relevant Holder; and
- (b) conclusive evidence that the person so entered is the absolute owner of the Capital Note subject to correction for fraud or error.

14.3 Non-recognition of interests

- (a) Except as required by law, Suncorp, the Trustee and the Registrar must treat the person whose name is entered in the Register as the Holder of a Capital Note as the absolute owner of that Capital Note. This clause 14.3 applies whether or not payment has not been made as scheduled in respect of a Capital Note and despite any notice of ownership, trust or interest in the Capital Note.
- (b) No notice of any trust, Encumbrance or other interest in, or claim to any Capital Note will be entered in the Register.

14.4 Joint Holders

Where two or more persons are entered in the Register as the joint Holders of a Capital Note then they are taken to hold the Capital Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than three persons as joint Holders of any Capital Note.

14.5 Transfers in whole

Capital Notes may be transferred in whole but not in part.

14.6 Transfer

- (a) A Holder may transfer a Capital Note:
 - (i) while the Capital Note is lodged in CHESS, in accordance with the ASX Settlement Operating Rules;
 - (ii) at any other time:
 - (A) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act; or
 - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law.
- (b) The Registrar must register a transfer of a Capital Note to or by a person who is entitled to make or receive the transfer as a consequence of:
 - (i) death, bankruptcy, liquidation, mental incapacity or winding-up of a Holder; or
 - (ii) a vesting order by a court or other body with power to make the order on receiving the evidence that the Registrar or Suncorp requires.

14.7 Market obligations

Suncorp must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Capital Note.

14.8 Suncorp may request holding lock or refuse to register transfer

If Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, Suncorp may:

- (a) request the operator of CHESS or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Capital Notes approved by and registered on the operator's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Capital Notes.

14.9 Suncorp must request holding lock or refuse to register transfer

- (a) Suncorp must request the operator of CHESS or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Capital Notes approved by and registered on the operator's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require Suncorp to do so.
- (b) Suncorp must refuse to register any transfer of Capital Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require Suncorp to do so, and may only refuse to register a transfer if such transfer would contravene or is forbidden by Applicable Regulation or these Capital Notes Terms or it is otherwise permitted to do so under the Trust Deed.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Holder of the Restricted Securities is not entitled to any interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

14.10 Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 14.8 and 14.9, Suncorp requests the application of a holding lock to prevent a transfer of Capital Notes or refuses to register a transfer of Capital Notes, it must, within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of Suncorp.

14.11 Delivery of instrument

If an instrument is used to transfer Capital Notes according to clause 14.6, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Capital Notes.

14.12 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Trust Deed and these Capital Notes Terms in respect of the transferred Capital Notes and the transferee becomes so entitled.

14.13 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Capital Notes registered in its name, and the specific Capital Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Capital Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Issue Price of all the Capital Notes registered as having been transferred equals the aggregate of the Issue Price of all the Notes expressed to be transferred in the transfer.

15. Payments and other matters

15.1 Manner of payment

Monies payable by Suncorp to a Holder in respect of a Capital Note will be paid in dollars in any manner Suncorp decides from time to time, including by any method of direct credit determined by Suncorp to an Australian dollar bank account maintained by the Holder in Australia (or in such other place as Suncorp approves) with a financial institution specified by the Holder to the Registrar by the close of business:

- (a) in the case of a payment of a Distribution, on the Record Date for that payment; and
- (b) in the case of the payment of the Redemption Price, by the time determined by Suncorp and notified to ASX or as required by ASX.

15.2 Holders entitled to payment

Monies payable by Suncorp in respect of a Capital Note shall be paid:

- (a) in the case of a payment of a Distribution, to the Holder appearing in the Register at the close of business on the Record Date; and
- (b) in the case of a payment of the Redemption Price, to the Holder appearing in the Register at 10:00am Sydney time on the Exchange Date, in each case unless otherwise required by the ASX Listing Rules.

15.3 Unsuccessful attempts to pay

Subject to applicable law and the ASX Listing Rules, where:

- (a) a Holder has not notified the Registrar by the time required in accordance with clause 15.1 of an Australian dollar bank account maintained by the Holder in Australia (or in such other place as Suncorp approves) with a financial institution to which payments in respect of a Capital Note may be made; or
- (b) Suncorp attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful for any reason,

the amount is to be held by or on behalf of Suncorp for the Holder without bearing interest until the first to occur of the following:

- (i) the Holder or any legal personal representative of the Holder notifies Suncorp of a suitable Australian dollar bank account maintained in

- Australia with a financial institution to which the payment may be credited;
- (ii) claims may no longer be made in respect of that amount, in which case those moneys or equivalent securities shall become the property of Suncorp; or
- (iii) Suncorp becomes entitled or obliged to deal with the amount according to the legislation relating to unclaimed moneys.

15.4 Payment to joint Holders

A payment to any one of joint Holders will discharge Suncorp's liability in respect of the payment.

15.5 Time limit for claims

A claim against Suncorp for payment according to these Capital Notes Terms is void, to the fullest extent permitted by applicable law, unless made within five years of the date for payment.

15.6 Calculations and rounding of payments

Unless otherwise specified in these Capital Notes Terms:

- (a) all percentages resulting from calculations required under these Capital Notes Terms must be rounded, if necessary, to the nearest ten-thousandth of a percentage point;
- (b) all calculations of amounts payable in respect of a Capital Note will be rounded to four decimal places; and
- (c) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of Capital Notes, any fraction of a cent will be disregarded.

15.7 Deductions

- (a) Suncorp may deduct from any amount payable in respect of Capital Notes the amount of any withholding or other tax, duty or levy required by law or by any administrative practice or procedure of any authority to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Suncorp to the relevant revenue authority and the balance of the amount payable has been paid to the relevant Holder, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Suncorp.
- (b) Suncorp shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority after it is received by Suncorp.

15.8 FATCA

Without limiting clause 15.7, Suncorp may withhold or make deductions from payments or from the issue of Ordinary Shares to a Holder or (where clause 8.10 or clause 8.11 apply) to the Trustee or other nominee where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Capital Notes may be

subject to FATCA, and may deal with such payment, and any Ordinary Shares in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, Suncorp will not be required to pay any further amounts or issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder (or, where applicable, the Trustee or other nominee) or a beneficial owner of Capital Notes for or in respect of any such withholding or deduction. A dealing with such payment and any Ordinary Shares in accordance with FATCA satisfies Suncorp's obligations to that Holder to the extent of the amount of that payment or issue of Ordinary Shares.

16. Winding-up and subordination

16.1 Winding-up

If an order of a court of competent jurisdiction is made (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution is passed, for the winding-up of Suncorp in Australia (but not elsewhere) (a **Winding-up Event**), Suncorp is liable to Redeem each Capital Note for its Redemption Price in accordance with, and subject to, this clause 16.

16.2 Subordination

In a winding-up of Suncorp in Australia, subject to clause 5.5 and clause 17:

- (a) the Trustee (and the Holder) shall be entitled to prove for the Redemption Price in respect of a Capital Note only subject to, and contingent upon, the prior payment in full of the Senior Ranking Creditors; and
- (b) the Trustee's (and the Holder's) claim for payment of the Redemption Price ranks equally with, and shall be paid in proportion to, the claims of Holders of other instruments issued as Equal Ranking Instruments,

so that each Holder receives, for the Capital Note, an amount equal to the amount it would have received if, in the winding-up of Suncorp, it had held an issued and fully paid Preference Share.

16.3 Agreements of Holders and Trustee as to subordination

Each Holder (and the Trustee, in its capacity as trustee for the Holders) irrevocably agrees:

- (a) that clause 16.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest;
- (c) that it shall not have, and is taken to have waived, to the fullest extent permitted by law, any right to prove in a winding-up or administration of Suncorp as a creditor in respect of the Capital Notes so as to diminish any distribution

of property or assets, dividend or payment that any Senior Ranking Creditor would otherwise receive;

- (d) not to exercise any voting rights or other rights as a creditor in the winding-up or administration of Suncorp in any jurisdiction:
 - (i) until after all Senior Ranking Creditors have been paid in full; and
 - (ii) in a manner to defeat the subordination provided for by clause 2 and clause 16.2;
- (e) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in the winding-up or administration of Suncorp in respect of the Capital Notes in excess of its entitlement under clause 2 and clause 16.2;
- (f) that it must pay in full all liabilities it owes Suncorp before it may receive any amount or asset on account of its claim in the winding-up or administration in respect of a Capital Note;
- (g) that the debt subordination effected by clause 2 and clause 16.2 is not affected by any act or omission of any person which might otherwise affect it at law or in equity; and
- (h) that it has no remedy for the recovery of the Redemption Price other than to prove in the winding-up in accordance with this clause 16.

16.4 Shortfall on winding-up

If, upon a winding-up of Suncorp, there are insufficient funds to pay in full the Redemption Price and the amounts payable in respect of any other Equal Ranking Instruments, Holders and the holders of any such other Equally Ranking Instruments will share in any distribution of assets of Suncorp in proportion to the amounts to which they are entitled respectively.

16.5 No participation in surplus assets

Capital Notes do not confer on their Holders any further right to participate in the surplus assets of Suncorp on a winding-up beyond payment of the Redemption Price.

16.6 No consent of Senior Ranking Creditors

Nothing in clause 2 or this clause shall be taken:

- (a) to require the consent of any Senior Ranking Creditor to any amendment of these Capital Notes Terms; or
- (b) to create a charge or security interest over any right of a Holder or the Trustee.

17. Enforcement

17.1 Enforcement by Trustee

Subject to clause 17.2, only the Trustee may enforce the provisions of the Trust Deed or these Capital Notes Terms. The Trustee shall not be bound to take any action under these Capital Notes Terms or the Trust Deed to enforce the obligations of Suncorp in respect of the Capital Notes or any other proceedings or action pursuant to or in

connection with the Trust Deed or the Capital Notes unless:

- (a) it shall have been so directed by a Special Resolution of Holders or so requested in writing by the Holders holding Capital Notes representing at least 15% of the aggregate Issue Price of all Capital Notes then outstanding; and
- (b) it shall have been indemnified in accordance with clause 6.4 of the Trust Deed.

17.2 Holder's right to take action

No Holder shall be entitled to proceed directly against Suncorp to enforce any right or remedy under or in respect of any Capital Note or the Trust Deed (including by way of proving for the Redemption Price in a winding-up of Suncorp) unless the Trustee, having become bound to proceed, fails to do so within 14 days and the failure is continuing, in which case any Holder may itself institute proceedings against Suncorp for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

18. Amendment of the Trust Deed and these Capital Notes Terms

18.1 Amendments without consent

Subject to complying with all applicable laws and subject to APRA's prior written approval where required in accordance with clause 18.3, Suncorp may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), amend the Trust Deed and these Capital Notes Terms without the approval of Holders if Suncorp is of the opinion that the amendment:

- (a)
 - (i) is of a formal, technical or minor nature;
 - (ii) is made to cure any ambiguity or correct any manifest error;
 - (iii) is necessary or expedient for the purposes of enabling Capital Notes to be:
 - (A) listed, or to retain quotation, on any securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which Ordinary Shares are listed);
 - (B) lodged in a clearing system or to remain lodged in a clearing system; or
 - (C) offered for subscription or for sale under the laws for the time being in force in any place;
- (b) is necessary to comply with:
 - (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which Suncorp may propose to seek a listing of Capital Notes;

- (c) is made in accordance with Suncorp's adjustment rights in clause 8;
- (d) amends any date or time period stated, required or permitted in connection with any Mandatory Conversion, Non-Viability Conversion or Exchange in a manner necessary or desirable to facilitate the Mandatory Conversion, Non-Viability Conversion or Exchange (including without limitation where in connection with a Redemption the proceeds of Redemption are to be reinvested in a new security to be issued by Suncorp or a Related Entity);
- (e) is made to:
 - (i) alter the terms of any Capital Notes to align them with any Relevant Securities issued after the date of such Capital Notes; or
 - (ii) alter the definition of "Relevant Securities", "Equal Ranking Instruments", "Eligible Capital" or "Eligible Additional Tier 1 Capital" on account of the issue (after the Issue Date) of capital instruments of Suncorp or the Group; or
- (f) is not likely (taken as a whole and in conjunction with all other amendments or actions, if any, to be made at or about the time of that amendment) to be materially prejudicial to the interests of Holders as a whole.

18.2 Amendments with consent

Without limiting clause 18.1, Suncorp may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), and with APRA's prior written approval where required in accordance with clause 18.3, amend the Trust Deed and these Capital Notes Terms if the amendment has been approved by a Special Resolution.

18.3 Requirement for APRA approval

A requirement in this clause 18 for an amendment to be made with APRA's prior written approval applies only where the amendment may affect the eligibility of Capital Notes as Eligible Additional Tier 1 Capital.

18.4 Meaning of amend and amendment

In this clause 18, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

19. Notices

19.1 Notices to Holders

A notice or other communication is properly given by Suncorp, the Trustee or the Registrar to a Holder if it is:

- (a) in writing signed on behalf of Suncorp, the Trustee or the Registrar (as applicable) (by original or printed signature);
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered personally;
 - (ii) sent by pre-paid mail to that person's address as shown in the Register;

- (iii) sent by fax to the fax number (if any) nominated by that person; or
- (iv) sent by electronic message to the electronic address (if any) nominated by that person.

19.2 Delivery of certain notices

Notwithstanding clause 19.1, a Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Acquisition Conversion Notice, an Exchange Notice, an Acquisition Event Notice, an Acquisition Conversion Notice, an Adjustment Notice, a Trigger Event Notice, a Suncorp Details Notice, Trustee Details Notice or a Registrar Details Notice may each be given to Holders by Suncorp publishing the notice on its website and announcing the publication of the notice to ASX.

19.3 When notices to Holders take effect

Notices or other communications from Suncorp, the Trustee or the Registrar to Holders take effect on the day the notice or communication was delivered, sent or published on Suncorp's website (as applicable under clauses 19.1 and 19.2).

19.4 Non-receipt of notice by a Holder

The non-receipt of a notice or other communication by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

19.5 Notices to Suncorp

A notice or other communication given to Suncorp, the Trustee or the Registrar in connection with Capital Notes must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:
 - (i) in the case of Suncorp:

Attention: Company Secretary
Address: Level 28
Brisbane Square
266 George Street
Brisbane QLD 4000
Australia

or Email:
investor.relations@suncorp.com.au
or to such other address or email address as Suncorp notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Capital Notes Terms from time to time (a **Suncorp Details Notice**);

- (ii) in the case of the Trustee:

Attention: Relationship Manager
Address: Sargon CT Pty Ltd
(ABN 12 106 424 088)
Suite 19.03, Level 19,
60 Castlereagh Street,
Sydney NSW 2000,
Australia
Email: ct.notes@sargon.com

or to such other address or email address as the Trustee notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these

Capital Notes Terms from time to time (a **Trustee Details Notice**); or

(iii) in the case of the Registrar:

Attention: Link Market Services Limited
Address: PO Box A50
Sydney NSW 1235
Australia

or Email:
suncorp@linkmarketservices.com.au
or to such other address or email address as the Registrar notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Capital Notes Terms from time to time (a **Registrar Details Notice**);

- (c) (except as regards a communication sent by email) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post or sent by email to the email address in each case in accordance with clause 19.5(b).

19.6 When notices to take effect

Notices or other communications from Holders to Suncorp, the Trustee or the Registrar take effect from the time they are received or taken to be received unless a later time is specified in them.

19.7 Deemed receipt of notices

A letter or email is taken to be received:

- (a) in the case of a posted letter, on the sixth day (or the tenth day, if posted to or from a place outside Australia) after posting; and
- (b) in the case of an email, when the sender receives an automated message confirming delivery.

Despite paragraphs (a) and (b), if a letter or email is received after 5:00pm in the place of receipt or on a day which is not a Business Day, it is taken to be received at 9:00am on the next Business Day.

20. Quotation on ASX

Suncorp must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of Capital Notes on ASX.

21. Governing law and jurisdiction

21.1 Governing law

These Capital Notes Terms are governed by the laws in force in Queensland.

21.2 Jurisdiction

Suncorp and each Holder submits to the non-exclusive jurisdiction of the courts of Queensland for the purposes of any legal proceedings arising out of these Capital Notes Terms.

22. Interpretation and definitions

22.1 Interpretation

- (a) Unless otherwise specified, a reference to a clause is a reference to a clause of these Capital Notes Terms.
- (b) If a calculation is required under these Capital Notes Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (c) The Capital Notes Terms "takeover bid", "relevant interest" and "scheme of arrangement" when used in Capital Notes Terms have the meaning given in the Corporations Act.
- (d) Headings and boldings are for convenience only and do not affect the interpretation of these Capital Notes Terms.
- (e) The singular includes the plural and vice versa.
- (f) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (g) Other than:
 - (i) in relation to a Non-Viability Trigger Event and a Conversion or Write-Off, in each case on account of a Non-Viability Trigger Event; and
 - (ii) where a contrary intention is expressed,if an event under these Capital Notes Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (h) A reference to dollars, AUD, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (i) Any reference to any requirements of APRA or any other prudential regulatory requirements in these Capital Notes Terms will apply or be operative with respect to Suncorp only if Suncorp is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of a holding company, which is subject to regulation and supervision by APRA at the relevant time.
- (j) Any requirement for APRA's consent or approval in any provision of these Capital Notes Terms will apply only if APRA requires that such consent or approval be given at the relevant time.
- (k) A reference to any term defined by APRA (including, without limitation, "Additional Tier 1 Capital" and "Tier 1 Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (l) A reference to a term defined by the ASX Listing Rules, the ASX Settlement Operating Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.

- (m) If the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Settlement Operating Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined Capital Notes Terms in such rules (as the case may be).
- (n) So long as the Capital Notes are quoted on ASX and entered into CHESX, the Capital Notes Terms are to be interpreted in a manner consistent with the ASX Listing Rules, ASX Settlement Operating Rules and ASX Operating Rules except to the extent that an interpretation consistent with those rules would affect the eligibility of the Capital Notes as Eligible Additional Tier 1 Capital.
- (o) Calculations, elections and determinations made by Suncorp under these Capital Notes Terms are binding on Holders in the absence of manifest error.
- (p) Where under these Capital Notes Terms, APRA approval is required, for any act to be done or not done, that term does not imply that APRA approval has been given as at the Issue Date.

22.2 Definitions for Capital Notes Terms

Acquisition Conversion Date has the meaning given in clause 7.3.

Acquisition Conversion Notice has the meaning given in clause 7.2.

Acquisition Event means:

- (a) either:
 - (i) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and:
 - (A) the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (B) the Directors issue a statement that at least a majority of Suncorp's directors who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or
 - (ii) a court approves a scheme of arrangement which, when implemented, will result in a person other than Suncorp having a relevant interest in more than 50% of Ordinary Shares; and
- (b) all regulatory approvals necessary for the acquisition to occur have been obtained.

Acquisition Event Notice has the meaning given in clause 7.1.

Additional Tier 1 Capital means Additional Tier 1 capital as defined by APRA from time to time.

Adjustment Notice has the meaning given in clause 8.8.

Applicable Regulation means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the ASX Operating Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer of a Capital Note.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Suncorp or the Group.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.

ASX Settlement Operating Rules means the settlement operating rules of ASX from time to time with any applicable modifications or waivers granted by ASX.

Attorney has the meaning given in clause 11.3.

Bank Bill Rate has the meaning given in clause 3.1.

Bookbuild means the process conducted prior to the opening of the Offer whereby certain investors lodged bids for Capital Notes and, on the basis of those bids, Suncorp and the joint lead managers to the Offer determined the Margin.

Business Day means:

- (a) a business day as defined in the ASX Listing Rules; and
- (b) for the purposes of determining any Acquisition Conversion Date, Deferred Conversion Date, Mandatory Conversion Date, Exchange Date or Optional Exchange Date, or any Distribution Payment Date or the calculation or payment of a Distribution or of any other sum, a day on which banks are open for general business in Sydney, New South Wales.

Buy-Back means a transaction involving the acquisition by Suncorp of Ordinary Shares pursuant to an offer made at Suncorp's discretion in any way permitted by the provisions of Part 2J of the Corporations Act.

Capital Note means a perpetual, convertible, subordinated and unsecured debt obligation in the form of an unsecured note of Suncorp constituted by, and owing under, the Trust Deed.

Capital Notes 1 means the \$375,000,000 perpetual, convertible, subordinated and unsecured notes issued on or about 5 May 2017 by Suncorp pursuant to a prospectus dated 4 April 2017.

Capital Notes 2 means the \$375,000,000 perpetual, convertible, subordinated and unsecured notes issued on or about 24 November 2017 by Suncorp pursuant to a prospectus dated 31 October 2017.

Capital Notes Terms means these Capital Notes Terms of issue of Capital Notes.

Capital Reduction means a reduction in capital initiated by Suncorp in its discretion in respect of Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to the Capital Notes.

Constitution means the constitution of Suncorp as amended from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of Suncorp, an entity Suncorp Controls.

Conversion means, in relation to a Capital Note, the allotment and issue of Ordinary Shares and the termination of the Holder's rights in relation to that Capital Note, in each case in accordance with clause 8, and **Convert, Converted** and **Converting** have corresponding meanings.

Conversion Number has the meaning given in clause 8.1.

Conversion Test Date Percentage has the meaning given in clause 4.3.

Corporations Act means the *Corporations Act 2001* (Cth).

CPS3 means the \$400,000,000 convertible preference shares issued on or about 8 May 2014 by Suncorp pursuant to a prospectus dated 8 April 2014.

Cum Value has the meaning given in clause 8.2.

Defaulting Nominated Purchaser has the meaning given in clause 10.6.

Deferred Acquisition Conversion Notice has the meaning given in clause 7.5.

Deferred Conversion Date has the meaning given in clause 6.6.

Deferred Conversion Notice has the meaning given in clause 6.6.

Delisting Event means, in respect of a date, that:

- (a) Suncorp has ceased to be listed or Ordinary Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, Suncorp or the Ordinary Shares continue not to be listed or quoted (as applicable) on that date);
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
 - (i) at least five consecutive Business Days prior to that date; and
 - (ii) that date; or
- (c) an Inability Event subsists.

Directors means some or all of the directors of Suncorp acting as a board.

Distribution has the meaning given in clause 3.

Distribution Payment Date has the meaning given in clause 3.5 whether or not a Distribution is, or is able to be, paid on that date.

Distribution Period means in respect of:

- (a) the first Distribution Period, the period from (and including) the Issue Date until (but not including) the first Distribution Payment Date after the Issue Date; and

- (b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Payment Date until (but not including) the next Distribution Payment Date.

Distribution Rate has the meaning given in clause 3.1.

Eligible Additional Tier 1 Capital means "Eligible Additional Tier 1 Capital" as defined in Suncorp's authority to be a non-operating holding company of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement as designated by APRA.

Eligible Capital means "Level 3 Eligible Capital" as defined in Suncorp's authority to be a non-operating holding company of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement as designated by APRA.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the *Personal Property Securities Act 2009* (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Equal Ranking Instruments means, in respect of the repayment or return of capital in a winding-up:

- (a) CPS3;
- (b) Capital Notes 1;
- (c) Capital Notes 2;
- (d) each other preference share that Suncorp may issue that ranks or is expressed to rank equally with the foregoing and the Capital Notes in respect of the return of capital in a winding-up of Suncorp; and
- (e) any securities or other instruments that rank or are expressed to rank in respect of repayment or return of capital in a winding-up equally with those preference shares and the Capital Notes.

Exchange means:

- (a) Conversion in accordance with and subject to clause 8;
- (b) Redemption in accordance with and subject to clause 9;
- (c) Resale in accordance with and subject to clause 10; or
- (d) a combination of two or more of Conversion, Redemption or Resale in accordance with clause 6.3(b),

and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clause 6.2(b).

Exchange Method has the meaning given in clause 6.3.

Exchange Notice has the meaning given in clause 6.1.

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or

- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person, or in either case any similar official.

FATCA means the *Foreign Account Tax Compliance Act* provisions, being sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements or intergovernmental agreements entered into or non-US laws enacted with respect to those provisions).

FATCA Withholding means any deduction or withholding imposed or required pursuant to FATCA.

First Mandatory Conversion Condition has the meaning given in clause 4.3.

First Optional Conversion Restriction has the meaning given in clause 6.5.

First Test Date means, with respect to a Relevant Date, the 25th Business Day immediately preceding (but not including) that Relevant Date, provided that if no trading in Ordinary Shares took place on that date, the First Test Date shall be the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place.

First Test Date Percentage has the meaning given in clause 4.3.

Fitch means Fitch Australia Pty Ltd (ABN 93 081 339 184) and its successors and assigns.

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who Suncorp otherwise believes may not be a resident of Australia.

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of Suncorp at the relevant Distribution Payment Date.

Group means Suncorp and each of its Subsidiaries.

Holder means a person whose name is registered in the Register as the holder of a Capital Note.

Inability Event means Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, winding up or other external administration of Suncorp) or any other reason from Converting the Capital Notes.

Insurance Act means the *Insurance Act 1973* (Cth).

Issue Date means the date on which Capital Notes are issued.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7 (inclusive).

Issue Price has the meaning given in clause 1.3.

Mandatory Conversion means the mandatory conversion of Capital Notes to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 4.

Mandatory Conversion Conditions has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 8.1.

Meeting Provisions means the provisions for meetings of the Holders set out in schedule 2 to the Trust Deed.

Moody's means Moody's Investors Service Pty Limited (ABN 61 003 399 657) and its successors and assigns.

Nominated Purchasers means, subject to clause 10.3, one or more third parties selected by Suncorp in its absolute discretion.

Non-Conversion Notice has the meaning given in clause 4.4.

Non-Conversion Test Date has the meaning given in clause 6.5.

Non-Viability Conversion means the Conversion of Capital Notes to Ordinary Shares on the Trigger Event Date in accordance with clause 5.2.

Non-Viability Determination has the meaning given in clause 5.1.

Non-Viability Trigger Event has the meaning given in clause 5.1.

Offer means the invitation under the Prospectus made by Suncorp for persons to subscribe for Capital Notes.

Optional Conversion Restrictions has the meaning given in clause 6.5.

Optional Exchange Date means 17 June 2026.

Ordinary Share means a fully paid ordinary share in the capital of Suncorp.

Ordinary Share Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and the Constitution of Suncorp in relation to Ordinary Shares.

a **Payment Condition** will exist with respect to the payment of a Distribution on the Capital Notes on a Distribution Payment Date if:

- (a) unless APRA otherwise approves in writing, paying the Distribution on the Distribution Payment Date would result in Suncorp's Eligible Capital not complying with APRA's then current prudential capital requirements as they are applied to the Group at the time;
- (b) paying the Distribution on the Distribution Payment Date would result in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objects to the Distribution payment on the Capital Notes on the Distribution Payment Date.

Potential Acquisition Event means:

- (a) an event within paragraph (a) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act and the scheme would result in a person having

a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented.

Preference Share means a notional preference share in the capital of Suncorp conferring a claim in the winding-up of Suncorp equal to the Redemption Price and ranking in respect of return of capital in the winding-up ahead only of Ordinary Shares and equally with Equal Ranking Instruments.

Proceeds means the net proceeds of a sale of Ordinary Shares attributable to the Holder actually received by the Trustee or other nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the Trustee or other nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares.

Prospectus means the prospectus for the Offer including these Capital Notes Terms.

Rate Disruption Event has the meaning given in clause 3.1.

Record Date means, for a Distribution:

- (a) the date which is 10 Business Days before the Distribution Payment Date for that Distribution (or, in the case of the first Distribution Payment Date, if the Issue Date is less than 10 Business Days before the first Distribution Payment Date, the Issue Date); or
- (b) such other date as may be required by, or determined by Suncorp and agreed with ASX.

Redeem means, in relation to a Capital Note, redeem the Capital Note in accordance with clause 9 and **Redeemed** and **Redemption** have corresponding meanings.

Redemption Price has the meaning given in clause 9.2.

Register means a register of Capital Notes maintained by or on behalf of Suncorp in accordance with the Trust Deed and including any subregister established and maintained in CHESS under Applicable Regulation.

Registrar means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Suncorp to maintain the Register and perform any payment and other duties as specified in that agreement.

Registrar Details Notice has the meaning given in clause 19.5(b)(iii).

Regulatory Event means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a change that has been or will be introduced) in any law or regulation (including prudential standards) or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations or any statement of APRA which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date (and which, on the Issue Date, is not expected by Suncorp to come into effect) (each, a **Regulatory Change**), additional requirements (which are more than *de minimis*) would be

imposed on Suncorp in relation to or in connection with Capital Notes which the Directors determine, in their absolute discretion, to be unacceptable; or

- (b) the determination by the Directors that, as a result of a Regulatory Change, Suncorp is not or will not be entitled to treat some or all Capital Notes as Eligible Additional Tier 1 Capital, except where the reason Suncorp is not or will not be entitled to treat some or all Capital Notes as Eligible Additional Tier 1 Capital is because of a prudential limit or other restriction which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect.

Related Entity has the meaning given by APRA from time to time.

Relevant Date has the meaning given in clause 4.2.

Relevant Distribution Payment Date has the meaning given in clause 3.7.

Relevant Fraction has the meaning given in clause 8.1.

Relevant Security means a subordinated instrument (other than an Ordinary Share) issued by Suncorp or another member of the Group with no fixed maturity date which:

- (a) in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off upon the occurrence of a Non-Viability Trigger Event where APRA makes a determination as referred to in clause 5.1; and
- (b) constitutes Eligible Additional Tier 1 Capital of Suncorp or the Group as at the date of its issue,

and includes, for so long as they are on issue, CPS3, Capital Notes 1, Capital Notes 2 and the Capital Notes.

Reorganisation means, in relation to Suncorp, a division, consolidation or reclassification of Suncorp's share capital not involving any cash payment or other distribution (or consideration) to or by holders of Ordinary Shares.

Replacement Rate has the meaning given in clause 3.1.

Resale means, in relation to a Capital Note, subject to amendment in accordance with clause 18.1(d), the taking effect of the rights specified in clause 10 in relation to that Capital Note, and **Resold** and **Resell** have corresponding meanings.

Resale Price means, for a Capital Note, a cash amount equal to its Issue Price.

Restricted Securities has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between Suncorp and one or more Holders.

Restriction Agreement means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or is voluntarily concluded between Suncorp and one or more Holders.

Scheduled Mandatory Conversion Date has the meaning given in clause 4.2.

Second Mandatory Conversion Condition has the meaning given in clause 4.3.

Second Optional Conversion Restriction has the meaning given in clause 6.5.

Second Test Period has the meaning given in clause 4.3.

Senior Ranking Creditors means all creditors of Suncorp (present and future), including all investors in Suncorp's senior or subordinated debt whose claims are:

- (a) entitled to be admitted in a winding-up of Suncorp; and
- (b) not in respect of Ordinary Shares or Equal Ranking Instruments,

and includes, for so long as they are on issue, the Suncorp Wholesale Subordinated Notes.

Special Resolution means a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.

Standard & Poor's means S&P Global Ratings Australia Pty Ltd (ABN 62 007 324 852) and its successors and assigns.

Subsequent Mandatory Conversion Date has the meaning given in clause 4.2.

Subsidiary has the meaning given in the Corporations Act.

Suncorp means Suncorp Group Limited (ABN 66 145 290 124).

Suncorp Details Notice has the meaning given in clause 19.5(b)(i).

Suncorp Shares means Ordinary Shares or any other shares in the capital of Suncorp.

Suncorp Wholesale Subordinated Notes means the \$600,000,000 subordinated notes issued on or about 5 September 2018 by Suncorp.

Tax Act means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as the case may be and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997* (Cth); and
- (b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that has been or will be introduced), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) affecting taxation (**Administrative Action**);
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position; or

- (d) a challenge asserted or threatened in writing in connection with the Capital Notes relating to taxation,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change, challenge or Administrative Action is made known, which amendment, clarification, change, challenge or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which is not expected by Suncorp on the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

- (i) any Distribution would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act; or
- (ii) Suncorp would be exposed to more than a *de minimis* increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to Capital Notes.

Third Mandatory Conversion Condition has the meaning given in clause 4.3.

Tier 1 Capital means Tier 1 capital as defined by APRA from time to time.

Trigger Event Date means the date on which APRA notifies Suncorp of a Non-Viability Trigger Event as contemplated in clause 5.1.

Trigger Event Notice has the meaning given in clause 5.2.

Trustee means Sargon CT Pty Ltd (ABN 12 106 424 088) and includes any successor.

Trustee Details Notice has the meaning given in clause 19.5(b)(ii).

Trust Deed means the deed entitled "Suncorp Capital Notes 3 Trust Deed" dated on or about 11 November 2019 between Suncorp and the Trustee.

VWAP means, subject to any adjustments under clause 8, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:
 - (i) 20 Business Days on which trading in Ordinary Shares takes place on ASX; and
 - (ii) the number of Business Days on which trading in Ordinary Shares takes place that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Potential Acquisition Event or Acquisition Event (as the case may be);

in each case immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event (as the case may be);

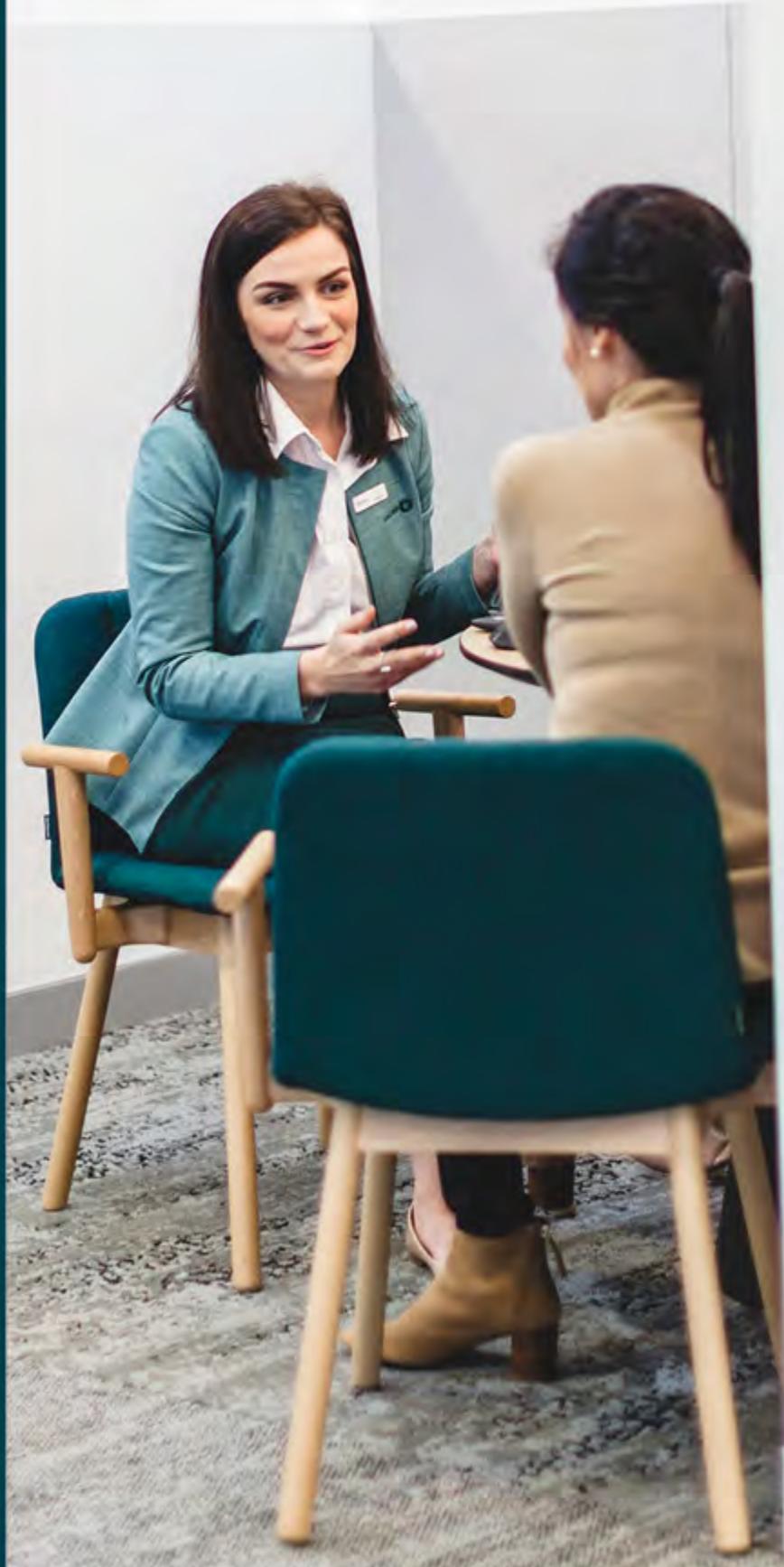
- (b) in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Trigger Event Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Capital Notes Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Capital Notes Terms.

Winding-up Event means the making of a court order or passing of an effective resolution for the winding-up of Suncorp as described in clause 16.1.

Written-Off has the meaning given in clause 5.5 and **Write-Off** has a corresponding meaning.

B. Glossary

This Appendix provides a glossary of key terms and abbreviations used throughout this Prospectus and the attached, or accompanying, Application Forms. There is also a list of further defined terms in Clause 22.2 of the Terms immediately prior to this Glossary.



Term	Meaning
ABN	Australian Business Number.
ACCC	Australian Competition and Consumer Commission.
ACM Parts	ACM Parts Pty Ltd (ABN 78 165 321 979), a recycler, and supplier, of panels and mechanical parts for the automotive industry.
Acquisition Conversion Date	Has the meaning given in Clause 7.3 of the Terms.
Acquisition Conversion Notice	Has the meaning given in Clause 7.2 of the Terms.
Acquisition Event	Has the meaning given in Clause 22.2 of the Terms.
Acquisition Event Notice	Has the meaning given in Clause 7.1 of the Terms.
Additional Tier 1 Capital	Additional Tier 1 capital as defined by APRA from time to time.
ADI	Australian authorised deposit-taking institution as defined in the Banking Act.
AFSL	Australian Financial Services Licence.
Applicant	A person who submits an Application.
Application	A valid application for a specified number of Capital Notes 3 made pursuant to either: <ul style="list-style-type: none"> – the applicable Application Form; or – in respect of the Institutional Offer, a duly completed confirmation letter or by such other procedure advised by the Joint Lead Managers.
Application Form	Each of the application forms attached to, or accompanying, this Prospectus upon which an Application may be made, being: <ul style="list-style-type: none"> – the personalised paper Application Form provided to Eligible Securityholders for Applications under the Securityholder Offer; – the personalised paper Application Form provided to Eligible CPS3 Holders for Applications under the Reinvestment Offer; – the electronic Application Form provided for online Applications under the Securityholder Offer or the Reinvestment Offer; and – the orange Application Form in the back of this Prospectus to be used by Broker Firm Applicants under the Broker Firm Offer.
Application Payment	The monies payable on each Application, calculated as the number of Capital Notes 3 applied for multiplied by the Issue Price.
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for the prudential regulation of Suncorp.
Arranger	Goldman Sachs.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.
ASX Listing Rules	The listing rules of ASX, as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.
AUSTRAC	The Australian Transaction Reports and Analysis Centre.
Australian Accounting Standards	The accounting standards as developed and issued by the Australian Accounting Standards Board.
Australian Life Business	The life insurance business which was operated by the Suncorp Group in Australia, where the completion of its sale to TAL Life Australia was effected on 28 February 2019.

Term	Meaning
Bank Bill Rate	Has the meaning described in Section 2.1.3. For the full definition – see Clause 3.1 of the Terms.
Banking Act	<i>Banking Act 1959</i> (Cth).
Basel III	The APRA prudential standards and reporting standards which came into effect on 1 January 2013 and which give effect to the capital reforms of the Basel Committee on Banking Supervision applicable to Australian deposit-taking institutions.
Board or Board of Directors	The board of directors of Suncorp.
Bookbuild	The process described in Section 7.6.1 to determine the Margin.
Broker Firm Applicant	An Australian resident retail or high net worth client of a Syndicate Broker invited to participate through the Broker Firm Offer.
Broker Firm Offer	The offer of Capital Notes 3 under this Prospectus to retail and high net worth clients, of Syndicate Brokers, resident in Australia who have received a firm allocation from their Syndicate Broker, including under the Reinvestment Offer.
Business Day	Generally, a business day as defined in the ASX Listing Rules and, for certain purposes, a day on which banks are open for general business in Sydney, New South Wales. For the full definition – see Clause 22.2 of the Terms.
Buy-Back	Has the meaning given in Clause 22.2 of the Terms.
Capital Notes 1	The perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will mandatorily convert into Ordinary Shares (subject to certain conditions being satisfied) and which were issued by Suncorp on 5 May 2017 under a prospectus dated 4 April 2017 (which replaced a prospectus dated 27 March 2017) and constituted by the trust deed between Suncorp and Australian Executor Trustees Limited (ABN 84 007 869 794) dated 27 March 2017.
Capital Notes 2	The perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will mandatorily convert into Ordinary Shares (subject to certain conditions being satisfied) and which were issued by Suncorp on 24 November 2017 under a prospectus dated 31 October 2017 (which replaced a prospectus dated 23 October 2017) and constituted by the trust deed between Suncorp and Australian Executor Trustees Limited (ABN 84 007 869 794) dated 23 October 2017.
Capital Notes 3	Perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will Mandatorily Convert into Ordinary Shares (subject to certain conditions being satisfied) and which are to be issued by Suncorp on the Issue Date under this Prospectus and constituted by the Trust Deed.
Capital Reduction	Has the meaning given in Clause 22.2 of the Terms.
Capital SMART	Capital S.M.A.R.T. Repairs Australia Pty Ltd (ABN 47 143 462 748), a smash repair business.
CGT	Capital gains tax.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to Capital Notes 3.
Closing Date	The last date by which Applications must be lodged for the Offer, expected to be: <ul style="list-style-type: none"> – 5:00pm (Sydney time) on 10 December 2019 for the Securityholder Offer, the Reinvestment Offer and applications to reinvest CPS3 under the Broker Firm Offer (unless varied); and – 10:00am (Sydney time) on 13 December 2019 for the Broker Firm Offer (excluding applications to reinvest CPS3) (unless varied).
Co-Managers	Crestone Wealth Management and JBWere.
CET1 Capital or CET1	Common Equity Tier 1 Capital as defined by APRA from time to time.

Term	Meaning
Commonwealth Bank of Australia	Commonwealth Bank of Australia (ABN 48 123 123 124).
Constitution	The constitution of Suncorp, as amended from time to time.
Conversion	The conversion of Capital Notes 3 into Ordinary Shares and the termination of the relevant Holders' rights in relation to that Capital Note 3 in accordance with Clause 8 of the Terms. Convert, Converting and Converted have corresponding meanings. For a full definition, see Clause 22.2 of the Terms.
Conversion Number	Has the meaning given in Clause 8.1 of the Terms.
Conversion Test Date Percentage	Has the meaning given in Clause 4.3 of the Terms.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CPS3	The convertible preference shares issued by Suncorp in 2014 under a prospectus dated 8 April 2014 (which replaced a prospectus dated 31 March 2014).
CPS3 Holder	A person whose name is registered in the register of CPS3 maintained by or on behalf of Suncorp (including any subregister established and maintained in CHESS) as the holder of a CPS3.
CPS3 Terms	Terms and conditions of the CPS3, as amended effective as of 24 October 2019.
Crestone Wealth Management	Crestone Wealth Management Limited (ABN 50 005 311 937).
DDOPIP Legislation	<i>Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019</i> (Cth).
Deferred Conversion Date	Has the meaning given in Clause 6.6 of the Terms.
Delisting Event	Has the meaning described in Section 2.2.4. For the full definition – see Clause 22.2 of the Terms.
Directors	Some, or all, of the directors of Suncorp acting as a board or the individuals who are the directors of Suncorp (as the context requires).
Distribution	Has the meaning given in Clause 3 of the Terms.
Distribution Payment Date	In respect of a Capital Note 3, 17 March 2020 and, after that, each 17 June, 17 September, 17 December and 17 March until the date that the Capital Note 3 is Redeemed or Converted. For the full definition – see Clause 3.5 of the Terms.
Distribution Period	A period from (and including) the Issue Date until (but not including) the first Distribution Payment Date or from (and including) a subsequent Distribution Payment Date until (but not including) the next Distribution Payment Date. For the full definition – see Clause 22.2 of the Terms.
Distribution Rate	The distribution rate on Capital Notes 3 calculated using the formula described in Section 2.1.2. For the full definition – see Clause 3.1 of the Terms.
Distribution Restriction	The restriction is discussed in Section 2.1.8. For the full definition – see Clauses 3.7 and 3.8 of the Terms.
Eligible Additional Tier 1 Capital	'Eligible Additional Tier 1 Capital' as defined in Suncorp's authority to be a NOHC of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement, as designated by APRA.
Eligible Capital	'Level 3 Eligible Capital' as defined in Suncorp's authority to be a NOHC of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement as, designated by APRA.

Term	Meaning
Eligible CPS3 Holder	A CPS3 Holder who is: <ul style="list-style-type: none"> – a registered holder of CPS3 at 7:00pm (Sydney time) on 6 November 2019; – shown on the CPS3 register as having an address in Australia; and – not in the United States or acting for the account or benefit of a person in the United States.
Eligible CPS3 Holder Applicant	An Eligible CPS3 Holder who applies under the Reinvestment Offer (other than through the Broker Firm Offer).
Eligible Securityholder	A Securityholder who is: <ul style="list-style-type: none"> – a registered holder of Ordinary Shares, CPS3, Capital Notes 1, Capital Notes 2 or SML Floating Rate Notes at 7:00pm (Sydney time) on 6 November 2019; – shown on the applicable register as having an address in Australia; and – not in the United States or acting for the account or benefit of a person in the United States.
Equal Ranking Instruments	Means, in respect of the repayment or return of capital in a Winding-up: <ul style="list-style-type: none"> – CPS3; – Capital Notes 1; – Capital Notes 2; – each other preference share that Suncorp may issue that ranks or is expressed to rank equally with the foregoing and Capital Notes 3 in respect of the return of capital in a Winding-up of Suncorp; and – any securities or other instruments that rank or are expressed to rank, in respect of repayment or return of capital in a Winding-up, equally with those preference shares and Capital Notes 3.
Exchange	Means: <ul style="list-style-type: none"> – Conversion in accordance with and subject to Clause 8 of the Terms; – Redemption in accordance with and subject to Clause 9 of the Terms; – Resale in accordance with and subject to Clause 10 of the Terms; or – a combination of two or more of Conversion, Redemption or Resale in accordance with Clause 6.3(b) of the Terms, and Exchanged has a corresponding meaning.
Exchange Date	The date on which Exchange is to occur. For the full definition—see Clause 6.2(b) of the Terms.
Exchange Method	The means by which Exchange is affected. For the full definition—see Clause 6.3 of the Terms.
Exchange Notice	A notice issued by Suncorp to the Trustee and Holders under Clause 6.1 of the Terms.
Expiry Date	The date which is 13 months after 11 November 2019.
Exposure Period	The seven day period after the date this Prospectus was lodged with ASIC, during which the Corporations Act prohibits the processing of Applications.
External Administrator	Has the meaning given in Clause 22.2 of the Terms.
FATCA	The Foreign Account Tax Compliance Act provisions, being sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements or intergovernmental agreements entered into or non-U.S. laws enacted with respect to those provisions).
FATCA Withholding	Any deduction or withholding imposed or required pursuant to FATCA.
Financial Claims Scheme	The scheme established under Division 2AA of Part II of the Banking Act.
First Mandatory Conversion Condition	Has the meaning described in Section 2.2.4. For the full definition—see Clause 4.3 of the Terms.

Term	Meaning
First Test Date Percentage	Has the meaning described in Section 2.3.4. For the full definition—see Clause 4.3 of the Terms.
FMA	The Financial Markets Authority of New Zealand.
Foreign Holder	Has the meaning given in Section 2.7.9. For a full definition—see Clause 22.2 of the Terms.
Franking Rate	Has the meaning given in Clause 22.2 of the Terms.
Goldman Sachs	Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897).
Gross Written Premium or GWP	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium.
GST	Has the meaning given by section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
HIN	Holder Identification Number for Ordinary Shares, CPS3 or Capital Notes 3 (when issued) held on the CHESS subregister.
Holder	A person whose name is registered in the Register as the holder of a Capital Note 3.
Holding Statement	A statement issued to Holders by the Registry, which sets out details of Capital Notes 3 issued to them under the Offer.
ICAAP	The Suncorp Group's Internal Capital Adequacy Assessment Process.
Inability Event	Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, winding-up or other external administration of Suncorp) or by any other reason from Converting Capital Notes 3. Inability Event is discussed in Sections 2.4.9 and 5.1.9.
Institutional Investor	An investor to whom offers or invitations in respect of Capital Notes 3 can be made without the need for a lodged prospectus (or other formality, other than a formality which Suncorp is willing to comply with), including, in Australia, to a person who is a wholesale client as defined in section 761G of the Corporations Act and to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act, and who has been invited by the Joint Lead Managers to bid for Capital Notes 3 in the Bookbuild, provided that such investor is not in the United States or acting for the account or benefit of a person in the United States.
Institutional Offer	The invitation by the Joint Lead Managers to Institutional Investors to bid for Capital Notes 3 in the Bookbuild.
Insurance Act	<i>Insurance Act 1973</i> (Cth).
Issue Date	The date on which Capital Notes 3 are issued, which is expected to be 17 December 2019.
Issue Date VWAP	The volume weighted average price (VWAP) during the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the Issue Date, as adjusted in accordance with Clauses 8.4 to 8.7 (inclusive) of the Terms.
Issue Price	The issue price for each Capital Note 3 under this Prospectus, being \$100 per Capital Note 3.
JBWere	JBWere Limited (ABN 68 137 978 360).
Joint Lead Managers	Commonwealth Bank of Australia, Morgans Financial Limited, National Australia Bank Limited, UBS and Westpac Institutional Bank.
Life Insurance Act	<i>Life Insurance Act 1995</i> (Cth).
Mandatory Conversion	The mandatory conversion of Capital Notes 3 to Ordinary Shares on the Mandatory Conversion Date in accordance with Clause 4 of the Terms.

Term	Meaning
Mandatory Conversion Conditions	Has the meaning given in Section 2.2.4. For the full definition – see Clause 4.3 of the Terms.
Mandatory Conversion Date	The earlier of 17 June 2028 and the next Distribution Payment Date after that date on which the Mandatory Conversion Conditions are satisfied. For the full definition – see Clause 4.2 of the Terms.
Margin	The margin to be determined under the Bookbuild. For the full definition—see Clause 3.1 of the Terms.
Maximum Conversion Number	The maximum number of Ordinary Shares a Holder can receive upon Conversion. For the full definition—see Clause 8.1 of the Terms.
Modern Slavery Act	<i>Modern Slavery Act 2018</i> (Cth).
Morgans Financial Limited	Morgans Financial Limited (ABN 49 010 669 726, AFSL 235410).
National Australia Bank Limited	National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686).
NOHC	Non-Operating Holding Company.
Nominated Purchaser	Has the meaning given in Clause 22.2 of the Terms.
Non-Viability Conversion	The Conversion of Capital Notes 3 to Ordinary Shares on the Trigger Event Date as per Section 2.4.
Non-Viability Trigger Event	Non-Viability Trigger Event is discussed in Section 2.4 and 5.1.9. For the full definition—see Clause 5.1 of the Terms.
NPAT	Net profit after tax.
Offer	The offer by Suncorp of Capital Notes 3 under this Prospectus to raise \$250 million with the ability to raise more or less and incorporates the Securityholder Offer, Institutional Offer, Broker Firm Offer and Reinvestment Offer.
Offer Management Agreement	The offer management agreement entered into between Suncorp, the Arranger and the Joint Lead Managers, as described in Section 9.8.
Offer Period	The period from the Opening Date to the Closing Date.
Opening Date	The day the Offer opens, being 19 November 2019 for the Reinvestment Offer, the Securityholder Offer and the Broker Firm Offer, unless varied.
Optional Conversion Restrictions	Has the meaning given in Section 2.3.4. For the full definition – see Clause 6.5 of the Terms.
Optional Exchange Date	17 June 2026.
Ordinary Resolution	Broadly, a resolution passed at a meeting of Holders by more than 50% of the persons voting on a show of hands (unless a poll is duly demanded, in which case by a majority consisting of more than 50% of the votes cast), or a written resolution passed by Holders representing more than 50% of the principal amount of Capital Notes 3 outstanding.
Ordinary Share	A fully paid ordinary share in the capital of Suncorp.
Ordinary Share Dividend	Any interim, final or special dividend payable in accordance with the Corporations Act and the Constitution of Suncorp in relation to Ordinary Shares.
Payment Condition	Has the meaning described in Section 2.1.7. For the full definition – see Clause 22.2 of the Terms.
PCA	Prescribed capital amount as defined by APRA from time to time.

Term	Meaning
Potential Acquisition Event	Has the meaning described in Section 2.3.3. For the full definition – see Clause 22.2 of the Terms.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Prospectus	This document (including the electronic form of this document), and any supplementary or replacement prospectus in relation to this document, including the Terms.
Rate Disruption Event	Has the meaning described in Section 2.1.3. For the full definition – see Clause 3.1 of the Terms.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Redeem	In relation to a Capital Note 3, redeem the Capital Note 3 in accordance with Clause 9 of the Terms. Redeemed and Redemption have corresponding meanings.
Redemption Price	Has the meaning given in Clause 9.2 of the Terms.
Register	Has the meaning given in Clause 22.2 of the Terms.
Registrar or Registry	Has the meaning given to Registrar in Clause 22.2 of the Terms.
Regulated Entity	An authorised general insurer under the Insurance Act, an authorised deposit-taking institution under the Banking Act or other prudentially regulated entity.
Regulatory Event	Broadly, occurs when: <ul style="list-style-type: none"> – Suncorp receives legal advice that, as a result of a change of law or regulation on or after the Issue Date (not expected by Suncorp on the Issue Date), additional requirements (which are more than trivial) would be imposed on Suncorp in relation to Capital Notes 3, which the Directors determine in their discretion to be unacceptable; or – the Directors determine that, as a result of such change, Suncorp is not or will not be entitled to treat some or all Capital Notes 3 as Eligible Additional Tier 1 Capital, except where this is because of a prudential limit or other restriction on that treatment which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect. For the full definition—see Clause 22.2 of the Terms.
Reinvestment CPS3	CPS3 held by an Eligible CPS3 Holder that are, or are to be, reinvested in Capital Notes 3, under the terms of the Reinvestment Offer.
Reinvestment CPS3 Repayment Date	The Issue Date, which is expected to be 17 December 2019.
Reinvestment Offer	The invitation to Eligible CPS3 Holders to reinvest their CPS3 in Capital Notes 3 under this Prospectus.
Relevant Fraction	Relevant Fraction is discussed in Section 2.2.5. For the full definition—see Clause 8.1 of the Terms.
Relevant Security	A subordinated instrument (other than an Ordinary Share) issued by Suncorp, or another member of the Suncorp Group, with no fixed maturity date, which: <ul style="list-style-type: none"> – in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off following a Non-Viability Trigger Event; and – constitutes Eligible Additional Tier 1 Capital of Suncorp or the Suncorp Group as at the date of its issue, and includes, for so long as they are on issue, CPS3, Capital Notes 1, Capital Notes 2 and the Capital Notes 3.
Replacement Rate	Has the meaning described in Section 2.1.3. For the full definition – see Clause 3.1 of the Terms.

Term	Meaning
Resale	Resale is discussed in Section 2.3.7. For the full definition – see Clause 22.2 of the Terms. Resold and Resell have corresponding meanings.
Resale Price	For a Capital Note 3, a cash amount equal to its Issue Price.
Scheduled Mandatory Conversion Date	17 June 2028.
Second Mandatory Conversion Condition	The Second Mandatory Conversion Condition is discussed in Section 2.2.4. For the full definition – see Clause 4.3 of the Terms.
Securityholder	A holder of an Ordinary Share, CPS3, Capital Note 1, Capital Note 2 or SML Floating Rate Note, as the context requires.
Securityholder Applicant	An Eligible Securityholder who applies under the Securityholder Offer.
Securityholder Offer	The offer to Eligible Securityholders to apply for Capital Notes 3 under this Prospectus.
Senior Ranking Creditors	All creditors of Suncorp (present and future), including all investors in Suncorp's senior or subordinated debt whose claims are: <ul style="list-style-type: none"> – entitled to be admitted in a winding-up of Suncorp; and – not in respect of Ordinary Shares or Equal Ranking Instruments, and includes, for so long as they are on issue, the Suncorp Wholesale Subordinated Notes.
Suncorp Wholesale Subordinated Notes	The \$600,000,000 subordinated notes issued by Suncorp on or about 5 September 2018
Shareholder	A holder of any share in the capital of Suncorp, including any preference share or Ordinary Share from time to time.
SML	Suncorp-Metway Limited (ABN 66 010 831 722).
SML Floating Rate Notes	The floating rate capital notes issued by SML in 1998 under a prospectus dated 26 October 1998.
Special Resolution	A resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.
SRN	Securityholder Reference Number for Ordinary Shares or Capital Notes 3 (when issued) held on the issuer sponsored subregister.
Suncorp	Suncorp Group Limited (ABN 66 145 290 124).
Suncorp Group	The statutory consolidated group comprising Suncorp and its subsidiaries. The Suncorp Group and its activities are described in Section 3.
Syndicate Broker	Any of the Joint Lead Managers, co-managers and brokers invited by the Joint Lead Managers to participate in the Broker Firm Offer.
Tax Event	Broadly, occurs when the Directors receive advice that, as a result of a change in Australian tax law (including any announcement of a change that has been or will be introduced) on or after the Issue Date (and which Suncorp did not expect on the Issue Date), there is a more than insubstantial risk that a Distribution would not be frankable or that Suncorp would be exposed to a not insignificant increase in its costs in relation to Capital Notes 3 being on issue. For the full definition—see Clause 22.2 of the Terms.
Tax Rate	The Australian corporate tax rate applicable to the franking account of Suncorp as at the relevant Distribution Payment Date. As at the date of this Prospectus, the Tax Rate is 30% (but that rate may change).
Terms or Capital Notes 3 Terms	Terms and conditions of Capital Notes 3 as set out in Appendix A, as amended from time to time.

Term	Meaning
TFN	Tax File Number.
Third Mandatory Conversion Condition	The Third Mandatory Conversion Condition is discussed in Section 2.2.4. For the full definition—see Clause 4.3 of the Terms.
Tier 1 Capital	Tier 1 capital as defined by APRA from time to time.
Tier 2 Capital	Tier 2 capital as defined by APRA from time to time.
Total Capital	Total capital as defined by APRA from time to time.
Trigger Event Date	The date on which APRA notifies Suncorp of a Non-Viability Trigger Event, as contemplated in Clause 5.1 of the Terms.
Trust	The trust constituted by the Trust Deed.
Trust Deed	The deed entitled Suncorp Notes 3 Trust Deed dated on or about the date of this Prospectus between Suncorp and the Trustee.
Trustee	Sargon CT Pty Ltd (ABN 12 106 424 088) and includes any successor.
UBS	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087).
U.S. Securities Act	<i>Securities Act of 1933</i> (U.S.).
VWAP	Volume weighted average price (VWAP). This has the meaning described in Section 2.2.1. For the full definition—see Clause 22.2 of the Terms.
VWAP Period	Broadly, means: <ul style="list-style-type: none"> – in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the period of 20 Business Days (or a lesser number of Business Days in certain circumstances) on which trading in Ordinary Shares takes place on ASX immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event; – in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Trigger Event Date; or – in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the date on which Conversion is to occur in accordance with the Terms. For the full definition—see Clause 22.2 of the Terms.
Westpac Institutional Bank	Westpac Institutional Bank, a division of Westpac Banking Corporation (ABN 33 007 457 141).
Winding-up	Broadly, involves the winding-up of a company's affairs by way of realising its assets, paying off its creditors and distributing surplus assets (if any) to its members and can occur in several ways under the Corporations Act, including in circumstances of insolvency.
Winding-up Event	Has the meaning given in Clause 22.2 of the Terms.
Written-Off or Write-Off	Has the meaning described in Section 2.4.9. For the full definition—see Clause 22.2 of the Terms.

Corporate directory

Issuer

Suncorp Group Limited

Level 28, Brisbane Square
266 George Street
Brisbane QLD 4000

Australian legal adviser

King & Wood Mallesons

Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Australian tax adviser

King & Wood Mallesons

Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Auditor

KPMG

Level 16, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

Accounting adviser

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)

Level 38, Tower Three, International
Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Trustee

Sargon CT Pty Ltd

Suite 19.03, Level 19
60 Castlereagh Street
Sydney NSW 2000

Arranger

Goldman Sachs Australia Pty Ltd

Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Joint Lead Managers

Commonwealth Bank of Australia

Level 21, 201 Sussex St
Sydney NSW 2000

Morgans Financial Limited

Level 29, 123 Eagle Street
Brisbane QLD 4000

National Australia Bank Limited

Level 25, 255 George Street
Sydney NSW 2000

UBS AG, Australia Branch

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Westpac Institutional Bank, a division of Westpac Banking Corporation

Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Registry

Link Market Services Limited

Level 21, 10 Eagle Street
Brisbane QLD 4000

Co-Managers

Crestone Wealth Management Limited

Level 32, Chifley Tower
2 Chifley Square
Sydney NSW 2000

JBWere Limited

Level 16, 101 Collins Street
Melbourne VIC 3000

How to contact us

Suncorp Capital Notes 3 Offer Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time)

Website: www.suncorpgroup.com.au/sunph

This page has been left blank intentionally.

To see more, go online
suncorpgroup.com.au

Enquiries

Suncorp Capital Notes 3 Offer
Information Line on
1300 402 422 (within Australia) or
+61 1300 402 422 (outside Australia)
Monday to Friday 8:00am to 7:30pm
(Sydney time)

SUNCORP 