

Suncorp Group Limited Capital Notes 3

SUNCORP



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Capital Notes 3 are complex and may not be suitable for all investors. 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 the Prospectus.

All amounts are in Australian dollars unless otherwise indicated. Unless otherwise defined, capitalised terms in this presentation have the meaning in the Prospectus.

Agenda

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Section 2	About Suncorp
Section 3	Key features of Capital Notes 3
Section 4	Offer process
Appendix 1	Comparison between Capital Notes 3 and other types of investments
Appendix 2	Corporate responsibility framework
Appendix 3	APRA risk governance considerations



Section 1

Offer summary

Offer summary

Issuer	– Suncorp Group Limited (Suncorp)
Security	– Fully paid, subordinated, perpetual, unsecured, convertible notes
Offer size	– \$250 million with the ability to raise more or less
Use of proceeds	– 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
Ranking¹	– In a winding-up of Suncorp, Capital Notes 3 will 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 of Suncorp (including Suncorp Wholesale Subordinated Notes)
Distribution Payments	– Floating rate, quarterly, discretionary, non-cumulative payments, subject to no Payment Condition existing ² – Distributions are expected to be fully franked – Margin expected to be in the range of 3.00% – 3.20% per annum over 3-month Bank Bill Rate
Term	– Perpetual unless Converted, Redeemed, Resold or Written-Off – Optional Exchange³ : all or some Capital Notes 3 on 17 June 2026 or following a Regulatory or Tax Event, and all (but not some only) after a Potential Acquisition Event – Scheduled Mandatory Conversion Date⁴ : 17 June 2028 – Acquisition Event⁴ : Suncorp must Convert Capital Notes 3 following an Acquisition Event – Non-Viability Trigger Event : Suncorp must Convert Capital Notes 3, and if Conversion does not occur within 5 Business Days, then Capital Notes 3 will be Written-Off
Offer structure	– Institutional Offer, Broker Firm Offer, Reinvestment Offer and Securityholder Offer
Arranger	– Goldman Sachs
JLMs	– Commonwealth Bank of Australia, Morgans, National Australia Bank, UBS and Westpac Institutional Bank
Quotation	– Suncorp will apply for Capital Notes 3 to be quoted on ASX under ASX code “SUNPH”

Notes:

1 The ranking of Holders in a winding-up will be adversely affected if a Non-Viability Trigger Event occurs. See Sections 1.3, 2.4.4 and 5.1.9 of the Prospectus.

2 Payment of any Distribution is within the absolute discretion of Suncorp.

3 At Suncorp's option, subject to certain conditions being met and APRA's prior written approval. Holders of Capital Notes 3 should not assume that APRA will give its approval for any Exchange.

4 Subject to certain conditions being met.

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Section 2

About Suncorp



Suncorp Group

Leading financial services brands
in Australia and New Zealand



Top 20 ASX listed company

\$17 billion market capitalisation¹

\$96 billion in group assets²

~13,000 employees in Australia
and New Zealand²

Approximately
9 million customers

End-to-end ownership of brands

Notes:
¹ Source: ASX as at 8 November 2019. Based on the market capitalisation of the ordinary shares of Suncorp Group Limited.
² As at 30 June 2019.

Strategy

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

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

- 1

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
- 2

Embracing regulatory change

Strengthening trust and improving customer outcomes. Following the Royal Commission into Financial Services, 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
- 3

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
- 4

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

Full year ended 30 June 2019

-
- Group top line growth of 2.3%
- NPAT from ongoing functions up 1.0%
- Cash earnings up 1.5%
- Ordinary dividend payout ratio of 81%, reflecting strong capital position

	FY19 (\$m)	FY18 (\$m)	Change (%)
Insurance (Australia)	588	681	(13.7)
Banking & Wealth	364	369	(1.4)
New Zealand	245	135	81.5
NPAT from ongoing functions	1,197	1,185	1.0
Australian Life Business	23	78	(70.5)
Other ¹	(110)	(63)	74.6
Accelerated Investment	-	(102)	
Cash earnings	1,115	1,098	1.5
Loss on sale of discontinuing operations after tax	(899)	-	n/a
Acquisition Amortisation	(41)	(39)	5.1
Reported NPAT	175	1,059	(83.5)
Total dividend (cps) ²	78	81	(3.7)

Notes:

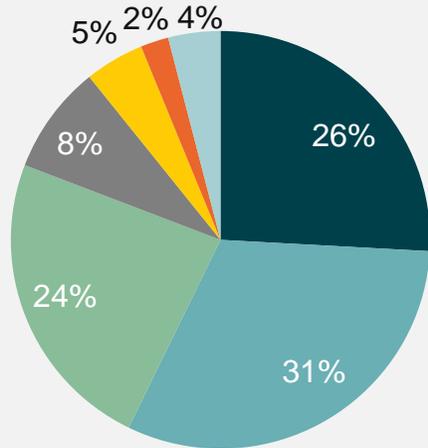
1 'Other' includes: a provision for remediation costs of \$60m and Life stranded costs net of Transitional Service Arrangement revenue \$13m.

2 Includes special dividend of 8 cps in FY19 and 8 cps in FY18.

Insurance (Australia)

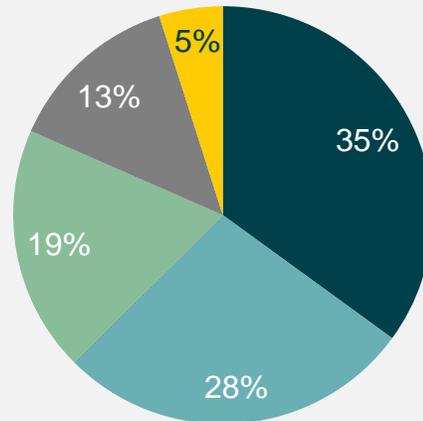
Total GWP (excluding FSL) of \$8.1bn¹

Portfolio by geography



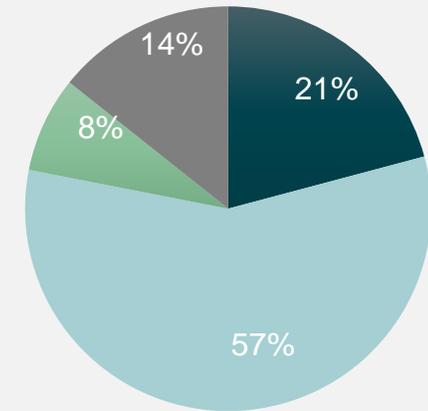
- Queensland
- New South Wales
- Victoria
- Western Australia
- South Australia
- Tasmania
- Other

Portfolio by product



- Motor
- Home
- Commercial
- CTP
- Workers' compensation & other

Portfolio by channel



- Intermediaries
- Contact Centre
- Digital
- Direct Underwriting & Others

Notes:

1 As at 30 June 2019.

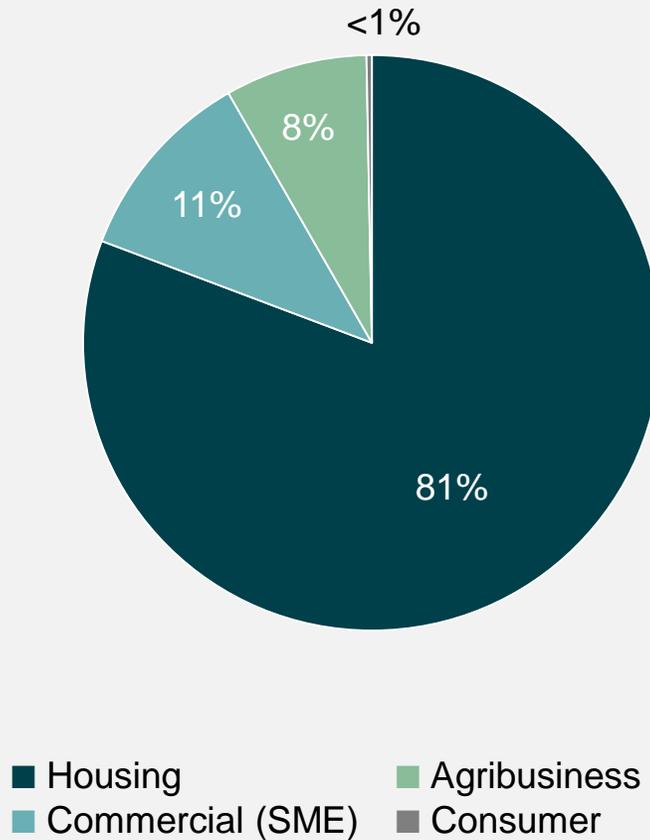
2 Following the sale of the Australian Life Insurance and Participating Wealth Business to TAL Dai-ichi Life Australia Pty Ltd (TAL) in February 2019, Suncorp provides life insurance solutions through a 20-year strategic alliance with TAL.

3 On 31 October 2019, the Suncorp Group completed the sale of its Australia 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 comprises 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. As part of the transaction, the Suncorp Group also announced the sale of ACM Parts Pty Ltd to AMA Group for a cash consideration of \$20m.

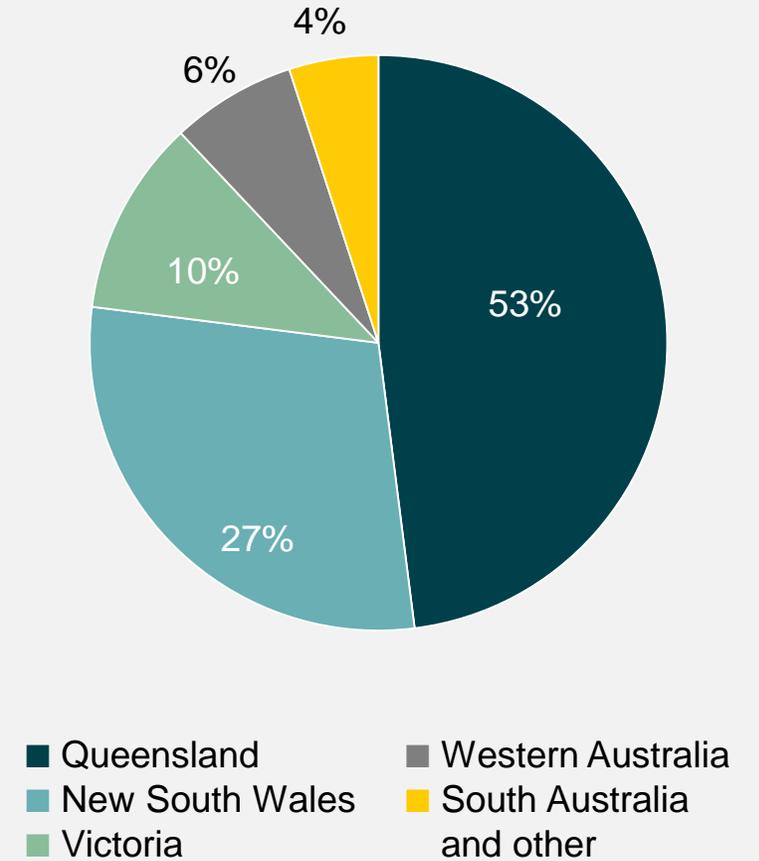
Banking & Wealth

Total lending assets of \$59.3 billion¹

Lending assets by portfolio



Lending assets by geography



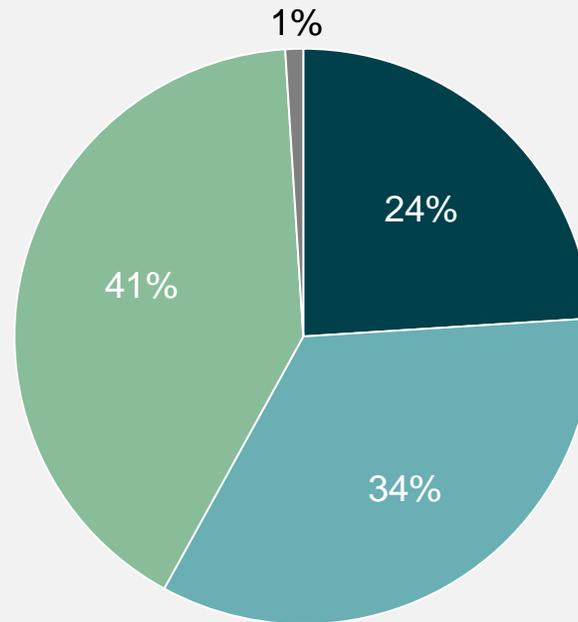
Notes:
1 As at 30 June 2019.

New Zealand

Portfolios by product

General Insurance

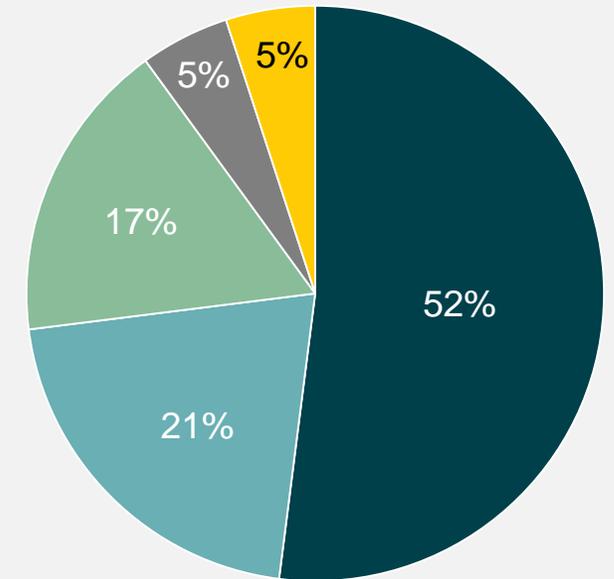
Total Gross Written Premium of NZ\$1.7 billion¹



■ Motor ■ Commercial
■ Home ■ Other

Life Insurance

Total in-force premium of NZ\$267 million²



■ Term & TPD ■ Other
■ Trauma ■ Group
■ Income protection

Notes:

1 As at 30 June 2019

2 As at 30 June 2019

Capital position (\$m)

Capital management strategy

- Optimise shareholder value by managing the level, mix and use of capital resources
- Ensure sufficient capital resources to maintain and grow the business, in accordance with risk appetite
- Compliance with external capital requirements set and monitored by APRA and the RBNZ
- Sale of Capital S.M.A.R.T and ACM parts completed on 31 October 2019
 - Sale generates approximately \$300m of excess CET1
 - Suncorp Group expects to update the market on the use of these proceeds during FY20

	As at 30 June 2019				Total as at 30 Jun 2019	Total as at 30 Jun 2018
	GI ²	Bank ²	Life ³	SGL, Corp Services & Consol		
CET1	3,413	3,085	706	137	7,341	6,881
CET1 Target	2,697	2,993	100	(10)	5,780	5,810
Excess to CET1 Target (pre div)	716	92	606	147	1,561	1,071
Group Dividend					(571)	(623)
Group Excess to CET1 Target (ex div)					990	448
Common Equity Tier 1 Ratio	1.39x	9.28%				
Total Capital	4,533	4,473	706	137	9,849	9,585
Total Capital Target	3,677	4,157	100	(33)	7,901	7,952
Excess to Target (pre div)	856	316	606	170	1,948	1,633
Group Dividend					(571)	(623)
Group Excess to Target (ex div)					1,377	1,010
Total Capital Ratio¹	1.85x	13.45%				

Notes:

1 Capital ratios are expressed as coverage of the PCA for General Insurance and as a percentage of risk-weighted assets for the Bank.

2 The Bank and General Insurance targets are shown as the midpoint of the target operating ranges.

3 Life includes \$506 million of capital that was returned to shareholders from the sale of the Australian Life Business as well as capital relating to the New Zealand Life Insurance business and the remaining Wealth business.

Pro forma capital adequacy position¹

As at 30 June 2019

\$ million	Suncorp Group Total as at 30 June 2019	Pro forma adjustment for capital return ²	Pro forma adjustments for the Offer ³	Pro forma adjustments for CPS3 Reinvestment ⁴	Pro forma as at 30 June 2019 ⁴
CET1 Capital	7,341	(506)	(6)	-	6,829
Additional Tier 1 Capital	1,150	-	250	(200)	1,200
Tier 2 Capital	1,358	-	-	-	1,358
Total Capital	9,849	(506)	244	(200)	9,387
Excess to CET1 Capital Target (ex dividend)	990	(506)	(6)	0	478
Excess Total Capital to target (ex dividend)	1,377	(506)	244	(200)	915

Notes:

¹ For more information on the pro forma capital adequacy position and the relevant assumptions and adjustments, see Section 4.5 of the Prospectus.

² This adjustment reflects the return of capital to ordinary shareholders completed in October 2019, as outlined in Section 3.2.3 of the Prospectus.

³ These adjustments assume \$250 million 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 4. 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.

⁴ 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.



Section 3

Key features of Capital Notes 3

Capital Notes 3 key features

General

Issuer	– Suncorp Group Limited (Suncorp)
Security	– Fully paid, subordinated, perpetual, unsecured, convertible notes
Offer size	– \$250 million with the ability to raise more or less
Issue Price	– \$100 per Capital Note 3
Ranking¹	– In a winding-up of Suncorp, Capital Notes 3 will rank ahead of Ordinary Shares, equally with all other Equal Ranking Instruments (including CPS3, Capital Notes 1 and Capital Notes 2), but behind all Senior Ranking Creditors of Suncorp (including Suncorp Wholesale Subordinated Notes)
Term	– Perpetual (no fixed maturity date) unless Converted, Redeemed, Resold or Written-Off – Optional Exchange Date: 17 June 2026 – Scheduled Mandatory Conversion Date: 17 June 2028²
Distribution Payment Dates	– The first Distribution Payment Date is 17 March 2020 ³ – Distribution Payment Dates are 17 March, 17 June, 17 September and 17 December in each year

Notes:

1 The ranking of Holders in a winding-up will be adversely affected if a Non-Viability Trigger Event occurs. See Sections 1.3, 2.4.4 and 5.1.9 of the Prospectus.

2 Subject to certain conditions being satisfied.

3 If a Distribution Payment Date is not a Business Day, then the Distribution Payment Date will be the next Business Day.

Capital Notes 3 key features

Distributions

Distributions	<ul style="list-style-type: none"> – Distributions are discretionary, non-cumulative, floating rate payments and are expected to be fully franked <ul style="list-style-type: none"> – Distributions are scheduled to be paid quarterly in arrears, subject to no Payment Condition existing – the first Distribution Payment Date is 17 March 2020¹ – Distribution Payment Dates are 17 March, 17 June, 17 September and 17 December in each year – Distributions on Capital Notes 3 are expected to be fully franked. If any Distribution is not fully franked, then the amount of the scheduled cash Distribution will be adjusted to reflect the applicable Franking Rate
Distribution Rate	<ul style="list-style-type: none"> – $\text{Distribution Rate} = (\text{Bank Bill Rate}^2 + \text{Margin}) \times (1 - \text{Tax Rate})$ – Bank Bill Rate is the 3-month Bank Bill Rate on the first Business Day of the relevant Distribution Period – Margin expected to be 3.00% – 3.20% per annum, to be determined under the Bookbuild
Payment conditions	<ul style="list-style-type: none"> – 'Payment Condition' means: <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.
Distribution Restriction	<ul style="list-style-type: none"> – If a Distribution has not been paid in full within 3 Business Days of the relevant Distribution Payment Date, then subject to certain exclusions set out in the Capital Notes 3 terms, Suncorp must not, without the approval of a Special Resolution, until and including the next Distribution Payment Date: <ul style="list-style-type: none"> – declare, determine to pay or pay an Ordinary Share Dividend; or – undertake any Buy Back or Capital Reduction. – Failure to pay a Distribution when scheduled will not constitute an event of default – Distributions that are not paid do not accrue and will not be subsequently paid

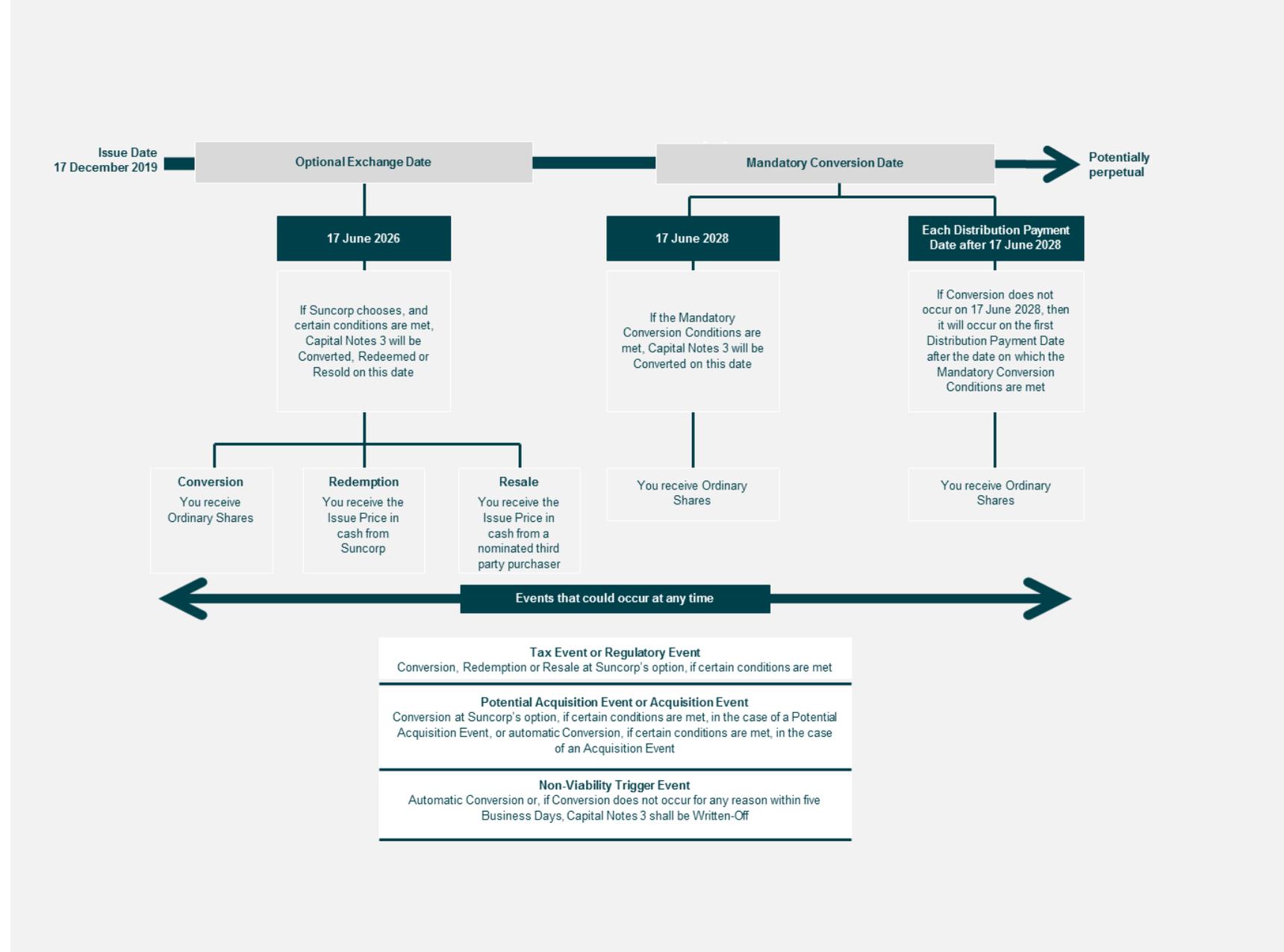
Note:

¹ If a Distribution Payment Date is not a Business Day, then the Distribution Payment Date will be the next Business Day.

² 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. Broadly, Replacement Rate includes a rate that is generally accepted in the Australian market as the successor to the Bank Bill Rate. 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.

Capital Notes 3 key features

Summary of events that may affect Capital Notes 3



Note:
For more information on the events that may affect Capital Notes 3 see Sections 1.2 and 2.2 – 2.5 of the Prospectus.

Capital Notes 3 key features

Optional Exchange and Conversion on Acquisition Event

Exchange by Suncorp¹	<ul style="list-style-type: none"> – Suncorp may choose to Exchange all or some Capital Notes 3 on the Optional Exchange Date (being 17 June 2026) – Suncorp may choose to Exchange all or some Capital Notes 3 after a Tax Event or a Regulatory Event – Suncorp may choose to Convert all (but not some only) Capital Notes 3 after a Potential Acquisition Event – Suncorp must Convert all (but not some only) Capital Notes 3 after an Acquisition Event (subject to certain conditions being met)
Exchange	<ul style="list-style-type: none"> – Exchange means: <ul style="list-style-type: none"> – Conversion into a variable number of Ordinary Shares with a value of approximately \$101 per Capital Note 3² – Redemption for \$100 per Capital Note 3; – Resale for \$100 per Capital Note 3; or – a combination of Conversion, Redemption and Resale.
Holder rights	<ul style="list-style-type: none"> – Holders do not have a right to request Exchange
Resale by Suncorp	<ul style="list-style-type: none"> – If Suncorp elects for Capital Notes 3 to be Resold, Holders will be notified and on the Exchange Date will receive \$100 per Capital Note 3 – Suncorp may appoint one or more third parties (Nominated Purchaser(s)) to purchase some or all Capital Notes 3 – 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 them until Capital Notes 3 are otherwise Converted, Redeemed or Resold

Notes:

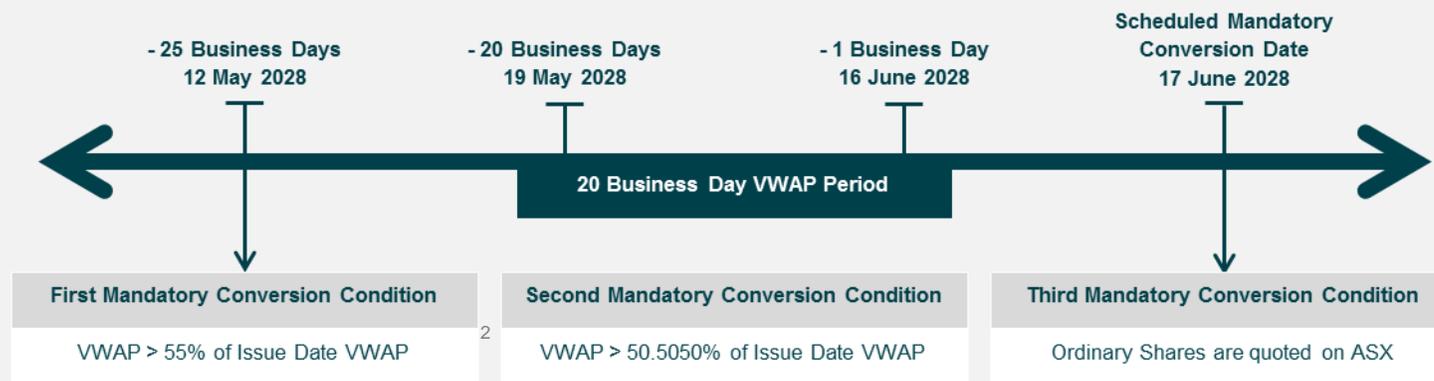
1 Suncorp's right to elect to Exchange is subject to APRA's prior written approval and subject to restrictions in certain circumstances. Holders should not assume that APRA will provide its approval.

2 The exact number of Ordinary Shares to be received depends on the VWAP of Ordinary Shares, therefore it may be worth more or less than \$101 per Capital Note 3 on the Conversion date.

Capital Notes 3 key features

Mandatory Conversion

- The Mandatory Conversion Date will be 17 June 2028, provided the Mandatory Conversion Conditions have been satisfied on that date. If any of the Mandatory Conversion Conditions are not satisfied on this date, then the Mandatory Conversion Date will be the next Distribution Payment Date on which all such conditions are satisfied
- Capital Notes 3 may remain on issue indefinitely and may never Convert into Ordinary Shares if the Mandatory Conversion Conditions are not satisfied
- On the Mandatory Conversion Date, Holders will receive approximately \$101 of Ordinary Shares for each Capital Note 3¹
- The following diagram illustrates the operation of the conditions:



$$\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$$

Notes:

- 1 The exact number of Ordinary Shares to be received depends on the VWAP of Ordinary Shares. The VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date 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 approximately \$101 per Capital Note 3.
- 2 Issue Date VWAP = VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding the Issue Date.

Capital Notes 3 key features

Mandatory Conversion

Non-Viability Trigger Event	<ul style="list-style-type: none">- A Non-Viability Trigger Event occurs where 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 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.
Conversion following a Non-Viability Trigger Event	<ul style="list-style-type: none">- Upon a Non-Viability Trigger Event occurring, Suncorp must immediately Convert some or all Capital Notes 3 to Ordinary Shares- If Conversion of Capital Notes 3 does not occur within 5 Business Days after the Trigger Event Date for any reason (including an Inability Event), then Conversion will not occur and Holder's rights with respect to those Capital Notes 3 are immediately and irrevocably Written-Off
Maximum Conversion Number	<ul style="list-style-type: none">- The number of Ordinary Shares a Holder receives upon Conversion is calculated using the formula on the previous page¹ but is capped at the Maximum Conversion Number- The Maximum Conversion Number is calculated as $\\$100 / (\text{Issue Date VWAP} \times \text{Relevant Fraction})$- The Relevant Fraction is 0.5 in relation to a Mandatory Conversion and 0.2 in the case of any other Conversion (including Conversion following a Non-Viability Trigger Event)- The Mandatory Conversion Conditions are intended to help protect Holders against receiving a number of Ordinary Shares limited to the Maximum Conversion Number and accordingly worth less than \$101 per Capital Note 3 (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date)- 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

Note:

¹ See Conversion Number formula on page 21.

Capital Notes 3 key features

Ranking of Capital Notes 3 in a winding-up^{1,2}

	Type	Illustrative examples
<p>Higher ranking</p>  <p>Lower ranking</p>	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
	Ordinary Shares	Ordinary Shares

Notes:

- 1 The ranking of Holders in a winding-up will be adversely affected if a Non-Viability Trigger Event occurs. See Sections 1.3, 2.4.4 and 5.1.9 of the Prospectus.
- 2 For more information on ranking in a winding-up, see Section 1.3 of the Prospectus.

Capital Notes 3 key features

Key risks associated with an investment in Capital Notes 3

- 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
- The price at which Holders are able to sell Capital Notes 3 on ASX is uncertain
- Unlike Ordinary Shares, Capital Notes 3 do not provide a material exposure to growth in the Suncorp Group's business
- There may be no liquid market for Capital Notes 3
- The market price of Suncorp Ordinary Shares may fluctuate due to various factors
- 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 or being likely to become, insolvent as a result of the payment, or the Suncorp Group not complying with APRA's capital adequacy requirements as a result of the payment
- The Distribution Rate will fluctuate over time (it may increase and/or decrease) as a result of movements in the Bank Bill Rate
- The amount of cash Distributions will also fluctuate depending on Suncorp's available franking credits
- There are a number of scenarios in which Capital Notes 3 may be Exchanged. It is uncertain whether and when Exchange may occur
- Holders have no right to request that their Capital Notes 3 be Exchanged. Unless their Capital Notes 3 are Exchanged, to realise their investment, 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
- If Conversion occurs following a Non-Viability Trigger Event, the Holder may receive Ordinary Shares worth significantly less than \$101 per Capital Note 3
- Where Conversion does not occur for any reason (including an Inability Event) within 5 Business Days after the Trigger Event Date, those Capital Notes 3 will be written-off and Holders will not get back their capital or receive compensation in relation to those Capital Notes 3
- 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
- See Sections 1.5 and 5.1 of the Prospectus for more information on risks associated with Capital Notes 3
- See Section 5.2 of the Prospectus for more information on risks associated with Suncorp and the Suncorp Group



Section 4

Offer process



Offer structure

Institutional Offer	<ul style="list-style-type: none">– Offer to certain Institutional Investors who are invited by the Joint Lead Managers to bid for Capital Notes 3 in the Bookbuild
Broker Firm Offer	<ul style="list-style-type: none">– Offer to Australian resident retail and high net worth clients of Syndicate Brokers
Reinvestment Offer	<ul style="list-style-type: none">– Offer to Eligible CPS3 Holders to reinvest their CPS3 in Capital Notes 3. Eligible CPS3 Holders are:<ul style="list-style-type: none">– registered holders 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
Securityholder Offer	<ul style="list-style-type: none">– Offer to Eligible Securityholders, being:<ul style="list-style-type: none">– registered holders of Ordinary Shares, SML Floating Rate Notes, CPS3, Capital Notes 1 or Capital Notes 2 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
Offer Size	<ul style="list-style-type: none">– The final size of the Offer will depend on the volume of Applications received and accepted under the Securityholder Offer and the Reinvestment Offer– Suncorp reserves the right to scale back Applications or increase the final size of the Offer if there is excess demand

Reinvestment Offer structure

What is the Reinvestment Offer?	<ul style="list-style-type: none"> Under the Reinvestment Offer, Eligible CPS3 Holders may apply for some¹ 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
Who is an Eligible CPS3 Holder?	<ul style="list-style-type: none"> A CPS3 Holder 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
Options for Eligible CPS3 Holders	<ul style="list-style-type: none"> Option 1 - apply online or complete a paper Application Form to reinvest all or some of your CPS3 in Capital Notes 3 Option 2 - apply through a Syndicate Broker to reinvest all or some of your CPS3 in Capital Notes 3 Option 3 - take no action and your CPS3 will remain on issue in accordance with their terms
Dividend	<ul style="list-style-type: none"> If you are an Eligible CPS3 Holder and your Application under the Reinvestment Offer is successful, 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)²
Differences between CPS3 and Capital Notes 3	<ul style="list-style-type: none"> Capital Notes 3 and CPS3 have different rights, benefits and risks, the Reinvestment Offer is not a simple rollover in a similar investment A comparison of the key differences is summarised in Section 6.2 of the Prospectus
What happens to CPS3 not reinvested?	<ul style="list-style-type: none"> Your CPS3 will remain on issue in accordance with their terms Suncorp may elect to either redeem, convert or resell the CPS3 on 17 June 2020, but no decision has yet been made

Notes:

¹ If you hold 50 CP3 or fewer, you must apply to reinvest all of your CPS3 if you wish to participate.

² If changes are made to the timetable 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.

Key dates¹

Key dates for the Offer	Date
Record date for determining Eligible Securityholders (7:00pm, Sydney time)	6 November 2019
Lodgement of Prospectus with ASIC	11 November 2019
Bookbuild	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)	10 December 2019
Closing Date for the Broker Firm Offer (excluding applications in respect of the Reinvestment Offer) (10:00am, Sydney time)	13 December 2019
Issue Date	17 December 2019
Capital Notes 3 commence trading on ASX (deferred settlement basis)	18 December 2019
Holding Statements despatched by	19 December 2019
Capital Notes 3 commence trading on ASX (normal settlement basis)	20 December 2019
Key dates for Capital Notes 3	
First Distribution Payment Date	17 March 2020
Optional Exchange Date	17 June 2026
Scheduled Mandatory Conversion Date	17 June 2028
Key dates for CPS3 Holders	
Record date for determining Eligible CPS3 Holders for the Reinvestment Offer (7:00pm, Sydney time)	6 November 2019
Opening Date for the Reinvestment Offer	19 November 2019
Closing Date for the Reinvestment Offer (5:00pm, Sydney time)	10 December 2019
Closing Date for the Broker Firm Offer (applications in respect of the Reinvestment Offer) (5:00pm, Sydney time)	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

Note:

¹ These dates are indicative only and may change without notice.

Contact directory

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Morgans	Steven Wright		+61 7 3334 4941
National Australia Bank	Nicholas Chaplin		+61 2 9237 9518
UBS	Enrico Musso		+61 2 9324 2985
Westpac Institutional Bank	Allan O'Sullivan		+61 2 8254 1425
Further information			
Capital Notes 3 Offer Information Line	www.suncorpgroup.com.au/sunph		+61 1300 402 422

Appendix 1 - Comparison between Capital Notes 3 and other types of investments¹

	Standard term deposit	Suncorp CPS3	Suncorp Capital Notes 1 and Capital Notes 2	Suncorp Capital Notes 3	Suncorp Ordinary Shares
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	– 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 ²
Transferable on market	– Term deposits are not listed	– Yes – quoted on ASX	– Yes – quoted on ASX	– Yes – quoted on ASX	– Yes – quoted on ASX
Protection under Financial Claims Scheme	– Yes ³	– No	– No	– No	– No
Distribution Rate	– Interest rate is fixed (varies across different amounts, terms and interest payment arrangements)	– Floating (BBSW + 3.40% p.a.)	– Capital Notes 1: Floating (BBSW + 4.10% p.a.) – Capital Notes 2: Floating (BBSW + 3.65% p.a.)	– Floating (Bank Bill Rate + Margin expected to be in the range of 3.00%–3.20% 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
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	– No
Treated by APRA as regulatory capital	– No	– Yes, Eligible Additional Tier 1 Capital	– Yes, Eligible Additional Tier 1 Capital	– Yes, Eligible Additional Tier 1 Capital	– Yes, Common Equity Tier 1 Capital
Mandatory conversion to ordinary shares	– No	– Yes, on a scheduled mandatory conversion date, or for loss absorption	– Yes, on 17 June 2024 (Capital Notes 1) and 17 June 2026 (Capital Notes 2), or upon specified events (e.g. acquisition or non-viability trigger event)	– Yes, on 17 June 2028, or upon an Acquisition Event or Non-Viability Trigger Event ⁴	– n/a

Notes:

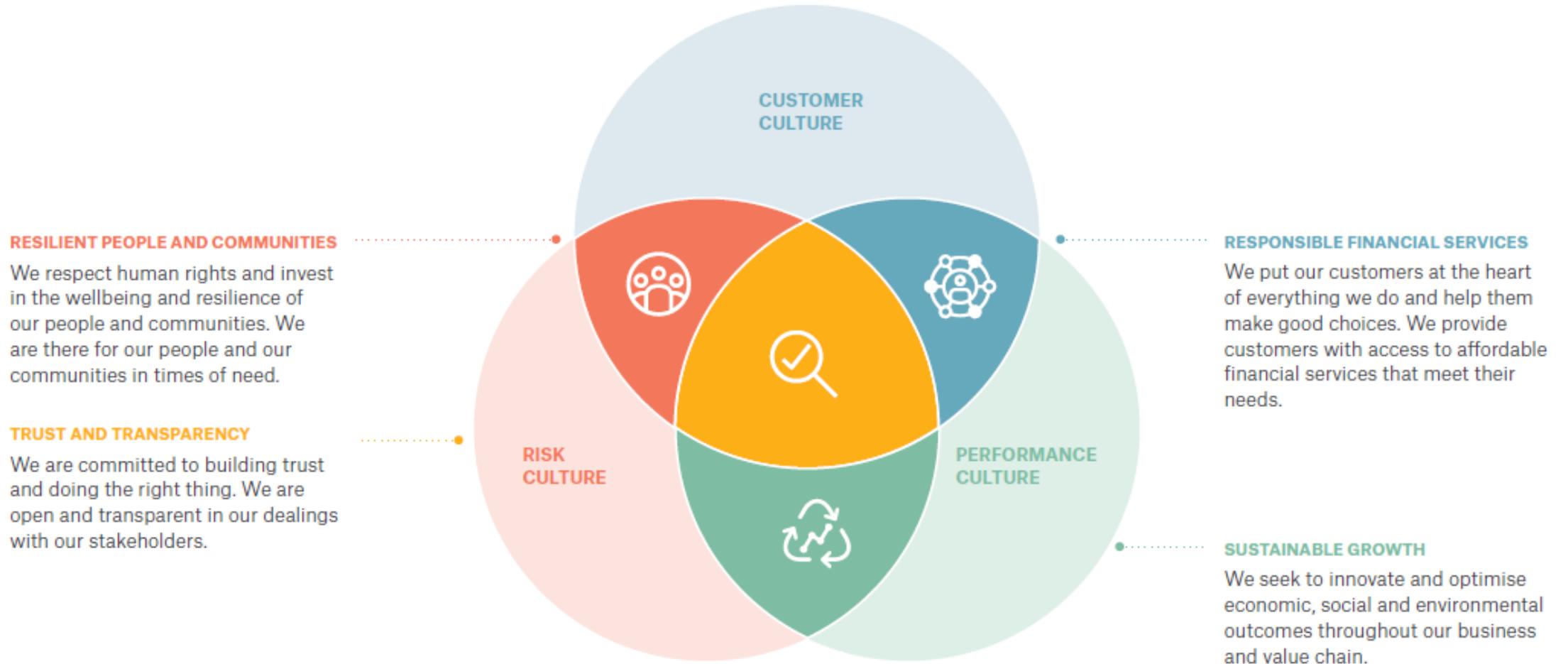
¹ For more information on the comparison between Capital Notes 3 and other types of investments, see Section 1.4 of the Prospectus.

² The ranking of Holders in a winding-up will be adversely affected if a Non-Viability Trigger Event occurs. See Sections 1.3, 2.4.4 and 5.1.9 of the Prospectus.

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

⁴ Conversion is subject to conditions except in the case of Conversion following a Non-Viability Trigger Event.

Appendix 2 - Corporate responsibility principles



Note: For further information on the Suncorp Group's approach to corporate responsibility, please refer to www.suncorpgroup.com.au/cr/reports

Appendix 2 - Corporate responsibility roadmap

	Performance highlights	Focus for FY20
<p>Trust & Transparency</p> 	<ul style="list-style-type: none"> ✓ Conducted a full materiality assessment of environmental, social and governance topics ✓ Published targets for key non-financial performance metrics ✓ Began implementation of the Banking and General Insurance Codes of Practice 	<ul style="list-style-type: none"> ▪ Track and respond to insights from the social licence & trust research on an ongoing basis ▪ Fully implement the Banking and General Insurance Codes of Practice ▪ Further align business activity to the United Nations Global Compact and Sustainable Development Goals
<p>Sustainable Growth</p> 	<ul style="list-style-type: none"> ✓ Progressed implementation of Suncorp's Climate Change Action Plan and Environmental Performance Plan ✓ Published targets to reduce greenhouse gas emissions ✓ Completed climate-related risk and opportunity assessment ✓ Develop approach to climate change scenario analysis 	<ul style="list-style-type: none"> ▪ Conduct supply chain environment, social and governance (ESG) risk assessment and publish first Modern Slavery Act Statement ▪ Publish first Proxy Voting Summary ▪ Conduct climate change scenario analysis and publish findings in line with Task Force on Climate-related Financial Disclosures (TCFD)
<p>Responsible Financial Services</p> 	<ul style="list-style-type: none"> ✓ Developed a Responsible Insurance & Banking Policy to strengthen business practices in line with community expectations ✓ Continued to implement recommendations of the Vulnerable Customer Review, including training for key employees 	<ul style="list-style-type: none"> ▪ Implement the Responsible Insurance & Banking Policy and conduct portfolio ESG risk assessments ▪ Implement standards to support customers experiencing vulnerability including domestic violence, financial hardship, and accessibility ▪ Develop community sector partnerships to provide external referral pathways for customers experiencing vulnerability
<p>Resilient People & Communities</p> 	<ul style="list-style-type: none"> ✓ Launched Clontarf Foundation partnership to support Suncorp's Reconciliation Action Plan ✓ Further embedded social impact measurement into new community partnerships 	<ul style="list-style-type: none"> ▪ Focus leadership effort on employee engagement and purpose ▪ Expand the Future Ready program ▪ Develop Indigenous Employment Strategy and cultural awareness training for Suncorp's people

Note: For further information on the Suncorp Group's approach to corporate responsibility, please refer to www.suncorpgroup.com.au/cr/reports

Appendix 3 - APRA risk governance self-assessment summary of findings

Board & Senior Leadership Governance

- Suncorp’s Board and Senior Leadership was generally found to operate well with an underlying culture of constructive challenge and collaboration.
- Board and Management reporting could be improved, including the provision of relevant customer, risk and performance metrics of the business.
- Non-Financial Risk management could benefit from greater visibility and focus.

Risk Management & Compliance

- Suncorp’s risk and compliance practices have matured over recent years.
- Opportunities exist to further uplift risk and compliance capability, including a greater focus on Conduct Risk.
- Inconsistencies were identified in the application of the Three Lines of Defence Model.

Issue Management

- While more complex and severe customer complaints are given heightened attention, the lower level complaints would benefit from more focus including identifying themes and the management of emerging issues.
- Whilst Suncorp’s people feel comfortable to raise issues, the systems in place have made it challenging to raise them simply, impacting the ability to quickly respond.
- Suncorp has a mature and professional relationship with its key regulators.

Financial Objectives & Accountability

- When making investment decisions, Suncorp has structured criteria in place with no evidence of bias against risk and compliance related projects. However, there is an opportunity to increase the voice of the customer in these decisions.
- Suncorp’s operating model has created some complexities in defining accountabilities, particularly where activity crosses multiple functions.

Remuneration

- Suncorp’s remuneration frameworks are regularly reviewed and challenged, with the Board playing an active role in their development.
- While Suncorp has the policies in place to impact individual performance results for poor risk outcomes, there are inconsistencies in their application

Culture & Leadership

- Suncorp’s culture benefits from a clear and consistent ‘tone from the top’ with a focus on openness, honesty and customer outcomes.
- However, there are examples of inconsistency in the application of this desired culture and there could be more done to embed the Suncorp culture model and risk culture principles across the organisation.

Suncorp is responding to the recommendations identified in the self-assessment with progress reported to the Board regularly

Appendix 3 - APRA risk governance self-assessment lessons

2018/2019 has reinforced the importance of trust and doing the right thing by customers, the community and shareholders.

Suncorp has reflected on the lessons learned and is committed to building a more responsible and resilient company.

Orientating around a natural disaster

Suncorp people respond well in times of crisis (e.g. the Brisbane floods and Cyclone Yasi), often being the first on the ground helping our customers recover.

This focus on orienting around a challenge can divert attention away from the delivery of operational excellence in the day to day running of the business.

Prioritising non-financial risk

Following the Global Financial Crisis, Suncorp has focused on managing financial risk including ensuring the financial stability of the organisation.

This may create the potential for Suncorp's people to perceive that non-financial risk does not have the same priority.

Complex operating environment

Suncorp's operating environment has become complex with examples of policies, procedures and systems having evolved and being added to over many years.

This complexity manifests in Suncorp's people needing to exercise judgement to do the right thing, which may lead to inconsistencies.

Clarity of accountability

Within the Group's operating model there are examples where Suncorp's people don't fully understand their accountability.

This lack of clarity may impact the quality and speed of decision making by Suncorp's people.