

23 October 2017

## Suncorp launches Capital Notes 2 Offer

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Suncorp Group Limited (Suncorp) today announced its intention to issue a new perpetual, subordinated, convertible, unsecured security, Suncorp Capital Notes 2 (Capital Notes 2), to raise \$250 million with the ability to raise more or less (the Offer). Capital Notes 2 are expected to be quoted and tradable on the Australian Securities Exchange (ASX).

Capital Notes 2 are issued by Suncorp under a Trust Deed. Distributions are floating rate, discretionary, non-cumulative, expected to be fully franked and scheduled to be paid quarterly. Suncorp has the option to Exchange Capital Notes 2 on 17 June 2024 or following certain other events, subject to APRA's prior written approval and certain other conditions. If still outstanding, Capital Notes 2 will mandatorily Convert into Ordinary Shares of Suncorp on 17 June 2026 (subject to certain conditions being satisfied).

Eligible holders of the convertible preference shares issued by Suncorp in 2012 (CPS2) may apply to reinvest all or part of their CPS2 in Capital Notes 2 under the Reinvestment Offer<sup>1</sup>. Eligible CPS2 Holders who successfully apply to participate in the Reinvestment Offer are expected to receive one Capital Note 2 for every CPS2 reinvested plus a Pro Rata Dividend on 24 November 2017<sup>2</sup>. CPS2 Holders that choose not to participate in the Reinvestment Offer will continue to hold the CPS2 in accordance with their terms.

Suncorp is issuing Capital Notes 2 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 CPS2 through the Reinvestment Offer.

Steve Johnston, Suncorp Chief Financial Officer (CFO) said, "Suncorp's capital position will be further strengthened by the Capital Notes 2 Offer and is a key part of our ongoing funding and capital management strategy."

Full details of the Offer along with the Terms of Capital Notes 2 are set out in the Prospectus lodged with the Australian Securities and Investments Commission (ASIC) and ASX today (Prospectus).

The Prospectus is available to Australian investors at [www.suncorpgroup.com.au/sunpg](http://www.suncorpgroup.com.au/sunpg) or by telephoning the Suncorp Capital Notes 2 Offer Information Line on 1300 882 012 (within Australia) and +61 1300 882 012 (outside Australia) between 8:00am and 7:30pm Monday to Friday (Sydney time). A replacement Prospectus, containing the Margin and an Application Form, is expected to be made available on 31 October 2017.

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<sup>1</sup> An Eligible CPS2 Holder is a registered holder of CPS2 at 7.00pm (Sydney time) on 19 October 2017; shown on the CPS2 register as having an address in Australia; and is not in the United States or acting for the account or benefit of a person in the United States.

<sup>2</sup> Payment of the Pro Rata Dividend is subject to the payment tests in the CPS2 Terms (including that the Board resolves to pay the dividend).

There are risks associated with investing in Capital Notes 2. Investors should read and consider the Prospectus in full before deciding whether to invest in Capital Notes 2. Suncorp strongly recommends that investors seek professional advice from a licensed adviser, which takes into account their particular investment objectives and circumstances, before deciding whether to participate in the Offer. Capital Notes 2 are not guaranteed by, nor are they deposits or policy liabilities of any member of the Suncorp Group.

Applications for Capital Notes 2 under the Prospectus may only be made during the Offer Period, pursuant to an Application Form (either electronic or paper) that is attached to, or accompanies the Prospectus.

UBS has been appointed as Arranger and Joint Lead Manager.

ANZ Securities, Morgans, National Australia Bank and Westpac Institutional Bank have also been appointed as Joint Lead Managers.

## Ends

### For more information contact:

Securityholders	Suncorp Capital Notes 2 Offer Information Line	1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday, 8:00am to 7:30pm (Sydney time) Website: <a href="http://www.suncorpgroup.com.au/sunpg">www.suncorpgroup.com.au/sunpg</a>
Media	Brett Zarb	0417 256 563
Analysts/Investors	Andrew Dempster	0497 799 960

### Further information about 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 Reinvestment Offer made to Eligible CPS2 Holders; and
- a Securityholder Offer (should it proceed) made to Eligible Securityholders<sup>3</sup>.

#### Key features of Capital Notes 2

- Capital Notes 2 are fully paid, perpetual, unsecured, subordinated notes to be issued by Suncorp;
- Holders of Capital Notes 2 will be eligible to receive floating rate, discretionary, non-cumulative Distributions, which are scheduled to be paid quarterly (subject to no Payment Condition existing). Distributions are expected to be fully franked;

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<sup>3</sup> An Eligible Securityholder of Suncorp is a registered holder of Suncorp Ordinary Shares, SML Floating Rate Notes, SGL Subordinated Notes, CPS2, CPS3 or Capital Notes 1 at 7:00pm (Sydney time) on 19 October 2017; shown on the applicable register as having an address in Australia; and is not in the United States, or acting for the account or benefit of a person in the United States.

- The Distribution Rate will be calculated on a quarterly basis as the sum of the 3-month Bank Bill Rate plus the Margin, multiplied by (1 – the corporate tax rate<sup>4</sup>);
- The Margin will be determined following the Bookbuild and is expected to be in the range of 3.65%–3.85%;
- Capital Notes 2 will be Converted into a variable number of Suncorp Ordinary Shares on 17 June 2026 (subject to certain conditions being satisfied), unless they are Exchanged earlier;
- Suncorp has the option to Exchange Capital Notes 2 on 17 June 2024 or following a Tax Event, a Regulatory Event or a Potential Acquisition Event, subject to APRA's prior written approval and certain other conditions. Investors should not assume APRA's approval will be given if requested;
- Suncorp must Convert all Capital Notes 2 if an Acquisition Event occurs (subject to certain conditions being satisfied);
- When a Non-Viability Trigger Event occurs, Capital Notes 2 must be Converted into Ordinary Shares or, if Conversion does not occur for any reason within 5 Business Days, Capital Notes 2 will be Written-Off, in which case Holders are likely to suffer a material loss;
- The minimum investment in Capital Notes 2 is \$5,000 (50 Capital Notes 2); and
- In respect of the Reinvestment Offer only, applications from Eligible CPS2 Holders may be for less than 50 Capital Notes 2, but only if that Eligible CPS2 Holder held 50 or less CPS2 as at 7.00pm (Sydney time) on 19 October 2017 and applies to reinvest all their CPS2 in Capital Notes 2.

### Indicative timetable

Key dates for the Offer	Date
Record date for determining Eligible CPS2 Holders for the Reinvestment Offer and Eligible Securityholders (7:00pm, Sydney Time)	19 October 2017
Lodgement of the Prospectus with ASIC	23 October 2017
Bookbuild to determine the Margin	30 October 2017
Announcement of the Margin	30 October 2017
Lodgement of the replacement Prospectus with ASIC	31 October 2017
Opening Date for the Reinvestment Offer and Securityholder Offer <sup>5</sup>	31 October 2017
Opening Date for the Broker Firm Offer	31 October 2017
Closing Date for the Reinvestment Offer and the Securityholder Offer <sup>6</sup> (5:00pm, Sydney time)	17 November 2017
Closing Date for the Broker Firm Offer (10:00am, Sydney time)	23 November 2017

<sup>4</sup> Currently 30%.

<sup>5</sup> Should the Securityholder Offer proceed.

<sup>6</sup> Should the Securityholder Offer proceed.

Issue Date	24 November 2017
Reinvestment CPS2 Repayment Date and payment of Pro Rata Dividend <sup>7</sup>	24 November 2017
Capital Notes 2 commence trading on ASX (deferred settlement basis)	27 November 2017
Holding Statements despatched by	29 November 2017
Capital Notes 2 commence trading on ASX (normal settlement basis)	30 November 2017

<b>Key dates for Capital Notes 2</b>	<b>Date</b>
First quarterly Distribution Payment Date	19 March 2018
Optional Exchange Date	17 June 2024
Scheduled Mandatory Conversion Date	17 June 2026

### **Dates may change**

These dates are indicative only and may change without notice.

Suncorp 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 2 are issued.

You are encouraged to apply as soon as possible after the Opening Date.

### **Definitions**

Unless otherwise defined, capitalised words used in this announcement have the meanings given to them in the Prospectus.

### **Disclaimer**

This announcement does not constitute an offer of any securities (including Capital Notes 2 or CPS2) for sale or issue. No action has been taken to register or qualify Capital Notes 2 or the Offer or to otherwise permit a public offering of Capital Notes 2 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Capital Notes 2 nor the Ordinary Shares have been or will be registered under the US 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 2 are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act.

<sup>7</sup> Payment of the Pro Rata Dividend is subject to the payment tests in the CPS2 Terms.