

23 October 2017

## Suncorp CPS2 Terms amendments

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Suncorp Group Limited (Suncorp) today announced that it has amended the terms of the convertible preference shares issued by Suncorp in November 2012 (CPS2). The amendments have been made to facilitate the Reinvestment Offer under which Eligible CPS2 Holders may apply to reinvest some or all of their CPS2 in Capital Notes 2.

Specifically, the changes permit the payment of a Pro Rata Dividend to holders of Reinvestment CPS2. The Pro Rata Dividend will be paid on the Reinvestment CPS2 Repayment Date, which is expected to be 24 November 2017, subject to the payment tests in the CPS2 Terms.

Full details of the Offer (including the Reinvestment Offer and the Pro Rata Dividend) are set out in the Prospectus that was lodged with the Australian Securities and Investments Commission and Australian Securities Exchange today.

The amendments to the CPS2 terms are highlighted in the attachment and take effect from today. The amendments have been approved by the Australian Prudential Regulation Authority.

Defined terms referred to in this announcement have the meaning given to them in the Prospectus.

### 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>
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#### 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.

# Suncorp CPS2 Terms

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## 1 CPS2

### 1.1 CPS2

CPS2 are perpetual, fully paid preference shares in the capital of Suncorp. They are issued, and may be Redeemed, Converted or Resold, by Suncorp according to these Terms.

### 1.2 Issue Price

The Issue Price of each CPS2 is A\$100.

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## 2 Dividends

### 2.1 Dividends

Subject to these Terms, each CPS2 entitles the Holder on a Record Date to receive, on the relevant Dividend Payment Date, a dividend (**Dividend**) calculated according to the following formula:

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

where:

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

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

where:

**Bank Bill Rate** (expressed as a percentage per annum) means, for a Dividend Period, the average mid-rate for bills of a term of 90 days which average mid-rate is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period or, if there is a manifest error in the calculation of that average mid-rate or that average mid-rate is not displayed by 10:30am (Sydney time) on that date, the rate specified in good faith by Suncorp at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or
- (b) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;

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

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

**N** means in respect of:

- (a) the first Dividend Payment Date, the number of days from (and including) the Issue Date until (but not including) the first Dividend Payment Date; and
- (b) each subsequent Dividend Payment Date, the number of days from (and including) the preceding Dividend Payment Date until (but not including) the relevant Dividend Payment Date.

## 2.2 Franking adjustments

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

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

where:

**D** means the Dividend calculated under clause 2.1;

**T** has the meaning given in clause 2.1; and

**F** means the applicable Franking Rate.

## 2.3 Payment of a Dividend

Each Dividend is subject to:

- (a) the Directors, at their absolute discretion, resolving to pay the Dividend on the relevant Dividend Payment Date;
- (b) paying the Dividend on the CPS2 on the Dividend Payment Date not resulting in the Eligible Capital of the Group not complying with APRA's then current capital adequacy guidelines as they are applied to the Group at the time;
- (c) paying the Dividend not resulting in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and
- (d) APRA not otherwise objecting to the Dividend being paid on the Dividend Payment Date.

## 2.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend is not paid because of clause 2.3 or because of any other reason:

- (a) Suncorp has no liability to pay the unpaid amount of the Dividend;
- (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 Dividends and Holders have no claim or entitlement in respect of interest on any unpaid Dividends.

## 2.5 Dividend Payment Dates

Subject to this clause 2, Dividends will be payable in arrears in respect of a CPS2 on the following dates (each a **Dividend Payment Date**):

- (a) each 17 March, 17 June, 17 September and 17 December commencing on 17 December 2012 until (but not including) the date on which the CPS2 is Converted or Redeemed in accordance with these Terms; and
- (b) each date on which:
  - (i) a Conversion or Resale of that CPS2 occurs; or
  - (ii) subject to clause 8.3(a)(iii), a Redemption of the CPS2 occurs, in each case in accordance with these Terms; and

(c) in respect of Reinvestment CPS2, the Reinvestment Date.

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

## 2.6 Record Dates

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

## 2.7 Deductions

- (a) Suncorp may deduct from any Dividend payable the amount of any withholding or other tax, duty or levy required by law or by any administrative practice or procedure of any authority (including in connection with FATCA) 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 Dividend 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.

## 2.8 Restrictions in the case of non-payment

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

- (a) declare, determine to pay or pay a dividend or distribution on any Ordinary Shares; or

- (b) buy back or reduce capital on any Ordinary Shares,

unless the Dividend is paid in full within 3 Business Days of the Relevant Dividend Payment Date.

## 2.9 Exclusions from restrictions in case of non-payment

The restrictions in clause 2.8 do not apply to a redemption, buy-back or reduction of capital in connection with any employment contract, benefit plan or other similar arrangement.

Nothing in these 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).

## 2.10 Notification of Dividend, Dividend Rate and other items

For each Dividend Period, Suncorp must notify the Registrar and ASX (and any other securities exchange or other relevant authority on which CPS2 are quoted) of the Dividend Rate and the expected Dividend payable as soon as practicable, but in any event no later than the fourth Business Day of the Dividend Period.

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# 3 Mandatory Conversion

## 3.1 Mandatory Conversion

Subject to clauses 4, 5 and 6, on the Mandatory Conversion Date Suncorp must Convert all (but not some) CPS2 on issue at that date into Ordinary Shares in accordance with clause 7 and this clause 3.

## 3.2 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 December 2019 (the **Scheduled Mandatory Conversion Date**); and
- (b) a Dividend Payment Date after the Scheduled Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**).

## 3.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is 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) 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 this clause 3.3:

**Conversion Test Date Percentage** =  $101.01\% \times \text{Relevant Fraction}$   
(expressed as a percentage)

**First Test Date Percentage** =  $110\% \times \text{Relevant Fraction}$   
(expressed as a percentage)

### 3.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will give notice to 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 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.

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## 4 Non-Viability Conversion

### 4.1 Non-Viability Trigger Event

- (a) A **Non-Viability Trigger Event** means APRA has provided a written determination to Suncorp that the conversion or write off of Relevant Tier 1 Capital Instruments in accordance with their terms or by operation of law is necessary because:
- (i) without the conversion or write off, APRA considers that Suncorp would become non-viable; or
- (ii) without a public sector injection of capital into, or equivalent capital support with respect to, Suncorp, APRA considers that Suncorp would become non-viable.
- (b) A determination under clause 4.1(a) may specify that the conversion or write-off is of:
- (i) all Relevant Tier 1 Capital Instruments; or

- (ii) a specified equal proportion of the Relevant Tier 1 Capital Instruments if APRA is satisfied that conversion or write-off of that proportion will be sufficient to ensure that Suncorp does not become non-viable.

## 4.2 Non-Viability Trigger Event Notice

- (a) If a Non-Viability Trigger Event occurs:
  - (i) on that date (the **Non-Viability Conversion Date**) Suncorp must immediately determine in accordance with APRA's determination under clause 4.1,
    - (A) the number of CPS2 that will Convert and the number of other Relevant Tier 1 Capital Instruments which will convert or be written off; and
    - (B) the Holders at the time on the Non-Viability Conversion 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 as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of CPS2 that have not been settled or registered at that time;
  - (ii) subject only to clause 4.3(c) and despite any other provision in these terms, on the Non-Viability Conversion Date the relevant number of CPS2 will Convert and the relevant number of other Relevant Tier 1 Capital Instruments will convert or be written off, in each case immediately and irrevocably.
  - (iii) Suncorp must give notice of the Non-Viability Trigger Event (a **Non-Viability Trigger Event Notice**) to Holders as soon as practicable which states the Non-Viability Conversion Date, the number of CPS2 Converted and the relevant number of Relevant Tier 1 Capital Instruments converted or written off;
- (b) If APRA has provided a written determination under clause 4.1 that requires Suncorp to Convert only a specified equal proportion of CPS2 and other Relevant Tier 1 Capital Instruments, Suncorp must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations.
- (c) None of the following shall prevent, impede or delay the Conversion of CPS2 as required by clause 4.2:
  - (i) any failure to or delay in the conversion or write-off of other Relevant Tier 1 Capital Instruments;
  - (ii) any failure or delay in giving a Non-Viability Trigger Event Notice; and
  - (iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion.
- (d) From the Non-Viability Conversion Date Suncorp shall treat the Holder in respect of its CPS2 as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion.

### 4.3 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 3.3 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 4.2, notwithstanding anything in clauses 3.1, 5 or 6.
- (c) If on the Non-Viability Conversion Date an Inability Event subsists, then to the extent such event prevents Suncorp from Converting CPS2:
  - (i) Conversion on account of the Non-Viability Trigger Event will not occur; and
  - (ii) clause 7.12 shall apply.

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## 5 Optional Exchange by Suncorp

### 5.1 Optional Exchange by Suncorp

Suncorp may with APRA's prior written approval by notice to Holders (an **Exchange Notice**) elect to Exchange:

- (a) all or some CPS2 on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event;
- (b) all (but not some only) CPS2 on an Exchange Date following the occurrence of a Potential Acquisition Event provided that the Exchange Date in respect of that Potential Acquisition Event does not occur in the period from (but excluding) the Optional Exchange Date to (but excluding) the Scheduled Mandatory Conversion Date; ~~or~~

~~(c)~~ all or some CPS2 on the Optional Exchange Date ~~or~~

~~(c)(d)~~ the Reinvestment CPS2 on the Reinvestment Date.

An Exchange Notice under this clause 5:

- (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.

### 5.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) where clause 5.1(a) or clause 5.1(b) 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 5.1(c), 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;
- (iv) **in the case of clause 5.1(d), is the Reinvestment Date, which must fall after the giving of the Exchange Notice and no later than the date provided by the Reinvestment Prospectus;**
- (c) the Exchange Method in accordance with clause 5.3;
- (d) if less than all CPS2 are subject to Exchange, the proportion **or, when clause 5.1(d) applies, the number** of the CPS2 that are to be Exchanged;
- (e) if the Exchange Notice provides that any CPS2 are to be Redeemed:
  - (i) the Redemption Price; and
  - (ii) whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods);
- (f) if the Exchange Notice provides that any CPS2 are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (g) whether any Dividend or any amount under clause 8.3(a)(iii) will be paid in respect of the CPS2 to be Exchanged on the Exchange Date.

### 5.3 Exchange Method

- (a) If Suncorp elects to Exchange CPS2 in accordance with clause 5.1, it must, subject to clauses 5.4 and 5.5 and subject to APRA's prior written approval, elect which of the following it intends to do in respect of CPS2 (the **Exchange Method**):

- (i) Convert CPS2 into Ordinary Shares in accordance with clause 7;
- (ii) Redeem CPS2 in accordance with clause 8; or
- (iii) Resell CPS2 in accordance with clause 9.

*Holders should not expect that APRA's approval will be given for any Exchange of CPS2 under these Terms.*

- (b) Suncorp must endeavour to treat Holders, in the case of an Exchange of only some CPS2 **other than when clause 5.1(d) applies**, on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations.

#### 5.4 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 5:

- (a) on the Optional Exchange Date; **and**
- (b)** in the case of a Tax Event or Regulatory Event; **and**
- (b)(c) on the Reinvestment Date in respect of Reinvestment CPS2, in which case it may elect Redemption of all such Reinvestment CPS2 as described in the Reinvestment Prospectus, but not Resale,**

and provided in all cases where Suncorp elects Redemption that APRA is satisfied that either:

- (i) CPS2 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 instrument is done under conditions that are sustainable for Suncorp's income capacity; or
- (ii) the Group's capital position is well above its minimum capital requirements after Suncorp elects to Redeem the CPS2.

#### 5.5 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 5 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**) **or**

(b)(c) the Exchange is in respect of Reinvestment CPS2 and occurs on the Reinvestment Date.

## 5.6 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 3, 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 Terms:

- (a) the Exchange Date will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 3 (the **Deferred Conversion Date**);
- (b) Suncorp must Convert the CPS2 on the Deferred Conversion Date (unless the CPS2 are Exchanged earlier in accordance with these Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS2 will continue as if the Exchange Notice had not been given.

Suncorp will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 5.6 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

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## 6 Conversion on Acquisition Event

### 6.1 Notice of Acquisition Event

Suncorp must notify Holders of the occurrence of an Acquisition Event as soon as practicable after becoming aware of that event (an **Acquisition Event Notice**).

### 6.2 Conversion on occurrence of Acquisition Event

If an Acquisition Event occurs, Suncorp must, Convert all (but not some only) CPS2 on the Acquisition Conversion Date by notice to Holders (an **Acquisition Conversion Notice**) in accordance with this clause 6 and clause 7.

### 6.3 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 Dividend will be paid in respect of the CPS2 on the Acquisition Conversion Date.

#### **6.4 Where Acquisition Conversion Notice not required**

Notwithstanding any provision of clause 6.2 or clause 6.3, 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 5 and in this case the provisions of clause 6.5 will apply.

#### **6.5 Deferred Conversion on Acquisition Event**

If clause 6.4 applies or Suncorp has given an Acquisition Conversion Notice but, if the Acquisition Conversion Date were a Relevant Date for the purposes of clause 3.2, 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 Terms (but without limitation to the operation of clause 4.3):

- (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 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 6.4 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 Dividend 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 comply with the requirements in clause 6.3.

If this clause 6.5 applies but:

- (i) clause 6.4 applies in respect of the Dividend 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 6.5; or
- (ii) an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) is given under this clause 6.5 but, if the Acquisition Conversion Date specified in the Acquisition Conversion Notice were a Relevant Date for the purpose of clause 3.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 6.5 will be reapplied in respect of each subsequent Dividend Payment Date until a Conversion occurs.

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## 7 Conversion mechanics

### 7.1 Conversion

If Suncorp elects to Convert CPS2 (with APRA's prior written approval) or must Convert CPS2 in accordance with these Terms, then, subject to this clause 7, the following provisions shall apply:

- (a) each CPS2 that is being Converted will Convert into one Ordinary Share on the Mandatory Conversion Date, the Non-Viability Conversion Date, the Exchange Date or the Acquisition Conversion Date (as the case may be); and
- (b) each Holder will be allotted, for no consideration, an additional number of Ordinary Shares for each CPS2 that is being Converted on the Mandatory Conversion Date, the Non-Viability Conversion Date, the Exchange Date or the Acquisition Conversion Date (as the case may be) equal to **one less than** 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 Conversion other than on account of a Non-Viability Trigger Event, 0.5;
  - (ii) in the case of a Conversion on account of a Non-Viability Trigger Event 0.5 or, once the Australian Basel III Rules are implemented and Holders have been notified in writing by Suncorp that such other percentage is to be applied, 0.2 (or the lowest other fraction less than 0.5 as is permitted by APRA under the Australian Basel III Rules to apply in the circumstances of the Conversion).
- (c) if the total number of additional Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of CPS2 upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded;
  - (d) a CPS2, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights 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 Non-Viability Conversion Date, the time at which such Conversion occurs on that date. At that time:

- (i) all other rights conferred or restrictions imposed on that CPS2 under these Terms will no longer have effect (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date, the Non-Viability Conversion Date, the Exchange Date or the Acquisition Conversion Date (as the case may be), which rights will continue); and
- (ii) the Ordinary Share resulting from the Conversion will rank equally with all other Ordinary Shares.

Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS2 or an issue, allotment or creation of a new Ordinary Share (other than under clause 7.1(b)).

## 7.2 Adjustments to VWAP

For the purposes of calculating the VWAP in these 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 CPS2 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 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 other entitlement that is not a dividend or other distribution under clause 7.2(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 the Directors; 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 CPS2 will Convert into Ordinary Shares in respect of which 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.

## 7.3 Adjustments to VWAP for divisions and similar transactions

- (a) 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 VWAP on each Business 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 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) Any adjustment made by Suncorp in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

#### 7.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to the VWAP will be made in accordance with clauses 7.2 and 7.3 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 in accordance with clauses 7.5 to 7.7 (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.

#### 7.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clause 7.5(b), if 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<sub>o</sub>** 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 7.5(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 purpose of clause 7.5(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 7.5 for any offer of Ordinary Shares not covered by clause 7.5(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 7.5(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.

## 7.6 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) Any adjustment made by Suncorp in accordance with clause 7.6(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- (c) 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.

## 7.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 7.5 and 7.6, 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.



## 7.8 Announcement of adjustments

Suncorp will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP or in the Relevant Fraction under this clause 7 within 10 Business Days of Suncorp determining the adjustment.

## 7.9 Ordinary Shares

Each Ordinary Share issued or arising upon Conversion ranks *pari passu* with all other fully paid Ordinary Shares.

## 7.10 Foreign Holders

Where CPS2 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 be issued to a nominee (which must not be a member of the Group) who will sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Foreign Holder accordingly.

## 7.11 Listing Ordinary Shares issued on Conversion

Suncorp shall use all reasonable endeavours to list the Ordinary Shares issued upon Conversion of CPS2 on ASX.

## 7.12 Write Off

Where on the Non-Viability Conversion Date an Inability Event subsists and Conversion has not been effected within five days after the Non-Viability Conversion Date, to the extent such event prevents Suncorp from Converting CPS2 of a Holder which, but for clause 4.3(c) and this clause 7.12, would be Converted, those CPS2 will be Written Off.

In this clause 7.12 "**Written Off**" means that, in respect of a CPS2 and a Non-Viability Conversion Date:

- (a) the CPS2 will not be Converted in respect of the Non-Viability Trigger Event and will not be Converted, Redeemed or Resold under these Terms on any subsequent date;
- (b) on and from the sixth day after the Non-Viability Conversion Date:
  - (i) if the Shareholder Approval has been obtained, in a winding-up of Suncorp, the Liquidation Sum is the sum which would have been paid in respect of CPS2 out of the surplus available to shareholders in a winding-up as if the CPS2 were the Conversion Number of Ordinary Shares (and if such approval is not obtained the Liquidation Sum remains as provided in clause 10.2(c)); and
  - (ii) subject to clauses 2.3, 2.4 and 2.7 and to the requirements of APRA applicable to the payment of dividends on Ordinary Shares, a non-cumulative dividend is payable in respect of the CPS2 if and when a dividend is paid on Ordinary Shares, in an amount determined as if the CPS2 were a number of Ordinary Shares equal to the Conversion Number,

in each case with that Conversion Number (the **Fixed Conversion Number**) being finally determined as if the CPS2 had Converted on the Non-Viability Conversion Date (and subject always to such number not exceeding the Maximum Conversion Number); and

- (c) on and from the sixth day after the Non-Viability Conversion Date clauses 2.1, 2.2, 2.5, 2.8, 3, 4 (other than clause 4.3(c)), 5, 6, 7 (other than this clause 7.12 and any provisions in clause 7 required to give effect to this clause 7.12) and 8 will no longer apply.

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## 8 Redemption mechanics

### 8.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 5.4, Suncorp elects to Redeem CPS2 in accordance with these Terms, the provisions of this clause 8 apply to that Redemption.

*Holders should not expect that APRA's approval will be given for any Redemption of CPS2 under these Terms.*

### 8.2 Redemption

CPS2 will be Redeemed by payment on the Exchange Date of the Issue Price plus any amount payable under clause 8.3(a)(iii) (together, the **Redemption Price**) by way of redemption, buy-back, reduction of capital or any combination thereof to the Holder.

### 8.3 Effect of Redemption on Holders

On the Exchange Date the only right Holders will have in respect of CPS2 will be to obtain the Redemption Price payable in accordance with these Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by CPS2 will no longer have effect.

For the purposes of this clause 8:

- (a) where the Redemption involves a buy-back of CPS2:
- (i) the Exchange Notice constitutes a buy-back offer for the Redemption Price payable on the relevant Exchange Date;
  - (ii) the Holder must accept the buy-back offer for their CPS2 and will be deemed to have accepted that buy-back offer for CPS2 held by that Holder to which the Exchange Notice relates on the date the Exchange Notice or is given and will be deemed to have sold those CPS2 to Suncorp free of all Encumbrances on the Exchange Date;
  - (iii) no Dividend is payable on CPS2 on the Exchange Date, but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS2 that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 2 for the Dividend Period ending on (but not including) the Exchange Date;
  - (iv) the buy-back agreement will be taken to include Suncorp's undertaking in clause 2.8 (as qualified by clause 2.9);

- (v) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and
- (b) if the Redemption involves either or both a reduction of capital with respect to CPS2 and a cancellation of CPS2 and under applicable law Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each Holder agrees to vote in favour of that or those resolutions.

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## **9 Resale mechanics**

### **9.1 Resale mechanics**

If Suncorp elects to Resell CPS2 in accordance with these Terms, the provisions of this clause 9 apply to that Resale.

### **9.2 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 CPS2 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.

### **9.3 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 CPS2 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 Controlled Entity of Suncorp.

### **9.4 Irrevocable offer to sell CPS2**

Each Holder on the Exchange Date is taken irrevocably to offer to sell CPS2 the subject of a Resale to the Nominated Purchaser or Nominated Purchasers on the Exchange Date for the Resale Price.

### **9.5 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 CPS2 (excluding the right to any Dividend payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

## 9.6 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) CPS2 will not be transferred to the Defaulting Nominated Purchaser on the Exchange Date; and
- (c) Holders will continue to hold the CPS2 referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these terms.

---

## 10 Ranking of the CPS2

### 10.1 Ranking of Dividends

The CPS2 rank in respect of payment of Dividends:

- (a) in priority to Ordinary Shares and other instruments or securities of Suncorp that rank or are expressed to rank behind the CPS2;
- (b) equally among themselves and with all Equal Ranking Instruments; and
- (c) behind:
  - (i) any securities or instruments that rank in priority to the CPS2; and
  - (ii) all Suncorp's debts and liabilities to its creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or behind the CPS2.

### 10.2 Ranking in a winding-up

- (a) In a winding-up of Suncorp, a CPS2 confers upon the Holder the right to payment in cash of the Liquidation Sum out of the surplus (if any) available for distribution to shareholders, but no further or other right to participate in the assets of Suncorp on a return of capital in the winding-up.
- (b) The CPS2 will rank for payment of the Liquidation Sum in a winding-up of Suncorp:
  - (i) in priority to Ordinary Shares and other securities that Suncorp may issue that by their terms rank equally with Ordinary Shares;
  - (ii) equally among themselves and with all Equal Ranking Instruments; and
  - (iii) behind:
    - (A) any securities or instruments that rank in priority to the CPS2; and

- (B) all Suncorp's debts and liabilities to its creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or behind the CPS2 in a winding-up.
- (c) The **Liquidation Sum** is an amount out of surplus assets equal to \$100 plus the amount of any Dividend resolved to be paid but unpaid..

### **10.3 Shortfall on winding-up**

If, upon a winding-up of Suncorp, there are insufficient funds to pay in full the Liquidation Sum in respect of the CPS2 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.

### **10.4 No participation in surplus assets**

CPS2 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 Liquidation Sum.

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## **11 General rights**

### **11.1 Further issues not to vary class rights**

Each of the following is expressly permitted and authorised by these Terms and does not affect, or constitute a modification or variation of, the rights or privileges attaching to the CPS2 then on issue:

- (a) the allotment or issue of preference shares (including further CPS2), or the conversion of existing shares into preference shares, ranking equally with or in priority to, or having different rights from, the CPS2 then on issue for participation in profits or assets of Suncorp, and whether entitled to cumulative or non-cumulative dividends;
- (b) a redemption, buy-back or return or distribution of capital in respect of any share capital other than a CPS2, whether ranking behind, equally with, or in priority to, the CPS2;
- (c) the Conversion or Write Off of CPS2 ; and
- (d) the coming into effect of clause 7.12(b)(i).

### **11.2 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 Dividend when scheduled under these Terms.

Suncorp may not exercise any right of set-off against a Holder in respect of any claim by that Holder against Suncorp.

### **11.3 No security**

CPS2 are unsecured.

## 11.4 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 Terms including, but not limited to, accepting any buy-back offer, effecting any transfers of CPS2, 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 11.4 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

## 11.5 Holder acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of CPS2 in accordance with clause 4 and clause 7, 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 CPS2 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 CPS2;
- (c) acknowledges and agrees that:
  - (i) where clause 4.2 applies:
    - (A) there are no other conditions to a Non-Viability Conversion occurring as and when provided in clauses 4.1 to 4.3 (inclusive);
    - (B) Conversion must occur immediately on the Non-Viability Conversion Date and that may result in disruption or failures in trading or dealings in CPS2;
    - (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 5 or a Conversion under clause 6 are the conditions expressly applicable to such Conversion as provided in clauses 5 and 6 of these Terms and no other conditions or events will affect Conversion; and
  - (iv) where clause 7.12 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 CPS2 on the occurrence of the Conversion; and
- (e) acknowledges and agrees that:
- (i) a Holder has no right to request a Conversion, Redemption or Resale of any CPS2 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 Dividend when scheduled in respect of CPS2; and
  - (iii) these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on a scheduled Dividend Payment Date will not constitute an event of default.

## 11.6 No other rights

CPS2 confer no rights on a Holder:

- (a) to participate in the profits or property of Suncorp, except as set out in these Terms; or
- (b) to subscribe for new securities in Suncorp or to participate in any bonus issues of shares in Suncorp's capital.

## 11.7 Transfers and transmission

The Constitution contains provisions relating to:

- (a) the transfer of shares; and
- (b) the transmission of shares in certain circumstances (including without limitation on the death of a shareholder),

and the relevant provisions apply with all necessary modifications to a transfer of CPS2.

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# 12 Voting rights and meetings

## 12.1 Voting rights

Holders will not be entitled to vote at any general meeting of Suncorp except in the following circumstances:

- (a) on any resolution:
  - (i) to reduce the share capital of Suncorp,;
  - (ii) that may affect the rights attached to CPS2;
  - (iii) to wind up Suncorp; or
  - (iv) for the disposal of the whole of the property, business and undertaking of Suncorp;
- (b) on any resolution to approve the terms of a buy-back agreement;
- (c) on any resolution during a period in which a Dividend or part of a Dividend is in arrears; or
- (d) during the winding-up of Suncorp.

Each Holder who has a right to vote on a resolution is entitled to the number of votes specified in Article 22.1 of the Constitution (or any provision or provisions that revise or replace that Article).

## 12.2 Notices and reports

Each Holder is entitled to receive notice of any general meeting of Suncorp and a copy of every circular and like document sent out by Suncorp to holders of Ordinary Shares and to attend and speak at general meetings of Suncorp.

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## 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 CPS2 in accordance with clause 5 or to Convert the CPS2 in accordance with clause 6; 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 6,

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.



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## **14 Payments and other matters**

### **14.1 Manner of payment**

Monies payable by Suncorp to a Holder in respect of a CPS2 may be paid in any manner Suncorp decides from time to time, including:

- (a) by any method of direct credit determined by Suncorp to the Holder or Holders shown on the Register or to such person or place acceptable to Suncorp as directed by them; or
- (b) by cheque sent by prepaid post on the scheduled payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the CPS2) at its address appearing in the Register.

Cheques sent on the scheduled payment date to the nominated address of a Holder will be taken to have been received by the Holder on that date and no further amount will be payable by Suncorp in respect of the CPS2 as a result of the Holder not receiving payment on that date.

### **14.2 Holders entitled to payment**

Monies payable by Suncorp in respect of a CPS2 shall be paid:

- (a) in the case of a payment of a Dividend, 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.

### **14.3 Unpresented cheques**

Cheques issued by Suncorp that are not presented within six months of being issued or such lesser period as determined by Suncorp may be cancelled. Where a cheque which is cancelled was drawn in favour of a Holder, the moneys are to be held by Suncorp for the Holder as a non-interest bearing deposit or paid by Suncorp according to the legislation relating to unclaimed moneys.

### **14.4 Unsuccessful attempts to pay – other**

Subject to applicable law and the ASX Listing Rules, where Suncorp:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Holder but is unable to do so;

then in each case, the amount is to be held by Suncorp for the Holder in a non-interest bearing deposit with a bank selected by Suncorp until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by Suncorp according to the legislation relating to unclaimed moneys.

## **14.5 Payment to joint Holders**

A payment to any one of joint Holders will discharge Suncorp's liability in respect of the payment.

## **14.6 Time limit for claims**

A claim against Suncorp for payment according to these Terms is void, to the fullest extent permitted by applicable law, unless made within five years of the date for payment.

## **14.7 Calculations and rounding of payments**

Unless otherwise specified in these Terms:

- (a) all calculations of amounts payable in respect of a CPS2 will be rounded to four decimal places; and
- (b) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of CPS2, any fraction of a cent will be disregarded.

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# **15 Amendment of these Terms**

## **15.1 Amendments without consent**

Subject to complying with all applicable laws and subject to APRA's prior written approval where required in accordance with clause 15.4, Suncorp may amend these Terms without the approval of Holders:

- (a) if Suncorp is of the opinion that the amendment:
  - (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 purpose of enabling CPS2 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 CPS2;

- (c) is made in accordance with Suncorp's adjustment rights in clause 7;
- (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); or
- (e) in Suncorp's opinion, 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.

## **15.2 Amendments with consent**

Without limiting clause 15.1, Suncorp may, with APRA's prior written approval where required in accordance with clause 15.4, amend these Terms if the amendment has been approved by a Special Resolution.

## **15.3 Notification of Amendment to APRA**

Suncorp will promptly notify APRA of any amendments made in accordance with this clause 15.

## **15.4 Requirement for APRA Approval**

A requirement in this clause 15 for an amendment to be made with APRA's prior written approval applies only where the amendment may affect the eligibility of CPS2 as Residual Tier 1 Capital.

## **15.5 Meaning of amend and amendment**

In this clause 15, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

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# **16 Notices**

## **16.1 Notices to Holders**

A notice or other communication is properly given by Suncorp to a Holder if it is:

- (a) in writing signed on behalf of Suncorp (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;
  - (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.

## 16.2 Delivery of certain notices

Notwithstanding clause 16.1, a Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Acquisition Conversion Notice, an Exchange Notice, an Acquisition Event Notice, an Acquisition Conversion Notice, a Non-Viability Trigger Event Notice, an Adjustment Notice and a Suncorp 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.

## 16.3 When notices to Holders take effect

Notices or other communications from Suncorp to Holders take effect on the day the notice or communication was delivered, sent or published on Suncorp's website (as applicable under clauses 16.1 and 16.2).

## 16.4 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.

## 16.5 Notices to Suncorp

A notice or other communication given to Suncorp in connection with CPS2 must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention: Company Secretary

Address: Level 1828  
Suncorp Centre Brisbane Square  
36 Wickham Terrace 266 George Street  
Brisbane 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 Terms from time to time (a **Suncorp 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 16.5(b).

## 16.6 When notices to take effect

Notices or other communications from Holders to Suncorp take effect from the time they are received or taken to be received unless a later time is specified in them.

## **16.7 Deemed receipt of notices**

A letter or email is taken to be received by Suncorp:

- (a) in the case of a posted letter, on the third day (or the seventh 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.

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## **17 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 CPS2 on ASX.

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## **18 Governing law and jurisdiction**

### **18.1 Governing law**

These Terms are governed by the laws in force in Queensland.

### **18.2 Jurisdiction**

Suncorp and each Holder submits to the non-exclusive jurisdiction of the courts of Queensland for the purpose of any legal proceedings arising out of these Terms.

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## **19 Interpretation and definitions**

### **19.1 Interpretation**

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (b) Unless otherwise specified, the Directors may exercise all powers of Suncorp under these Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by Suncorp in a general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Subject to clause 19.1(a), definitions and interpretation under the Constitution will also apply to these Terms unless the contrary intention is expressed.

- (f) The terms “takeover bid”, “relevant interest”, “scheme of arrangement”, “buy-back” and “on-market buy-back” when used in Terms have the meaning given in the Corporations Act.
- (g) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (h) The singular includes the plural and vice versa.
- (i) 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.
- (j) If an event under these 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, unless a contrary intention is expressed.
- (k) A reference to dollars, AUD, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (l) Any reference to any requirements of APRA or any other prudential regulatory requirements in these 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.
- (m) Any requirement for APRA’s consent or approval in any provision of these Terms will apply only if APRA requires that such consent or approval be given at the relevant time.
- (n) A reference to any term defined by APRA (including, without limitation, “Level 2”, “Residual 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.
- (o) A reference to a term defined by the ASX Listing 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.
- (p) 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 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 terms in such rules (as the case may be).
- (q) Calculations, elections and determinations made by Suncorp under these Terms are binding on Holders in the absence of manifest error.
- (r) Where under these 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.

## 19.2 Definitions for Terms

**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 6.1.

**Acquisition Conversion Date** has the meaning given in clause 6.3.

**Acquisition Conversion Notice** has the meaning given in clause 6.2.

**Adjustment Notice** has the meaning given in clause 7.8.

**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).

**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.

**Attorney** has the meaning given in clause 11.4.

**Australian Basel III Rules** means the final form of prudential rules applied to entities regulated by APRA resulting from the Basel III Consultation Papers.

**Bank Bill Rate** has the meaning given in clause 2.1.

**Basel III Consultation Papers** means the document entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" released by the Basel Committee on Banking Supervision on 16 December 2010 and revised in June 2011 and any related releases, papers, proposals (including, without limitation, the release of 13 January 2011) and any related prudential standards or guidelines of the Basel Committee on Banking Supervision or APRA as applicable to general insurers and their authorised non-operating holding companies (including, without limitation, APRA's Response to Submissions in relation to the Review of capital standards for general insurers and life insurers dated 9 December 2011 and APRA's Response to Submissions entitled "Review of capital standards for general insurers and life insurers" dated 31 May 2012 (and the draft prudential standards attached to that document)).

**Bookbuild** means the process conducted prior to the opening of the Offer whereby certain investors lodge bids for CPS2 and, on the basis of those bids, Suncorp and the joint lead managers to the Offer determine the Margin.

**Business Day** means a business day as defined in the ASX Listing Rules.

**CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**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 CPS2, subject to amendment in accordance with clause 15.1(d), the taking effect of the rights specified in clause 7 in relation to that CPS2, and **Convert**, **Converted** and **Converting** have corresponding meanings.

**Conversion Number** has the meaning given in clause 7.1.

**Conversion Test Date Percentage** has the meaning given in clause 3.3.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**CPS2** has the meaning given in clause 1.1.

**Cum Value** has the meaning given in clause 7.2.

**Defaulting Nominated Purchaser** has the meaning given in clause 9.6.

**Deferred Acquisition Conversion Notice** has the meaning given in clause 6.5.

**Deferred Conversion Date** has the meaning given in clause 5.6.

**Deferred Conversion Notice** has the meaning given in clause 5.6.

**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.

**Dividend** has the meaning given in clause 2.

**Dividend Payment Date** has the meaning given in clause 2.5.

**Dividend Period** means in respect of:



- (a) the first Dividend Period, the period from (and including) the Issue Date until (but not including) the first Dividend Payment Date after the Issue Date; and
- (b) each subsequent Dividend Period, the period from (and including) the preceding Dividend Payment Date until (but not including) the next Dividend Payment Date.

**Dividend Rate** has the meaning given in clause 2.1.

**Eligible Capital** means the “Level 3 Group Eligible Capital” as defined in Suncorp’s authority to be a non-operating holding company of a general insurer dated 30 November 2010 (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:

- (a) in respect of Dividends, any preference share or other instrument issued by Suncorp which ranks equally with CPS2 in respect of payment of dividends; and
- (b) in respect of winding-up, any preference share or other instrument issued by Suncorp which ranks equally with CPS2 for a return of capital in the winding-up of Suncorp.

**Exchange** means:

- (a) Conversion in accordance with and subject to clause 7;
- (b) Redemption in accordance with and subject to clause 8; or
- (c) Resale in accordance with clause 9,

and **Exchanged** has a corresponding meaning.

**Exchange Date** has the meaning given in clause 5.2(b).

**Exchange Method** has the meaning given in clause 5.3.

**Exchange Notice** has the meaning given in clause 5.1.

**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, sections 1471 through 1474 of the United States Internal Revenue Code (including any

regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

**First Mandatory Conversion Condition** has the meaning given in clause 3.3.

**First Optional Conversion Restriction** has the meaning given in clause 5.5.

**First Test Date** has the meaning given in clause 3.3.

**First Test Date Percentage** has the meaning given in clause 3.3.

**Fixed Conversion Number** has the meaning in clause 7.12(b).

**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 Dividend 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 CPS2.

**Inability Event** means Suncorp is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of Suncorp) or any other reason from Converting the CPS2.

**Issue Date** means the date on which the issue and allotment of CPS2 to successful applicants is completed, in accordance with these Terms.

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which CPS2 were issued, as adjusted in accordance with clauses 7.4 to 7.7 (inclusive).

**Issue Price** has the meaning given in clause 1.2.

**Liquidation Sum** has the meaning given in clause 10.2 (as it may be affected by clause 7.12).

**Mandatory Conversion** means the mandatory conversion of CPS2 to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 3.

**Mandatory Conversion Conditions** has the meaning given in clause 3.3.

**Mandatory Conversion Date** has the meaning given in clause 3.2.

**Margin** has the meaning given in clause 2.1.

**Maximum Conversion Number** has the meaning given in clause 7.1.

**Nominated Purchasers** means, subject to clause 9.3, one or more third parties selected by Suncorp in its absolute discretion.

**Non-Conversion Notice** has the meaning given in clause 3.4.

**Non-Conversion Test Date** has the meaning given in clause 5.5.

**Non-Viability Conversion** means the Conversion of CPS2 to Ordinary Shares on the Non-Viability Conversion Date in accordance with clause 4.2.

**Non-Viability Conversion Date** has the meaning given in clause 4.2.

**Non-Viability Trigger Event** has the meaning given in clause 4.1.

**Non-Viability Trigger Event Notice** has the meaning given in clause 4.2.

**Offer** means the invitation under the Prospectus made by Suncorp for persons to subscribe for CPS2.

**Optional Conversion Restrictions** has the meaning given in clause 5.5.

**Optional Exchange Date** means 17 December 2017.

**Ordinary Share** means a fully paid ordinary share in the capital of Suncorp.

**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.

**Prospectus** means the prospectus for the Offer including these Terms.

**Record Date** means, for a Dividend:

(a) other than a Dividend payable in respect of Reinvestment CPS2 on the Reinvestment Date, the date which is seven calendar days before the Dividend Payment Date for that Dividend (or, in the case of the first Dividend Payment Date, if the Issue Date is less than seven calendar days before the first Dividend Payment Date, the Issue Date);

~~(a)~~(b) payable in respect of Reinvestment CPS2 on the Reinvestment Date, the date falling prior to the Reinvestment Date which is determined by the Directors to be the Record Date for that Dividend; or

~~(b)~~(c) such other date as may be required by ASX.

**Redeem** means, in relation to a CPS2, subject to amendment in accordance with clause 15.1(d), redeem, buy back (other than an on-marked buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS2 in accordance with clause 8 and **Redeemed** and **Redemption** have corresponding meanings.

**Redemption Price** has the meaning given in clause 8.2.

**Register** means the register of CPS2 maintained by or on behalf of Suncorp and including any subregister established and maintained in CHESS.

**Registrar** means Link Market Services Limited or any other person appointed by Suncorp to maintain the Register and perform any payment and other duties as specified in that agreement.

**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 prospective change) in any law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations (including, without limitation, any such action arising as a result of the Basel III Consultation Papers which apply to Suncorp or any other member of the Group) which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on Suncorp in relation to or in connection with CPS2 which the Directors determine, in their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors that Suncorp is not or will not be entitled to treat some or all CPS2 as Residual Tier 1 Capital (including, without limitation, as a result of the Australian Basel III Rules which apply to Suncorp or any other member of the Group), except where the reason Suncorp is not or will not be entitled to treat some or all CPS2 as Residual Tier 1 Capital is because of a limit or other restriction on the recognition of Residual Tier 1 Capital which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect (including without limitation a limit which applies in the event that the Shareholder Approval is not obtained or a limit or other restriction arising on or from a given date under the Basel III Consultation Papers which is known to Suncorp as at the Issue Date).

**Reinvestment CPS2** means the CPS2 of a Holder that Suncorp has elected to Redeem in accordance with the Reinvestment Offer.

**Reinvestment Date** means the date of issue of the Reinvestment Securities as described in the Reinvestment Prospectus.

**Reinvestment Offer** means the offer by Suncorp of Reinvestment Securities as described in the Reinvestment Prospectus.

**Reinvestment Prospectus** means the prospectus lodged by Suncorp with ASIC on or about 23 October 2017, including any replacement prospectus for the offer of securities, and may include application forms accompanying that prospectus.

**Reinvestment Securities** means those securities to be issued by Suncorp on the terms and conditions set out in the Reinvestment Prospectus, to the extent Holders have applied to participate in the Reinvestment Offer and Suncorp has accepted their application.

**Related Entity** has the meaning given in the Corporations Act.

**Relevant Date** has the meaning given in clause 3.2.

**Relevant Dividend Payment Date** has the meaning given in clause 2.8.

**Relevant Fraction** has the meaning given in clause 7.1.

**Relevant Tier 1 Capital Instruments** means Tier 1 Capital instruments (including CPS2) that, in accordance with their terms or by operation of law, are

capable of being converted or written off where APRA makes a determination under clause 4.1.

**Reorganisation** means, in relation to Suncorp, a division, consolidation or reclassification of Suncorp's share capital not involving any cash payment or other distribution to or by holders of Ordinary Shares.

**Resale** means, in relation to a CPS2, subject to amendment in accordance with clause 15.1(d), the taking effect of the rights specified in clause 9 in relation to that CPS2, and **Resold** and **Resell** have corresponding meanings.

**Resale Price** means, for a CPS2, a cash amount equal to its Issue Price.

**Residual Tier 1 Capital** means the residual tier 1 capital of the Group as defined by APRA from time to time (and includes a reference to "Additional Tier 1 Capital" as described in the Basel III Consultation Papers).

**Scheduled Mandatory Conversion Date** has the meaning given in clause 3.2.

**Second Mandatory Conversion Condition** has the meaning given in clause 3.3.

**Second Optional Conversion Restriction** has the meaning given in clause 5.5.

**Second Test Period** has the meaning given in clause 3.3.

**Shareholder Approval** means the approval to permit clause 7.12(b)(i) by a special resolution of the members of Suncorp entitled to vote on that resolution.

**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.

**Subsequent Mandatory Conversion Date** has the meaning given in clause 3.2.

**Subsidiary** has the meaning given in the Corporations Act.

**Suncorp Shares** means Ordinary Shares or any other shares in the capital of Suncorp.

**Suncorp** means Suncorp Group Limited (ABN 66 145 290 124).

**Suncorp Details Notice** has the meaning given in clause 16.5.

**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 announced prospective change), 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) (**Administrative Action**); or
- (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,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change 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 Dividend 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 CPS2.

**Terms** means these terms of issue of CPS2.

**Third Mandatory Conversion Condition** has the meaning given in clause 3.3.

**Tier 1 Capital** means the tier 1 capital of the Group as defined by APRA from time to time.

**Written Off** has the meaning given in clause 7.12 and **Write Off** has a corresponding meaning.

**VWAP** means, subject to any adjustments under clause 7, 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; 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 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Conversion Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Terms.