

27 March 2017

Suncorp launches Capital Notes Offer

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

The Capital Notes are issued by Suncorp under a Trust Deed. Distributions are floating rate, discretionary, non-cumulative, expected to be fully franked and scheduled to be paid quarterly. Suncorp has the option to Exchange the Capital Notes on 17 June 2022 or following certain other events, subject to APRA's prior written approval and certain other conditions. If still outstanding, Capital Notes will mandatorily Convert into Ordinary Shares of Suncorp on 17 June 2024 (subject to certain conditions being satisfied).

Suncorp is issuing Capital Notes to raise Eligible Additional Tier 1 Capital, the proceeds of which it expects to use to fund the capital needs of one or more regulated entities within the Suncorp Group.

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

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

The Prospectus is available to Australian investors at www.suncorpgroup.com.au/sunpf or by telephoning the Suncorp Capital Notes Offer Information Line on 1300 882 012 (within Australia) and +61 1300 882 012 (outside Australia) between 8:00am and 7:30pm Monday to Friday (Sydney time). A replacement Prospectus, containing the Margin and an application form, is expected to be made available on 4 April 2017.

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

Suncorp Securityholders wishing to invest in Capital Notes should complete the application form (either electronic or paper) included in or accompanying the replacement Prospectus.

UBS has been appointed as Arranger and Joint Lead Manager.

Morgans and National Australia Bank have also been appointed as Joint Lead Managers.

Ends

For more information contact:

Securityholders	Suncorp Capital Notes 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: www.suncorpgroup.com.au/sunpf
Media	Nadia Farha	0408 535 993
Analysts/Investors	Susan Troy	0427 169 812

Further information about the Offer

The Offer comprises:

- an Institutional Offer to certain Institutional Investors;
- a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers; and
- a Securityholder Offer made to Eligible Securityholders¹.

Key features of Capital Notes

Capital Notes are fully paid, perpetual, unsecured, subordinated notes to be issued by Suncorp;

Holders of Capital Notes will receive floating rate, discretionary, non-cumulative Distributions, which are scheduled to be paid quarterly (subject to no Payment Condition existing). Distributions are expected to be fully franked;

The Distribution Rate will be calculated on a quarterly basis as the sum of the 3-month Bank Bill Rate plus the Margin, multiplied by $(1 - \text{the corporate tax rate}^2)$;

The Margin will be determined following the Bookbuild and is expected to be in the range of 4.10%–4.30%;

Capital Notes will be Converted into a variable number of Suncorp Ordinary Shares on 17 June 2024 (subject to certain conditions being satisfied), unless they are Exchanged earlier;

Suncorp has the option to Exchange Capital Notes on 17 June 2022 or following a Tax Event, a Regulatory Event or a Potential Acquisition Event, subject to APRA's prior written approval and certain other conditions. Investors should not assume APRA's approval will be given if requested;

Suncorp must Convert all Capital Notes if an Acquisition Event occurs (subject to certain conditions being satisfied);

When a Non-Viability Trigger Event occurs, Capital Notes must be Converted into Ordinary Shares or, if Conversion does not occur for any reason within 5 Business Days, Capital Notes will be Written-Off, in which case Holders are likely to suffer a material loss; and

The minimum investment in Capital Notes is \$5,000 (50 Capital Notes).

¹ An Eligible Securityholder of Suncorp is a registered holder of Suncorp Ordinary Shares, SML Floating Rate Notes, SGL Subordinated Notes, CPS2 or CPS3 at 7:00pm (Sydney time) on 23 March 2017; shown on the applicable register as having an address in Australia; and is not in the United States, or acting for the account or benefit of a person in the United States.

² Currently 30%.

Indicative timetable

Key dates for the Offer	Date
Record date for determining Eligible Securityholders	23 March 2017
Lodgement of the Prospectus with ASIC	27 March 2017
Bookbuild to determine the Margin	3 April 2017
Announcement of the Margin	3 April 2017
Lodgement of the replacement Prospectus with ASIC	4 April 2017
Opening Date	4 April 2017
Closing Date for the Securityholder Offer (5:00pm, Sydney time)	28 April 2017
Closing Date for the Broker Firm Offer (10:00am, Sydney time)	4 May 2017
Issue Date	5 May 2017
Capital Notes commence trading on ASX (deferred settlement basis)	8 May 2017
Holding Statements despatched by	10 May 2017
Capital Notes commence trading on ASX (normal settlement basis)	11 May 2017
Key dates for Capital Notes	Date
First quarterly Distribution Payment Date	18 September 2017
Optional Exchange Date	17 June 2022
Scheduled Mandatory Conversion Date	17 June 2024

Dates may change

These dates are indicative only and may change without notice.

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

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

Definitions

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

Disclaimer

This announcement does not constitute an offer of any securities (including the Capital Notes) for sale or issue. No action has been taken to register or qualify Capital Notes or the Offer or to otherwise permit a public offering of Capital Notes outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Capital Notes 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. The Capital Notes are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act.