



**BUILDING FUTURES AND  
PROTECTING WHAT MATTERS**

**Suncorp Group Limited  
Capital Notes 4 Prospectus**

Prospectus for the issue of Capital Notes 4 to raise \$350 million  
with the ability to raise more or less

**Issuer**

Suncorp Group Limited  
ABN 66 145 290 124

**Arranger**

Barrenjoey Capital Partners

**Co-Managers**

Crestone Wealth Management  
JBWere

**Joint Lead Managers**

ANZ Securities  
Commonwealth Bank of Australia  
Morgans  
National Australia Bank  
UBS  
Westpac Institutional Bank

**SUNCORP** 

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## Important notices

### About this Prospectus

This Prospectus relates to the offer by Suncorp Group Limited (ABN 66 145 290 124) (**Suncorp**) of Capital Notes 4 to raise \$350 million with the ability to raise more or less (the **Offer**).

This Prospectus is dated and was lodged with the Australian Securities and Investments Commission (**ASIC**) on 30 August 2021 pursuant to section 713(1) of the Corporations Act (as modified by ASIC Corporations (Offers of Convertibles) Instruments 2016/83). This Prospectus expires on the date which is 13 months after 30 August 2021 (**Expiry Date**) and no Capital Notes 4 will be issued on the basis of this Prospectus after the Expiry Date.

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

### Defined words and expressions

Certain capitalised words and expressions used in this Prospectus have defined meanings which are explained in the Glossary in Appendix B of this Prospectus and in the Capital Notes 4 Terms as set out in Appendix A. If there is any inconsistency in definitions between Appendix A and Appendix B, the definitions in Appendix A prevail.

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

### Offer and issuer

The Offer contained in this Prospectus is an offering by Suncorp of Capital Notes 4 at \$100 per Capital Note 4 to raise \$350 million with the ability to raise more or less.

Capital Notes 4 are issued by Suncorp, an ASX-listed company incorporated in Australia. Suncorp is the ultimate parent company of a group of insurance and banking businesses. References in this Prospectus to Suncorp are to the holding company on a standalone basis and references to the Suncorp Group are to Suncorp and its subsidiaries on a consolidated basis.

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

Capital Notes 4 are unsecured notes for the purposes of section 283BH of the Corporations Act.

Capital Notes 4 are issued by Suncorp under the Trust Deed and Holders have

no direct right to claim against Suncorp except as provided in the Trust Deed (which includes the Terms).

**Capital Notes 4 are not deposit or policy liabilities of Suncorp, or any other member of the Suncorp Group, are not protected accounts or policies and are not guaranteed.**

Capital Notes 4 are not:

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

The investment performance of Capital Notes 4 is not guaranteed by Suncorp or any other member of the Suncorp Group. The risks associated with investing in these securities could result in the loss of your investment. Information about the risks associated with investing in Capital Notes 4 is detailed in Section 5.

### Exposure Period

The Corporations Act prohibits Suncorp from processing Applications to subscribe for Capital Notes 4 under this Prospectus in the seven day period after the date of lodgement of this Prospectus (**Exposure Period**). This period may be extended by ASIC up to an additional seven days. This period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Application Forms will not be available during the Exposure Period.

### How to obtain a Prospectus and Application Form

This Prospectus can be obtained electronically from [www.suncorpgroup.com.au/sunpi](http://www.suncorpgroup.com.au/sunpi). Suncorp will not be providing paper copies of this Prospectus.

The following conditions apply to your access to this Prospectus:

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

Applications for Capital Notes 4 under this Prospectus may only be made during the Offer Period, pursuant to an Application Form that is attached to, or accompanying this Prospectus.

Applications for Capital Notes 4 pursuant to the Securityholder Offer, Application Payments can only be made by BPAY®. You must contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

#### **Providing personal information**

You will be asked to provide personal information to Suncorp via its agent Registry if you apply for Capital Notes 4. See Section 8.12 for details of how your personal information is handled.

#### **Restrictions on distribution**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify Capital Notes 4 or the Offer or to otherwise permit a public offering of Capital Notes 4 outside Australia.

This Prospectus may not be distributed or released, in whole or in part, in the United States. Neither Capital Notes 4 nor Ordinary Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. Capital Notes 4 are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the U.S. Securities Act.

See Section 6.7.1 for more information.

#### **Past financial performance information**

Historical financial information in this Prospectus is for information purposes only and is not a forecast of future performance. Past performance or trends should not be relied on as being indicative of future performance or trends.

#### **Financial information and forward-looking statements**

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

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

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

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

#### **No representations other than in this Prospectus**

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

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

#### **No personal investment advice**

The information provided in this Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read this Prospectus in full before deciding to invest in Capital Notes 4 and consider the risks that could affect the performance of Capital Notes 4.

If you wish to apply for Capital Notes 4, it is recommended that you seek professional guidance which takes into account your particular investment objectives, financial situation and needs from a professional adviser who is licensed by ASIC to give such advice.

#### **No cooling-off rights**

Investors should note that no cooling-off rights (whether by law or otherwise) apply to an Application for Capital Notes 4. This means, that in most circumstances, you cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

#### **ASX quotation**

Suncorp will apply for Capital Notes 4 to be quoted on ASX. Capital Notes 4 are expected to trade under ASX code 'SUNPI'.

#### **Website**

The Suncorp Group maintains a website at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au). Information contained in, or otherwise accessible through this or a related website is not part of this Prospectus.

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

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

Capital Notes 4 are complex and involve more risks than a simple debt or ordinary equity security. Capital Notes 4 are not suitable for all investors and contain features which may make the Terms difficult to understand. Suncorp strongly recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision.

#### **Diagrams**

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

#### **Enquiries**

If you are considering applying for Capital Notes 4 under the Offer, this document is important and should be read in its entirety.

If you have any questions in relation to the Offer, please telephone the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).

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# Guidance for investors

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- 1. Read this Prospectus in full**
- If you are considering applying for Capital Notes 4 under the Offer, this Prospectus is important and should be read in its entirety.
  - You should have particular regard to the:
    - 'Important notices' at the front of this Prospectus;
    - 'Investment overview' in Section 1 and 'About Capital Notes 4' in Section 2;
    - 'Investment risks' in Section 5; and
    - 'Capital Notes 4 Terms' in Appendix A.
  - In considering whether to apply for Capital Notes 4, it is important that you consider all risks and other information regarding an investment in Capital Notes 4 in light of your particular investment objectives and circumstances.
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- 2. Speak to your licensed adviser**
- Capital Notes 4 are complex and involve more risks than a simple debt or ordinary equity security. Capital Notes 4 are not suitable for all investors and contain features which may make the Terms difficult to understand.
  - Suncorp strongly recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision.
  - ASIC has published guidance on how to choose a licensed financial adviser on its MoneySmart website. You can read this guidance by searching for the term 'choosing a financial adviser' at [www.moneysmart.gov.au](http://www.moneysmart.gov.au).
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- 3. Consider ASIC guidance for retail investors**
- ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of Capital Notes 4. You can find this guidance by searching 'hybrid securities' at [www.moneysmart.gov.au](http://www.moneysmart.gov.au).
  - The guidance includes a series of questions you should ask before you invest in hybrid securities.
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- 4. Obtain more information about Suncorp and Capital Notes 4**
- Suncorp is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Suncorp must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about Suncorp that a reasonable person would expect to have a material effect on the price or value of its securities, including Capital Notes 4.
  - Copies of documents lodged with ASIC, which are publicly available, can be obtained from ASIC's website [www.asic.gov.au](http://www.asic.gov.au) (a fee may apply) and Suncorp's ASX announcements may be viewed at [www.asx.com.au](http://www.asx.com.au).
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- 5. Use of franking credits**
- The value and availability of franking credits to you will depend on your particular circumstances and the tax rules that apply to each Distribution.
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- 6. Enquiries**
- If you have any questions in relation to the Offer or an Application, please see [www.suncorpgroup.com.au/sunpi](http://www.suncorpgroup.com.au/sunpi) or telephone the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).
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## Key dates

<b>Key dates for the Offer</b>	<b>Date</b>
Record date for determining Eligible Securityholders	7.00pm (Sydney time) on 24 August 2021
Lodgement of this Prospectus with ASIC	30 August 2021
Bookbuild to determine the Margin	On or before 6 September 2021
Announcement of the Margin	On or before 6 September 2021
Lodgement of the replacement Prospectus with ASIC	7 September 2021
Opening Date for Broker Firm Offer and the Securityholder Offer	7 September 2021
Closing Date for the Broker Firm Offer	10:00am (Sydney time) on 20 September 2021
Closing Date for the Securityholder Offer	5.00pm (Sydney time) on 20 September 2021
Settlement Date	22 September 2021
Issue Date	23 September 2021
Capital Notes 4 commence trading on ASX (normal settlement basis)	24 September 2021
Date the Holding Statements are despatched	On or before 27 September 2021

<b>Key dates for Capital Notes 4</b>	<b>Date</b>
First quarterly Distribution Payment Date	17 December 2021
First Optional Exchange Date	17 June 2028 <sup>1</sup>
Second Optional Exchange Date	17 September 2028 <sup>2</sup>
Third Optional Exchange Date	15 December 2028 <sup>3</sup>
Scheduled Mandatory Conversion Date	17 December 2030

### Dates may change

These dates are indicative only and may change without notice.

Suncorp, the Arranger and the Joint Lead Managers may, at their discretion, agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before Capital Notes 4 are issued.

Application Payments can only be made by BPAY®. Cash payments and payments made by cheque will not be accepted for this Offer.

<sup>1</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028.

<sup>2</sup> Due to the Business Day convention, the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>3</sup> As 17 December 2028 is not a Business Day, this date has been brought forward to the preceding Business Day.

# 1. Investment overview

This Section provides a summary of the key features and risks of investing in Capital Notes 4. Detailed information about these matters is provided in this Prospectus and it is important that you read this Prospectus in full before deciding whether to apply for Capital Notes 4.

## 1.1 Key features of the Offer

Topic	Summary	Further information
What is the Offer?	<ul style="list-style-type: none"> <li>– The Offer is for the issue of Capital Notes 4 to raise approximately \$350 million with the ability to raise more or less.</li> <li>– The final size of the Offer will depend on the outcome of the Bookbuild and the volume of Applications received and accepted under the Securityholder Offer, with Suncorp reserving the right to scale back Applications or increase the final size of the Offer if there is excess demand.</li> </ul>	Section 6.1
Who is the issuer?	<ul style="list-style-type: none"> <li>– The issuer is Suncorp Group Limited.</li> </ul>	Section 3
What are Capital Notes 4?	<ul style="list-style-type: none"> <li>– Capital Notes 4 are: <ul style="list-style-type: none"> <li>– <b>fully paid</b>—at \$100 Issue Price per Capital Note 4;</li> <li>– <b>subordinated</b>—although Capital Notes 4 have priority over Ordinary Shares and rank equally with Equal Ranking Instruments, they are subordinated to the claims of Senior Ranking Creditors in a Winding-up of Suncorp;</li> <li>– <b>perpetual</b>—Capital Notes 4 do not have any fixed maturity date and you may not receive your capital back or receive any Ordinary Shares;</li> <li>– <b>Redeemable and Resalable</b>—in certain circumstances, Suncorp may Redeem Capital Notes 4 by paying an amount equal to their Issue Price or may require Holders to Resell their Capital Notes 4 to a third party in exchange for a cash amount equal to their Issue Price (but there are significant restrictions on Redemption or Resale of Capital Notes 4);</li> <li>– <b>convertible</b>—in certain circumstances, Capital Notes 4 will Convert into Ordinary Shares;</li> <li>– <b>unguaranteed and unsecured</b>—Capital Notes 4 are not guaranteed or secured, are not policy liabilities or deposit liabilities of Suncorp or any member of the Suncorp Group, and are not protected policies under the Insurance Act or protected accounts under the Banking Act;</li> <li>– <b>exposed to Non-Viability Trigger Events</b>—if APRA determines that a Non-Viability Trigger Event has occurred, Capital Notes 4 will be subject to Conversion into Ordinary Shares or Write-Off, which would likely result in Holders suffering a material loss; and</li> <li>– <b>quoted</b>—Suncorp will apply, within seven days after the date of this Prospectus, to ASX for Capital Notes 4 to be quoted on ASX and Capital Notes 4 are expected to trade under ASX code 'SUNPI'.</li> </ul> </li> <li>– The Terms are complex and include features to comply with the regulatory capital requirements which APRA applies to these types of securities and to qualify for rating agency equity credit. Suncorp's ability to pay a Distribution or to Exchange Capital Notes 4 are, in each case, subject to a number of restrictions, including, in the case of a payment of a Distribution, APRA not objecting to the Distribution payment and, in the case of an Optional Exchange, APRA giving its prior written approval to the Exchange. Holders should not assume that APRA's approval will be given, if requested.</li> </ul>	Section 2
What is the Issue Price?	<ul style="list-style-type: none"> <li>– \$100 per Capital Note 4. This is the price you need to pay to apply for each Capital Note 4 under this Prospectus.</li> </ul>	

Topic	Summary	Further information
Why is Suncorp issuing Capital Notes 4?	<ul style="list-style-type: none"> <li>– Capital Notes 4 are being issued as part of Suncorp’s ongoing funding and capital management strategy. Suncorp is issuing Capital Notes 4 to raise Eligible Additional Tier 1 Capital, the proceeds of which it expects to use to fund the capital needs of one or more Regulated Entities within the Suncorp Group and for general corporate and funding purposes.</li> <li>– Suncorp currently has an option to convert, redeem or resell the Capital Notes 1 on 17 June 2022 and will consider converting, redeeming or reselling the Capital Notes 1 on that date, subject to various factors (including satisfactory completion of the Offer, market conditions closer to 17 June 2022 and any required regulatory approvals).</li> </ul>	Sections 2.6 and 4.5
What Distributions are payable?	<ul style="list-style-type: none"> <li>– Capital Notes 4 are scheduled to pay quarterly floating rate cash Distribution payments in arrears, as long as Capital Notes 4 remain on issue (subject to no Payment Condition existing).</li> <li>– The Distribution Rate is calculated in accordance with the following formula: <ul style="list-style-type: none"> <li>Distribution Rate = (<b>Bank Bill Rate + Margin</b>) x (1 – <b>Tax Rate</b>)</li> </ul> </li> <li>– where: <ul style="list-style-type: none"> <li>– <b>Bank Bill Rate</b> is the 3-month Bank Bill Rate (described in Section 2.1.3) on the first Business Day of the relevant Distribution Period;</li> <li>– <b>Margin</b> is expected to be in the range of 2.90% - 3.10%, to be determined under the Bookbuild. The Margin will not change for the term of Capital Notes 4. This range is indicative only and the Margin may be outside this range depending on the outcome of the Bookbuild; and</li> <li>– <b>Tax Rate</b> is the Australian corporate tax rate applicable to the franking account of Suncorp as at the relevant Distribution Payment Date. As at the date of this Prospectus, the Tax Rate is 30% (but that rate may change).</li> </ul> </li> <li>– Distributions are discretionary and subject to no Payment Condition existing. This means a Distribution may not be paid. Distributions that are not paid do not accrue and will not be subsequently paid.</li> </ul>	Section 2.1
Will Distributions be franked?	<ul style="list-style-type: none"> <li>– Distributions paid on Capital Notes 4 are expected to be fully franked.</li> <li>– If Distributions are fully franked, the cash amount received by Holders on each Distribution Payment Date is based on the Distribution Rate calculated using the formula above. If a Distribution is not fully franked, it will be adjusted to reflect the applicable Franking Rate.</li> <li>– The ability of Holders to use franking credits will depend on their individual tax position at the time of each Distribution. Holders should also be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution.</li> <li>– Holders should refer to the Australian taxation summary in Section 7 and each Holder should obtain professional advice in relation to their tax position.</li> <li>– The availability of franking credits is not guaranteed.</li> </ul>	Section 2.1.5

Topic	Summary	Further information
Will Distributions be paid?	<ul style="list-style-type: none"> <li>– Payments of Distributions are at the absolute discretion of Suncorp, which means Suncorp does not have to pay them. Distributions are only payable subject to no Payment Condition existing.</li> <li>– Distributions are non-cumulative which means that Holders will not have any claim or right to compensation if Suncorp does not pay a Distribution. Failure to pay a Distribution when scheduled will not constitute an event of default.</li> <li>– If a Distribution is not paid in full on a Distribution Payment Date, subject to certain exceptions, Suncorp cannot pay or declare or determine to pay any Ordinary Share Dividend, or undertake any Buy-Back or Capital Reduction, until and including the next Distribution Payment Date (unless the Distribution is paid in full within three Business Days of the Distribution Payment Date).</li> </ul>	Sections 2.1.7 and 2.1.8
Do Capital Notes 4 have a maturity date?	<ul style="list-style-type: none"> <li>– Capital Notes 4 do not have any fixed maturity date. While Capital Notes 4 are scheduled to Convert into Ordinary Shares on 17 December 2030, that Conversion is subject to conditions which may never be met. As a result, Capital Notes 4 could remain on issue indefinitely and Holders have no right to request or require an Exchange.</li> </ul>	Section 5.1.7
Will Capital Notes 4 be Redeemed?	<ul style="list-style-type: none"> <li>– As described in Section 2.3, if certain conditions are met (including APRA's prior written approval), Suncorp will have a right, but not an obligation, to Redeem Capital Notes 4: <ul style="list-style-type: none"> <li>– on an Optional Exchange Date, being 17 June 2028, 17 September 2028 or 15 December 2028;<sup>1</sup> or</li> <li>– on the occurrence of a Tax Event or Regulatory Event.</li> </ul> </li> </ul>	Section 2.3
Will Capital Notes 4 Convert into Ordinary Shares?	<ul style="list-style-type: none"> <li>– Subject to certain conditions being met, Capital Notes 4 may be Converted into Ordinary Shares in the following circumstances: <ul style="list-style-type: none"> <li>– Mandatory Conversion (see Section 2.2);</li> <li>– Optional Conversion on an Optional Exchange Date (being 17 June 2028, 17 September 2028 or 15 December 2028)<sup>2</sup> or following a Tax Event, a Regulatory Event or a Potential Acquisition Event (see Section 2.3);</li> <li>– Conversion following a Non-Viability Trigger Event (this Conversion is not subject to any conditions) (see Section 2.4); or</li> <li>– Conversion following an Acquisition Event (see Section 2.5).</li> </ul> </li> <li>– In each case, each Capital Note 4 will Convert into a number of Ordinary Shares worth approximately \$101 based on the Volume Weighted Average Price (<b>VWAP</b>) at the time of Conversion<sup>3</sup>, except in the case of Conversion following a Non-Viability Trigger Event where Holders are likely to receive a number of Ordinary Shares worth significantly less than \$100 per Capital Note 4.</li> </ul>	Sections 2.2 to 2.5
In which circumstances may Capital Notes 4 be Written-Off?	<ul style="list-style-type: none"> <li>– Where Suncorp is required to Convert some or all Capital Notes 4 to Ordinary Shares following a Non-Viability Trigger Event but Conversion does not occur, for any reason, within five Business Days of APRA's Non-Viability Determination, then those Capital Notes 4 will be Written-Off. If this occurs, all rights in relation to those Capital Notes 4 (including in respect of Distributions and return of capital) will be immediately and irrevocably terminated and Holders will lose all of the value of those Capital Notes 4 without compensation.</li> </ul>	Section 2.4
What is the regulatory treatment of Capital Notes 4?	<ul style="list-style-type: none"> <li>– APRA has advised that Capital Notes 4 are eligible for inclusion as Eligible Additional Tier 1 Capital.</li> </ul>	Section 2.6

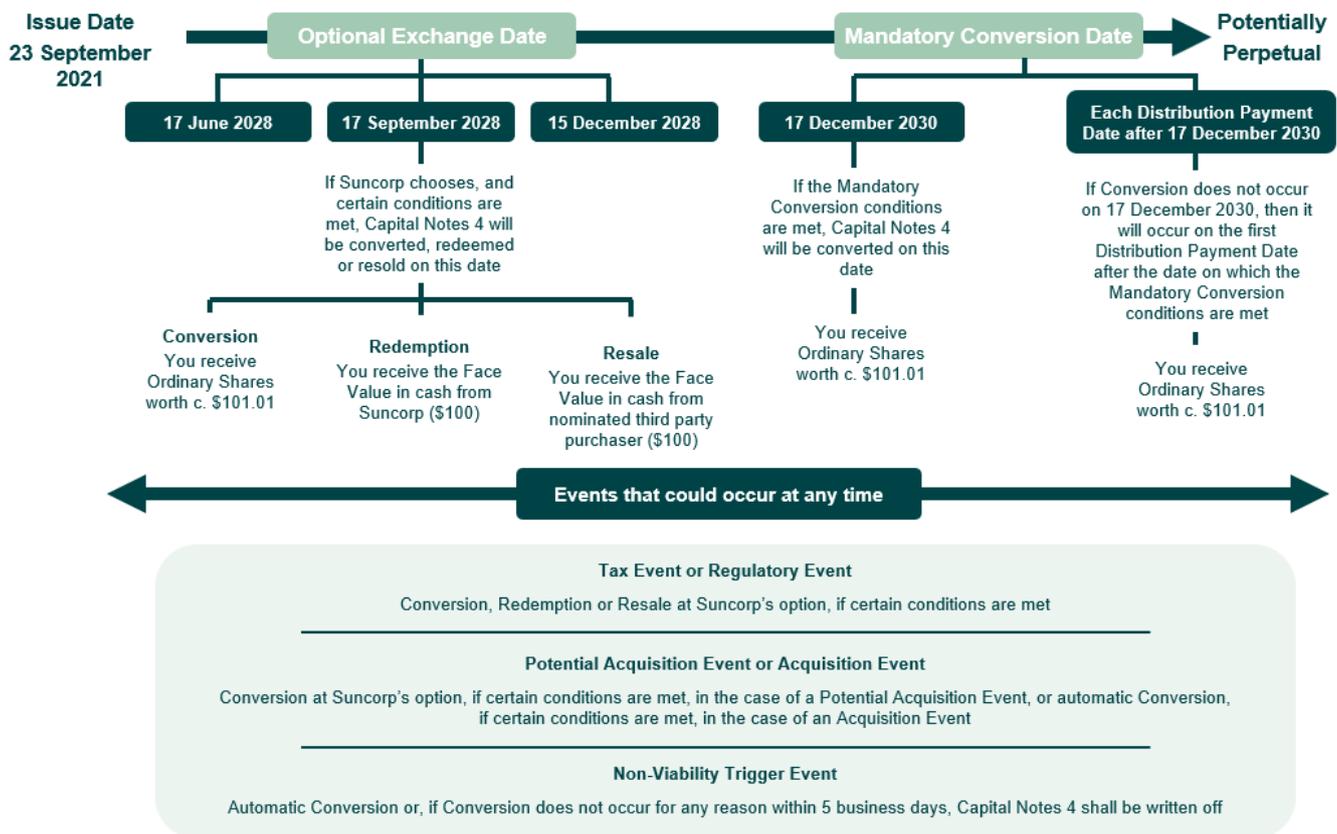
<sup>1</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>2</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>3</sup> The number of Ordinary Shares a Holder will receive on Conversion is calculated based on the VWAP during the VWAP Period. The share price on and after the date of Conversion may be higher or lower than this price.

## 1.2 Summary of events that may affect Capital Notes 4

The diagram below summarises certain events that may occur while Capital Notes 4 are on issue and what Holders may receive if those events occur. If none of these events occur, Capital Notes 4 could remain on issue indefinitely and the Issue Price will not be repaid.



The table below provides summary details about events that may affect what Holders may receive in relation to Capital Notes 4 under the Terms.

Event	When? <sup>1</sup>	Is APRA approval required? <sup>2</sup>	Do conditions apply?	What value will a Holder receive? <sup>3</sup>	In what form will that value be provided to a Holder?	Further information
Optional Redemption or Resale	On 17 June 2028, 17 September 2028 or 15 December 2028 <sup>4</sup> or following a Tax Event or Regulatory Event	Yes	Yes	\$100 per Capital Note 4	Cash	Section 2.3
Optional Conversion	On 17 June 2028, 17 September 2028 or 15 December 2028 <sup>5</sup> or following a Tax Event, Regulatory Event or Potential Acquisition Event	Yes	Yes	Approximately \$101 per Capital Note 4	Variable number of Ordinary Shares	Section 2.3
Mandatory Conversion on specified dates	On 17 December 2030	No	Yes	Approximately \$101 per Capital Note 4	Variable number of Ordinary Shares	Section 2.2
Conversion upon Acquisition Event	On the Acquisition Conversion Date	No	Yes	Approximately \$101 per Capital Note 4	Variable number of Ordinary Shares	Section 2.5
Conversion or Write-Off following a Non-Viability Trigger Event	Immediately on a Non-Viability Trigger Event occurring	No (although APRA will determine that a Non-Viability Trigger Event has occurred)	No	Between \$101 (and likely to be significantly less) and \$0 per Capital Note 4	Variable number (capped at the Maximum Conversion Number) of Ordinary Shares or, if Conversion does not occur Capital Notes 4 will be Written-Off <sup>6</sup>	Section 2.4

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

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

<sup>3</sup> In the case of Conversion, the value stated is the value a Holder will receive on Conversion based on the share price during a specified period prior to Conversion called the VWAP Period. The VWAP Period is usually a period of 20 Business Days on which trading in Ordinary Shares took place on ASX except in the case of a Non-Viability Trigger Event, where it is five Business Days, and in the case of an Acquisition Event or Potential Acquisition Event, where it may be less than 20 Business Days. The share price on and after the date of Conversion may be higher or lower than this price. Conversion as a result of a Non-Viability Trigger Event is not subject to any conditions and since the Conversion Number may not exceed the Maximum Conversion Number the value received is likely to be substantially less than \$101 per Capital Note 4.

<sup>4</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>5</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>6</sup> If a Capital Note 4 is Written-Off, all rights (including to Distributions) in respect of that Capital Note 4 are terminated and the Holder will not receive their capital back.

### 1.3 Ranking of Capital Notes 4 in a Winding-up of Suncorp

In a Winding-up of Suncorp, Capital Notes 4 rank ahead of Ordinary Shares, equally among themselves and other Equal Ranking Instruments (including Capital Notes 1, Capital Notes 2 and Capital Notes 3) and behind all Senior Ranking Creditors, as shown in the table below.

The ranking of Holders in a Winding-up will be adversely affected if a Non-Viability Trigger Event occurs. If, following a Non-Viability Trigger Event, Capital Notes 4 are Converted into Ordinary Shares, Holders will have a claim as holders of Ordinary Shares. If, following a Non-Viability Trigger Event, Capital Notes 4 are Written-Off, those Capital Notes 4 will never be Exchanged, all rights (including Distributions) in relation to those Capital Notes 4 will be terminated and Holders will not have their capital repaid.

The table below illustrates how Capital Notes 4 would rank upon a Winding-up of Suncorp if they are on issue at the time (and have not been required to be Converted). In the table, a higher ranking claim is one which will be paid out of Suncorp's available assets in a Winding-up before claims with a lower ranking. It may be that lower ranking securityholders, including Holders, will be paid only part or none of the amounts owing to them (in the case of Holders, the claim for the Issue Price), as there may be insufficient assets remaining to make such payments after higher ranking claims have been paid.

	Type	Illustrative examples
Higher ranking  Lower ranking	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors
	Unsubordinated and unsecured debt	Bonds and notes, trade and general creditors
	Subordinated and unsecured debt	Suncorp Wholesale Subordinated Notes, Suncorp Wholesale Subordinated Notes 2 and other subordinated and unsecured debt obligations
	Perpetual and subordinated instruments	Capital Notes 4, Capital Notes 3, Capital Notes 2, Capital Notes 1 and any other securities expressed to rank equally with Capital Notes 4
	Ordinary equity	Ordinary Shares

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

## 1.4 Comparison between Capital Notes 4 and other types of investments

Capital Notes 4 are different from other types of investments such as term deposits and ordinary shares. The table below compares the key features of Capital Notes 4 to some other types of investments in the Suncorp Group. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding whether to apply for Capital Notes 4. Suncorp strongly recommends that you seek professional advice from a licensed adviser, which takes into account your particular investment objectives and circumstances.

Feature	Standard term deposit	Suncorp Capital Notes 1, Capital Notes 2 and Capital Notes 3	Suncorp Capital Notes 4	Suncorp Ordinary Shares
ASX code	Not applicable	CN1: SUNPF CN2: SUNPG CN3: SUNPH	Expected to be SUNPI	SUN
Issuer	Suncorp-Metway Limited	Suncorp Group Limited	Suncorp Group Limited	Suncorp Group Limited
Legal form	Bank deposit	Unsecured, subordinated debt	Unsecured, subordinated debt	Ordinary share
Maturity	One month to five years	Perpetual	Perpetual	Perpetual
Ranking in winding-up	Senior to general unsecured creditors of Suncorp-Metway Limited <sup>1</sup>	Equally with Capital Notes 4	Equally with Capital Notes 1, Capital Notes 2 and Capital Notes 3 <sup>2</sup>	Junior to all creditors, including Capital Notes 4
Protected under the Financial Claims Scheme	Yes <sup>3</sup>	No	No	No
Transferable on market	Term deposits are not listed	Yes	Yes	Yes
Distribution rate	Interest rate is fixed (varies across different amounts, terms and interest payment arrangements)	CN1: Floating (Bank Bill Rate + 4.10% per annum) CN2: Floating (BBSW + 3.65% per annum) CN3: Floating (Bank Bill Rate + 3.00% per annum)	Floating (Bank Bill Rate + fixed Margin expected to be in the range of 2.90% - 3.10% per annum to be determined under the Bookbuild) <sup>4</sup>	Variable dividends
Distribution frequency	Monthly, quarterly, semi-annually, annually or on maturity depending on the term	Quarterly	Quarterly	Semi-annually
Distribution discretionary	No	Yes	Yes	Yes
Distribution cumulative	Interest payments cannot be waived or deferred	Non-cumulative	Non-cumulative	Non-cumulative
Restriction on ordinary share dividends if distribution not paid	No	Yes, until the next distribution payment date	Yes, until the next Distribution Payment Date	n/a
Franking	Interest payments are not franked	Expected to be fully franked	Expected to be fully franked	Expected to be fully franked

Feature	Standard term deposit	Suncorp Capital Notes 1, Capital Notes 2 and Capital Notes 3	Suncorp Capital Notes 4	Suncorp Ordinary Shares
Non-viability conversion or write-off	No	Yes	Yes <sup>5</sup>	No
Issuer's optional redemption <sup>6</sup>	No	Yes	Yes	No
Issuer's optional resale <sup>6</sup>	No	Yes	Yes	No
Issuer's optional conversion <sup>6</sup>	No	Yes	Yes	n/a
Scheduled mandatory conversion	No	Yes	Yes	n/a
Mandatory conversion on acquisition event	No	Yes	Yes	n/a
Treated as regulatory capital	No	Yes, Eligible Additional Tier 1 Capital	Yes, Eligible Additional Tier 1 Capital	Yes, CET1 Capital

Notes:

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

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

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

4 This range is indicative only and the Margin may be outside this range depending on the outcome of the Bookbuild.

5 If Capital Notes 4 are not Converted when required, those Capital Notes 4 are Written-Off and all obligations are terminated. In this scenario, Holders will likely be worse off than holders of Ordinary Shares as described in Sections 2.4.9 and 5.1.9.

6 Optional Redemption, Resale and Conversion are on specified dates and following a Tax Event or Regulatory Event. Optional Conversion may also occur after a Potential Acquisition Event.

## 1.5 Key risks associated with Capital Notes 4

Before applying for Capital Notes 4, you should consider whether Capital Notes 4 are a suitable investment for you. There are risks associated with an investment in Capital Notes 4 and in Suncorp, many of which are outside the control of Suncorp and its Directors. These risks include those described in this Section 1.5 and more fully in Section 5, and other matters referred to in this Prospectus.

Topic	Summary	Further information
Not deposit or policy liability	<ul style="list-style-type: none"> <li>Capital Notes 4 are not deposit or policy liabilities of Suncorp or any member of the Suncorp Group, are not protected accounts under the Banking Act or protected policies under the Insurance Act, and are not guaranteed by any government or other person.</li> </ul>	Section 5.1.1
Market price of Capital Notes 4	<ul style="list-style-type: none"> <li>The price at which Holders are able to sell Capital Notes 4 on ASX is uncertain. The market price might be below the Issue Price of \$100 per Capital Note 4.</li> <li>Circumstances in which the price of Capital Notes 4 may decline include general financial market conditions, the availability of better rates of return on other securities and investor perception of Suncorp's financial performance or position.</li> <li>Unlike Ordinary Shares, Capital Notes 4 do not provide a material exposure to growth in the Suncorp Group's business.</li> </ul>	Section 5.1.2
Liquidity	<ul style="list-style-type: none"> <li>There may be no liquid market for Capital Notes 4.</li> <li>Holders who wish to sell their Capital Notes 4 may be unable to do so at a price acceptable to them, or at all.</li> </ul>	Section 5.1.3
Fluctuation in Ordinary Share price	<ul style="list-style-type: none"> <li>The market price of Ordinary Shares may fluctuate due to various factors, including Australian and worldwide economic conditions, investor perceptions and Suncorp's financial performance and position. In addition, the market price may be affected by the actual or prospective Conversion of Capital Notes 4.</li> <li>As a result, Holders receiving Ordinary Shares upon Conversion may not be able to sell those Ordinary Shares at the price on which the Conversion calculation was based, or at all.</li> </ul>	Section 5.1.4
Distributions may not be paid	<ul style="list-style-type: none"> <li>There is a risk that Distributions may not be paid as they are discretionary and will not be paid if a Payment Condition exists. Payment Conditions include APRA objecting to the payment, Suncorp becoming insolvent as a result of the payment or the Suncorp Group not complying with APRA's prudential capital requirements as a result of the payment.</li> <li>Distributions are non-cumulative. Accordingly, in the event that Suncorp does not pay a scheduled Distribution, a Holder has no entitlement to that Distribution.</li> <li>Non-payment of a Distribution is not an event of default.</li> </ul>	Section 5.1.5
Changes in Distributions	<ul style="list-style-type: none"> <li>The Distribution Rate will fluctuate over time (it may increase and/or decrease) as a result of movements in the Bank Bill Rate.</li> <li>There is a risk that the Distribution Rate may become less attractive when compared with the rates of return available on comparable securities or financial products.</li> <li>The amount of cash Distributions will fluctuate with any change in the rate of franking of Distributions.</li> </ul>	Sections 5.1.6 and 5.1.16
It is not certain whether and when Capital Notes 4 may be Exchanged	<ul style="list-style-type: none"> <li>There are a number of scenarios in which Capital Notes 4 may be Exchanged. It is uncertain whether and when Exchange may occur. The timing of any Exchange may not suit Holders.</li> <li>Capital Notes 4 may not be Exchanged at all, in which case they may remain on issue indefinitely and you may not receive your capital back or receive any Ordinary Shares.</li> </ul>	Sections 5.1.7 to 5.1.11

<b>Topic</b>	<b>Summary</b>	<b>Further information</b>
No right for Holders to request Exchange	<ul style="list-style-type: none"> <li>– Holders have no right to request that their Capital Notes 4 be Exchanged. To realise their investment, unless their Capital Notes 4 are Exchanged, Holders would need to sell their Capital Notes 4 on ASX at the prevailing market price. That price may be less than the Issue Price and there may be no liquid market in Capital Notes 4.</li> </ul>	Section 5.1.8
Conversion or Write-Off following a Non-Viability Trigger Event	<ul style="list-style-type: none"> <li>– If Conversion occurs following a Non-Viability Trigger Event, the Holder may receive Ordinary Shares worth significantly less than \$101 per Capital Note 4.</li> <li>– In cases where Conversion does not occur for any reason (including an Inability Event) within five Business Days after the Trigger Event Date, those Capital Notes 4 which are required to be Converted will be Written-Off.</li> <li>– If Capital Notes 4 are Written-Off, all rights in relation to those Capital Notes 4 (including Distributions) will be terminated and Holders will not receive their capital back or receive compensation in relation to those Capital Notes 4.</li> </ul>	Section 5.1.9
Restrictions on rights and ranking in a Winding-up of Suncorp	<ul style="list-style-type: none"> <li>– In a Winding-up of Suncorp, Capital Notes 4 rank for payment ahead of Ordinary Shares, equally with Equal Ranking Instruments (which include Capital Notes 1, Capital Notes 2 and Capital Notes 3) but behind all Senior Ranking Creditors.</li> <li>– If there is a shortfall of funds on a Winding-up of Suncorp to pay all amounts ranking senior to and equally with Capital Notes 4, Holders will lose all or some of their investment.</li> <li>– If Capital Notes 4 have been Converted into Ordinary Shares prior to a Winding-up of Suncorp, the Ordinary Shares received on Conversion will rank equally with other Ordinary Shares. As such, a Holder's claim in a Winding-up of Suncorp will rank lower than it would have if Capital Notes 4 had not been Converted.</li> <li>– If Capital Notes 4 are Written-Off, those Capital Notes 4 will never be Exchanged and therefore Holders will not receive their capital back or receive compensation.</li> <li>– Suncorp is a NOHC and substantially all its assets are made up of shares in, or other claims on, Suncorp's subsidiaries. Accordingly, the claims of Holders against Suncorp will be limited to the value of Suncorp's residual claims to the net assets (if any) of the subsidiaries, after all liabilities of the relevant companies, including to depositors and policyholders, have been discharged or provided for.</li> </ul>	Section 5.1.13
Further issues or redemptions of securities by Suncorp	<ul style="list-style-type: none"> <li>– There is no limit on the amount of senior debt or other obligations or securities that may be incurred or issued by Suncorp at any time, which may affect a Holder's ability to be repaid on a Winding-up of Suncorp.</li> <li>– There is no restriction on Suncorp redeeming or otherwise repaying other securities it may have on issue from time to time, including other securities which rank equally with or junior to Capital Notes 4 (other than to the extent the Distribution Restriction applies), and an investment in Capital Notes 4 carries no right to be redeemed or otherwise repaid at the same time as Suncorp redeems or otherwise repays other securities.</li> </ul>	Section 5.1.14
Suncorp's financial performance and position	<ul style="list-style-type: none"> <li>– The market price of Capital Notes 4 (and the Ordinary Shares into which they can Convert) may be affected by the Suncorp Group's financial performance and position. For specific risks associated with an investment in Suncorp, see Section 5.2.</li> <li>– The Suncorp Group's financial performance and position may affect the credit ratings associated with Suncorp, which may impact the market price and liquidity of Capital Notes 4 (even though Capital Notes 4 themselves are not rated). Suncorp's credit rating may be revised, withdrawn or suspended by rating agencies at any time.</li> </ul>	Section 5.2

## 1.6 What is the Offer and how do I apply?

Topic	Summary	Further information
How is the Offer structured and who can apply?	<ul style="list-style-type: none"> <li>– The Offer comprises: <ul style="list-style-type: none"> <li>– an Institutional Offer to Institutional Investors;</li> <li>– a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers; and</li> <li>– a Securityholder Offer made to Eligible Securityholders.</li> </ul> </li> </ul>	Section 6
Is the Offer underwritten?	<ul style="list-style-type: none"> <li>– No.</li> </ul>	Section 8.8
When is the Offer Period?	<ul style="list-style-type: none"> <li>– The Bookbuild will be conducted on 6 September 2021.</li> <li>– The Broker Firm Offer and the Securityholder Offer open on 7 September 2021.</li> <li>– The Broker Firm Offer closes at 10:00am (Sydney time) on 20 September 2021.</li> <li>– The Securityholder Offer closes at 5:00pm (Sydney time) on 20 September 2021.</li> </ul>	Key dates and Section 6
Is there a minimum Application size?	<ul style="list-style-type: none"> <li>– Applications must be for a minimum of 50 Capital Notes 4 (\$5,000) and, after that, in multiples of 10 Capital Notes 4 (\$1,000).</li> </ul>	Sections 6.4.1
How can I apply?	<ul style="list-style-type: none"> <li>– Broker Firm Applicants must contact their Syndicate Broker.</li> <li>– Applications from Securityholder Applicants under the Securityholder Offer can be made by applying online at <b><a href="http://www.suncorpgroup.com.au/sunpi">www.suncorpgroup.com.au/sunpi</a></b>.</li> <li>– Application Payments can only be made by BPAY®. Cash payments and payments made by cheque will not be accepted for this Offer.</li> <li>– No cooling-off rights apply to an Application for Capital Notes 4. You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.</li> </ul>	Sections 5 and 6
How will Capital Notes 4 be allocated?	<ul style="list-style-type: none"> <li>– Allocations under the Institutional Offer and Broker Firm Offer to Syndicate Brokers will be determined by Suncorp in consultation with the Arranger and the Joint Lead Managers following completion of the Bookbuild.</li> <li>– Allocations to Syndicate Brokers will be determined by Suncorp in consultation with the Arranger and Joint Lead Managers following completion of the Bookbuild.</li> <li>– Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker. It is possible for Applications from Broker Firm Applicants to be scaled back by a Syndicate Broker. Suncorp takes no responsibility for any allocation, scale back or rejection that is decided by a Syndicate Broker.</li> <li>– The Allocation Policy is described in Section 6.6.</li> <li>– Suncorp (at its discretion and in consultation with the Arranger and the Joint Lead Managers) reserves the right to scale back Applications under the Securityholder Offer or increase the final size of the Offer if there is excess demand.</li> </ul>	Section 6.6
Is there brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> <li>– No brokerage, commission or stamp duty is payable on your Application.</li> <li>– You may have to pay brokerage but will not have to pay any stamp duty if you sell your Capital Notes 4 on ASX after Capital Notes 4 have been quoted on ASX.</li> </ul>	Section 6.5.3

Topic	Summary	Further information
What are the tax implications of investing in Capital Notes 4?	– A general description of the Australian taxation consequences of investing in Capital Notes 4 is set out in Section 7.	Section 7
Where can I find more information about the Offer?	<ul style="list-style-type: none"> <li data-bbox="443 342 1171 488">– If you have any questions in relation to the Offer, please see <a href="http://www.suncorpgroup.com.au/sunpi">www.suncorpgroup.com.au/sunpi</a> or telephone the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time).</li> <li data-bbox="443 495 1171 544">– If you are a Broker Firm Applicant, you should contact your Syndicate Broker.</li> </ul>	Section 6.8

## 2. About Capital Notes 4

This Section is intended to provide information about the key features of Capital Notes 4. Where indicated, more detailed information is provided in other Sections of this Prospectus.

## 2.1 Distribution payments

Capital Notes 4 are scheduled to pay quarterly Distributions, which are expected to be fully franked.

A Distribution will be paid only if Suncorp determines to pay it and if other conditions (summarised below) are met. The Distribution Rate is a floating rate (i.e. it will fluctuate) and is equal to the sum of a market reference rate (the Bank Bill Rate) plus a fixed Margin (as determined under the Bookbuild and which will not change for the term of Capital Notes 4), adjusted for Suncorp's Tax Rate.

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

Topic	Summary	Further information																					
2.1.1 What are Distributions?	<ul style="list-style-type: none"> <li>– Distributions are discretionary, non-cumulative, floating rate payments in Australian dollars and are scheduled to be paid quarterly in arrears on the Distribution Payment Dates, as long as Capital Notes 4 remain on issue.</li> <li>– Distributions are subject to no Payment Condition existing in respect of the relevant Distribution Payment Date.</li> <li>– Distributions are expected to be fully franked and, accordingly, Holders are expected to receive franking credits in respect of any Distribution. However, Holders should be aware that franking is not guaranteed.</li> <li>– Distributions are non-cumulative. If a Distribution or part of a Distribution is not paid on a Distribution Payment Date, Holders will have no claim or entitlement in respect of non-payment and no right to receive that Distribution at a later time. Failure to pay a Distribution when scheduled will not constitute an event of default.</li> </ul>	Clause 3 of the Terms																					
2.1.2 How will the Distribution Rate be calculated?	<ul style="list-style-type: none"> <li>– The Distribution Rate for each quarterly Distribution will be calculated using the following formula:  <math display="block">\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})</math> <ul style="list-style-type: none"> <li>– where: <ul style="list-style-type: none"> <li>– <b>Bank Bill Rate</b> is the 3-month Bank Bill Rate (described in Section 2.1.3) on the first Business Day of the relevant Distribution Period;</li> <li>– <b>Margin</b> is to be determined under the Bookbuild and will not change for the term of Capital Notes 4; and</li> <li>– <b>Tax Rate</b> is the Australian corporate tax rate applicable to the franking account of Suncorp at the relevant Distribution Payment Date. As at the date of this Prospectus, the Tax Rate is 30% (but that rate may change).</li> </ul> </li> </ul> </li> <li>– As an example, assuming the Bank Bill Rate for a Distribution Period is 0.0100% per annum, the Margin is 2.90% per annum and the Tax Rate is 30%, then the Distribution Rate for that Distribution Period would be calculated as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%;">Bank Bill Rate</td> <td style="width: 20%;">0.0100%</td> <td style="width: 30%;">per annum</td> </tr> <tr> <td>plus Margin</td> <td>2.90%</td> <td>per annum</td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Equivalent unfranked Distribution Rate</td> <td>2.9100%</td> <td>per annum</td> </tr> <tr> <td>Multiplied by (1 – Tax Rate)</td> <td>x 0.70</td> <td></td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Fully franked Distribution Rate</td> <td>2.0370%</td> <td>per annum</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>– It is possible for the Bank Bill Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. For example, if the Bank Bill Rate is -1.00% per annum, the Margin is 2.90% per annum and the Tax Rate is 30%, then the Distribution Rate will be 1.3300% per annum.</li> </ul>	Bank Bill Rate	0.0100%	per annum	plus Margin	2.90%	per annum	<hr/>			Equivalent unfranked Distribution Rate	2.9100%	per annum	Multiplied by (1 – Tax Rate)	x 0.70		<hr/>			Fully franked Distribution Rate	2.0370%	per annum	Clause 3.1 of the Terms
Bank Bill Rate	0.0100%	per annum																					
plus Margin	2.90%	per annum																					
<hr/>																							
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Multiplied by (1 – Tax Rate)	x 0.70																						
<hr/>																							
Fully franked Distribution Rate	2.0370%	per annum																					

Topic	Summary	Further information
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2.1.3 What is the Bank Bill Rate?

- Currently, the Bank Bill Rate is the primary short-term rate used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate.
- The Bank Bill Rate, in respect of a Distribution Period, will be the rate designated 'BBSW' in respect of prime bank eligible securities having a tenor of three months, which ASX (or its successor as administrator of that rate) publishes through information vendors on the first Business Day of the Distribution Period.
- The graph below illustrates the movement in the Bank Bill Rate over the past 20 years. The rate on 27 August 2021 was 0.0100% per annum.
- If Suncorp determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, Suncorp shall use as the Bank Bill Rate such Replacement Rate as it may determine and shall make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate. In making these determinations, Suncorp:
  - shall act in good faith and in a commercially reasonable manner;
  - may consult with such sources of market practice as it considers appropriate; and
  - may otherwise make such determination in its discretion.
- Holders should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards.
- Broadly, a Rate Disruption Event occurs when, in Suncorp's opinion, the Bank Bill Rate:
  - has been discontinued or otherwise ceased to be calculated or administered; or
  - is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Capital Notes 4.
- Broadly, Replacement Rate means a rate that is generally accepted in the Australian market as the successor to the Bank Bill Rate, or if Suncorp is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:
  - a reference rate that is, in Suncorp's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of Capital Notes 4; or
  - such other rate as Suncorp determines having regard to available comparable indices.

Clause 3.1 of the Terms

**Bank Bill Rate (3-month) since 2006**



- The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. The actual Bank Bill Rate for the first and any subsequent Distribution Periods may be higher or lower than the rates in the above graph and there is no guarantee that the Bank Bill Rate will be greater than zero throughout the life of Capital Notes 4. If the Bank Bill Rate is negative, the Distribution Rate will be reduced by taking account of the negative value of that rate in the calculation of the Distribution Rate, as set out in Section 2.1.2 (but there is no obligation on Holders to pay Suncorp if the Distribution Rate were to become negative).

Topic	Summary	Further information													
2.1.4 How will the Distribution be calculated for each Distribution Period?	<ul style="list-style-type: none"> <li>– Distributions scheduled to be paid on each Distribution Payment Date will be calculated using the following formula: <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">Distribution on each Capital Note 4</td> <td style="padding-right: 10px;">=</td> <td style="border-top: 1px solid black; padding-top: 5px;"> <math display="block">\frac{\text{Distribution Rate} \times \\$100 \times \mathbf{N}}{365}</math> </td> </tr> </table> </li> <li>– where: <ul style="list-style-type: none"> <li>– <b>Distribution Rate</b> means the rate (expressed as a percentage per annum) calculated as set out in Section 2.1.2; and</li> <li>– <b>N</b> means the number of days in the Distribution Period calculated as set out in the Terms.</li> </ul> </li> <li>– Following the formula above, if the fully franked Distribution Rate was 2.0370% per annum, the cash Distribution on each Capital Note 4 for a Distribution Period of 90 days would be calculated as follows: <table style="margin-left: 40px; border-collapse: collapse; width: 100%;"> <tr> <td style="padding-right: 20px;">Fully franked Distribution Rate</td> <td style="text-align: right;">2.0370% per annum</td> </tr> <tr> <td style="padding-right: 20px;">Multiplied by \$100</td> <td style="text-align: right;">x \$100</td> </tr> <tr> <td style="padding-right: 20px;">Multiplied by the number of days in the Distribution Period</td> <td style="text-align: right;">x 90</td> </tr> <tr> <td style="padding-right: 20px;">Divided by 365</td> <td style="text-align: right;">÷ 365</td> </tr> <tr style="border-top: 1px solid black;"> <td style="padding-right: 20px;">Fully franked Distribution payment on each Capital Note 4</td> <td style="text-align: right;">\$0.5023</td> </tr> </table> </li> <li>– The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution payment for the first or any subsequent Distribution Period. Actual Distribution payments may be higher or lower than this example. The Distribution Rate for the first Distribution Period will be set on the Issue Date and will include the Margin to be determined under the Bookbuild (which will not change for the term of Capital Notes 4).</li> </ul>	Distribution on each Capital Note 4	=	$\frac{\text{Distribution Rate} \times \$100 \times \mathbf{N}}{365}$	Fully franked Distribution Rate	2.0370% per annum	Multiplied by \$100	x \$100	Multiplied by the number of days in the Distribution Period	x 90	Divided by 365	÷ 365	Fully franked Distribution payment on each Capital Note 4	\$0.5023	Clause 3.1 of the Terms
Distribution on each Capital Note 4	=	$\frac{\text{Distribution Rate} \times \$100 \times \mathbf{N}}{365}$													
Fully franked Distribution Rate	2.0370% per annum														
Multiplied by \$100	x \$100														
Multiplied by the number of days in the Distribution Period	x 90														
Divided by 365	÷ 365														
Fully franked Distribution payment on each Capital Note 4	\$0.5023														
2.1.5 What is the impact of franking credits?	<ul style="list-style-type: none"> <li>– Distributions paid on Capital Notes 4 are expected to be fully franked. However, Holders should be aware that franking is not guaranteed.</li> <li>– Holders are expected to receive franking credits in respect of any Distribution as long as Capital Notes 4 remain on issue. The level of franking may vary over time and Distributions may be partially franked, fully franked or not franked at all.</li> <li>– If any Distribution is not franked or only partially franked, the amount of the scheduled cash Distribution will be increased to compensate for the unfranked component according to the following formula: <math display="block">\frac{\mathbf{D}}{1 - [\text{Tax Rate} \times (1 - \mathbf{F})]}</math> </li> <li>– where: <ul style="list-style-type: none"> <li>– <b>D</b> is the Distribution (as defined above in Section 2.1.4); and</li> <li>– <b>F</b> is the applicable Franking Rate.</li> </ul> </li> <li>– For example, if the Franking Rate applicable to the Distribution was only 90% and the Tax Rate was 30%, then the cash Distribution on each Capital Note 4 for the Distribution Period (if the Distribution Period was 90 days) would be calculated as follows:</li> </ul>	Clause 3.2 of the Terms													

Topic	Summary	Further information																											
	<table border="0"> <tr> <td>Fully franked Distribution Rate</td> <td>2.0370%</td> <td>per annum</td> </tr> <tr> <td>Multiplied by \$100</td> <td>x \$100</td> <td></td> </tr> <tr> <td>Multiplied by the number of days in the Distribution Period</td> <td>x 90</td> <td></td> </tr> <tr> <td>Divided by 365</td> <td>÷ 365</td> <td></td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Sub-total</td> <td>\$0.5023</td> <td></td> </tr> <tr> <td>Divided by 1 – [0.3 x (1 – 0.9)]</td> <td>÷ 0.9700</td> <td></td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Partially franked Distribution payment on each Capital Note 4</td> <td>\$0.5178</td> <td></td> </tr> </table>	Fully franked Distribution Rate	2.0370%	per annum	Multiplied by \$100	x \$100		Multiplied by the number of days in the Distribution Period	x 90		Divided by 365	÷ 365		<hr/>			Sub-total	\$0.5023		Divided by 1 – [0.3 x (1 – 0.9)]	÷ 0.9700		<hr/>			Partially franked Distribution payment on each Capital Note 4	\$0.5178		
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<hr/>																													
Partially franked Distribution payment on each Capital Note 4	\$0.5178																												
	<ul style="list-style-type: none"> <li>– Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution. Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder.</li> <li>– If the Tax Rate were to change, the cash amount of Distributions and the amount of any franking credits will change. For example, if the Tax Rate decreases, the cash amount of any Distribution Suncorp may pay would increase and the franking credits attached to that Distribution would decrease.</li> <li>– Holders should refer to the Australian taxation summary in Section 7 and seek professional advice in relation to their tax position.</li> </ul>																												
2.1.6 When are the Distribution Payment Dates?	<ul style="list-style-type: none"> <li>– The first Distribution Payment Date is 17 December 2021.</li> <li>– The number of days in the first Distribution Period will be 85 days.</li> <li>– Subsequent Distribution Payment Dates are 17 March, 17 June, 17 September and 17 December each year.</li> <li>– If any of these dates is not a Business Day, then the Distribution Payment Date will be the next Business Day, except where the Distribution Payment Date is 17 December 2028, which will be the preceding Business Day.</li> </ul>	Clause 3.5 of the Terms																											
2.1.7 What are the Payment Conditions?	<ul style="list-style-type: none"> <li>– Distributions may not always be paid. The payment of each Distribution is subject to the following: <ul style="list-style-type: none"> <li>– Suncorp’s absolute discretion; and</li> <li>– no Payment Condition existing in respect of the relevant Distribution Payment Date.</li> </ul> </li> <li>– A Payment Condition will exist with respect to the payment of a Distribution on a Distribution Date if: <ul style="list-style-type: none"> <li>– paying the Distribution would result in the Eligible Capital of the Suncorp Group not complying with APRA’s then current prudential capital requirements as they are applied to the Suncorp Group (unless approved in writing by APRA);</li> <li>– paying the Distribution would result in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or</li> <li>– APRA objects to the payment of the Distribution.</li> </ul> </li> </ul>	Clauses 3.3 and 22.2 of the Terms																											

Topic	Summary	Further information
2.1.8 What is the Distribution Restriction and when will it apply?	<ul style="list-style-type: none"> <li>– If for any reason a Distribution has not been paid in full on a Distribution Payment Date (the <b>Relevant Distribution Payment Date</b>), Suncorp must not, subject to certain exclusions, without approval of a Special Resolution, until and including the next Distribution Payment Date:               <ul style="list-style-type: none"> <li>– declare or determine to pay or pay an Ordinary Share Dividend; or</li> <li>– undertake any Buy-Back or Capital Reduction, unless the Distribution is paid in full within three Business Days of the Relevant Distribution Payment Date.</li> </ul> </li> <li>– Failure to pay a Distribution when scheduled will not constitute an event of default.</li> </ul>	Clauses 3.7 and 3.8 of the Terms
2.1.9 How will Distributions be paid?	<ul style="list-style-type: none"> <li>– Distributions will be made to Holders whose details are recorded in the Register at 7:00pm (Sydney time) on the relevant record date.</li> <li>– Distributions and any other amount payable in respect of a Capital Note 4 may be paid in Australian dollars in any manner Suncorp decides from time to time, including by any method of direct credit determined by Suncorp to an Australian dollar bank account maintained by the Holder in Australia (or in such other place as Suncorp approves) with a financial institution specified by the Holder to the Registry.</li> <li>– Where no Australian dollar bank account is specified by a Holder, or where Suncorp attempts to pay the relevant amount and the transfer is unsuccessful, the amount Suncorp attempted to pay will be held by Suncorp or on behalf of Suncorp for the Holder without bearing interest, as described in the Terms.</li> <li>– The Terms include detailed provisions for the payment of Distributions—see Clause 15 of the Terms.</li> </ul>	Clause 15 of the Terms
2.1.10 Are any deductions made on the Distributions?	<ul style="list-style-type: none"> <li>– Suncorp may deduct from any Distribution or other amount payable in accordance with the Terms the amount of any withholding or other tax, duty or levy required by any applicable law to be deducted in respect of such amount, or on account of the <i>Foreign Account Tax Compliance Act</i> (U.S.) (<b>FATCA</b>).</li> <li>– Suncorp is not required to pay an additional amount where it has made a deduction as described above.</li> </ul>	Clauses 15.7 and 15.8 of the Terms

## 2.2 Mandatory Conversion

Suncorp must convert any Capital Notes 4 outstanding on 17 December 2030 into Ordinary Shares, provided that certain conditions (summarised below) are met (and failing that, on the next Distribution Payment Date on which those conditions are met). Those conditions may never be met and, accordingly, Capital Notes 4 may never Convert into Ordinary Shares.

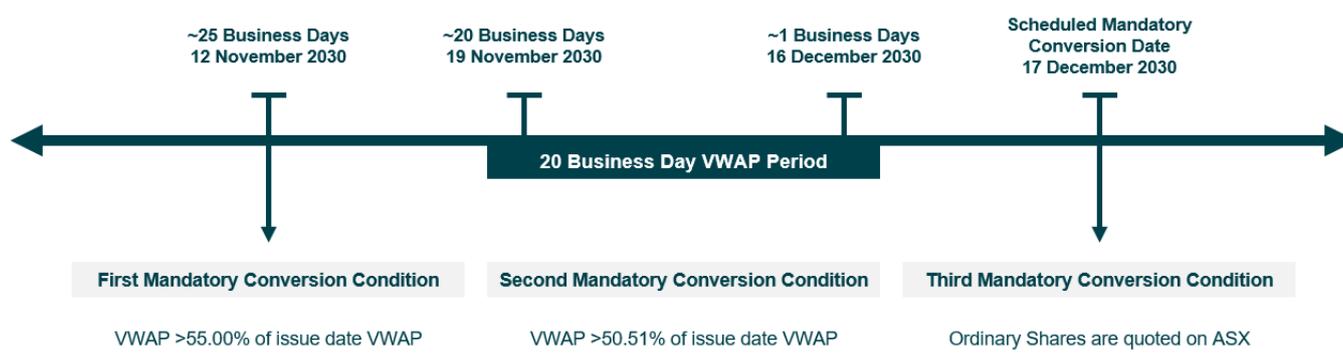
The conditions to Mandatory Conversion and the associated Conversion calculations (as set out below) are designed to ensure that Holders receive a number of Ordinary Shares worth approximately \$101 for each Capital Note 4 they hold and that those Ordinary Shares are capable of being sold on ASX.

Topic	Summary	Further information
2.2.1 What happens on Mandatory Conversion?	<ul style="list-style-type: none"><li>– Holders will receive Ordinary Shares on Conversion of Capital Notes 4 on the Mandatory Conversion Date unless the Mandatory Conversion Conditions are not met, or Capital Notes 4 are not outstanding on that date.</li><li>– Upon Conversion on a Mandatory Conversion Date, Holders will receive Ordinary Shares worth approximately \$101 per Capital Note 4 based on the VWAP during a period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date.</li><li>– The number of Ordinary Shares received will not be greater than the Maximum Conversion Number.</li><li>– The VWAP that is used to calculate the number of Ordinary Shares that Holders receive will most likely differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be worth more or less than \$101 per Capital Note 4 when they are issued or at any time after that.</li></ul>	Clauses 4.1, 4.3 and 8 of the Terms
2.2.2 What are the consequences of Mandatory Conversion?	<ul style="list-style-type: none"><li>– As a result of any Mandatory Conversion of Capital Notes 4 to Ordinary Shares, Holders will become holders of Ordinary Shares, which will rank equally with existing Ordinary Shares from the date of issue.</li><li>– For the Suncorp Group more broadly, the composition of the capital base will alter as a consequence of any Mandatory Conversion and result in CET1 Capital increasing and Eligible Additional Tier 1 Capital decreasing.</li></ul>	
2.2.3 When is the Mandatory Conversion Date?	<ul style="list-style-type: none"><li>– The Mandatory Conversion Date will be 17 December 2030 provided the Mandatory Conversion Conditions are met on that date.</li><li>– If any of the Mandatory Conversion Conditions are not met on that date, then the Mandatory Conversion Date will be the next Distribution Payment Date on which the conditions are met.</li><li>– These conditions may never be met and, therefore, Capital Notes 4 may never Convert into Ordinary Shares.</li></ul>	Clauses 4.2 and 4.3 of the Terms
2.2.4 What are the Mandatory Conversion Conditions?	<ul style="list-style-type: none"><li>– The Mandatory Conversion Conditions are as follows:<ul style="list-style-type: none"><li>– <b>First Mandatory Conversion Condition:</b> the VWAP of Ordinary Shares on the 25th Business Day before a possible Mandatory Conversion Date<sup>1</sup> is greater than 55.0000% of the Issue Date VWAP;</li><li>– <b>Second Mandatory Conversion Condition:</b> the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) a possible Mandatory Conversion Date is greater than 50.5050% of the Issue Date VWAP; and</li></ul></li></ul>	Clauses 4.3 and 8.1 of the Terms

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

Topic	Summary	Further information
	<ul style="list-style-type: none"> <li>– <b>Third Mandatory Conversion Condition:</b> no Delisting Event applies to Ordinary Shares in respect of a possible Mandatory Conversion Date (broadly, a Delisting Event occurs when Suncorp is delisted from ASX, its Ordinary Shares have been suspended from trading for a certain period or it is prevented by applicable law or order of any court or action of any government authority or any other reason from Converting Capital Notes 4).</li> </ul>	

The following diagram illustrates the operation of the conditions.



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

2.2.5 What is the purpose of the Mandatory Conversion Conditions?	<ul style="list-style-type: none"> <li>– The purpose of the Mandatory Conversion Conditions is to ensure that the Conversion will not occur unless the number of Ordinary Shares that Holders will receive will be worth approximately \$101 per Capital Note 4 (calculated as described below) and the Ordinary Shares are capable of being sold on ASX.</li> <li>– The number of Ordinary Shares to be issued on Mandatory Conversion is to be determined by applying a formula reflecting the VWAP of Ordinary Shares described in Section 2.2.7.</li> <li>– There is a cap on the maximum number of Ordinary Shares that a Holder can be issued upon Conversion. The cap is the Maximum Conversion Number. The cap arises from the prudential standards issued by APRA which govern the characteristics of instruments which may qualify as regulatory capital, and from the equivalent criteria of rating agencies for such instruments. Where the number of Ordinary Shares issued is less than the Maximum Conversion Number, the effect of the formula is that the value of these Ordinary Shares (calculated on a VWAP basis) will be approximately \$101 per Capital Note 4. If the Ordinary Share price at the time for Conversion has fallen below certain levels, the number of Ordinary Shares received would be limited to the Maximum Conversion Number and would be worth less than \$101 per Capital Note 4.</li> <li>– The Maximum Conversion Number is calculated in accordance with the following formula: <ul style="list-style-type: none"> <li>Maximum Conversion Number = <math display="block">\frac{\text{Issue Price}}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}</math></li> </ul> </li> <li>– where: <ul style="list-style-type: none"> <li>– <b>Relevant Fraction</b> is 0.5 in relation to a Mandatory Conversion and 0.2 in the case of any other Conversion.</li> </ul> </li> </ul>	Clauses 4.3 and 8.1 of the Terms
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Topic	Summary	Further information						
	<ul style="list-style-type: none"> <li>– The First Mandatory Conversion Condition and the Second Mandatory Conversion Condition are intended to help protect Holders against receiving a number of Ordinary Shares limited to the Maximum Conversion Number and, accordingly, are worth less than \$101 per Capital Note 4 (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date).</li> <li>– The Third Mandatory Conversion Condition is intended to protect Holders from the risk of receiving Ordinary Shares that are not capable of being sold on ASX by making Conversion conditional on Ordinary Shares being quoted on ASX.</li> </ul>							
2.2.6 What can happen if the Mandatory Conversion Conditions are not met?	<ul style="list-style-type: none"> <li>– If any of the Mandatory Conversion Conditions are not met, Capital Notes 4 continue to be on issue and Conversion is deferred until the next Distribution Payment Date on which all the Mandatory Conversion Conditions are met.</li> </ul>	Clause 4.2 of the Terms						
2.2.7 How many Ordinary Shares will a Holder receive on the Mandatory Conversion Date?	<ul style="list-style-type: none"> <li>– Where the Mandatory Conversion Conditions are met, a Holder will receive, on a Mandatory Conversion Date, a number of Ordinary Shares per Capital Note 4 (<b>Conversion Number</b>) calculated in accordance with the following formula: <div style="margin-left: 40px;"> <math display="block">\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}</math> </div> <ul style="list-style-type: none"> <li>– where: <ul style="list-style-type: none"> <li>– VWAP is the volume weighted average price of Ordinary Shares during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date.</li> </ul> </li> </ul> <p><i>Illustrative example of Conversion</i></p> <ul style="list-style-type: none"> <li>– Assuming the VWAP is \$12.50, the number of Ordinary Shares a Holder would receive following Conversion on a Mandatory Conversion Date would be calculated as follows: <table border="1" style="margin-left: 40px; width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Issue Price</td> <td style="text-align: right; padding: 2px;">\$100</td> </tr> <tr> <td style="padding: 2px;">Divided by VWAP x 0.99</td> <td style="text-align: right; padding: 2px;">÷ 12.3750</td> </tr> <tr> <td style="padding: 2px;">Ordinary Shares per Capital Note 4</td> <td style="text-align: right; padding: 2px;">8.0808</td> </tr> </table> </li> <li>– Assuming the price of those Ordinary Shares on the Mandatory Conversion Date is also \$12.50, the aggregate value of those Ordinary Shares (calculated by multiplying 8.0808 by \$12.50) on the Mandatory Conversion Date would be approximately \$101.</li> <li>– Assuming a Holder has 100 Capital Notes 4, the total number of Ordinary Shares to which they would be entitled would be 808 (i.e. 100 x 8.0808, which number is rounded down to disregard the fraction of the Ordinary Share).</li> <li>– The above example is for illustrative purposes only. The actual VWAP and the number of Ordinary Shares that Holders might receive on Conversion on the Mandatory Conversion Date may be higher or lower than in this example.</li> <li>– Where the Ordinary Share Price has fallen such that the VWAP during the VWAP Period described in Section 2.2.4 is less than or equal to 50.5050% of the Issue Date VWAP, the Second Mandatory Conversion Condition will not be met and, therefore, Conversion will not occur on that date. The Mandatory Conversion Date will be the next Distribution Payment Date on which the Mandatory Conversion Conditions are met.</li> </ul> </li> </ul>	Issue Price	\$100	Divided by VWAP x 0.99	÷ 12.3750	Ordinary Shares per Capital Note 4	8.0808	Clauses 8 and 22.2 of the Terms
Issue Price	\$100							
Divided by VWAP x 0.99	÷ 12.3750							
Ordinary Shares per Capital Note 4	8.0808							

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

## 2.3 Optional Exchange by Suncorp

Suncorp may, with APRA's prior written approval, elect to Exchange Capital Notes 4 on 17 June 2028, 17 September 2028 or 15 December 2028<sup>1</sup> or on the occurrence of certain events. Exchange means a Capital Note 4 is Converted into Ordinary Shares worth approximately \$101 or Redeemed or Resold for \$100. Some methods of Exchange are not available for some events and may only be used if certain requirements are met.

As with a Mandatory Conversion, there are conditions to an optional Conversion which are designed to ensure that Holders receive a number of Ordinary Shares worth approximately \$101 for each Capital Note 4 they hold and that those Ordinary Shares are capable of being sold on ASX.

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

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

In addition, Suncorp (or any Related Entity of Suncorp) may at any time purchase Capital Notes 4 in the open market or otherwise, at any price (subject to the prior written approval of APRA). Any Capital Notes 4 purchased by or on behalf of Suncorp will be cancelled.

Topic	Summary	Further information
2.3.1 When may Suncorp choose to Exchange?	<ul style="list-style-type: none"> <li>– Suncorp may choose to Exchange: <ul style="list-style-type: none"> <li>– all or some Capital Notes 4 on an Optional Exchange Date being 17 June 2028, 17 September 2028 or 15 December 2028;<sup>2</sup></li> <li>– all or some Capital Notes 4 after a Tax Event or a Regulatory Event; or</li> <li>– all (but not some only) Capital Notes 4 after a Potential Acquisition Event.</li> </ul> </li> <li>– Exchange means: <ul style="list-style-type: none"> <li>– Suncorp Converts Capital Notes 4 into a variable number of Ordinary Shares with a value (based on the VWAP during a period, usually 20 Business Days<sup>3</sup>, before the Exchange Date) of approximately \$101 per Capital Note 4;</li> <li>– Suncorp Redeems Capital Notes 4 for \$100 per Capital Note 4;</li> <li>– Suncorp Resells Capital Notes 4 for \$100 per Capital Note 4; or</li> <li>– a combination of Conversion, Redemption and Resale.</li> </ul> </li> <li>– Suncorp may not elect to Redeem or Resell Capital Notes 4 in connection with a Potential Acquisition Event.</li> </ul>	Clauses 6, 8, 9, 10 and 22.2 of the Terms

<sup>1</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>2</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

<sup>3</sup> If Conversion occurs as a result of an Acquisition Event or Potential Acquisition Event, the period for calculating the VWAP may be less than 20 Business Days before the Exchange Date.

Topic	Summary	Further information
	<ul style="list-style-type: none"> <li>– Suncorp’s right to elect to Exchange is subject to APRA’s prior written approval and is restricted in circumstances described in Sections 2.3.4, 2.3.5 and 2.3.6.</li> <li>– Holders should not assume that APRA will give its approval for any Exchange.</li> </ul>	
2.3.2 When are the Optional Exchange Dates?	<ul style="list-style-type: none"> <li>– The Optional Exchange Dates are 17 June 2028, 17 September 2028 or 15 December 2028.<sup>1</sup></li> </ul>	Clause 22.2 of the Terms
2.3.3 What is a Tax Event, Regulatory Event or Potential Acquisition Event?	<ul style="list-style-type: none"> <li>– A summary of these events, which give Suncorp the right to Exchange Capital Notes 4 is as follows: <ul style="list-style-type: none"> <li>– <b>Tax Event</b> means, broadly, that the Directors receive advice that, as a result of a change in tax law or regulation in Australia on or after the Issue Date (which Suncorp did not expect on the Issue Date), there is more than an insubstantial risk which the Directors determine to be unacceptable that any Distribution would not be frankable or that Suncorp would be exposed to an increase in its costs (which is not insignificant) in relation to Capital Notes 4.</li> <li>– A <b>Regulatory Event</b> will occur if, broadly: <ul style="list-style-type: none"> <li>– Suncorp receives legal advice that, as a result of a change of law or regulation on or after the Issue Date (not expected by Suncorp on the Issue Date), additional requirements (which are more than insignificant) would be imposed on Suncorp or there would be a more than insignificant negative impact on Suncorp in relation to Capital Notes 4 which the Directors determine to be unacceptable; or</li> <li>– the Directors determine that, as a result of such change, Suncorp is not or will not be entitled to treat some or all Capital Notes 4 as Eligible Additional Tier 1 Capital, except where this is because of a limit or other restriction on that treatment which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect. For example, a Regulatory Event could include Capital Notes 4 ceasing to be Eligible Additional Tier 1 Capital due to the implementation by APRA of capital-related prudential standards applicable to conglomerate groups.</li> </ul> </li> <li>– A <b>Potential Acquisition Event</b> will occur if, broadly: <ul style="list-style-type: none"> <li>– a takeover bid is made to acquire Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue or a majority of Directors recommend acceptance of the offer (without the need that all regulatory approvals necessary for the acquisition have been obtained); or</li> <li>– a court orders the holding of meetings to approve a scheme of arrangement with respect to Suncorp which would result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue after the scheme is implemented.</li> </ul> </li> </ul> </li> </ul>	Clause 22.2 of the Terms

<sup>1</sup> Due to the Business Day convention, the First Optional Exchange Date is deferred from 17 June 2028 to 19 June 2028 and the Second Optional Exchange Date is deferred from 17 September 2028 to 18 September 2028.

Topic	Summary	Further information
2.3.4 What are the requirements for Conversion to be elected as the Exchange Method?	<ul style="list-style-type: none"> <li>– If Suncorp wishes to Convert Capital Notes 4, there are two types of restrictions that apply: <ul style="list-style-type: none"> <li>– <b>Restrictions on choosing to Convert</b>—Suncorp may not elect to Convert Capital Notes 4 as the Exchange Method, on the second Business Day before the date on which an Exchange Notice is to be sent if: <ul style="list-style-type: none"> <li>– the VWAP is less than or equal to 22.0000% of the Issue Date VWAP; or</li> <li>– a Delisting Event applies.</li> </ul> </li> <li>– <b>Restrictions on completing the Conversion</b>— if Suncorp has given notice that it has elected to Convert Capital Notes 4, Suncorp may not proceed to Convert Capital Notes 4 if, on the Exchange Date specified in the notice: <ul style="list-style-type: none"> <li>– the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) that date is less than or equal to 20.2020% of the Issue Date VWAP; or</li> <li>– a Delisting Event applies.</li> </ul> </li> </ul> </li> <li>– The percentages used in the above conditions (referred to in the Terms as the <b>First Test Date Percentage</b> and the <b>Conversion Test Date Percentage</b>) are derived from market precedents and the cap on the number of Ordinary Shares that are permitted to be issued in these circumstances under the prudential standards issued by APRA and rating agency requirements.</li> <li>– Without these conditions, Conversion could occur in situations where Holders would receive a number of Ordinary Shares limited to the Maximum Conversion Number (which in these circumstances is set by dividing the Issue Price by 20% of the Issue Date VWAP<sup>1</sup>) and, accordingly those Ordinary Shares could be worth less than \$101 per Capital Note 4 (see Section 2.2.5).</li> </ul>	Clauses 4.3, 6.5, 6.6 and 8.1 of the Terms
2.3.5 What happens if the Conversion restrictions apply on the Exchange Date?	<ul style="list-style-type: none"> <li>– If the Conversion restrictions described above apply on the Exchange Date, Suncorp will notify the Trustee and Holders and the Conversion will be deferred until the next Distribution Payment Date on which the restrictions on completing the Conversion described above do not apply (unless Capital Notes 4 are otherwise Exchanged or Written-Off before that date in accordance with the Terms).</li> </ul>	Clause 6.6 of the Terms
2.3.6 What are the requirements for Redemption to be elected as the Exchange Method?	<ul style="list-style-type: none"> <li>– Suncorp may not specify Redemption as the Exchange Method unless: <ul style="list-style-type: none"> <li>– the Capital Notes 4 which are the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the Capital Notes 4 is done under conditions that are sustainable for Suncorp's income capacity; or</li> <li>– APRA is satisfied that Suncorp does not have to replace the Capital Notes 4 the subject of the Redemption. Holders should not assume that APRA will be satisfied that this is the case.</li> </ul> </li> <li>– Suncorp may not specify Redemption as the Exchange Method in connection with a Potential Acquisition Event.</li> </ul>	Clause 6.4 of the Terms
2.3.7 What happens on Resale?	<ul style="list-style-type: none"> <li>– If Suncorp elects for Capital Notes 4 to be Resold, subject to payment by the Nominated Purchaser(s) of \$100 per Capital Note 4 (<b>Resale Price</b>), the Holder's Capital Notes 4 will be transferred to the Nominated Purchaser on the Exchange Date.</li> </ul>	Clause 10 of the Terms

<sup>1</sup> The Issue Date VWAP may be adjusted as described in Section 2.2.8.

Topic	Summary	Further information
2.3.8 Are there any restrictions on the identity of Nominated Purchaser(s) that Suncorp can appoint?	<ul style="list-style-type: none"> <li>– Suncorp may not appoint a person as a Nominated Purchaser unless that person: <ul style="list-style-type: none"> <li>– has undertaken to acquire Capital Notes 4 from each Holder on the terms and conditions that Suncorp reasonably determines for the benefit of each Holder;</li> <li>– has a long-term counterparty credit rating from one of Standard &amp; Poor's, Moody's or Fitch of not less than investment grade; and</li> <li>– is not a Related Entity of Suncorp.</li> </ul> </li> </ul>	Clause 10.3 of the Terms
2.3.9 When can a Resale occur?	<ul style="list-style-type: none"> <li>– A Resale can occur on an Optional Exchange Date or following a Tax Event or a Regulatory Event.</li> <li>– Suncorp may only elect to Resell Capital Notes 4 with APRA's prior written approval. Holders should not assume that APRA's approval will be given, if requested.</li> </ul>	Clauses 6.4 and 10.1 of the Terms
2.3.10 What if a Nominated Purchaser does not pay the Resale Price?	<ul style="list-style-type: none"> <li>– If the Nominated Purchaser does not pay the Resale Price of any Capital Notes 4 when due, those Capital Notes 4 will not be transferred and the Holder will continue to hold Capital Notes 4 in accordance with the Terms until Capital Notes 4 are otherwise Converted, Redeemed or Resold.</li> </ul>	Clause 10.6 of the Terms
2.3.11 Can Holders request Exchange?	<ul style="list-style-type: none"> <li>– Holders do not have a right to request Exchange.</li> </ul>	Clause 11.4(f)(i) of the Terms
2.3.12 Purchases	<ul style="list-style-type: none"> <li>– Suncorp (or any Related Entity of Suncorp) may at any time purchase Capital Notes 4 in the open market or otherwise, at any price (subject to the prior written approval of APRA). Any Capital Notes 4 purchased by or on behalf of Suncorp will be cancelled.</li> </ul>	Clause 6.7 of the Terms

## 2.4 Non-Viability Conversion

Capital Notes 4 have certain loss absorption features, which may be triggered if Suncorp encounters severe financial difficulty. These features are required to be included in the Terms for regulatory purposes.

If a Non-Viability Trigger Event occurs, all or some Capital Notes 4 and other Relevant Securities will need to be immediately Converted into Ordinary Shares but if such Conversion does not occur for any reason within five Business Days of APRA's Non-Viability Determination those Capital Notes 4 which should have been Converted will be Written-Off. If this occurs, all rights in relation to those Capital Notes 4 (including in respect of Distributions and return of capital) will be immediately and irrevocably terminated and Holders will lose all of the value of those Capital Notes 4, without compensation.

As a Non-Viability Conversion is likely to occur during a time of severe financial difficulty for Suncorp, depending on the market price of Ordinary Shares at the relevant time, Holders are likely to receive a number of Ordinary Shares worth less, or significantly less, than approximately \$101 per Capital Note 4 and a Holder would suffer a loss as a consequence. The calculations set out below are illustrative only and designed to demonstrate the potential number and value of Ordinary Shares that a Holder would receive on Conversion following a Non-Viability Trigger Event.

Topic	Summary	Further information
2.4.1 What is a Non-Viability Trigger Event?	<ul style="list-style-type: none"> <li>– A Non-Viability Trigger Event means APRA has provided a written determination to Suncorp that: <ul style="list-style-type: none"> <li>– the conversion to Ordinary Shares or write-off of Relevant Securities (including Capital Notes 4) in accordance with their terms or by operation of law is necessary because without the conversion to Ordinary Shares or write-off, APRA considers that Suncorp would become non-viable; or</li> </ul> </li> </ul>	Clauses 5, 8 and 22.2 of the Terms

Topic	Summary	Further information
	<ul style="list-style-type: none"> <li>– without a public sector injection of capital into, or equivalent support with respect to, Suncorp, APRA considers that Suncorp would become non-viable.</li> <li>– The date on which a Non-Viability Trigger Event occurs is referred to as the Trigger Event Date.</li> <li>– On the Trigger Event Date, Suncorp must immediately Convert Capital Notes 4, as required by the determination, into the Conversion Number of Ordinary Shares (subject to the Maximum Conversion Number).</li> </ul>	
2.4.2 Why do Capital Notes 4 include a Non-Viability Trigger Event?	<ul style="list-style-type: none"> <li>– A Non-Viability Trigger Event is an APRA regulatory requirement for Capital Notes 4 to be characterised as Eligible Additional Tier 1 Capital.</li> </ul>	
2.4.3 What does non-viable mean?	<ul style="list-style-type: none"> <li>– APRA has not provided guidance as to how it would determine non-viability.</li> <li>– Non-viability would be expected to include serious impairment of Suncorp's financial position and insolvency. However, it is possible that APRA's definition of non-viability may not necessarily be constrained to solvency measures or capital ratios.</li> <li>– In the context of authorised deposit-taking institutions (<b>ADIs</b>), APRA has indicated that it may regard non-viability as occurring well before an ADI is at risk of becoming insolvent.</li> <li>– APRA may publish guidance on the parameters used to determine non-viability, however, it is possible that it will not provide any further guidance and Suncorp has no control over whether it will do so (see Section 5.1.9).</li> </ul>	
2.4.4 When does Conversion on account of a Non-Viability Trigger Event occur?	<ul style="list-style-type: none"> <li>– If a Non-Viability Trigger Event occurs, Suncorp must, on that date (whether or not that day is a Business Day), immediately and irrevocably Convert some or all Capital Notes 4 into Ordinary Shares: <ul style="list-style-type: none"> <li>– where APRA's determination is made on the grounds that, without a public sector injection of capital or equivalent support, Suncorp will become non-viable, Suncorp must convert all Relevant Securities; and</li> <li>– where APRA's determination is not made on those grounds and does not require all Relevant Securities to be converted or written-off, Suncorp must Convert such number of Capital Notes 4 as is sufficient to satisfy APRA that Suncorp will be viable without further conversion or write-off.</li> </ul> </li> <li>– Conversion is immediate and, from the Trigger Event Date, Suncorp will treat Holders as having been issued the Conversion Number of Ordinary Shares. Suncorp expects any ASX trades in Capital Notes 4 that have not settled on the Trigger Event Date will continue to settle in accordance with the normal ASX T+2 settlement, although Suncorp expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of Ordinary Shares into which Capital Notes 4 have been Converted as a result of the occurrence of the Non-Viability Trigger Event.</li> <li>– In determining the number of Capital Notes 4 to be Converted, Suncorp will Convert Capital Notes 4 and convert into Ordinary Shares or write-off other Relevant Securities on an approximately pro rata basis or in a manner that is otherwise, in the opinion of Suncorp, fair and reasonable (subject to such adjustment as Suncorp may determine to take into account the effect on marketable parcels and the need to round to whole numbers the number of Ordinary Shares and any Capital Notes 4 or Relevant Securities). In addition, where the specified currency of the outstanding principal amount of any Relevant Securities is not Australian dollars<sup>1</sup>, Suncorp may, for the purposes of determining the outstanding principal amount that is to be converted or written-off, convert the outstanding principal amount into Australian dollars at such rate of exchange</li> </ul>	Clauses 5.2 and 5.3 of the Terms

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

Topic	Summary	Further information
	<p>determined in accordance with the terms of such Relevant Securities or, if those terms do not specify a basis for determining such rate of exchange, at such rate of exchange as Suncorp in good faith considers reasonable. However, this determination must not impede the immediate Conversion of the relevant number of Capital Notes 4.</p> <ul style="list-style-type: none"> <li>– Suncorp may make any decisions with respect to the identity of the Holders where Capital Notes 4 are to be Converted as may be necessary or desirable to ensure Conversion occurs immediately in an orderly manner, including disregarding any transfers of Capital Notes 4 that have not been settled or registered at that time.</li> <li>– Holders should be aware that: <ul style="list-style-type: none"> <li>– if APRA does not require all Relevant Securities to be converted or written-off, Relevant Securities such as Capital Notes 4 will be converted or written-off before any Tier 2 Capital instruments are converted or written-off; and</li> <li>– Suncorp has no Relevant Securities on issue other than Capital Notes 1, Capital Notes 2 and Capital Notes 3. Suncorp has no obligation to keep Capital Notes 1, Capital Notes 2 or Capital Notes 3 on issue or to issue or keep on issue any Relevant Securities; and</li> <li>– Suncorp must notify the Trustee and Holders of the Non-Viability Trigger Event as soon as practicable (which may be after Conversion has occurred) but failure to give such notice will not prevent, impede or delay the Conversion.</li> </ul> </li> </ul>	
2.4.5 Are there any conditions which apply to Conversion if a Non-Viability Trigger Event occurs?	<ul style="list-style-type: none"> <li>– Conversion on account of a Non-Viability Trigger Event is not subject to the Mandatory Conversion Conditions or any other conditions being satisfied.</li> </ul>	Clause 11.4(c)(i) of the Terms
2.4.6 How many Ordinary Shares will Holders receive on the Trigger Event Date?	<ul style="list-style-type: none"> <li>– If Conversion occurs, the number of Ordinary Shares a Holder will receive per Capital Note 4 on account of a Non-Viability Trigger Event is the Conversion Number (calculated as described below), unless that number is greater than the Maximum Conversion Number (in which case a Holder will receive the Maximum Conversion Number of Ordinary Shares per Capital Note 4). Since there are no conditions to a Non-Viability Conversion, the number of Ordinary Shares a Holder may receive on account of a Non-Viability Conversion may be worth significantly less than \$101 per Capital Note 4 and a Holder may suffer a significant loss as a consequence.</li> <li>– The Conversion Number in the event of a Non-Viability Conversion is calculated in accordance with the following formula, subject to the Conversion Number being no greater than the Maximum Conversion Number: <math display="block">\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}</math> <ul style="list-style-type: none"> <li>– where: <ul style="list-style-type: none"> <li>– VWAP is the volume weighted average price of Ordinary Shares during the period of five Business Days on which trading in Ordinary Shares occurred immediately preceding (but not including) the Trigger Event Date. See Section 5.1.9.<sup>1</sup></li> </ul> </li> <li>– The Maximum Conversion Number is described in Section 2.4.7 (this number may be adjusted as described in Section 2.4.8).</li> <li>– Following a Non-Viability Trigger Event, if Conversion does not occur within five Business Days for any reason, those Capital Notes 4 that are required to be Converted will be Written-Off and Holders will not receive any Ordinary Shares with respect to those Capital Notes 4—see Section 2.4.9.</li> </ul> </li> </ul>	Clauses 5.2, 5.5 and 8 of the Terms

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

Topic	Summary	Further information						
2.4.7 What is the Maximum Conversion Number?	<p data-bbox="400 253 1198 309">– The Maximum Conversion Number is calculated in accordance with the following formula:</p> $\frac{\text{Maximum Conversion Number}}{\text{Issue Price}} = \frac{\text{Issue Price}}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$ <p data-bbox="440 434 549 456">– where:</p> <ul data-bbox="477 468 1241 524" style="list-style-type: none"> <li>– <b>Relevant Fraction</b> is 0.2 in the case of Conversion following a Non-Viability Trigger Event.</li> </ul> <p data-bbox="400 535 1225 647">– This means that, depending on the market price of Ordinary Shares at the relevant time, a Holder is likely to receive Ordinary Shares worth significantly less than \$101 per Capital Note 4 and is likely to suffer a significant loss as a consequence.</p> <p data-bbox="400 658 767 680"><i>Illustrative example of Conversion</i></p> <ul data-bbox="400 696 1214 819" style="list-style-type: none"> <li>– This example illustrates how many Ordinary Shares a Holder will receive per Capital Note 4 following Conversion on account of a Non-Viability Trigger Event.</li> <li>– Assumptions used in this example:</li> </ul> <table border="1" data-bbox="440 824 1102 936"> <tr> <td>Issue Date VWAP</td> <td>\$12.50</td> </tr> <tr> <td>VWAP</td> <td>\$2.00</td> </tr> </table> <ul data-bbox="400 954 1222 1066" style="list-style-type: none"> <li>– This example is for illustrative purposes only. The actual VWAP, Issue Date VWAP and Maximum Conversion Number may be higher or lower than in this example and the Issue Date VWAP may be adjusted after the Issue Date in limited circumstances (see Section 2.4.8).</li> </ul>	Issue Date VWAP	\$12.50	VWAP	\$2.00	Clauses 8.1 and 22.2 of the Terms		
Issue Date VWAP	\$12.50							
VWAP	\$2.00							
	<p><b>Step 1 - Calculate the number of Ordinary Shares using the Conversion mechanics</b></p> <table border="1" data-bbox="440 1155 1102 1323"> <tr> <td>Issue Price</td> <td>\$100</td> </tr> <tr> <td>Divided by VWAP x 0.99</td> <td>÷ \$1.98</td> </tr> <tr> <td>Ordinary Shares per Capital Note 4</td> <td>50.5051</td> </tr> </table>	Issue Price	\$100	Divided by VWAP x 0.99	÷ \$1.98	Ordinary Shares per Capital Note 4	50.5051	
Issue Price	\$100							
Divided by VWAP x 0.99	÷ \$1.98							
Ordinary Shares per Capital Note 4	50.5051							
	<p><b>Step 2 - Calculate the Maximum Conversion Number</b></p> <table border="1" data-bbox="440 1386 1102 1581"> <tr> <td>Issue Price</td> <td>\$100</td> </tr> <tr> <td>Divided by Issuer Date VWAP x 0.20</td> <td>÷ \$2.50</td> </tr> <tr> <td>Maximum Conversion Number of Ordinary Shares per Capital Note 4</td> <td>40.0000</td> </tr> </table>	Issue Price	\$100	Divided by Issuer Date VWAP x 0.20	÷ \$2.50	Maximum Conversion Number of Ordinary Shares per Capital Note 4	40.0000	
Issue Price	\$100							
Divided by Issuer Date VWAP x 0.20	÷ \$2.50							
Maximum Conversion Number of Ordinary Shares per Capital Note 4	40.0000							
	<p><b>Step 3 - Assess the effect of the Maximum Conversion Number</b></p>							
	<ul data-bbox="400 1648 1241 1942" style="list-style-type: none"> <li>– In this example, the Maximum Conversion Number is lower than the number of Ordinary Shares a Holder would receive per Capital Note 4 calculated using the Conversion formula. As a result, the Maximum Conversion Number would cap the number of Ordinary Shares a Holder would receive per Capital Note 4 at 40.0000 Ordinary Shares. If the Holder holds 100 Capital Notes 4 (having an aggregate Issue Price of \$10,000) they would receive (after disregarding any fraction of an Ordinary Share) 4,000 Ordinary Shares. If those Ordinary Shares were sold on ASX at the same price as the VWAP (being \$2.00), the Holder in this example would receive approximately \$8,000, which is significantly less than \$10,000.</li> </ul>							

Topic	Summary	Further information
2.4.8 What adjustments to the Issue Date VWAP are made to account for changes to Suncorp's capital?	<ul style="list-style-type: none"> <li>– The Issue Date VWAP, and consequently the Maximum Conversion Number, will be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of Suncorp).</li> <li>– However, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP in effect.</li> </ul>	Clauses 8.2 to 8.7 of the Terms
2.4.9 What happens if Capital Notes 4 are not Converted on the Trigger Event Date?	<ul style="list-style-type: none"> <li>– If Capital Notes 4 are required to be Converted on a Trigger Event Date and Conversion has not been effected within five Business Days after the relevant Trigger Event Date for any reason (including because Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, Winding-up or other external administration of Suncorp) (<b>Inability Event</b>)), Capital Notes 4 which would otherwise be Converted will not be Converted on that date and will not be Converted, Redeemed or Resold on any subsequent date and will be Written-Off. If this occurs, all rights in relation to those Capital Notes 4 (including in respect of Distributions and return of capital) will be immediately and irrevocably terminated and Holders will lose all of the value of their investment in those Capital Notes 4 without compensation.</li> <li>– The laws under which an Inability Event may arise, and the grounds on which a court or government authority may make orders preventing the Conversion of Capital Notes 4 (or other reasons which prevent Conversion), may change.</li> </ul>	Clause 5.5 of the Terms

## 2.5 Conversion on an Acquisition Event

Suncorp is required to Convert Capital Notes 4 into Ordinary Shares where Suncorp is taken over by way of takeover bid or scheme of arrangement which meets certain requirements described below.

As with Mandatory Conversion and Optional Conversion, there are conditions to Conversion in these circumstances which are designed to ensure that Holders receive a number of Ordinary Shares worth approximately \$101 for each Capital Note 4 they hold and that those Ordinary Shares are capable of being sold on ASX.

These conditions may never be met; accordingly, Capital Notes 4 may never Convert into Ordinary Shares.

Topic	Summary	Further information
2.5.1 What is an Acquisition Event?	<ul style="list-style-type: none"> <li>– An Acquisition Event means: <ul style="list-style-type: none"> <li>– a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and: <ul style="list-style-type: none"> <li>– the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or</li> <li>– the Directors issue a statement that at least a majority of those Directors who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or</li> </ul> </li> <li>– a court approves a scheme of arrangement which when implemented will result in a person other than Suncorp having a relevant interest in more than 50% of the Ordinary Shares on issue; and</li> <li>– all regulatory approvals necessary for the acquisition to occur have been obtained.</li> </ul> </li> <li>– There may be ways in which control of Suncorp or its business operations change, including as a result of regulatory intervention, which do not amount to an Acquisition Event. See Sections 5.1.10 and 5.2.16 for more information.</li> </ul>	Clause 22.2 of the Terms

Topic	Summary	Further information
2.5.2 What must Suncorp do on the occurrence of an Acquisition Event?	<ul style="list-style-type: none"> <li>– If an Acquisition Event occurs, Suncorp must (by giving an Acquisition Conversion Notice) Convert all Capital Notes 4 on issue into a number of Ordinary Shares with a value of approximately \$101 per Capital Note 4 (based on the VWAP during a period before the Acquisition Conversion Date, being usually 20 Business Days but a lesser period if trading in Ordinary Shares in the period after the Acquisition Event and before the Acquisition Conversion Date is less than 20 Business Days). The number of Ordinary Shares received will not be greater than the Maximum Conversion Number.</li> <li>– If certain requirements for Conversion to occur (described in Section 2.5.3 below) have not been met, Suncorp will not be required to give an Acquisition Conversion Notice to the Trustee and Holders, and will not be required to Convert Capital Notes 4 at that time. However, Suncorp must Convert Capital Notes 4 on the next Distribution Payment Date in respect of which the conditions to Conversion are met.</li> </ul>	Clauses 7 and 8 of the Terms
2.5.3 What are the restrictions on Conversion occurring following an Acquisition Event?	<ul style="list-style-type: none"> <li>– There are two types of restrictions that apply in relation to Conversion in connection with an Acquisition Event: <ol style="list-style-type: none"> <li>1. Suncorp is not required to give an Acquisition Conversion Notice if, on the second Business Day before the date on which an Acquisition Conversion Notice is to be sent: <ul style="list-style-type: none"> <li>– the VWAP is less than or equal to 22.0000% of the Issue Date VWAP; or</li> <li>– a Delisting Event applies; and</li> </ul> </li> <li>2. if Suncorp has given an Acquisition Conversion Notice, Suncorp may not proceed to Convert Capital Notes 4 if, on the Acquisition Conversion Date specified in the notice: <ul style="list-style-type: none"> <li>– the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) that date is less than or equal to 20.2020% of the Issue Date VWAP; or</li> <li>– a Delisting Event applies.</li> </ul> </li> </ol> </li> <li>– Without these conditions, Conversion could occur in situations where Holders would receive a number of Ordinary Shares limited to the Maximum Conversion Number and, accordingly, those Ordinary Shares could be worth less than \$101 per Capital Note 4.</li> <li>– The Maximum Conversion Number in the case of Conversion in these circumstances is set by dividing the Issue Price of the Capital Notes 4 by 20% of the Issue Date VWAP (as such number may be adjusted as described in Section 2.2.8).</li> </ul>	Clauses 7.4 and 7.5 of the Terms
2.5.4 What happens if Conversion does not occur?	<ul style="list-style-type: none"> <li>– If Suncorp is not required to give an Acquisition Event Notice or the further Conversion restrictions prevent Conversion, Suncorp must: <ul style="list-style-type: none"> <li>– notify the Trustee and Holders as soon as practicable that Conversion will not occur; and</li> <li>– unless the restrictions on Conversion apply, give an Acquisition Conversion Notice on or before the 25th Business Day prior to the following Distribution Payment Date and the conditions described above will be tested again in respect of that date. This process will be repeated until a Conversion occurs as long as Capital Notes 4 remain on issue.</li> </ul> </li> </ul>	Clause 7.5 of the Terms

Topic	Summary	Further information
2.5.5 What other obligations does Suncorp have in connection with a takeover or scheme of arrangement?	<ul style="list-style-type: none"> <li>On the occurrence of a recommended takeover or scheme of arrangement which would result in an Acquisition Event or Potential Acquisition Event, if the Directors consider that Suncorp will not be permitted to Convert Capital Notes 4 or the Second Mandatory Conversion Condition or Third Mandatory Conversion Condition will not be satisfied in respect of the relevant Acquisition Conversion Date, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that Holders are entitled to participate in the scheme of arrangement or a similar transaction.</li> </ul>	Clause 13 of the Terms

## 2.6 Regulatory treatment

APRA has advised that Capital Notes 4 are eligible for inclusion as Eligible Additional Tier 1 Capital.

Topic	Summary	Further information
2.6.1 Who is APRA?	<ul style="list-style-type: none"> <li>APRA is the prudential regulator of the Australian financial services industry. It oversees life insurance companies, banks, credit unions, building societies, general insurance and reinsurance companies, friendly societies, private health insurance companies and most members of the superannuation industry.</li> <li>APRA's website at <a href="http://www.apra.gov.au">www.apra.gov.au</a> includes details of its functions and prudential standards.</li> </ul>	
2.6.2 What is regulatory capital?	<ul style="list-style-type: none"> <li>Any business requires capital to support its income-generating activities in its chosen industry.</li> <li>APRA's regulatory capital prudential standards aim to ensure that regulated groups, including life insurers, banks, general insurers and regulated registrable superannuation entities, maintain adequate capital to support the risks associated with their activities and can withstand unexpected losses. APRA has detailed guidelines and restrictions on the types of capital instruments that are permitted to form the capital base. The types of capital deemed eligible for inclusion in the capital base are referred to as regulatory capital.</li> <li>APRA currently classifies regulatory capital of APRA-Regulated Entities into two tiers for its supervisory purposes, being Tier 1 Capital and Tier 2 Capital.</li> <li>Tier 1 Capital is generally considered from the perspective of a financial institution to be higher quality capital and comprises: <ul style="list-style-type: none"> <li>CET1 Capital (including ordinary shares and retained earnings); and</li> <li>Additional Tier 1 Capital (such as perpetual subordinated instruments issued by APRA-Regulated Entities).</li> </ul> </li> <li>Tier 2 Capital includes other components which fall short of some of the qualities of Tier 1 Capital but nonetheless contribute to the overall strength of the entity.</li> <li>The Suncorp Group is regulated by APRA as a conglomerate group (a Level 3 group) and Suncorp is the authorised NOHC of that group. Suncorp's NOHC authority contains conditions requiring the group to hold Eligible Capital in excess of a specified prudential capital requirement. Under the authority, Eligible Additional Tier 1 Capital includes capital issued by Suncorp that meets the definition of Additional Tier 1 Capital as applied by APRA to a general insurance company. Eligible Additional Tier 1 Capital contributes to meeting the prudential capital requirement specified in the authority.</li> </ul>	

Topic	Summary	Further information
	<ul style="list-style-type: none"> <li>The Terms include terms necessary to meet APRA's requirements for Eligible Additional Tier 1 Capital (including Conversion (or Write-Off) following a Non-Viability Trigger Event, subordination provisions and certain limitations on the rights of Holders).</li> </ul>	
2.6.3 What is the regulatory treatment of Capital Notes 4?	<ul style="list-style-type: none"> <li>APRA has advised that Capital Notes 4 are eligible for inclusion as Eligible Additional Tier 1 Capital.</li> <li>If APRA's treatment of Capital Notes 4 changes, a Regulatory Event may occur in which case Suncorp would have an option to Exchange Capital Notes 4 as described in Section 2.3.</li> </ul>	Clause 6.1(a) of the Terms
2.6.4 Are Capital Notes 4 guaranteed by any government?	<ul style="list-style-type: none"> <li>No. Capital Notes 4 are not: <ul style="list-style-type: none"> <li>deposits or policy liabilities of any member of the Suncorp Group;</li> <li>protected accounts under the Banking Act or protected policies under the Insurance Act; or</li> <li>guaranteed or insured by any government, government agency or compensation scheme.</li> </ul> </li> </ul>	Clause 2.2 of the Terms

## 2.7 Other

Topic	Summary	Further information
2.7.1 Can Suncorp issue further Capital Notes 4 or other instruments?	<ul style="list-style-type: none"> <li>Suncorp reserves the right to: <ul style="list-style-type: none"> <li>issue any securities which rank equally with Capital Notes 4 (on the same terms or otherwise) or rank in priority or junior to Capital Notes 4;</li> <li>redeem, buy back, return capital on or convert any securities other than Capital Notes 4 at any time, except where expressly prevented from doing so as described in Section 2.1.8;</li> <li>subject to APRA's prior written consent, purchase or procure the purchase of Capital Notes 4 from Holders at any time and at any price; or</li> <li>incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.</li> </ul> </li> <li>Capital Notes 4 do not confer on Holders any right to subscribe for new securities in Suncorp or to participate in any bonus issues of shares in Suncorp's capital.</li> </ul>	Clauses 11.4(e) and 11.5 of the Terms
2.7.2 What voting rights do Capital Notes 4 carry?	<ul style="list-style-type: none"> <li> Holders have no voting rights at meetings of holders of shares in Suncorp.</li> <li> Holders may vote at meetings for Holders in accordance with the Trust Deed.</li> </ul>	Clause 12 of the Terms

Topic	Summary	Further information
2.7.3 Can Suncorp amend the Terms and the Trust Deed?	<ul style="list-style-type: none"> <li>– As described in Section 5.1.24, subject to complying with all applicable laws and to receiving the approval of the Trustee and, where required, APRA, Suncorp may amend the Terms and Trust Deed without the approval of Holders, in certain circumstances.</li> <li>– These may include amendments which may affect the rights of Holders, including: <ul style="list-style-type: none"> <li>– amendments of a formal, technical or minor nature, or made to cure any ambiguity or correct any manifest error;</li> <li>– changes to dates or time periods necessary or desirable to facilitate a Mandatory Conversion, Non-Viability Conversion or Exchange;</li> <li>– changes that enable Capital Notes 4 to be quoted on ASX or sold or to comply with applicable laws or the ASX Listing Rules;</li> <li>– amendments made to align Terms with any subsequently issued Eligible Additional Tier 1 Capital instrument;</li> <li>– amendments made in accordance with Suncorp's adjustment rights in relation to VWAP and Issue Date VWAP in Clause 8 of the Terms; and</li> <li>– any other change that, in Suncorp's opinion, will not be materially prejudicial to the interests of Holders as a whole.</li> </ul> </li> <li>– Suncorp may, with the Trustee's approval (and APRA's prior written approval where required), amend the Terms and Trust Deed if the amendment has been approved by a Special Resolution.</li> <li>– APRA's prior written approval to amend the Terms and Trust Deed is required only where the amendment may affect the eligibility of Capital Notes 4 as Eligible Additional Tier 1 Capital. Holders should not assume that APRA's approval will be given, if requested.</li> </ul>	Clause 18 of the Terms
2.7.4 What is the time limit for a Holder to make a claim against Suncorp?	<ul style="list-style-type: none"> <li>– Holders should be aware that a claim against Suncorp for payment in respect of a Capital Note 4 is void, to the fullest extent permitted by applicable law, unless made within five years of the date for payment.</li> </ul>	Clause 15.5 of the Terms
2.7.5 Are determinations by Suncorp binding?	<ul style="list-style-type: none"> <li>– Except where there is a manifest error, calculations, elections and determinations made by Suncorp under the Terms are binding on Holders.</li> </ul>	Clause 22.1(o) of the Terms
2.7.6 Is set-off applicable?	<ul style="list-style-type: none"> <li>– A Holder may not exercise any right of set-off against Suncorp in respect of any claim by Suncorp against that Holder and will have no offsetting rights or claims on Suncorp if Suncorp does not pay a Distribution when scheduled under the Terms.</li> <li>– Suncorp may not exercise any right of set-off against a Holder in respect of any claim by that Holder against Suncorp.</li> </ul>	Clause 11.1 of the Terms
2.7.7 What is the power of attorney?	<ul style="list-style-type: none"> <li>– Each Holder appoints each of Suncorp, its officers and any External Administrator of Suncorp (each an <b>Attorney</b>) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under the Terms including, but not limited to, effecting any Conversion, Redemption or Resale, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale.</li> </ul>	Clause 11.3 of the Terms

Topic	Summary	Further information
2.7.8 Trustee and Trust Deed	<ul style="list-style-type: none"> <li>– Suncorp has appointed Certane CT Pty Ltd as Trustee for Holders, as required by Chapter 2L of the Corporations Act. The Trustee holds certain rights in relation to Capital Notes 4 on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders.</li> <li>– The Trustee holds on trust for Holders the right to enforce any obligations of Suncorp under the Terms and the Trust Deed. The Trustee will be entitled to take any action against Suncorp to enforce any obligations of Suncorp, subject to the Terms and the Trust Deed.</li> <li>– The Trustee must take action to enforce the Terms and the Trust Deed if it has been directed to do so by a Special Resolution of Holders or so requested in writing by the Holders holding Capital Notes 4 representing at least 15% of the aggregate Issue Price of all Capital Notes 4 then outstanding, its liability has been limited consistent with the Trust Deed, it is indemnified to its reasonable satisfaction and the action is permitted by the Trust Deed or the Terms and by law.</li> <li>– Holders will not be entitled to proceed directly against Suncorp to enforce any right or remedy under or in respect of any Capital Note 4 unless the Trustee is bound to proceed with that action and has not taken that action within 14 days. In this case, any Holder may itself institute proceedings against Suncorp for the relevant remedy to the same extent that the Trustee would have been entitled to do so.</li> <li>– Under the Trust Deed, Suncorp must establish and maintain, or procure the establishment and maintenance, of the Register. The Trust Deed includes provisions for meetings of Holders. Holders will be bound by the terms of the Trust Deed and the Terms when Capital Notes 4 are issued or transferred to them or they purchase Capital Notes 4.</li> <li>– Section 8.7 contains a summary of the principal provisions of the Trust Deed.</li> <li>– A copy of the Trust Deed can be obtained from <a href="http://www.suncorpgroup.com.au/sunpi">www.suncorpgroup.com.au/sunpi</a>.</li> </ul>	Section 8.7 and Clause 17 of the Terms
2.7.9 What if a Holder is not resident in Australia or does not wish to receive Ordinary Shares on Conversion?	<ul style="list-style-type: none"> <li>– If the Register indicates that a Holder's address is outside Australia (or Suncorp believes that a Holder may not be a resident of Australia) (such a Holder being a <b>Foreign Holder</b>) and that Foreign Holder's Capital Notes 4 are to be Converted, Suncorp is entitled, in certain circumstances, to issue the relevant Ordinary Shares to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp).</li> <li>– A Holder may elect not to receive Ordinary Shares on Conversion, in which case those shares will be issued to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp).</li> <li>– The Trustee, or other nominee (as the case may be), will sell those Ordinary Shares and pay a cash amount equal to the net proceeds to the relevant Holder.</li> <li>– The issue of Ordinary Shares to the Trustee, or other nominee (as the case may be), satisfies Suncorp's obligations in connection with the Conversion and Suncorp and the Trustee, or other nominee (as the case may be), do not owe any duty in relation to the price or terms on which the Ordinary Shares are sold and have no liability for any loss suffered as a result of such sale.</li> </ul>	Clauses 8.10, 8.11 and 8.13 of the Terms

Topic	Summary	Further information
2.7.10 What are the consequences of a FATCA Withholding in respect of Ordinary Shares issued on Conversion?	<ul style="list-style-type: none"> <li>– Where a FATCA Withholding is required to be made in respect of Ordinary Shares issued on Conversion of Capital Notes 4, or where Suncorp has reasonable grounds to suspect such a FATCA Withholding would be required to be made, the Ordinary Shares, which the relevant Holder is obliged to accept, will be issued to the Holder only to the extent (if at all) that the issue is net of FATCA Withholding. Suncorp will issue the balance of the Ordinary Shares, if any, to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp), who will sell those Ordinary Shares and pay a cash amount equal to the proceeds net of any FATCA Withholding to the relevant Holder.</li> </ul>	Clause 8.12 of the Terms
2.7.11 What are the taxation implications of investing in Capital Notes 4?	<ul style="list-style-type: none"> <li>– The taxation implications of investing in Capital Notes 4 will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice.</li> <li>– A general outline of the Australian taxation implications is included in the Australian taxation summary in Section 7.</li> </ul>	Section 7
2.7.12 Will Capital Notes 4 be rated?	<ul style="list-style-type: none"> <li>– Suncorp has not sought a credit rating for Capital Notes 4.</li> </ul>	

## 3. About Suncorp

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

### 3.1 Introduction

Suncorp is an ASX-listed company and financial services provider in Australia and New Zealand, and the ultimate parent company of the Suncorp Group, with a market capitalisation of approximately \$16 billion as at 27 August 2021. The Suncorp Group offers insurance and banking products and services in Australia and New Zealand.

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

More information about the Suncorp Group and its businesses can be found at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

### 3.2 Overview of the Suncorp Group

With a heritage dating back to 1902, the Suncorp Group employs more than 13,000 people, and holds approximately \$97 billion in assets (as at 30 June 2021).

Suncorp Group comprises three core businesses:

#### Insurance (Australia)

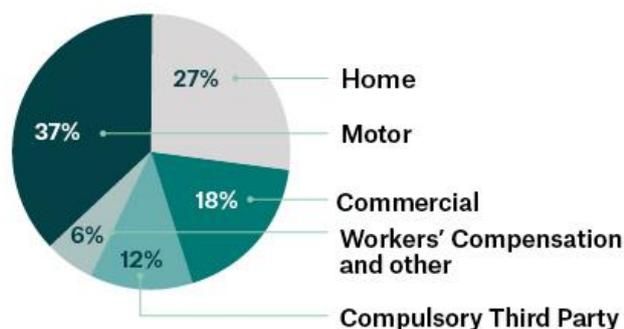


Insurance (Australia) delivers home and contents, motor, caravan, compulsory third party, workers compensation, commercial and health insurance through our suite of insurance brands including AAMI, Suncorp Insurance, GIO and Apia.

The Insurance (Australia) business is one of Australia's largest general insurers by gross written premium and Australia's largest compulsory third party insurer.

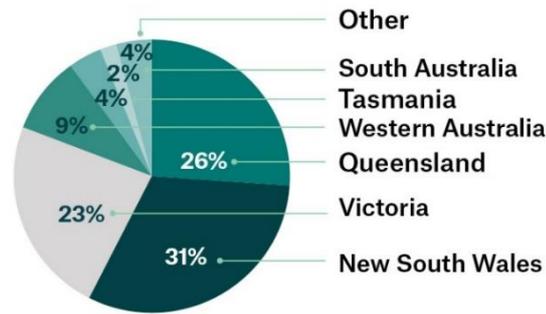
\$8.6 billion gross written premium (excluding FSL) was recognised during the year ended 30 June 2021 and is split by product and geography as follows:

#### Gross written premium by product<sup>1</sup>



<sup>1</sup> Excluding fire service levies

### Gross written premium by geography<sup>1</sup>



<sup>1</sup> Excluding fire service levies

On 2 July 2021, the Suncorp Group announced it had entered into an agreement for the sale of its 50% joint venture interest in RACT Insurance Pty Limited (**RACTI**) to its joint venture partner, the Royal Automobile Club of Tasmania Ltd (**RACT**), for cash consideration of \$83.75 million. Completion of the sale is subject to regulatory approval and expected to occur in the financial year ending 30 June 2022.

There are risks associated with undertaking divestments, including in connection with the RACT transaction (refer to Sections 5.2.16 and 5.2.18).

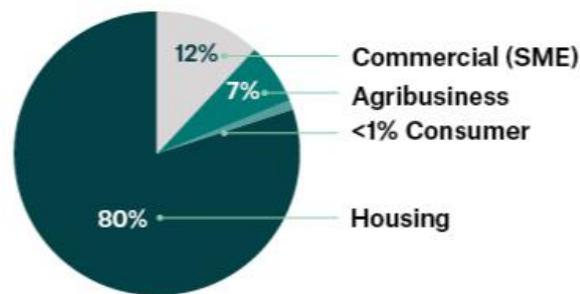
### Banking & Wealth



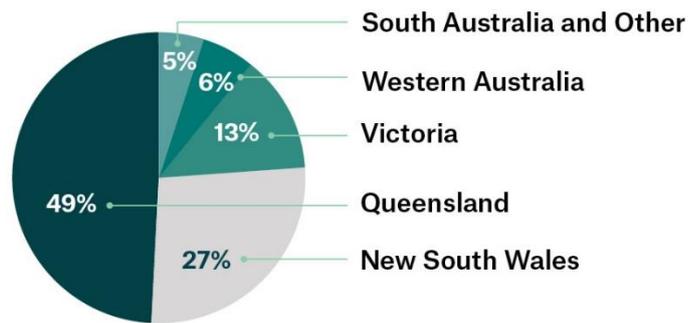
Banking & Wealth provides home and business loans, deposit and transaction account services to personal, small and medium enterprise (SME), commercial and agribusiness customers.

Total lending of \$57.6 billion at 30 June 2021 comprised of the following split by product and geography:

### Lending assets by product



## Lending assets by geography



The sale of Suncorp's Wealth business to LGIA Super was announced in April 2021 for total consideration of \$45 million, including a fixed amount of \$26.6 million plus regulatory capital. The transaction is expected to be completed in the financial year ending 30 June 2022, subject to regulatory approvals.

There are risks associated with undertaking divestments, including in connection with the wealth transaction (refer to Sections 5.2.16 and 5.2.18).

## Suncorp New Zealand

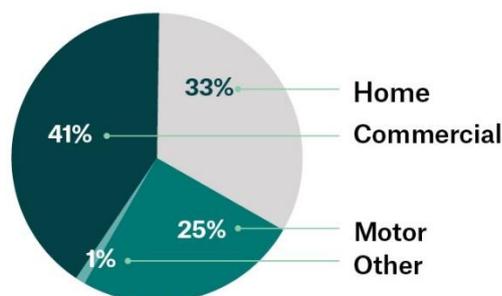


Suncorp New Zealand provides financial services in New Zealand through the Suncorp Group's general and life insurance brands. Consumer, commercial and life insurance products are delivered via intermediaries in New Zealand through its general (Vero) and life insurance (Asteron Life) brands.

In addition, Suncorp New Zealand partners with the New Zealand Automobile Association (AA) to distribute general insurance products direct to consumers via AA Insurance, a joint venture between Vero and the AA. A second joint venture between the two partners (AA Finance) provides secured vehicle financing. Asteron also partners with the AA to distribute simple life products direct to New Zealand consumers.

NZ\$1.9 billion gross written premium was recognised during the year ended 30 June 2021, comprising the following product split:

## General insurance gross written premium by product



### Financial highlights for the Suncorp Group for the year ended 30 June 2021

- Cash earnings of \$1,064 million (FY20: \$749 million).
- Net profit after tax (**NPAT**) of \$1,033 million (FY20: \$913 million).
- Suncorp Group profit after tax from ongoing functions<sup>1</sup> of \$1,166 million (FY20: \$877 million).
- Total operating expenses of \$2,799 million (FY20: \$2,747 million).
- Cash return on average shareholders' equity of 8.1% (FY20: 5.9%).
- Final ordinary dividend of 40 cents per share fully franked and total FY21 ordinary dividend of 66 cents (FY20 total dividend: 36 cents) representing a cash earnings payout ratio of 79.3%.
- Special dividend of 8 cents per share fully franked.
- On-market buyback of up to \$250 million announced.
- Bank pre-dividend CET1 capital ratio of 10.07% (FY20: 9.34%) and general insurance pre-dividend CET1 of 1.28 times the Prescribed Capital Amount (**PCA**) (FY20: 1.25 times PCA).
- Combined Australia and New Zealand general insurance underlying insurance trading ratio of 7.9% (FY20: 11.1%).
- Bank Net Interest Margin of 2.07% (FY20: 1.94%).
- **Insurance (Australia)** profit after tax (**PAT**) was \$547 million (FY20: \$384 million).
- **Banking & Wealth** PAT was \$419 million (FY20: \$242 million).
- **Suncorp New Zealand** PAT was \$200 million (FY20: \$245 million).
- The Suncorp Group's financial information is detailed in Section 4 including adjustments reflecting the impact of the on-market buyback and pro-forma impacts of the Offer.

#### 3.2.1 Strategy

The Suncorp Group has a three-year plan that aims to drive growth and efficiencies in the core businesses, while continuing to build on the Suncorp Group's existing digital and data capability.

Refer to page 11 of the FY21 Investor Pack for more details on the Suncorp Group's strategy.

<sup>1</sup> 'Profit after tax from ongoing functions' is defined as the NPAT for the Insurance (Australia), Banking and Suncorp New Zealand functions and excludes the performance of the Wealth business following the sale agreement announced on 28 April 2021 as well as the contribution from the Capital SMART and ACM Parts businesses sold on 31 October 2019.

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### 3.3 General insurance reinsurance

Reinsurance is a form of insurance for insurance companies where, in exchange for an agreed premium, the reinsurer agrees to pay all, or a share, of certain claims incurred by the insurance company. There are two main types of reinsurance: proportional and non-proportional. A quota share is an example of proportional reinsurance where the insurer and the reinsurer share premiums and losses at a fixed percentage. A non-proportional example is the excess of loss reinsurance, where the reinsurer compensates the insurer for losses that exceed a given level for an agreed premium.

The Suncorp Group enters into a number of reinsurance arrangements for its general insurance business. These arrangements allow individual claim costs or event costs (such as natural catastrophes or very large weather events) to be limited. Reinsurance plays an important role in reducing retained insurance risk, meeting regulatory capital requirements, reducing earnings volatility and supporting the Suncorp Group's capacity to write new policies.

The Suncorp Group's main catastrophe reinsurance program covers natural perils event costs associated with the home, motor and commercial portfolios for the financial year ending 30 June 2022. The program includes a quota share arrangement which cedes 30% of the property exposure from the Queensland home insurance portfolio to reduce concentration risk. In addition, the program includes protection for events net of the quota share of up to \$6.5 billion, which is in excess of APRA and Reserve Bank of New Zealand (**RBNZ**) regulatory requirements. The Suncorp Group retains \$250 million of event costs for the first event. Additional cover has been purchased to reduce the maximum losses the Suncorp Group retains for a second Australian event to \$200 million and, for a third and fourth event, to \$50 million. For New Zealand risks, the maximum loss the Suncorp Group retains for the first event is NZ\$50 million and, for the second and third event, NZ\$25 million. An aggregate excess of loss protection provides additional protection of \$400 million of cover for natural hazards event costs in excess of \$5 million, once the total retained costs of these events reach \$650 million.

The Suncorp Group has a number of other reinsurance arrangements in place that are specific to protecting against individual large losses or specific elements of the commercial portfolio.

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### 3.4 Investments

The Suncorp Group's primary objective is to optimise investment returns relative to investment risk appetite. This process has regard to capital as well as to mitigate, as far as practical, the interest rate and claims inflation risks inherent in the insurance liabilities. Investment grade fixed interest securities and assets with inflation hedging characteristics are key to meeting this objective.

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### 3.5 Regulation

The Suncorp Group operates across a number of highly-regulated industry sectors and is subject to ongoing oversight by a number of regulatory authorities in Australia and New Zealand including APRA, ASX, RBA, ASIC, ACCC, AUSTRAC, FWO, OAIC, ACMA, ATO, RBNZ, the FMA and the New Zealand Commerce Commission.

As a provider of insurance and banking products, the Suncorp Group is subject to ongoing oversight by financial services regulators with the prudential regulator, being APRA in Australia and RBNZ in New Zealand.

Regulatory matters which may impact the Suncorp Group are set out in the Annual Report 2020-21. More information on regulatory risks which may affect the Suncorp Group is set out in Section 5.2.

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### 3.6 Risk management

The Suncorp Group recognises that strong risk culture, good governance and effective risk management are essential to achieving the Suncorp Group's strategy and maintaining its social licence to operate.

The Suncorp Group has policies, systems, processes and people in place to identify, assess, manage and monitor internal and external sources of material risk. Material risks are those that could have a material non-financial or financial impact on Suncorp.

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### 3.7 Directors of Suncorp

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

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

As announced on 9 August 2021, Mr Duncan West is proposed to be appointed as a Director on 23 September 2021 and will stand for election at Suncorp's 2021 Annual General Meeting.

The Directors of Suncorp may change from time to time due to the appointment or resignation of Directors (including at Suncorp's 2021 Annual General Meeting), and if this occurs Suncorp will make an ASX announcement.

The role and responsibilities of the Directors are set out in the Suncorp Board Charter. The Board Charter and more information on the Directors of Suncorp, including their experience, qualifications and expertise can be found on the Suncorp Group's website at **[www.suncorpgroup.com.au](http://www.suncorpgroup.com.au)**.

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

## 4. Financial information

This Section sets out:

- summary financial and capital information for Suncorp and the Suncorp Group;
- pro forma financial information demonstrating the on-market buyback and the effect of the Offer on Suncorp and the Suncorp Group; and
- pro forma capital information demonstrating the on-market buyback and the effect of the Offer on the Suncorp Group.

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## 4.1 Introduction

Section 4 provides summary actual historical financial and capital information and summary pro forma financial and capital information for Suncorp and the Suncorp Group. The pro forma financial and capital information has been included to illustrate the Suncorp Group's financial and capital position as at 30 June 2021, assuming the issuance of Capital Notes 4 occurred on that date. It also includes an adjustment to the historical financial information to illustrate the impact of the on-market buyback announced on 9 August 2021, as outlined in Section 3.2.

The pro-forma adjustments do not adjust for the impact of the sale of Suncorp's Australian Wealth business, Suncorp Portfolio Services Limited or the sale of RACT Insurance Pty Limited, as outlined in Section 3.2. The pro forma adjustments arising from these sales do not materially impact the Suncorp Group's consolidated statement of comprehensive income or Suncorp's summary financial results for the financial year ended 30 June 2021.

The Suncorp Group summary actual financial information presented in this Section has been extracted from the Suncorp Group's audited consolidated financial report for the financial year ended 30 June 2021. This report is available at **[www.suncorpgroup.com.au](http://www.suncorpgroup.com.au)**.

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

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

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

## 4.2 Selected financial information of the Suncorp Group

### 4.2.1 Consolidated statements of comprehensive income

The following table sets out the Suncorp Group's consolidated statements of comprehensive income for the financial year ended 30 June 2021 (FY21) as well as the prior financial year ended 30 June 2020 (FY20) comparative.

\$ million	FY20	FY21 <sup>1</sup>
<b>Revenue</b>		
Insurance premium income	10,080	10,438
Reinsurance and other recoveries income	1,592	947
Interest income on financial assets not at fair value through profit or loss	2,104	1,708
Interest income on financial assets at fair value through profit or loss	370	327
Net gains on financial assets and liabilities at fair value through profit or loss	24	230
Dividend and trust distribution income	76	80
Fees and other income	524	457
<b>Total revenue</b>	<b>14,770</b>	<b>14,187</b>
<b>Expenses</b>		
Claims expense	(7,836)	(7,328)
Outwards reinsurance premium expense	(1,217)	(1,228)
Underwriting expense	(2,202)	(2,276)
Interest expense on financial liabilities not at fair value through profit or loss	(973)	(500)
Interest expense on financial liabilities at fair value through profit or loss	(27)	(30)
Impairment (loss) release on loans and advances	(172)	49
Impairment loss on goodwill and other intangible assets	(110)	(9)
Amortisation and depreciation expense	(258)	(229)
Fees, overheads and other expenses	(981)	(940)
Outside beneficial interests in managed funds	(43)	(187)
<b>Total expenses</b>	<b>(13,819)</b>	<b>(12,678)</b>
<b>Profit before income tax</b>	<b>951</b>	<b>1,509</b>
Income tax expense	(305)	(461)
<b>Profit after tax from continuing operations</b>	<b>646</b>	<b>1,048</b>
Profit after tax from discontinued operations <sup>2</sup>	<b>286</b>	<b>-</b>
<b>Profit for the financial year</b>	<b>932</b>	<b>1,048</b>
<b>Profit for the period attributable to:</b>		
Owners of the Company	913	1,033
Non-controlling interests	19	15
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value of cash flow hedges	43	6
Net change in debt investments at fair value through other comprehensive income	(9)	23
Net change in net investment hedge of foreign operations	1	-
Exchange differences on translation of foreign operations	(25)	(4)
Related income tax expense	(10)	(9)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial (losses) gains on defined benefit plans	(20)	32
Net change in equity investments at fair value through other comprehensive income	(17)	-
Related income tax benefit (expense)	10	(9)
<b>Total other comprehensive (loss) income</b>	<b>(27)</b>	<b>39</b>
<b>Total comprehensive income for the financial year</b>	<b>905</b>	<b>1,087</b>
<b>Total comprehensive income for the financial year attributable to:</b>		
Owners of the Company	886	1,072
Non-controlling interests	19	15

Notes:

- The pro-forma adjustments do not adjust for the impact of the sale of Suncorp's Australian Wealth business, Suncorp Portfolio Services Limited or the sale of RACT Insurance Pty Limited, as outlined in Section 3.2.
- The Jun-20 period includes the contribution from the Capital SMART and ACM Parts businesses sold on 31 October 2019.

## 4.2.2 Statement of financial position of the Suncorp Group

The following table sets out the Suncorp Group's consolidated statement of financial position as at 30 June 2021, as well as the consolidated statement of financial position as at 30 June 2020. It also provides the Suncorp Group's pro forma consolidated statement of financial position as at 30 June 2021, assuming the Offer occurred on 30 June 2021. It also includes an adjustment to the historical consolidated statement of financial position at 30 June 2021 to illustrate the impact of the on-market buyback of up to \$250 million, as outlined in Section 3.2.

Assets	Actuals	Actuals	Pro forma	Sub-total	Pro forma	Pro forma
	as at 30 June 2020	as at 30 June 2021 <sup>1</sup>	adjustment for on-market buyback <sup>2</sup>		adjustments for the Offer <sup>3</sup>	as at 30 June 2021 <sup>4</sup>
Cash and cash equivalents	1,046	1,200	-	1,200	343	1,543
Receivables due from other banks	567	1,495	-	1,495	-	1,495
Trading securities	1,460	1,579	-	1,579	-	1,579
Derivatives	831	351	-	351	-	351
Investment securities	19,763	21,230	(250)	20,980	-	20,980
Premiums outstanding	2,857	2,923	-	2,923	-	2,923
Loans and advances	57,723	57,324	-	57,324	-	57,324
Reinsurance and other recoveries	2,471	1,997	-	1,997	-	1,997
Deferred reinsurance assets	926	918	-	918	-	918
Deferred acquisition costs	734	752	-	752	-	752
Property, plant and equipment	576	504	-	504	-	504
Deferred tax assets	282	288	-	288	-	288
Goodwill and other intangible assets	5,275	5,255	-	5,255	-	5,255
Other assets	1,236	1,041	-	1,041	-	1,041
<b>Total assets</b>	<b>95,747</b>	<b>96,857</b>	<b>(250)</b>	<b>96,607</b>	<b>343</b>	<b>96,950</b>
<b>Liabilities</b>						
Payables due to other banks	293	103	-	103	-	103
Deposits	39,583	41,200	-	41,200	-	41,200
Derivatives	574	332	-	332	-	332
Amounts due to reinsurers	784	802	-	802	-	802
Payables and other liabilities	1,828	1,600	-	1,600	-	1,600
Current tax liabilities	164	189	-	189	-	189
Unearned premium liabilities	5,219	5,568	-	5,568	-	5,568
Provisions and employee benefit liabilities	610	597	-	597	-	597
Outstanding claims liabilities	10,601	10,788	-	10,788	-	10,788
Deferred tax liabilities	115	121	-	121	-	121
Managed funds units on issue	714	987	-	987	-	987
Borrowings	20,129	18,746	-	18,746	-	18,746
Loan capital <sup>4</sup>	2,349	2,376	-	2,376	343	2,719
<b>Total liabilities</b>	<b>82,963</b>	<b>83,409</b>	<b>-</b>	<b>83,409</b>	<b>343</b>	<b>83,752</b>
<b>Net assets</b>	<b>12,784</b>	<b>13,448</b>	<b>(250)</b>	<b>13,198</b>	<b>-</b>	<b>13,198</b>
<b>Equity</b>						
Share capital	12,509	12,558	(250)	12,308	-	12,308
Reserves	172	204	-	204	-	204
Retained profits	82	662	-	662	-	662
<b>Total equity attributable to owners of the Company</b>	<b>12,763</b>	<b>13,424</b>	<b>(250)</b>	<b>13,174</b>	<b>-</b>	<b>13,174</b>
Non-controlling interests	21	24	-	24	-	24
<b>Total equity</b>	<b>12,784</b>	<b>13,448</b>	<b>(250)</b>	<b>13,198</b>	<b>-</b>	<b>13,198</b>

### Notes:

- The pro-forma adjustments do not adjust for the impact of the sale of Suncorp's Australian Wealth business, Suncorp Portfolio Services Limited or the sale of RACT Insurance Pty Limited, as outlined in Section 3.2.
- This adjustment reflects the on-market buyback of up to \$250 million announced on 9 August 2021 which is proposed to start from 6 September 2021, as outlined in Section 3.2.
- These adjustments assume \$350 million of Capital Notes 4 were issued on 30 June 2021, net of estimated issue transaction costs of approximately \$7 million. The actual issue amount may be more or less than \$350 million and, consequently, the issue transaction costs may be more or less than \$7 million.
- As outlined in Section 1.1 of this prospectus, Suncorp has an option to convert, redeem or resell the \$375 million Capital Notes 1 on 17 June 2022 and will consider converting, redeeming or reselling the \$375 million Capital Notes 1 on that date, subject to various factors.

## 4.3 Summarised financial information of Suncorp

Suncorp is the issuing entity for Capital Notes 4. It is a NOHC and the ultimate parent company of the Suncorp Group. The following table contains certain information extracted from the Suncorp Group's audited consolidated financial report for the financial year ended 30 June 2021. Suncorp applies the amendments to the Corporations Act that removed the requirement to prepare separate parent entity financial statements. The disclosures in the following table represent the specific parent entity disclosures made for FY21 and FY20.

### 4.3.1 Summary financial results

\$ million	FY20	FY21
<b>Results of Suncorp</b>		
Profit after tax for the year	1,082	414
<b>Total comprehensive income for the year</b>	<b>1,082</b>	<b>414</b>

### 4.3.2 Pro forma summary financial position

The following table sets out Suncorp's summary standalone financial position (as parent entity) as at 30 June 2020 and as at 30 June 2021. It also provides the pro forma summary financial position as at 30 June 2021, assuming the Offer occurred on 30 June 2021. It also includes an adjustment to the historical consolidated statement of financial position at 30 June 2021 to illustrate the impact of the on-market buyback of up to \$250 million, as outlined in Section 3.2.

\$ million	Actuals as at 30 June 2020	Actuals as at 30 June 2021	Pro forma adjustment for on-market buyback <sup>1</sup>	Sub-total	Pro forma adjustments for the Offer <sup>2</sup>	Pro forma as at 30 June 2021 <sup>3</sup>
Current assets	1,170	1,367	(250)	1,117	343	1,460
<b>Total assets</b>	<b>15,230</b>	<b>15,499</b>	<b>(250)</b>	<b>15,249</b>	<b>343</b>	<b>15,592</b>
Current liabilities	282	307	-	307	-	307
<b>Total liabilities</b>	<b>2,005</b>	<b>2,282</b>	<b>-</b>	<b>2,282</b>	<b>343</b>	<b>2,625</b>
<b>Net assets</b>	<b>13,225</b>	<b>13,217</b>	<b>(250)</b>	<b>12,967</b>	<b>-</b>	<b>12,967</b>
<b>Total equity of Suncorp consists of:</b>						
Share capital	12,559	12,598	(250)	12,348	-	12,348
Retained profits	666	619	-	619	-	619
<b>Total equity</b>	<b>13,225</b>	<b>13,217</b>	<b>(250)</b>	<b>12,967</b>	<b>-</b>	<b>12,967</b>

Notes:

- This adjustment reflects the on-market buyback of up to \$250 million announced on 9 August 2021 which is proposed to start from 6 September 2021, as outlined in Section 3.2.
- These adjustments assume \$350 million of Capital Notes 4 were issued on 30 June 2021, net of estimated issue transaction costs of approximately \$7 million. The actual issue amount may be more or less than \$350 million and, consequently, the issue transaction costs may be more or less than \$7 million.
- As outlined in Section 1.1 of this prospectus, Suncorp has an option to convert, redeem or resell the \$375 million Capital Notes 1 on 17 June 2022 and will consider converting, redeeming or reselling the \$375 million Capital Notes 1 on that date, subject to various factors.

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## 4.4 Capital management

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

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

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

In optimising shareholder value and the level and mix of capital, the timing of issuance of hybrid instruments is driven by a number of factors, in particular expected market conditions.

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

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

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

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

A range of instruments and methodologies are used to effectively manage capital, including share issues, reinsurance, dividend policies, Tier 1 Capital instruments and Tier 2 Capital instruments. For regulatory purposes, capital is classified as follows:

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

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

### Capital position at 30 June 2021

As at 30 June 2021 the Suncorp Group's excess CET1 (after payment of final ordinary and special dividends) to its capital targets was \$773 million. This included \$637 million capital held at Group entities. As outlined in Section 3.2, adjusting for the on-market buyback, at 30 June 2021, the Suncorp Group's excess CET1 to its capital targets would have been \$523 million, including \$387 million held at Group entities.

## 4.5 Pro forma capital adequacy position

The following table sets out the Suncorp Group's actual capital adequacy position as at 30 June 2020 and as at 30 June 2021. It also provides the Suncorp Group's pro forma capital adequacy position as at 30 June 2021, based on the Suncorp Group's financial position as at 30 June 2021 and after adjusting for the following assumptions:

- \$350 million is raised through the Offer. The instrument is to be eligible for recognition as Additional Tier 1 Capital. Issue costs associated with the Offer are assumed to be approximately \$7 million;
- An adjustment to the historical capital adequacy position at 30 June 2021 to illustrate the impact of the on-market buyback announced on 9 August 2021, as outlined in Section 3.2.

\$ million	Actuals as at 30 June 2020	Actuals as at 30 June 2021 <sup>1</sup>	Pro forma adjustment for on-market buyback <sup>2</sup>	Sub-total	Pro forma adjustments for the Offer <sup>3</sup>	Pro forma as at 30 June 2021 <sup>4</sup>
CET1 Capital	7,011	7,744	(250)	7,494	-	7,494
Additional Tier 1 Capital	1,139	1,139	-	1,139	343	1,482
Tier 1 Capital	8,150	8,883	(250)	8,633	343	8,976
Tier 2 Capital	1,419	1,398	-	1,398	-	1,398
<b>Total Capital</b>	<b>9,569</b>	<b>10,281</b>	<b>(250)</b>	<b>10,031</b>	<b>343</b>	<b>10,374</b>
Suncorp Group excess to CET1 Capital Target (after final ordinary and special dividends) <sup>5</sup>	823	773	(250)	523	-	523
Suncorp Group excess Total Capital to target (after final ordinary and special dividends)	1,236	1,081	(250)	831	343	1,174

### Notes:

- The pro-forma adjustments do not adjust for the impact of the sale of Suncorp's Australian Wealth business, Suncorp Portfolio Services Limited or the sale of RACT Insurance Pty Limited, as outlined in Section 3.2.
- This adjustment reflects the on-market buyback of up to \$250 million announced on 9 August 2021 which is proposed to start from 6 September 2021, as outlined in Section 3.2.
- These adjustments assume \$350 million of Capital Notes 4 were issued on 30 June 2021, net of estimated issue transaction costs of approximately \$7 million. The actual issue amount may be more or less than \$350 million and, consequently, the issue transaction costs may be more or less than \$7 million.
- As outlined in Section 1.1 of this prospectus, Suncorp has an option to convert, redeem or resell the \$375 million Capital Notes 1 on 17 June 2022 and will consider converting, redeeming or reselling the \$375 million Capital Notes 1 on that date, subject to various factors.
- Includes excess capital held at Group entities of \$637 million at 30 June 2021 (\$532 million at 30 June 2020) and pro forma excess capital held at Group entities of \$387 million.

## 5. Investment risks

This Section describes some of the risks associated with an investment in Capital Notes 4 and in Suncorp.

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

Investors should carefully consider these risk factors, together with the other information in this Prospectus, before deciding whether to invest in Capital Notes 4.

This summary does not cover all the risks of investing in Capital Notes 4.

Before applying for Capital Notes 4, you should consider whether Capital Notes 4 are a suitable investment for you. There are risks associated with an investment in Capital Notes 4 and in Suncorp, many of which are outside the control of Suncorp and its Directors.

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## 5.1 Risks associated with investing in Capital Notes 4

### 5.1.1 Capital Notes 4 are not deposit or policy liabilities

Capital Notes 4 are not:

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

The investment performance of Capital Notes 4 is not guaranteed by Suncorp or any other member of the Suncorp Group.

### 5.1.2 Market price of Capital Notes 4

The market price of Capital Notes 4 may fluctuate due to various factors, including Australian and worldwide economic conditions, better rates of return on other securities, interest rates, movements in foreign exchange rates, impacts of regulatory change (including product intervention by ASIC in the market for Capital Notes 4 or similar securities), movements in the market price of Ordinary Shares or senior or subordinated debt, investor perceptions, Suncorp's financial performance and position, the occurrence or potential occurrence of a Non-Viability Trigger Event or factors resulting in Suncorp deciding or not being permitted to make payments on Capital Notes 4, the effect of any Exchange or Write-Off on the amount outstanding (if any) of Capital Notes 4 on issue, the risk of early Exchange following a Tax Event or Regulatory Event, and other factors that may affect Suncorp's financial performance and position. Capital Notes 4 may trade at a market price below the Issue Price. There is no guarantee that Capital Notes 4 will remain continuously quoted on ASX or ASX will not suspend trading in Capital Notes 4.

Holders who wish to sell or otherwise transfer their Capital Notes 4 prior to Exchange may suffer loss if Capital Notes 4 trade at a market price below the amount for which Capital Notes 4 were acquired by those Holders.

In recent years, markets have sometimes been volatile. In particular, the economic consequences of the COVID-19 pandemic have given rise to increased levels of volatility in financial markets. The expected duration and magnitude of the COVID-19 pandemic and its full economic impact remain unclear. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

You should carefully consider the impact of volatility risk on the potential market price of Capital Notes 4 before deciding whether to invest in Capital Notes 4.

Holders should note that, unlike Ordinary Shares, Capital Notes 4 do not provide a material exposure to growth in the Suncorp Group's business.

Any Ordinary Shares issued on Conversion will rank equally with existing Ordinary Shares and their ongoing value will reflect the market price of Ordinary Shares after the date on which Capital Notes 4 are Converted. That market price of Ordinary Shares is also subject to many of the factors outlined above and may be volatile.

### 5.1.3 Liquidity

There is a risk that there may be no liquid market for Capital Notes 4. Although Suncorp intends to have Capital Notes 4 quoted on ASX, there is no guarantee that a liquid market will develop for Capital Notes 4. The market for Capital Notes 4 may be less liquid than the market for Ordinary Shares or comparable securities issued by Suncorp or other entities and may be volatile. The market price of Capital Notes 4 is likely to fluctuate and, if Holders wish to sell or otherwise transfer their Capital Notes 4 prior to Exchange, they may be unable to do so at a price acceptable to them, or at all, if insufficient liquidity exists in the market for Capital Notes 4.

Capital Notes 4 are expected to Convert into Ordinary Shares as described in Sections 2.2 and 2.3 of this Prospectus. Where Capital Notes 4 are Converted, there may be no liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion. As a consequence, Capital Notes 4 Holders who wish to sell the Ordinary Shares they may receive may be unable to do so at an acceptable price, or at all, if the market for Ordinary Shares is illiquid. In addition, there is no guarantee that Ordinary Shares will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

The liquidity of the market for Capital Notes 4 may be negatively impacted if ASIC exercises its product intervention powers (as outlined in Section 5.2.2) in relation to comparable securities issued by Suncorp or other entities. The liquidity of the market for Capital Notes 4 may also be impacted as a result of market volatility due to the COVID-19 pandemic. The expected duration and magnitude of the COVID-19 pandemic and its full economic impact remain unclear.

#### **5.1.4 Market price and liquidity of Ordinary Shares**

There is a risk that the market price of the number of Ordinary Shares received per Capital Note 4 on Conversion will be less than the Issue Price of the Capital Note 4 and the market price of Ordinary Shares may fluctuate after Conversion.

Where Capital Notes 4 are Converted, other than on account of a Non-Viability Trigger Event (see Section 5.1.12), the number of Ordinary Shares issued is calculated to have a value of approximately \$101 per Capital Note 4 (calculated on the VWAP basis provided in the Terms). However, the market price of the Ordinary Shares issued upon Conversion will likely be different from the VWAP used in the Conversion calculations and will fluctuate due to various factors, including Australian and worldwide economic conditions, investor perceptions, Suncorp's financial performance and position (see Section 5.1.2), and the market price of the number of Ordinary Shares received per Capital Note 4 on Conversion could be less than the Issue Price of the Capital Note 4. Where Capital Notes 4 are Converted on account of a Non-Viability Trigger Event, the number of Ordinary Shares issued per Capital Note 4 could be worth less than \$101 per Capital Note 4 and, in addition, the Non-Viability Trigger Event is likely to be accompanied by deterioration in the market price of the Ordinary Shares.

The COVID-19 pandemic has, and will likely continue to, severely impact global, regional and national economies and markets. The expected duration and magnitude of the COVID-19 pandemic and its potential impacts on the economy and the market price for Ordinary Shares remain unclear.

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

#### **5.1.5 Distributions may not be paid**

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

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

and for any (or no) reason and there is, therefore, a risk that a Distribution may not be paid in full or at all.

Distributions may not be paid if APRA objects to the payment of discretionary capital distributions. APRA stated, in response to the significant disruption caused by the COVID-19 pandemic, that it expected ADIs and insurers (such as SML and AAI) to take a measured approach to capital distributions until the economic outlook was clearer. While this guidance is not expected to prohibit Suncorp and its APRA-regulated operating subsidiaries from paying distributions, there is the risk that if the economic outlook remains negative or uncertain for a prolonged period of time, APRA may object to the payment of a Distribution.

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

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

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

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

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

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

### **5.1.6 Changes in Distribution Rate**

There is a risk that the rate of return in respect of Capital Notes 4 may become less attractive when compared to rates of return available on comparable securities issued by Suncorp or other entities.

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

The Distribution Rate will be affected (potentially increasing or decreasing) with a change in the Australian corporate tax rate applicable to Suncorp (see Section 5.1.21). If the corporate tax rate were to change, the cash amount of Distributions and the amount of any franking credits will change.

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

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

### **5.1.7 Capital Notes 4 are perpetual and Mandatory Conversion is subject to certain conditions and may not occur when expected or at all**

Capital Notes 4 must be Converted into Ordinary Shares of Suncorp on the Scheduled Mandatory Conversion Date, which will be 17 December 2030, (unless they have been Redeemed or Resold for cash, Converted to Ordinary Shares or Written-Off on an earlier date). However, Conversion (except in case of Conversion on account of a Non-Viability Trigger Event) is subject to satisfaction of the Mandatory Conversion Conditions and may not occur on the Scheduled Mandatory Conversion Date or at all. The Mandatory Conversion Conditions that must be satisfied in relation to any Mandatory Conversion Date are:

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

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

If Mandatory Conversion does not occur on the Scheduled Mandatory Conversion Date, Mandatory Conversion will be deferred until the next Distribution Payment Date on which all the Mandatory Conversion Conditions would be satisfied (unless Capital Notes 4 are otherwise Exchanged or Written-Off on or before that date).

Capital Notes 4 are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions will never be satisfied and, if this occurs, unless Capital Notes 4 are otherwise Converted, Capital Notes 4 will never Convert.

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

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

Suncorp may (subject to APRA's prior written approval) elect to Exchange some or all Capital Notes 4 on an Optional Exchange Date or on the occurrence of a Tax Event or a Regulatory Event and may elect to Exchange all (but not some only) Capital Notes 4 after a Potential Acquisition Event. Holders should not assume that APRA's approval will be given, if requested. In addition, Suncorp must (subject to certain conditions) Convert all Capital Notes 4 on the occurrence of an Acquisition Event. Holders have no right to request or require an Exchange.

Any Exchange at Suncorp's option may occur on dates not previously contemplated by Holders or may not occur at all. This may be disadvantageous to Holders in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 4 (such as Distributions) is unknown.

Subject to certain conditions, Suncorp has discretion to elect which Exchange Method or combination of Exchange Methods will apply to an Exchange and, where a combination of Exchange Methods is selected, to which Capital Notes 4 and Holders the Exchange Method will apply (see Sections 2.3.1, 2.3.4 and 2.3.6). The method chosen by Suncorp may be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant Exchange Date.

For example, if APRA approves an election by Suncorp to Redeem or Resell Capital Notes 4, Holders will receive cash equal to \$100 per Capital Note 4 rather than Ordinary Shares and, accordingly, they will not benefit from any subsequent increases in the Ordinary Share price after the Exchange occurs.

In addition, where Holders receive cash on Redemption or Resale, the rate of return at which they could reinvest their funds may be lower than the Distribution Rate at the time. Where Holders receive Ordinary Shares on Conversion, they will have the same rights as other holders of Ordinary Shares, which are different to the rights attaching to Capital Notes 4.

### **5.1.9 Conversion on account of a Non-Viability Trigger Event**

There is a risk that a Non-Viability Trigger Event will occur, in which case Suncorp must immediately Convert Capital Notes 4 into Ordinary Shares. If a Non-Viability Trigger Event occurs, a Holder may suffer a significant loss as they may receive a number of Ordinary Shares worth significantly less than \$101 per Capital Note 4 and, if for any reason Conversion of Capital Notes 4 has not been effected within five Business Days after the relevant Trigger Event Date, Capital Notes 4 will be Written-Off.

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

#### **What is a Non-Viability Trigger Event?**

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

- the conversion to Ordinary Shares or write-off of Relevant Securities in accordance with their terms or by operation of law is necessary because without the conversion into Ordinary Shares or write-off, APRA considers that Suncorp would become non-viable; or
- without a public sector injection of capital into, or equivalent support with respect to, Suncorp, APRA considers that Suncorp would become non-viable.

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

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

#### **Effect of a Non-Viability Trigger Event**

If a Non-Viability Trigger Event occurs, Suncorp must immediately Convert all (or some) Capital Notes 4 on issue (in accordance with APRA's determination) into the Conversion Number of Ordinary Shares.

Where a Non-Viability Trigger Event occurs because APRA determines that without a public sector injection of capital (or equivalent support) Suncorp would become non-viable, all Capital Notes 4 will be Converted.

If APRA makes a determination that only some Capital Notes 4 are required to be Converted, Suncorp must determine which Capital Notes 4 will Convert and in doing so must endeavour to treat Holders and holders of other Relevant Securities on an approximately proportionate basis but may discriminate to take account of the effect on marketable parcels, other logistical considerations and the need to effect conversions immediately. Accordingly, should a Non-Viability Trigger Event occur and some (but not all) Capital Notes 4 must be Converted, not all Holders may have their Capital Notes 4 converted into Ordinary Shares.

Holders should be aware that:

- if APRA does not require all Relevant Securities and Tier 2 Capital instruments to be converted or written-off, Relevant Securities such as Capital Notes 4 will be converted or written-off before any Tier 2 Capital instruments are converted or written-off;
- on the occurrence of a Non-Viability Trigger Event, APRA may determine that Capital Notes 4 must be Converted into Ordinary Shares; however, other equally-ranking Suncorp securities (such as Capital Notes 1, Capital Notes 2 and Capital Notes 3) may not be required to be converted. This may result in the Capital Notes 4 investment effectively ranking lower in Suncorp's capital structure than other previously equally-ranking securities;
- if Capital Notes 4 are Written-Off, all rights in relation to those Capital Notes 4 will be terminated and Holders will lose the entire amount of their investment, without compensation;
- Suncorp currently has no Relevant Securities on issue other than Capital Notes 1, Capital Notes 2 and Capital Notes 3; and
- Suncorp has no obligation to maintain on issue any Relevant Securities and does not, and may never, have on issue Relevant Securities which require them to be converted or written-off before Capital Notes 4.

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

Accordingly, this may result in a Holder receiving a number of Ordinary Shares worth significantly less than \$101 per Capital Note 4 and suffering loss as a result. This is because:

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

Suncorp may seek a trading halt to prevent further trading in Capital Notes 4 on ASX and, if ASX permits, may refuse to register transfers of Capital Notes 4. This may result in disruption or failures in trading or dealing in Capital Notes 4 and Holders may suffer loss as a result.

### **Write-Off if Conversion does not occur**

If, following a Non-Viability Trigger Event, Conversion of Capital Notes 4 has not been effected within five Business Days after the relevant Trigger Event Date for any reason (including because Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, winding-up or other external administration of Suncorp) (**Inability Event**)), those Capital Notes 4 will not be Converted but will instead be Written-Off, in which case all rights in relation to those Capital Notes 4 will be terminated and Holders will not get back their capital. This means that, for example, unlike Shareholders, if Capital Notes 4 are Written-Off, Holders will have no right to participate in a surplus of assets on a winding-up of Suncorp.

The laws under which an Inability Event may arise include laws relating to the insolvency, winding-up or other external administration of Suncorp. Those laws, and the grounds on which a court or government authority may make orders preventing the Conversion of Capital Notes 4, may change and may be adverse to the interests of Holders and the change may increase the risk of Capital Notes 4 being Written-Off.

### **5.1.10 Conversion as a result of an Acquisition Event**

There is a risk that Capital Notes 4 may be affected by merger and acquisition activity affecting Suncorp. Capital Notes 4 are issued by Suncorp, which, as an ASX-listed company, may be acquired by or merged with another company or group of companies, potentially resulting in a change of control. The outcome for Holders of such activity may be uncertain; they may suffer loss or face increased risks in holding Capital Notes 4.

Where this corporate activity constitutes an Acquisition Event, Suncorp is required, subject to satisfaction of certain conditions, to Convert all Capital Notes 4 in accordance with Clause 7 of the Terms.

Where this corporate activity constitutes a Potential Acquisition Event, Suncorp may (but is not required to) elect, subject to satisfaction of certain conditions, to Convert all Capital Notes 4 in accordance with Clause 6 of the Terms. Conversion may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 4 (such as Distributions) is unknown. Where Holders receive Ordinary Shares on Conversion, they will have the same rights as other holders of Ordinary Shares, which are different to the rights attaching to Capital Notes 4.

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

If Conversion does not occur on the Acquisition Conversion Date, then Conversion will occur on the following Distribution Payment Date for which the restrictions do not apply, unless Capital Notes 4 are otherwise Exchanged or Written-Off on or before that date. If Conversion does not occur on a possible Acquisition Conversion Date and Capital Notes 4 are not otherwise Exchanged or Written-Off, Distributions may continue to be paid on Capital Notes 4, subject to Suncorp's discretion and to no Payment Condition existing in connection with the relevant Distribution Payment Date.

Capital Notes 4 are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers or a Delisting Event continues to subsist, it is possible that the restrictions on Conversion will continue to apply and, if this occurs, unless Capital Notes 4 are otherwise Exchanged, Capital Notes 4 will never Convert.

Not all corporate activities that have the effect of a change of control of Suncorp or its business operations will be an Acquisition Event. In particular, it would not be an Acquisition Event if APRA were to require the compulsory transfer of the Suncorp Group's insurance or banking business. Where the corporate activity is not an Acquisition Event, Suncorp is not obliged to Convert Capital Notes 4. Therefore, the outcomes for Holders arising from that corporate activity will be uncertain and Holders may suffer loss or face increased or different risks in holding Capital Notes 4.

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

There is a risk that Suncorp will not Exchange Capital Notes 4. Exchange is at Suncorp's option and Holders have no right to require it.

If Suncorp elects to Exchange Capital Notes 4 by way of Conversion, Redemption or Resale, APRA's prior written approval is required. Holders should not assume that APRA will give its approval to any Exchange.

If Suncorp wishes to Exchange Capital Notes 4 by Converting them, there are two types of restrictions which apply:

- **Restrictions on electing Conversion**—Suncorp may not elect to Convert Capital Notes 4 as the Exchange Method if, on the second Business Day before the date on which an Exchange Notice is to be sent:
  - the VWAP is less than or equal to 22.0000% of the Issue Date VWAP; or
  - a Delisting Event applies.

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

- **Restrictions on completing the Conversion**— if Suncorp has given notice that it has elected to Convert Capital Notes 4, Suncorp may not proceed to Convert Capital Notes 4 if, on the Exchange Date specified in the notice:
  - the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) that date is less than or equal to 20.2020% of the Issue Date VWAP; or
  - a Delisting Event applies.

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

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

- the Capital Notes 4 which are the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the Capital Notes 4 is done under conditions that are sustainable for Suncorp's income capacity; or
- APRA is satisfied that, having regard to the capital position of the Suncorp Group, Suncorp does not have to replace the Capital Notes 4 the subject of the Redemption.

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

### 5.1.12 Conversion into Ordinary Shares

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

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

### **5.1.13 Capital Notes 4 are perpetual, unsecured and subordinated obligations**

Capital Notes 4 are unsecured and subordinated obligations issued by Suncorp. They are perpetual instruments, meaning they have no maturity date, so Holders may never be repaid the principal they have invested and Capital Notes 4 may never be Converted to Ordinary Shares.

Capital Notes 4 are claims on Suncorp, a NOHC of the companies in the Suncorp Group. The majority of Suncorp's assets consist of investments in companies which are other members of the Suncorp Group. Suncorp's claims in respect of those investments rank behind the relevant company's depositors, policyholders and other creditors (as the case may be) in a winding-up of those companies. Holders have no claim on any other member of the Suncorp Group for payment of any amount in respect of Capital Notes 4.

There is a risk that, if Suncorp is wound-up, a Holder may not receive a return of their investment. Capital Notes 4 are issued by Suncorp under the Terms. A Holder has no claim on Suncorp in respect of Capital Notes 4, except as provided in the Terms, and has no claim on any other member of the Suncorp Group.

In a Winding-up of Suncorp, if Capital Notes 4 have not been Converted or Written-Off on account of a Non-Viability Trigger Event, Capital Notes 4 are subordinated and Holders rank behind senior creditors for payment of the Redemption Price. Capital Notes 4 will rank equally with, and shall be paid in proportion to, the claims of holders of other instruments issued as Equal Ranking Instruments. Capital Notes 4 will rank ahead only of Ordinary Shares of Suncorp. Holders will lose their investment in Capital Notes 4 if there are insufficient assets to satisfy senior creditors in a Winding-up of Suncorp. Distributions, being at Suncorp's absolute discretion, are not payable and no claim may be brought in respect of any unpaid Distributions.

If, following a Non-Viability Trigger Event, Capital Notes 4 are Converted into Ordinary Shares, Holders will have claims as Shareholders and rank lowest of all claimants in a winding-up of Suncorp. If Conversion does not occur for any reason within five Business Days of APRA's Non-Viability Determination, Capital Notes 4 will be Written-Off. If Capital Notes 4 are Written-Off, all rights in relation to those Capital Notes 4 will be terminated and Holders will lose the entire amount of their investment, without compensation.

Although Capital Notes 4 may pay a higher rate of distribution than comparable securities and instruments which are not subordinated, there is a significant risk that Holders will lose all or some of their investment in Capital Notes 4 should Suncorp become insolvent.

### **5.1.14 Future issues or redemptions of securities by Suncorp**

There is a risk that Suncorp may issue other securities that may affect the return that a Holder receives on their investment. Capital Notes 4 do not in any way restrict Suncorp from issuing further securities or from incurring further indebtedness. Suncorp's obligations under Capital Notes 4 rank subordinate and junior in a Winding-up to Suncorp's obligations to holders of senior ranking securities and instruments and all Senior Ranking Creditors, including subordinated creditors (other than creditors whose claims are subordinated to rank equally with or behind Capital Notes 4). Accordingly, Suncorp's obligations under Capital Notes 4 will not be satisfied unless it can fully satisfy all of its obligations ranking senior to Capital Notes 4.

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

- rank for dividends, distributions or return of capital (including on the Winding-up of Suncorp) equally with, behind or ahead of Capital Notes 4;
- have the same or different dividend, interest or distribution rates as those for Capital Notes 4;
- have payment tests and distribution restrictions or other covenants which affect Capital Notes 4 (including by restricting circumstances in which Distributions can be paid or Capital Notes 4 can be Redeemed); or
- have the same or different terms and conditions as Capital Notes 4.

Suncorp may incur further indebtedness and may issue further securities including Tier 1 Capital securities before, during or after the issue of Capital Notes 4.

An investment in Capital Notes 4 carries no right to participate in any future issue of securities (whether equity, Tier 1 Capital, subordinated or senior debt or otherwise) by Suncorp.

No prediction can be made as to the effect, if any, which the future issue of securities by Suncorp may have on the market price or liquidity of Capital Notes 4, on Suncorp's financial position or performance or on the likelihood of Suncorp making payments on Capital Notes 4.

Similarly, Capital Notes 4 do not restrict Suncorp from redeeming or otherwise repaying its other securities it may have on issue from time to time, including other securities which rank equally with or junior to Capital Notes 4 (other than to the extent the Distribution Restriction applies).

An investment in Capital Notes 4 carries no right to be redeemed or otherwise repaid at the same time as Suncorp redeems or otherwise repays other securities (whether equity, Tier 1 Capital, subordinated or senior debt or otherwise).

No prediction can be made as to the effect, if any, which the future redemption or repayment by Suncorp of existing securities may have on the market price or liquidity of Capital Notes 4 or on Suncorp's financial position or performance.

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

There is a risk that if the Suncorp Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Capital Notes 4 could decline in value even if Capital Notes 4 have not been Converted. Accordingly, when you evaluate whether to invest in Capital Notes 4, you should carefully evaluate the investment risks associated with an investment in Suncorp (see Section 5.2).

#### **5.1.16 Distributions may not be fully franked or franked at all**

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

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

The value and availability of franking credits to a Holder will differ depending on that Holder's particular tax circumstances. Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution and that the ability to use any franking credits, either by offsetting a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder. Each Holder should refer to the taxation summary in Section 7 and obtain professional advice in relation to their tax position.

### **5.1.17 Distributions on Capital Notes 4 may be restricted by the terms of other similar securities**

There is a risk that the terms of Suncorp's other outstanding and future securities could limit the Suncorp Group's ability to make payments on Capital Notes 4. If Suncorp does not make payments on other securities, payments may not be permitted to be made in respect of Capital Notes 4.

The dividend or distribution payment dates on Suncorp's other securities may differ from the Distribution Payment Dates for Capital Notes 4. In addition, the payment tests applying to other securities (whether currently outstanding or issued in the future) may be different to the conditions governing the payment of Distributions for Capital Notes 4. Accordingly, Suncorp may not be permitted to make a payment on another security in circumstances where it would otherwise be permitted to make a payment on Capital Notes 4. In these circumstances, the distribution restrictions on the other securities may then apply, preventing Suncorp from making a payment on Capital Notes 4. Similarly, Suncorp may not be permitted to make a payment on Capital Notes 4 in circumstances where the payment tests on other securities have been passed.

If distribution restrictions for another security apply to payments on Capital Notes 4, Suncorp may not be able to pay Distributions when scheduled to do so under the Terms and may not be able to Redeem Capital Notes 4. Suncorp is not restricted from issuing other securities of this kind or agreeing in the terms of issue of other securities to additional or different payment tests or distribution restrictions (see Section 2.1).

### **5.1.18 A Distribution Restriction applies but only in limited circumstances**

If Suncorp does not pay a Distribution in full on a Distribution Payment Date then, unless the Distribution is paid in full within three Business Days of that date, and subject to certain exceptions set out in Clause 3.8 of the Terms, Suncorp must not declare, determine to pay or pay a dividend on any Ordinary Shares, or buy back or reduce capital on any Ordinary Shares, without the approval of a Special Resolution. This restriction applies only to payments on, or buy-backs or capital reductions in respect of, Ordinary Shares and not to payments on, or buy-backs or capital reductions in respect of, securities ranking equally with Capital Notes 4 (such as Capital Notes 1, Capital Notes 2 and Capital Notes 3) or any other class of security (if on issue). These restrictions will apply only until and including the next Distribution Payment Date.

The dates for the declaration, determination or payment of dividends on Ordinary Shares of Suncorp, or on which Suncorp may undertake a capital reduction or buy-back, are determined by Suncorp in its discretion and are not related to the Distribution Payment Dates for Capital Notes 4. Accordingly, as soon as the next scheduled Distribution on Capital Notes 4 is paid, the restriction ceases to apply and Suncorp will not be restricted from declaring, determining to pay or paying a dividend or undertaking any buy-back or capital reduction.

### **5.1.19 Changes to credit ratings**

Suncorp's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by its credit ratings (including any long-term credit ratings or the ratings assigned to any class of its securities). Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Even though Capital Notes 4 will not be rated, such changes could adversely affect the market price, liquidity and performance of Capital Notes 4 or Ordinary Shares received on Conversion. A rating of Suncorp or any member of the Suncorp Group is not a rating of Capital Notes 4.

### **5.1.20 Regulatory classification and prudential supervision**

There is a risk that the position of Holders may be adversely affected due to Capital Notes 4 being eligible as regulatory capital. Capital Notes 4 are eligible for inclusion as Eligible Additional Tier 1 Capital which qualifies as regulatory capital of the Suncorp Group for APRA purposes.

As a result of Capital Notes 4 being eligible as regulatory capital, the Terms contain features which may have adverse consequences for Holders. For example, Suncorp is required to Convert Capital Notes 4 on the occurrence of a Non-Viability Trigger Event, the ability of Suncorp to pay Distributions is subject to APRA not objecting to the payment and the Exchange of Capital Notes 4 at Suncorp's option is subject to APRA approval. If APRA subsequently determines that some or all Capital Notes 4 do not qualify as Eligible Additional Tier 1 Capital, Suncorp may decide that a Regulatory Event has occurred. For example, a Regulatory Event could include Capital Notes 4 ceasing to be Eligible Additional Tier 1 Capital due to the implementation by APRA of capital-related prudential standards applicable to conglomerate groups. APRA has advised that the implementation of the capital related prudential standards previously proposed has been deferred. Following a Regulatory Event, Suncorp may elect, at its option, to Exchange all or some Capital Notes 4 on issue (subject to APRA's prior written approval and Holders should not assume that APRA's approval will be given, if requested). A Regulatory Event will not have occurred if the change in regulatory treatment was expected by Suncorp at the Issue Date or if the reason Suncorp or the Suncorp Group is not entitled to treat some or all Capital Notes 4 as Eligible Additional Tier 1 Capital is because of a prudential limit or other restriction which is in effect on the Issue Date, or which, on the Issue Date, is expected by Suncorp may come into effect.

Any such Exchange, at Suncorp's option, may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 4 (such as Distributions) is unknown.

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

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

For more information on the investment risks arising from Suncorp being subject to prudential supervision, see Section 5.2.2.

#### **5.1.21 Australian tax consequences**

A general outline of the tax consequences of investing in Capital Notes 4 for certain potential investors is set out in the Australian taxation summary in Section 7. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor.

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

If, as a result of a change in Australian tax law or any judicial decision, administrative pronouncement, ruling or written challenge affecting taxation, there is more than insubstantial risk that there would be a more than insignificant increase in Suncorp's costs in relation to Capital Notes 4 being on issue or that any Distribution would not be frankable, a Tax Event may occur. Suncorp may then elect, at its option, to Exchange all or some Capital Notes 4 (subject to APRA's prior written approval). A Tax Event will not have occurred if the change in tax treatment was expected by Suncorp at the Issue Date.

If the Tax Rate were to change, the cash amount of Distributions and the amount of any franking credits will change.

#### **5.1.22 Accounting standards**

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

### 5.1.23 Shareholding limits

There is a risk that a Holder may, by acquiring any Capital Notes 4 (taking into account any Ordinary Shares into which they may Convert), breach applicable restrictions on ownership.

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

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

Holders should take care to ensure that, by acquiring any Capital Notes 4 (taking into account any Ordinary Shares into which they may Convert), Holders do not breach any applicable restrictions on ownership and Holders should seek professional guidance from their solicitor, accountant or other independent qualified professional adviser in relation to their obligations.

### 5.1.24 Amendment of the Terms and Trust Deed

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

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

- These may include amendments which may affect the rights of Holders, including:
  - amendments of a formal, technical or minor nature, or made to cure any ambiguity or correct any manifest error;
  - changes to dates or time periods necessary or desirable to facilitate a Mandatory Conversion, Non-Viability Conversion or Exchange;
  - changes that enable Capital Notes 4 to be quoted on ASX or sold or to comply with applicable laws or listing rules;
  - amendments made to align the Terms with any subsequently issued Eligible Additional Tier 1 Capital instrument;
  - amendments made in accordance with Suncorp's adjustment rights in relation to VWAP and Issue Date VWAP in Clause 8 of the Terms; and
  - any other change that, in Suncorp's opinion, will not be materially prejudicial to the interests of Holders as a whole.

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

APRA's prior written approval to amend the Terms is required only where the amendment may affect the eligibility of Capital Notes 4 as Eligible Additional Tier 1 Capital.

### 5.1.25 No rights to vote

There is a risk that Holders may be affected by corporate decisions made by Suncorp. Holders have no voting or other rights in relation to Ordinary Shares until Ordinary Shares are issued to them. In addition, Capital Notes 4 do not confer on Holders any right to subscribe for new securities in Suncorp or to participate in any bonus issue of securities. The rights attaching to Ordinary Shares, if Ordinary Shares are issued, will be the rights attaching to Ordinary Shares at that time. Holders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Ordinary Shares that may be issued to them upon Conversion. Therefore, Holders will not be able to influence decisions that may have adverse consequences for them.

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

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

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

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

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

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

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

If an Insurance Act statutory manager is appointed to Suncorp in the future, these broad powers may be exercised in a way which adversely affects the rights attaching to Capital Notes 4 and the position of Holders.

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

A transfer under the FSTR Act overrides anything in any contract or agreement to which Suncorp is party and therefore may have an adverse effect on Suncorp's ability to comply with its obligations under Capital Notes 4 and the position of Holders.

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

These powers of APRA may be exercised in a way which adversely affects the ability of the Suncorp Group to comply with its obligations in respect of the Capital Notes 4 (including in connection with the Exchange of Capital Notes 4), and this may adversely affect the position of Capital Notes 4 Holders.

### 5.1.27 FATCA Withholding

It is possible that, in order to comply with FATCA, Suncorp (or, if Capital Notes 4 are held through another non-U.S. financial institution, such other financial institution) may be required (pursuant to an agreement with the U.S. Internal Revenue Service (**IRS**) or under an applicable law, including a non-U.S. law implementing an intergovernmental approach to FATCA) to request certain information from Holders or beneficial owners of Capital Notes 4, which information may be provided to the IRS and to withhold, at the rate of 30%, on all or a portion of payments made with respect to Capital Notes 4 if (i) such information is not provided; or (ii) if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS or are otherwise exempt from FATCA Withholding.

Such FATCA Withholding is not expected to apply if Capital Notes 4 are treated as debt for U.S. federal income tax purposes unless Capital Notes 4 are issued or 'materially modified' after the date that is six months after the date on which final regulations defining the term 'foreign passthru payment' are filed with the U.S. Federal Register.

In addition, such FATCA Withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term 'foreign passthru payment' are filed with the U.S. Federal Register.

Reporting Australian Financial Institutions (**RAFI**s) under the Australia–U.S. FATCA Intergovernmental Agreement dated 28 April 2014 (**Australian IGA**) must comply with specific due diligence procedures. In general, these procedures seek to identify account holders and provide the Australian Taxation Office (**ATO**) with information on financial accounts (which may include the Capital Notes 4) held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. Internal Revenue Service. Consequently, Holders may be requested to provide certain information and certifications to Suncorp and to any other financial institutions through which payments on the Capital Notes 4 are made. A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA Withholding on amounts it receives, and will not be required to deduct FATCA Withholding from payments it makes, other than in certain prescribed circumstances.

If Suncorp is required to withhold amounts under or in connection with FATCA from any payments made in respect of Capital Notes 4, or from the issue of Ordinary Shares on Conversion of Capital Notes 4, Holders and beneficial owners of Capital Notes 4 will not be entitled to receive any gross up or additional amounts to compensate them for such withholding, and any issue of Ordinary Shares on Conversion of Capital Notes 4 will be made net of FATCA Withholding.

This description is based in part on guidance issued to date by the IRS. Future guidance may affect the application of FATCA to Capital Notes 4.

**FATCA is particularly complex legislation. Holders should obtain their own advice about how the requirements of FATCA and the Australian IGA may apply to them under Capital Notes 4.**

### 5.1.28 Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information in Tax Matters (**CRS**) may require financial institutions involved in the Capital Notes 4 payment processes, such as custodians or nominees, to report information regarding Capital Notes 4 to their local tax authority and follow related due diligence procedures. Capital Notes 4 Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. The Australian Government has enacted legislation amending, among other things, the *Taxation Administration Act 1953* (Cth) to give effect to the CRS. The CRS applies to Australian financial institutions with effect from 1 July 2017.

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## 5.2 Risks associated with Suncorp and the Suncorp Group

Set out below are business risks associated with Suncorp and the Suncorp Group. These are relevant to an investment in Capital Notes 4, as the value of your investment will depend on the financial performance and position of Suncorp and the Suncorp Group.

Suncorp and the Suncorp Group have mechanisms in place whereby they can avoid or reduce some of these risks but the risks (and their impact) may change, or new risks may emerge, over the lifetime of Capital Notes 4 that are not adequately mitigated by Suncorp or the Suncorp Group.

### 5.2.1 COVID-19

The ongoing COVID-19 pandemic has had a significant impact in Australia, New Zealand and on the global economy and the ability of individuals, businesses, and governments to operate. Travel, trade, health systems, business, working arrangements, employment levels and consumption have been materially impacted by the pandemic. There continues to be considerable uncertainty as to the duration and impact of the COVID-19 situation, including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions. The impact of some or all of these factors could cause significant direct disruption to Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

The spread of COVID-19 has resulted in governmental authorities in Australia, New Zealand and other countries around the world imposing a variety of measures restricting day-to-day life and business activities, including quarantines and travel restrictions of varying scope. Moreover, future changes in interest rates, reduced liquidity or a continued slowdown in Australian, New Zealand or global economic conditions may adversely affect Suncorp's businesses, however, the extent of the impact on Suncorp is largely dependent on future developments, which are highly uncertain and not predictable. Extreme market volatility may leave Suncorp unable to react to market events in a prudent manner consistent with historical practices in dealing with more orderly markets.

The current environment has impacted, and could continue to impact, Suncorp's ability to offer products and ensure their viability given the change to the underlying risks than would have been seen in normal conditions. There is heightened risk associated with the provision of credit products and facilities due to the pressures of serviceability, with potential increases to deferral, hardship and defaults by customers. Additionally, certain insurance products have faced disruption as a result of COVID-19 with specific implications for landlord, travel and business interruption insurance policies. The impacts on business interruption insurance policies are discussed further under 5.2.11.

As a result of the COVID-19 situation, Suncorp has enacted its business continuity plan which has led to a majority of employees and partners being displaced from normal working conditions by the adoption of widespread remote work capability. The additional pressures of these changes and the pressure of the current environment can have direct consequences on the employees and partners of Suncorp both through engagement and health. Subsequently, greater reliance on internet infrastructure has elevated the potential impact of cyber risk with additional vulnerabilities not present before COVID-19.

The impact of COVID-19 on Suncorp's operations may result in delays in its ability to implement regulatory change, or take the steps required to address commitments made to regulators. The extent of any delays will be dependent on whether and how regulators choose to adjust the prioritisation, timing and deployment of their supervisory mandate or legislative changes. Additionally, as a business with multiple (geographic and jurisdictional) subsidiaries, the COVID-19 pandemic and associated impacts could necessitate further divisional regulatory capital requirements or support (either on a standalone basis or concurrently), which creates additional challenges and risks for the financial position of Suncorp.

There is ongoing uncertainty as to the impact of COVID-19 including in relation to governmental action, potential taxation and government scheme changes, work stoppages, increased lockdown measures, quarantines, travel restrictions and the impact on global markets.

To the extent the COVID-19 pandemic adversely affects Suncorp's business and results of operations, it may also have the effect of heightening the materiality of the other risks described in this Section 5. These include potential impacts on market risk, global market and economic volatility, credit risk, insurance risk, estimations of claims provisions and operational risk (including cyber risk). These risks are discussed in the following pages.

## 5.2.2 Legal, regulatory and compliance risk

Suncorp operates across a number of highly-regulated industry sectors. In Australia and New Zealand there have been, and continue to be, significant domestic and global legislative and regulatory reforms and proposals, as well as numerous government and regulator consultations, reviews and inquiries which may result in changes that may impact Suncorp's operations and ability to execute strategic initiatives. The Suncorp Group is subject to a substantial number of laws, regulations and policies, scrutiny from regulators, legislative bodies, law enforcement agencies and community concern regarding the conduct of the financial services sector. Reviews and enquiries from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and the Suncorp Group's business operations, capital, liquidity and risk management, compensation and other matters, may result in adverse press coverage, increased regulatory scrutiny, investigation costs, administrative costs, legal costs, system changes and compensation and/or remediation payments (including interest) or fines and penalties. Responding to and addressing such matters regardless of the ultimate outcome, has become increasingly time-consuming, complex and costly, can adversely affect investor confidence and can divert the time and effort of the Suncorp Group's staff (including senior management) from their business. The outcome of regulatory reviews and other regulatory action is uncertain.

The nature, timing and impact of future regulatory reforms or changes are not predictable and are beyond Suncorp's control. Regulatory change may also impact Suncorp's operations by requiring it to have higher levels and better quality of capital as well as placing restrictions on the businesses Suncorp operates or requiring Suncorp to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of Suncorp's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of Suncorp's businesses. Any such costs or restrictions could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects. The Suncorp Group conducts its own internal reviews of its regulatory compliance, which it may disclose to the regulators in Australia and New Zealand, which may result in similar impacts.

In Australia and New Zealand, the relevant regulatory authorities include APRA, ASX, RBA, ASIC, ACCC, AUSTRAC, FWO, OAIC, ACMA, ATO, RBNZ, FMA and the New Zealand Commerce Commission. In recent periods, a number of regulators in Australia and New Zealand including ASIC, APRA, ACCC, AUSTRAC and the ATO and the FMA in New Zealand conducted reviews and made enquiries with the Suncorp Group. There were a number of non-compliance instances identified and disclosed by the Suncorp Group to ASIC, APRA, AUSTRAC and FMA.

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

If Suncorp or another member of the Suncorp Group fails to comply with applicable laws and regulations, it may be subject to fines, penalties, restrictions on its ability to do business including additional capital requirements or licence conditions or loss of licence to conduct business or restrictions on its ability to perform its obligations with respect to Capital Notes 4. Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially over the last several years, and regulators have become assertive in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. If the Suncorp Group is subject to adverse regulatory findings, the financial penalties could have a material adverse effect on its results or operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on the Suncorp Group's reputation with customers and on the morale and performance of its employees.

There are various proposals and changes from global regulatory, advisory and standard-setting bodies such as the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision, the International Organisation of Securities Commissions and the Financial Stability Board which if adopted, or followed by domestic regulators, may increase operational and capital costs or requirements. The COVID-19 pandemic may result in some delays and changes in government policy, regulation or legislation which could have an adverse effect on the financial performance and position of Suncorp.

Other matters which may impact Suncorp as well as the Insurance and Banking & Wealth<sup>1</sup> operations are detailed within the 'Directors' Report (included within the FY21 Annual Report).

### **Design and Distribution Obligations**

On 5 April 2019, the DDOPIP Legislation was enacted. The DDOPIP Legislation imposes additional obligations on Suncorp regarding the design and distribution of certain financial products offered to retail investors (including hybrid securities), and grants product intervention powers to ASIC if it believes significant consumer detriment may occur. The DDOPIP Legislation is supplemented by the Corporations Amendment (Design and Distribution Obligations) Regulations 2019 (DDO Regulations), which were enacted in December 2019.

The DDOPIP Legislation also gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to retail investors (the Product Intervention Power). Unlike the design and distribution obligations, the Product Intervention Power has already come into force. It is uncertain whether ASIC would perceive there to be any significant consumer detriment in relation to Capital Notes 4 or similar securities. The DDOPIP Legislation requires ASIC to undertake a consultation process before it exercises the Product Intervention Power.

The design and distribution obligations under the DDOPIP Legislation are scheduled to come into force in October 2021 and therefore do not apply to the Offer. The design and distribution obligations in the DDOPIP Legislation are also limited to issuances of securities requiring a regulated disclosure document, which means that even if the obligations become effective while Capital Notes 4 are on issue, they will not apply to secondary market trading of Capital Notes 4.

The impact of these new obligations remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like Capital Notes 4. These changes may also affect the liquidity of funding instruments (including hybrids such as Capital Notes 4), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

### **Royal Commission**

The 2019 final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry set out 76 policy recommendations to strengthen protections for consumers, small business and rural and regional communities. The Government's program in response to the recommendations of the Royal Commission continues to evolve with the Financial Sector Reform (Hayne Royal Commission Response) Act 2020 (**Act**). The outcome and total costs which may arise from regulatory reform, including as a result of the final report of the Royal Commission, remains uncertain.

A key component of the Act is changes to the breach reporting regime, with the scope of what must be reported to ASIC widened to include investigations of significant breaches. AFS Licensees including those within the Suncorp Group will now have 30 days to report to ASIC from the time a reportable situation arises. The purpose of the reform is to drive greater consistency in the breach significance and reporting processes, and an increase in breaches reported to ASIC will likely occur as an outcome, with a possible corresponding increase in scrutiny from ASIC.

Other important reforms emanating from the Act which could impact Suncorp are claims handling now being considered as a financial service, the prohibition of hawking of insurance and superannuation financial products to customers, and certain sections of industry codes of practice being deemed enforceable.

In addition, on 16 July 2021, the Australian Government Treasury released draft legislation to introduce the new Financial Accountability Regime (**FAR**). FAR was developed in response to recommendations made by the Royal Commission and is intended to extend and replace the Banking Executive Accountability Regime (**BEAR**), which currently applies to ADIs such as SML. If FAR is implemented in its proposed form, members of the Suncorp Group and certain senior personnel will be subject to, or impacted by, new or heightened accountability obligations and obligations in relation to

<sup>1</sup> Suncorp announced entry into a sale agreement for the Wealth business on 28 April 2021 (see Section 3.2 for more information).

remuneration, notifications and other matters, and may be liable to new or increased civil penalties and/or other regulatory enforcement. The FAR legislation is expected to be finalised in late 2021 and commence for the Suncorp Group, likely on a staggered basis, from 1 July 2022.

In addition to policy matters, the final report of the Royal Commission sets out details of various case studies, made observations in respect of each and in some instances referred matters to regulators for further enquiry. The Commissioner referred two specific matters relating to Suncorp Portfolio Services Limited (**SPSL**) to regulators being the utilisation of a tax surplus to fund administration costs and the timing of the transfer of Accrued Default Amounts (**ADA**). Provisions have been recognised for these matters. With regard to the ADA matter, the APRA investigation has concluded and a remediation program is complete. APRA has indicated that any further enquiries relating to the tax surplus referral will be conducted as part of a broader industry review. ASIC may also consider the tax surplus issue. The total costs which may arise from these matters remains uncertain. It remains uncertain whether any other enquiries or claims may arise following the case studies and observations in the report.

#### **AASB 17**

AASB 17 Insurance Contracts (AASB 17) is a new accounting standard for all types of insurance contracts and replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. APRA is focussing on the integration of AASB 17 Insurance Contracts into the Life and General Insurance Capital framework and reporting frameworks, to align with international standards. AASB 17 will introduce new insurance contract accounting measurement principles, revised labelling and substance of profit and loss and balance sheet line items and new related disclosure requirements. AASB 17 will apply to Suncorp from the financial year commencing 1 July 2023, with prior year comparatives required. The time and total costs of implementing AASB 17 remains uncertain.

#### **ADI Capital Framework**

APRA continues to progress and consult with industry on changes to the ADI capital framework, to ensure ADI capital ratios are 'unquestionably strong' and to improve the overall flexibility and operation of the framework. Draft prudential standards will be finalised by the end of 2021, which will be followed by a 12-month implementation period, prior to the updated requirements taking effect on 1 January 2023. The impacts of implementing the revised ADI capital framework remain uncertain.

#### **Superannuation Prudential Standards**

APRA remains focused on the resilience of the superannuation sector as well as the delivery of improved outcomes for members, supporting the Federal Government's Your Future, Your Super reforms, oversight of APRA Prudential Standard SPS 515 implementation (Strategic Planning and Member Outcomes) as well as progressing a range of enhancements recommended by APRA's post-implementation review of the original superannuation prudential framework. The time and total costs of implementing the superannuation sector reforms remains uncertain.

#### **New Zealand Prudential Standards Review**

The New Zealand business will be affected by the RBNZ's review of the *Insurance (Prudential Supervision) Act 2010 (NZ)* and solvency standards. Currently, insurers are required to hold a minimum solvency margin specified by the RBNZ for a particular company. The RBNZ intends to consider the case for requiring insurers to maintain solvency buffers.

#### **Customer remediation and complaints**

Contingent liabilities in connection with customer remediation and complaints may exist in respect of actual or potential claims, compensation payments and/or remediation payments (including interest) identified as part of existing programs of work or as part of future programs responding to regulatory or internal reviews.

AFCA has the power to award compensation up to certain thresholds on complaints raised by customers.

An assessment of the likely cost to the Suncorp Group of reviews and customer complaints has been made on a case-by-case basis but cannot always be reliably estimated or provisioned.

The New Zealand business is currently managing a Customer Remediation Program, with a number of remediation projects involved. The FMA is actively investigating a Vero remediation in respect of the misapplication of multi-policy discounts, the outcome of which remains uncertain.

### **Foreign regulations**

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

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

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

In certain circumstances APRA may appoint a statutory manager (an Insurance Act statutory manager) to take control of the business of an authorised NOHC of a general insurer, such as Suncorp. Refer to Section 5.1.26 for the risks associated with APRA appointing such a statutory manager to Suncorp.

### **Financial crime obligations**

The Suncorp Group is subject in its operations to laws and regulations relating to corrupt and illegal payments and money laundering obligations, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The diversity of its operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that a member of the Suncorp Group may be found in violation of such rules or regulations. Any such violation could subject the Suncorp Group to significant penalties, revocation, suspension, restriction or variation of conditions of operating licences, adverse reputational consequences, litigation by third parties (including potentially class actions) or limitations on its ability to do business. The Suncorp Group's ability to comply with these laws is dependent on its ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability.

### **Additional risks impacting the Suncorp Group**

Beyond the regulatory risks outlined above, the Suncorp Group additionally is dealing with the following matters:

- The Suncorp Group is subject to ASIC's Close and Continuous Monitoring Program, which includes providing documents and data to ASIC and interviews with staff members. The focus of the review relates to internal dispute resolution and breach and incident management processes. ASIC issued its report to the Suncorp Group on 30 June 2021. The Suncorp Group has a number of actions underway and planned to improve its practices, incorporating ASIC's feedback. These matters remain ongoing and there remains a risk of further action by ASIC.
- Suncorp has completed an analysis as part of the review into pay and leave entitlements in Australia. Remediation payments to any current and former employees identified by the review will commence from July 2021 and are expected to take several months. Suncorp reported a \$46m provision in the Group's financial results for the year ended 30 June 2021 in relation to the project and remediation payments. Suncorp self-reported the review to the Fair Work Ombudsman (**FWO**) in May 2020 and is cooperating with the FWO's investigation. These matters remain ongoing and there is a risk of further action by the FWO.
- In July 2021, APRA launched a review requiring a number of general insurers to review the soundness of their risk management frameworks, particularly in the context of business interruption insurance and cyber risk. The outcome of this review remains uncertain.
- There is ongoing regulatory review of SPSL's risk governance and culture being undertaken by APRA, the outcomes of which is uncertain and which may include enforcement action, fines, penalties and/or remedial activity. Refer to Section 5.2.18 for the risks specific to divestments and to Section 5.2.2 above for the specific matters relating to SPSL that have been referred to regulators.

- The FMA is currently investigating Vero Insurance New Zealand Limited for alleged breaches under the Financial Markets Conduct Act in respect of its failure to apply multi-policy discounts to insurance policies. This may result in enforcement action and carries with it the potential for penalties, and/or enforceable undertakings.
- AAI has been subject to an industry-wide review of bushfire claims following the large insurance events in 2020, entailing provision of extensive data. A future public release is expected from ASIC with any outcomes uncertain.
- Active monitoring and supervision from ASIC has occurred on business interruption insurance, similarly consisting of the supply of a substantial amount of data. AAI has performed an internal review considering impacts from both business interruption test cases, with adjustments to product management and claims management occurring, and developments continuing to be monitored. There is the potential for further engagement with ASIC.
- Suncorp anticipates a future industry-wide review being conducted by ASIC on unfair contracts terms in insurance, consistent with what transpired in the banking sector during 2016 – 2018 (SML participated, with no adverse outcomes). The outcomes of this review remain uncertain.
- The Australian government has announced the establishment of a \$10 billion reinsurance pool for northern Australia from 1 July 2022, backed by a government guarantee. Scheme design and details are yet to be determined. The impact of this development remains uncertain.
- Proposed *Earthquake Commission Act 1993 (NZ) (EQC Act)* changes and the potential for the NZ EQC to be lifted from the current level of \$150,000. The proposal is currently under consideration by the NZ Treasury with the timeline to introduce a bill to amend the *Earthquake Commission Act 1993 (NZ)* expected to be introduced into New Zealand parliament in late 2021, however the details are not yet known and potential impacts uncertain.
- In July 2020, SML notified AUSTRAC that it had not reported a limited type of incoming cross-border transactions received through a card scheme platform which, following internal review, should have been reported as International Funds Transfer Instructions. SML originally suspended the receipt of these payments through the card scheme platform. Following investigations and remediation being completed by SML in 2021, payments were accepted again. AUSTRAC have been kept informed of the matter, including corrective measures implemented.
- Changes to credit provisioning may be required as a result of the implementation of the new APRA Prudential Standard APS 220 Credit Risk Management. This includes a review of provisions across ADIs, including their intentions upon implementation of the revised standard. The outcomes of this review remain uncertain but could lead to increased balance sheet credit provisioning requirements.
- Suncorp is currently, and has previously been, subject to other specific regulator activities (including reviews, information requests, investigations, and assistance with inquiries) across its banking, insurance, and superannuation businesses. This is due to the company's diverse offering of financial services products and breadth of operations. It is expected that Suncorp will be involved in a variety of supervisory activities of regulators in future.

### 5.2.3 Market risk

Suncorp is exposed to market risk as a consequence of both its investments and trading activities in financial markets and through the asset and liability management of its balance sheet. Suncorp is exposed to losses arising from adverse movements in levels and volatility of market factors, including interest rates (including potential for negative interest rates), foreign exchange rates, equity prices and credit spreads. These risks can also adversely affect counterparties and markets in which Suncorp deals and may result in contagion or systemic risk to financial systems and networks.

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

- asset/liability risk, the risk that the value of an investment portfolio will decrease relative to the value of the liabilities as a result of fluctuation in investment factors including share prices, interest rates, credit spreads, counterparty default, exchange rates or commodity prices;

- liquidity risk, including that assets cannot be sold without a significant impairment in value; and
- inflation risks, i.e. the risk that inflation levels and consequently, claims are higher than expected.

Such risks can be heightened during periods of high volatility, market disruption and periods of sustained low interest rates and could adversely affect Suncorp's businesses, financial performance, capital resources and financial condition. The COVID-19 pandemic has, and may continue to, severely impact global, regional and national economies and markets. The expected duration and magnitude of the COVID-19 pandemic and its potential impacts on the economy and markets are unclear.

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

#### **5.2.4 Global market and economic volatility**

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

The financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and uncertainty as to the outlook for global economic conditions. The COVID-19 pandemic in particular has, and may continue to, contribute to market volatility and economic uncertainty. Any such market and economic disruptions could have an adverse effect on financial institutions, such as Suncorp, because consumer and business confidence may decrease, unemployment may rise and demand for the products and services Suncorp provides may decline. This could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

#### **5.2.5 Decline in asset markets**

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

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

In particular, the residential, commercial and rural property lending sectors are important to Suncorp's banking operations. The social and economic impacts of the spread of the COVID-19 pandemic and the measures in place to control it have the potential to drive a material decline in property prices due to, among other things, increased unemployment in Australia and New Zealand. Declining property prices in Australia, or other markets where Suncorp's customers do business, could decrease the amount of new lending Suncorp's banking operations are able to write and/or increase the losses that Suncorp's operations may experience from existing loans and investments. This could adversely affect Suncorp's balance sheet and ability to offer continued product suite.

#### **5.2.6 Funding and liquidity risk**

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

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

If Suncorp's current sources of funding prove to be insufficient, it may be forced to seek alternative funding. The availability of such alternative funding, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Suncorp's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

### 5.2.7 Strategic risks

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

#### Competitive environment

The financial services industry is highly competitive and, as a result, Suncorp faces intense competition in all aspects of its business. Suncorp's Banking & Wealth business<sup>1</sup> competes with retail and commercial banks and its insurance businesses compete with other insurance firms. This includes specialist competitors, such as aggregators and comparison websites, which may not be subject to the same capital and regulatory requirements and, therefore, may be able to operate at lower cost.

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

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

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

#### Dependence on the Australian and New Zealand economies

As Suncorp currently conducts its banking and insurance business in Australia and New Zealand, its performance is influenced by the level and cyclical nature of business activity in Australia and New Zealand. This in turn, is impacted by both domestic and international economic and political events, including the COVID-19 pandemic.

Economic growth in Australia and New Zealand is experiencing heightened uncertainty, due in large part to measures to address the COVID-19 pandemic. There is a risk that a sudden, large contraction in economies will lead to corporate bankruptcies, a rise in unemployment and an increase in household financial stress.

Governments have introduced fiscal stimulus packages to attempt to minimise the negative impacts of the current downturn. The near-term effectiveness of these stimulus packages in minimising the economic impact of the current downturn, and their long-term impact on the economies in which they have been introduced, is uncertain and it is possible that longer-term risks may be created by these fiscal stimulus packages or their phase-out.

A weakening in the Australian and/or New Zealand economies, and/or in the economic and the flow on economic impacts from other countries, may have an adverse effect on Suncorp's financial condition and on the results of its operations. This includes reduced demand for products and services but also lower investment returns and increased costs, which could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

The electoral cycles in Australia and New Zealand may lead to new regulatory, taxation or other legislative proposals. If enacted, these may impact the underlying performance of Suncorp or an investment in the Capital Notes 4 themselves.

<sup>1</sup> Suncorp announced entry into a sale agreement for the Wealth business on 28 April 2021 (see Section 3.2 for more information).

## **Execution of strategic initiatives**

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

### **5.2.8 Change in credit ratings**

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

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

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

### **5.2.9 Reputational risk**

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

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

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

### **5.2.10 Credit risk**

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

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

Measures introduced to control the spread of the COVID-19 pandemic in Australia and New Zealand have had, and will continue to have, a substantial negative impact on economic activity introducing additional credit risk in a range of customer segments in the near-term. The duration and magnitude of this downturn is highly uncertain. Additional credit provisions have been raised for those products and sectors more exposed to these risks due to the change in market conditions.

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

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

### **5.2.11 Insurance risk**

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

These insurance risks include potential impacts arising from business interruption insurance, including in connection with an industry test case concerning the interpretation and application of certain business interruption clauses in relation to COVID-19 pandemic related losses. The business interruption test case will examine insuring clauses relating to Infectious Disease and Prevention of Access clauses. The potential claims impact of these matters is uncertain and has been considered in the recognition of additional claims provisions and risk margins in the general insurance outstanding claims liabilities as set out in note 9 of the consolidated financial statements for the financial year ended 30 June 2021 (included in the Annual Report 2020-21). There is no guarantee that this provisioning will be sufficient to meet any potential future claims. Suncorp continues to monitor legal developments in relation to business interruption. Other industry participants have discrete litigation on foot considering various aspects of their business interruption wordings response to COVID-19, which may be of broader industry application. Accordingly, there may be further judicial determinations which may be of broader industry application and which impact future exposure for the Suncorp Group. The potential impact of these matters is uncertain.

As a result of the COVID-19 pandemic, Suncorp could experience increased claims activity in a variety of industries from many of Suncorp's policyholders at the same time. Suncorp may face increased costs associated with claims under its policies, an increased number of customers experiencing difficulty paying premiums or policies not being able to lapse for specific periods of time or situations. A continuation or escalation of the COVID-19 pandemic could materially affect risk profiles of customers and the ability of the Suncorp Group to write new business.

Suncorp may be adversely impacted by any judgments, AFCA rulings, policies, practices, laws, or regulations introduced which require or compel insurers to defer insurance premiums, and/or pay claims in relation to COVID-19 losses which would not otherwise be payable under the relevant policy terms or in the normal course of business. Such judgments, AFCA rulings, policies, practices, laws, or regulations could apply retroactively and require insurers to make payments to policyholders who have suffered loss in connection with the COVID-19 pandemic who were not eligible for payments under the terms of their policy. This could adversely affect Suncorp's balance sheet's existing provisions and claim management activities. Refer to Section 5.2.1 for the risks associated with COVID-19.

#### **Estimation and adequacy of claims provisions**

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

liabilities could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

To satisfy its reporting obligations to APRA, Suncorp is required to test on a quarterly basis the adequacy of unearned premium provisions net of acquisition costs to ensure they are sufficient to cover the cost of future claims relating to them at an appropriate probability of adequacy. If the unearned premium provisions are insufficient Suncorp may be required to write-off deferred acquisition costs and/or strengthen its provisions. This test is significantly impacted by the seasonality of natural hazard events, with claims estimates typically increasing in the lead up to the peak natural hazard season (October through to March).

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

As discussed above, the provisions for COVID-19 related business interruption claims remain uncertain until test cases and other legal proceedings are resolved. If legal developments cause the provisions for insurance liabilities to be insufficient, this could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

### **Catastrophes**

Through its insurance businesses, Suncorp deals with claims arising from catastrophic events predominantly in the Australia and New Zealand regions including, but not limited to, cyclones, earthquakes, wind, hail, fires, floods, volcanic activity and bushfires, in addition to man-made disasters. It is not possible to predict the timing or severity of catastrophes. There has been an increased frequency of natural disasters globally in recent years and it is expected this trend will continue in the medium to long term. The increase in frequency and severity of natural disasters could lead to an increase in claims from Suncorp's customers, an increase in premiums, which could result in a decrease in business and could substantially alter Suncorp's risk profile and ability to write business. Claims arising out of catastrophes can be substantial and could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects. Suncorp manages its exposure to catastrophes through the purchase of catastrophe reinsurance, which is required to meet regulatory requirements. It is subject to the same reinsurance risks as outlined below.

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

### **Reinsurance**

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

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

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

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

#### **5.2.12 Operational risk**

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

Market forces, heightened competition, changing industry practice, COVID-19 and greater reliance on digital capability has led to a rapid and significant change in the way Suncorp operates. This exposes Suncorp to additional operational risk, including increased risk of fraud, technology related risks and employee health and safety related risks. In addition, organisational change and structural shifts can result in redistribution of resources and priorities that can present additional business challenges.

Additionally, Suncorp's financial position may be adversely impacted if certain suppliers (including its counterparties, suppliers of IT services, and other suppliers of goods and services) are unable to successfully implement business continuity plans in the current environment or if any such suppliers are unable to continue as going concerns as a result of the economic impact of COVID-19.

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

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

#### **Retain and recruit staff**

Suncorp's success is highly dependent on the quality of its employees. The rapidly evolving technology and regulatory landscape impacting the financial services and insurance sector across the geographies in which Suncorp operates means that the recruitment and retention of skilled and capable employees is critical to it being successful in delivering on its strategy. Suncorp may be unable to attract or retain key resources due to increased competition for resources, including through the structuring and outcomes of remuneration arrangements. This may impact Suncorp's ability to deliver on its strategy, financial performance and customer outcomes. Changes in regulation and law may also impact Suncorp's ability to attract and retain quality staff.

Additionally, over time, Suncorp will make changes to its organisation design and key persons to ensure that its structure appropriately supports its strategy. There is a risk that such changes will take time to fully embed and mature, or that the anticipated benefits of such changes may not be realised at all. This may result in loss of staff, reduction in staff engagement and operational issues which could adversely impact on performance or result in risk issues that may take time to identify.

#### **Group risk**

Certain parts of the Suncorp Group are interdependent and the risks which are relevant to one part of the Suncorp Group may have undue impact on other parts of the Suncorp Group. The Suncorp Group-wide risks may include initiatives or strategies with a material impact on one or more divisions and shared use of centralised functions (e.g. Information Technology, Human Resources, Finance, Customer Advocate and Risk).

### **5.2.13 Model risk**

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

### **5.2.14 Accounting estimates and judgements**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised.

Use of significant estimates, judgements and assumptions are discussed in note 2.3 of the consolidated financial statements for the financial year ended 30 June 2021 (included in the Annual Report 2020-21), which includes considerations of the impact of COVID-19 on the use of estimates and assumptions.

### **5.2.15 Structural subordination**

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

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

### **5.2.16 Mergers, acquisitions and divestments**

Suncorp regularly reviews its portfolio of business to optimise shareholder value and as a result Suncorp may engage in merger, acquisition or divestment activities that support or accelerate Suncorp's strategic plan. These activities may involve entering new markets, exiting products and/or offering third party manufactured products or expanding Suncorp's current product suite and may affect Suncorp's risk profile through changes to, or to the relative importance of, the geographies and/or product types to which it has exposures. While Suncorp recognises that benefits may arise from merger, acquisition or divestment activities, significant risks also exist in both the execution and implementation of such activities.

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

Mergers, acquisitions or divestments may require changes to operations or personnel as well as significant resources and attention from Suncorp's management. Depending on the type of transaction, it could take a substantial period of time for Suncorp to realise the financial benefits of the transaction, if any. During the period immediately following this type of transaction, Suncorp's operating results may be adversely affected. Changes in ownership and management may result in impairment of relationships with employees, customers, suppliers and partners of the acquired business.

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

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

### 5.2.17 Litigation and regulatory proceedings

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

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

Suncorp is currently undertaking a number of programs of work to resolve prior issues that have the potential to impact customers. An assessment of Suncorp's likely loss has been considered on a case-by-case basis. To the extent that the potential impact can be reliably estimated the amount has been provisioned. Contingent liabilities may exist in respect of actual or potential claims, compensation payments or remediation payments (including interest) identified as part of these existing programs of work or as part of future programs responding to regulatory or internal reviews. The outcomes and total costs associated with these reviews and possible exposures remain uncertain.

As disclosed in an ASX announcement on 15 April 2021 a class action has been filed against AAI and a former Suncorp Group entity (Asteron Life and Superannuation Limited) on behalf of persons who purchased add-on insurance products sold with the purchase or lease of motor vehicles at car dealerships between 1 May 2006 and 30 June 2018. Suncorp is defending this matter. Suncorp has made provisions for legal, investigation and other defence costs. At this stage of the proceedings it is currently not possible to determine the ultimate financial impact of this matter, if any.

As disclosed to the ASX on 1 July 2019, a class action has been filed against SPSTL, being the trustee of the Suncorp Master Trust, and two former SPSTL executive directors. The outcome of this litigation is uncertain, and it is difficult to predict the ultimate impact and timing of any potential consequences on Suncorp. Depending on the outcome of the litigation, Suncorp may be required to comply with broad court orders, including compliance orders, enforcement orders or costs orders.

Litigation challenging business interruption policy indemnity decisions could, depending on the outcomes, increase the risks to Suncorp's insurance businesses – as outlined in 'Insurance risk' in Section 5.2.11. There can be no assurance that significant regulatory actions or litigation (including class actions) will not arise in the future and that the outcome of regulatory actions or legal proceedings from time to time will not have an adverse effect on Suncorp's businesses, financial performance, liquidity, capital resources, financial condition or prospects.

### 5.2.18 Risks specific to divestments

In addition to the risks described in 'Mergers, acquisitions and divestments' in Section 5.2.16, there are specific risks in relation to businesses that have been divested by Suncorp.

As part of the sale of Suncorp Life & Superannuation Limited (**SLSL**), the Suncorp Group provided warranties and indemnities to SLSL and TAL Dai-ichi Life Australia Pty Ltd (**TAL**). These included warranties, indemnities and remediation obligations in regard to the provision of services and products in accordance with terms and conditions of the contractual arrangements. On 26 February 2021, TAL lodged a reinsurance warranty claim and a project team has been set up to assess the claim. Whilst provisions have been made where the amounts can be reliably estimated, the outcomes and costs of these potential warranties and indemnities claims remain uncertain.

As part of the sale of Capital S.M.A.R.T. Repairs Australia Pty Ltd (**Capital S.M.A.R.T**) and ACM Parts Pty Ltd (**ACM Parts**), the Suncorp Group provided warranties in the respective Share Sale and Purchase Agreements entered into with AMA Group Limited (**AMA**). AMA has notified Suncorp of potential claims under the warranty regime and a project team has been set up to assess the claim. Whilst provisions in relation to the

sale have been made where the amounts can be reliably estimated, the outcomes and costs of these warranty claims remain uncertain.

As part of the sale of Resilium Pty Ltd (**Resilium**), the Suncorp Group provided certain tax warranties in the Sale and Purchase Agreement entered into with the Resilium management team. Any outflows relating to the warranties remain uncertain.

As announced on 28 April 2021, the Suncorp Group has entered into an agreement for the sale of its Australian Wealth business, SPSL, to LGIAsuper. As part of the sale of SPSL which is subject to regulatory approval, the Suncorp Group provided certain remediation obligations, warranties and indemnities in favour of LGIAsuper. The outcome and costs associated with any warranty or indemnity claims relating to the transaction remain uncertain.

As announced on 2 July 2021, the Suncorp Group has entered into an agreement for the sale of its 50% joint venture interest in RACT Insurance Pty Limited to its joint venture partner, the RACT. The Suncorp Group has given certain warranties and indemnities in favour of RACT in connection with the sale of its 50% joint venture interest in RACT Insurance Pty Limited. A breach of these warranties or a claim under an indemnity may result in the Suncorp Group being liable to RACT. The outcome and costs associated with any warranty claims relating to the transaction remain uncertain.

### 5.2.19 Cyber risk

Suncorp handles a considerable amount of personal and confidential information about its customers and its operations. Suncorp has a significant online presence and business operations are reliant upon key systems, which are supported by a combination of in-house expertise and outsourced partners. Failure to adequately collect and secure personal data in line with local and international privacy laws can expose Suncorp to material reputational damage, fines and penalties.

Suncorp's information technology systems are subject to information security risks. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to provision of financial services, or compromise data confidentiality and privacy. There has been a global increase in cybercrime during the COVID-19 pandemic, including cybercrime targeting the Suncorp Group and its customers, to make financial gains by exploiting vulnerable individuals and businesses, or by targeting financial institutions directly.

The continuing evolution of cyber security threats and their increasing sophistication requires constant vigilance and continuous improvement of security capabilities. Suncorp implements measures to protect the security, confidentiality, integrity and availability of its systems, software and networks, including maintaining confidentiality of information that resides on those systems.

Suncorp's cyber security strategy is based on understanding the threats Suncorp faces, constantly assessing and upgrading security capability via a dedicated Security Program of Work. Suncorp engages external guidance and participates in independent reviews to align Suncorp's cyber security investments with evolving trends. Suncorp's cyber protection leverages specialist partners in the event of a significant cyber incident, to complement Suncorp with incident response and forensic capabilities.

Whilst Suncorp has focused on uplifting cyber protection and incident response, an industry wide attack on financial services may challenge the effectiveness of our preparation and response.

Suncorp conducts regular reviews to ensure new threats are identified and evolving risks are mitigated, with targeted reviews to enhance the understanding of cyber risk. While strong controls are in place and further enhancements are underway, a successful cyber security attack may occur, which, in the worst-case scenario, could significantly disrupt business operations and/or result in loss of data, loss of customers, reputation damage and regulatory action. This could adversely affect Suncorp's businesses, financial performance, liquidity, capital resources, financial condition and prospects.

### **5.2.20 Environmental risk and climate change**

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

Suncorp may also be affected by the risk associated with the transition to a low-carbon economy and may result in reputational and operational risk as well as changes in demand to Suncorp's financial products and services. Suncorp may be exposed to legal risk as a result of any inability to transition to a low-carbon economy.

Suncorp has included its Suncorp Climate-Related Financial Disclosures (**TCFD**) within the Annual Report 2020-21.

See also 'Catastrophes' under Section 5.2.11.

### **5.2.21 Customer remediation risk**

Operational risk, technology risk, conduct risk or compliance risk events have required, and could in the future require, Suncorp to undertake customer remediation activity. Suncorp relies on a large number of policies, processes, procedures, systems and people to conduct its business. Breakdowns or deficiencies in one of these areas (arising from one or more operational risk, technology risk, conduct risk or compliance risk events) have resulted, and could in the future result in, adverse outcomes for customers which Suncorp is required to remediate. In response to both regulatory and internal reviews, the Suncorp Group is currently undertaking a number of programs of work in both Australia and New Zealand to resolve prior issues that in some cases have impacted customers.

These events and programs could require Suncorp to incur significant remediation costs (which may include compensation payments to customers and the costs associated with correcting the underlying issue) and may result in reputational damage.

There are significant challenges and risks involved in customer remediation activities. Suncorp's ability to investigate an adverse customer outcome that may require remediation could be impeded if the issue is a legacy matter spanning beyond Suncorp's record retention period, or if Suncorp's record keeping is otherwise inadequate. Depending on the nature of the issue, it may be difficult to quantify and scope the remediation activity.

### **5.2.22 Failure of risk management strategies**

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

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

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

## 6. About the Offer

This Section provides information about the Offer, including how to apply. The key dates in relation to the Offer are outlined on page 7 of this Prospectus.

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## 6.1 The Offer

The Offer is for the issue of Capital Notes 4 with an Issue Price of \$100 per Capital Note 4 to raise approximately \$350 million with the ability to raise more or less.

The final size of the Offer will depend on the outcome of the Bookbuild and the volume of Applications received and accepted under the Securityholder Offer. Suncorp reserves the right to scale back Applications or increase the final size of the Offer if there is excess demand.

All Capital Notes 4 issued will be allotted under and subject to the disclosure in this Prospectus.

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## 6.2 Structure of the Offer

The Offer comprises:

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

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## 6.3 Obtaining a Prospectus and Application Form

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

During the Offer Period an electronic version of this Prospectus with an Application Form will be available at [www.suncorpgroup.com.au/sunpi](http://www.suncorpgroup.com.au/sunpi) and may be available through your Syndicate Broker.

Eligible Securityholders will have access to download an electronic version of this Prospectus and a personalised Application Form at [www.suncorpgroup.com.au/sunpi](http://www.suncorpgroup.com.au/sunpi).

The following conditions apply if this Prospectus is accessed electronically:

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

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

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

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## 6.4 Applying for Capital Notes 4

### 6.4.1 Minimum application

Applications must be for a minimum of 50 Capital Notes 4 (\$5,000) and, after that, in multiples of 10 Capital Notes 4 (\$1,000).

### 6.4.2 Applying under the Institutional Offer

The Institutional Offer is available to Institutional Investors who are invited by the Joint Lead Managers to bid for Capital Notes 4 in the Bookbuild to be conducted on 6 September 2021.

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

### 6.4.3 Applying under the Broker Firm Offer

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

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

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

No cooling-off rights apply to an Application for Capital Notes 4. You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

#### **6.4.4 Applying under the Securityholder Offer**

The Securityholder Offer is available to Eligible Securityholders.

To be an Eligible Securityholder, you must:

- be a registered holder of Ordinary Shares, Capital Notes 1, Capital Notes 2 or Capital Notes 3 at 7:00pm (Sydney time) on 24 August 2021;
- be shown on the applicable register as having an address in Australia; and
- not be in the United States or acting for the account or benefit of a person in the United States.

If you wish to apply for Capital Notes 4, we encourage you to apply as soon as possible after the Opening Date, as the Offer may close early, without notice.

If you are an Eligible Securityholder, you may apply for Capital Notes 4 under the Securityholder Offer by applying online at [www.suncorpgroup.com.au/sunpi](http://www.suncorpgroup.com.au/sunpi), providing your Securityholder Reference Number (**SRN**), Holder Identification Number (**HIN**), Employee ID or Unique Application Number, and following the instructions in relation to your Application Payment. When applying online, you will be required to pay for Capital Notes 4 using BPAY®<sup>1</sup> (you will not be required to submit a personalised Application Form if applying online).

Your BPAY® payment must be received by the Registry by the Closing Date and time. The Closing Date for the Securityholder Offer is expected to be 5:00pm (Sydney time) on 20 September 2021.

No cooling-off rights apply to an Application for Capital Notes 4. You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

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## **6.5 Completing and lodging your Application**

### **6.5.1 Submitting Application Forms**

#### **Application under the Broker Firm Offer via a Syndicate Broker**

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

#### **Application under the Securityholder Offer**

If you are a Securityholder Applicant you should follow the instructions set out in your Application Form and make a BPAY® payment. Please note, Suncorp and the Registry will not accept payment by cheque for this Offer.

### **6.5.2 How to pay**

#### **BPAY®**

If you are a Securityholder Applicant, you must complete your Application by making a BPAY® payment.

Using the BPAY® details provided, you need to:

- access your participating BPAY® financial institution either through telephone banking or internet banking;
- select BPAY® and follow the prompts;
- enter the biller code supplied;

<sup>1</sup> ® Registered to BPAY Pty Ltd ABN 69 079 137 518

- enter the unique Customer Reference Number (**CRN**) supplied for each Application;
- enter the total amount to be paid which corresponds to the number of Capital Notes 4 you wish to apply for under each Application (i.e. a minimum of \$5,000 (50 Capital Notes 4) and incremental multiples of \$1,000 (10 Capital Notes 4) after that). Note that your financial institution may apply limits on your use of BPAY®. You should enquire about the limits that apply in your own personal situation;
- select the account you wish your payment to be made from;
- schedule your payment for the same day that you complete your online Application, since Applications without payment cannot be accepted; and
- record your BPAY® receipt number and date paid. Retain these details for your records.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY® closing times and your daily transaction limit to ensure that your Application Payment can be made with BPAY® and will be received prior to the Closing Date and time. If you do not make an Application Payment by the Closing Date and time, your Application will be incomplete and will not be accepted by Suncorp.

### **6.5.3 Brokerage, commission and stamp duty**

No brokerage, commission or stamp duty is payable on your Application. You may have to pay brokerage, but will not have to pay any stamp duty, if you sell your Capital Notes 4 on ASX after Capital Notes 4 have been quoted on ASX.

### **6.5.4 Application Payments held on trust**

All Application Payments received before Capital Notes 4 are issued will be held by Suncorp on trust in an account established solely for the purposes of depositing Application Payments received. After Capital Notes 4 are issued to successful Applicants, the Application Payments held on trust in respect of those Applicants will be payable to Suncorp.

### **6.5.5 Refunds**

Applicants who are not issued any Capital Notes 4, or are allotted fewer Capital Notes 4 than the number applied and paid for as a result of a scale back, will have all or some (as applicable) of their Application Payments refunded (without interest) as soon as practicable after the Issue Date.

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

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

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## **6.6 Bookbuild and Allocation Policy**

### **6.6.1 Bookbuild**

The Bookbuild is a process that will be conducted by the Joint Lead Managers before the Opening Date to determine the Margin and firm allocations of Capital Notes 4 to Bookbuild participants (being Syndicate Brokers and certain Institutional Investors), by agreement with Suncorp. In this process, the Bookbuild participants are invited to lodge bids for a number of Capital Notes 4. On the basis of those bids, the Arranger, Joint Lead Managers and Suncorp, by mutual agreement, determine the Margin and the firm allocations to Syndicate Brokers and to certain Institutional Investors. The Margin will not change for the term of Capital Notes 4.

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

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

### 6.6.2 What is the Allocation Policy?

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Institutional Offer	<ul style="list-style-type: none"><li>– Allocations to Institutional Investors will be agreed by the Arranger, Joint Lead Managers and Suncorp following completion of the Bookbuild.</li></ul>
Broker Firm Offer	<ul style="list-style-type: none"><li>– Allocations to Syndicate Brokers will be agreed by the Arranger, Joint Lead Managers and Suncorp following completion of the Bookbuild.</li><li>– Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.</li><li>– Suncorp takes no responsibility for any allocation, scale back or rejection that is decided by a Syndicate Broker.</li></ul>
Securityholder Offer	<ul style="list-style-type: none"><li>– Allocations for the Securityholder Offer will be determined by Suncorp in consultation with the Arranger and Joint Lead Managers after the Closing Date.</li><li>– Suncorp (at its discretion and in consultation with the Arranger and Joint Lead Managers) reserves the right to scale back Applications from Securityholder Applicants. Any scale back will be announced on ASX on the Issue Date — expected to be 23 September 2021.</li><li>– Suncorp (at its discretion and in consultation with the Arranger and Joint Lead Managers) and the Joint Lead Managers reserve the right to:<ul style="list-style-type: none"><li>– allocate to any Securityholder Applicant all Capital Notes 4 for which they have applied;</li><li>– reject any Application by a Securityholder Applicant; or</li><li>– allocate to any Securityholder Applicant a lesser number of Capital Notes 4 than that applied for, including less than the minimum Application of Capital Notes 4, or none at all.</li></ul></li><li>– No assurance is given that any Securityholder Applicant will receive an allocation.</li></ul>

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### 6.6.3 How will the final Allocation Policy be announced?

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Institutional Offer	<ul style="list-style-type: none"><li>– Allocations to Institutional Investors will be advised to those investors following completion of the Bookbuild.</li></ul>
Broker Firm Offer	<ul style="list-style-type: none"><li>– Allocations to Syndicate Brokers will be advised to those brokers following completion of the Bookbuild.</li><li>– Applicants under the Broker Firm Offer will be able to confirm their firm allocation through the Syndicate Broker from whom they received their allocation.</li><li>– However, if you sell Capital Notes 4 before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.</li></ul>
Securityholder Offer	<ul style="list-style-type: none"><li>– Applicants in the Securityholder Offer will be able to telephone the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time) to confirm their allocation.</li><li>– However, if you sell Capital Notes 4 before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding by telephoning the Suncorp Capital Notes 4 Offer Information Line.</li></ul>

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## 6.7 Other information

### 6.7.1 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, Capital Notes 4, the Offer or otherwise to permit a public offering of Capital Notes 4 in any jurisdiction outside Australia.

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

This Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. Neither Capital Notes 4 nor the Ordinary Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States and they may not be offered or sold in the United States. Capital Notes 4 are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the U.S. Securities Act.

Any offer, sale or Resale of Capital Notes 4 in the United States by a dealer may violate the registration requirements of the U.S. Securities Act.

Subject to Suncorp's approval, Capital Notes 4 may be offered in certain permitted jurisdictions outside Australia under the Institutional Offer where such offer is made, and accepted, in accordance with the laws of such jurisdictions.

Each person submitting an Application will be deemed to have acknowledged that they are aware of the restrictions referred to in this Section 6.7.1 and to have represented and warranted that they are able to apply for and acquire Capital Notes 4 in compliance with those restrictions.

### 6.7.2 Application to ASX for quotation of Capital Notes 4

Suncorp will apply, within seven days after the date of this Prospectus, to ASX for Capital Notes 4 to be quoted on ASX. If ASX does not grant permission for Capital Notes 4 to be quoted within three months after the date of this Prospectus, Capital Notes 4 will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

### 6.7.3 CHES and issuer sponsored holdings

Suncorp will apply for Capital Notes 4 to participate in CHES. No certificates will be issued for Capital Notes 4. Suncorp expects that Holding Statements for issuer sponsored holders and confirmations for CHES holders are expected to be despatched to successful Applicants by 27 September 2021.

### 6.7.4 Trading and selling on market

It is expected that Capital Notes 4 will begin trading on ASX on a normal settlement basis on 24 September 2021 under the ASX code 'SUNPI'. Deferred settlement will not occur.

You are responsible for confirming your holding before trading in Capital Notes 4. If you are a successful Applicant and sell your Capital Notes 4 before receiving your Holding Statement, you do so at your own risk.

You may telephone the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time), or your Syndicate Broker, after the Issue Date to enquire about your allocation.

### 6.7.5 Provision of bank account details for Distributions

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

### **6.7.6 Provision of TFN or ABN**

If you are an Applicant who has not already quoted your Tax File Number (**TFN**) or Australian Business Number (**ABN**) to Suncorp and are issued any Capital Notes 4, then you may be contacted in relation to quoting your TFN, ABN or both.

The collection and quotation of TFNs and ABNs is authorised and their use and disclosure is strictly regulated by tax laws and the Privacy Act. It is not an offence to not quote your TFN or ABN however, not doing so may result in tax being withheld from Distributions. Please refer to 'Pay as you go withholding tax' in Section 7 for additional information.

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

Suncorp may be required to request information from successful Applicants to comply with its obligations under FATCA or CRS. See Sections 5.1.27 and 5.1.28 for more information.

### **6.7.7 Discretion regarding the Offer**

Suncorp reserves the right not to proceed with, and may withdraw, the Offer at any time before the issue of Capital Notes 4 to successful Applicants.

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

Suncorp and the Joint Lead Managers reserve the right to extend the Offer (or any part of it), accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Capital Notes 4 than applied or bid for. This is at Suncorp's discretion and Suncorp is under no obligation to exercise that discretion in any particular way.

Investors should note that no cooling-off rights (whether by law or otherwise) apply to an Application for Capital Notes 4. This means that, in most circumstances, Applicants may not withdraw their Applications once submitted.

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## **6.8 Enquiries**

### **6.8.1 Securityholder Applicants**

You can telephone the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time) if you:

- have questions on how to apply for Capital Notes 4;
- require assistance to complete your Application;
- require additional copies of the Prospectus and Application Forms; or
- have any other questions about the Offer.

If you are unclear in relation to any matter relating to the Offer, or are uncertain whether Capital Notes 4 are a suitable investment for you, you should consult your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

### **6.8.2 Broker Firm Applicants**

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

## 7. Australian taxation summary

This section contains a summary of the Australian tax consequences for potential Holders, and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to potential Holders. Accordingly, each potential Holder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of Capital Notes 4.

30 August 2021

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

Dear Directors

#### **Australian tax consequences of investing in Suncorp Group Limited Capital Notes 4**

We have been instructed by Suncorp Group Limited ("Suncorp") to prepare this summary of the Australian tax consequences of investing in the Suncorp Capital Notes 4 ("Notes"), to be included in the Prospectus dated 30 August 2021. We refer to holders of the Notes as "Holders".

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

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

## **1 Scope**

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

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

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

## 2 Anticipated Class Ruling

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

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

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

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

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

## 3 Tax consequences for applicable Holders – included in Class Ruling

### 3.1 Capital Notes are equity

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

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

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

Whilst this is a matter which is not addressed in the Class Ruling, this is a matter which is intended to be covered in a Private Ruling issued to Suncorp by the Commissioner in relation to the issue of Capital Notes 4.

### 3.2 Distributions and gross-up for franking credits

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

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

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

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

### 3.3 CGT cost base and acquisition date

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

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

### 3.4 Conversion of Capital Notes 4

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

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

### 3.5 CGT cost base and acquisition following Conversion

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

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

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

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

As the Notes are treated as preference shares for these purposes, to be a “qualified person” a Holder is required to have held the Notes for a continuous period of at least 90 days during the relevant

qualification period, not including the days of acquisition and disposal and not including any days on which the Holder has "materially diminished" risks of loss or opportunities for gain in respect of the Notes (being where the Holder's "net position" on a particular day has less than 30% of the risks and opportunities).

The relevant qualification period begins on the day after the day on which the Holder acquired the Notes and ends on the 90<sup>th</sup> day after the day on which the Notes become "ex dividend".

A different qualification period applies if there are 'related payments'. These payments generally occur when a Holder makes a payment which has the effect of passing the benefit of a distribution on the Notes to another person. In that case the Holder must not have materially diminished their risks of loss or opportunities for gain during the period beginning 90 days before and ending 90 days after the day in which the Notes become "ex dividend".

## 4 Tax consequences for Holders – not included in Class Ruling

### 4.1 Sale of Capital Notes 4

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

If the Holder has held the Notes for 12 months or more and is an Australian resident, they may benefit from the CGT discount. If the Holder is an individual or trust, that discount is 50% of the gain. For a superannuation entity, the discount percentage is 33½%. Holders which are companies are not eligible for the CGT discount.

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

### 4.2 Redemption or Resale of Capital Notes 4

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

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

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

Both Redemption and Resale would constitute a CGT event, and as such a Holder would make either a capital gain or capital loss depending on whether the Redemption Price or Resale Price are greater than the cost base, or less than the reduced cost base of the Notes. As described above, certain Australian resident holders may be entitled to the CGT discount on any capital gain.

### 4.3 Pay-as-you-go withholding tax

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

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

#### 4.4 GST

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

#### 4.5 Stamp duty

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

#### 4.6 Taxation of Financial Arrangements

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

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

#### 4.7 Non-Australian resident Holders

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

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

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

Yours faithfully



King & Wood Mallesons

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

## 8. Additional information

## 8.1 Interests and benefits

### 8.1.1 Directors

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

Directors	Number of Ordinary Shares	Number of options/rights over Ordinary Shares
Ms Christine McLoughlin AM	48,550	Nil
Mr Steve Johnston	208,914	466,172
Ms Sylvia Falzon	24,057	Nil
Mr Elmer Funke Kupper	47,500	Nil
Mr Ian Hammond	41,212	Nil
Ms Sally Herman	40,000	Nil
Mr Simon Machell	60,000	Nil
Dr Douglas F McTaggart	42,146	Nil
Mr Lindsay Tanner	18,668	Nil

Ms Christine McLoughlin AM also holds 700 SUNPH (Capital Notes 3).

Mr Steve Johnston as an executive director also holds 111,953 Deferred Incentive Share Rights (SUNAB), and 390,363 Long Term Incentive Performance Rights (SUNAC).

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

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

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

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

#### Directors' fees

The Constitution contains provisions about the remuneration of the non-executive Directors. As remuneration for their services, Directors are paid an amount of remuneration determined by the Board, subject to a maximum annual aggregate amount determined by Shareholders in a general meeting. The maximum annual aggregate amount, previously approved by Shareholders in an Extraordinary General Meeting on 24 April 2007, has been set at \$3.5 million. Each Director (other than the Chairman) may be paid additional remuneration for performance of additional Board Committee services and all Directors are entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Suncorp Group CEO and Managing Director is fixed by the Board. The remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of profits or operating revenue.

#### Participation in the Offer

The Directors (and certain related persons) may collectively acquire up to 0.2% of Capital Notes 4 offered under the Offer, without Shareholder approval (subject to certain conditions)—see Section 8.10.

### 8.1.2 Professionals

Barrenjoey Capital Partners has acted as the Arranger for the Offer, and each of ANZ Securities, Commonwealth Bank of Australia, Morgans, National Australia Bank, UBS and Westpac Institutional Bank have acted as the Joint Lead Managers to the Offer, in respect of which they will receive fees from Suncorp. The estimated aggregate fees payable by Suncorp to the Arranger and Joint Lead Managers are approximately \$5 million (exclusive of GST), making certain assumptions as to the allocations of Capital Notes 4 between the Broker Firm Offer, Institutional Offer and Securityholder Offer. The aggregate fees include an arranger fee payable to Barrenjoey Capital Partners and other fees payable to the Joint Lead Managers, determined either on the basis of their Capital Note 4 allocation or split proportionately between each of the Joint Lead Managers.

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

King & Wood Mallesons has acted as Suncorp's Australian legal and Australian tax adviser in relation to the Offer. In respect of this work, King & Wood Mallesons will be paid approximately \$440,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Additional amounts may be paid to King & Wood Mallesons in accordance with its time-based charges.

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

Except as set out in this Prospectus, no:

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

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

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

The Arranger, the Joint Lead Managers and their respective affiliates are involved in a wide range of financial services and businesses including some or all of securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading, and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, the Arranger, the Joint Lead Managers and their respective affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt, equity or hybrid securities or senior loans or financial products of any member of the Suncorp Group or any third party involved in the Offer, and may finance the acquisition of those securities and/or financial products and take or enforce security over those securities and/or financial products. The Arranger, the Joint Lead Managers and their respective affiliates may receive fees for, or profits and other financial benefits from, those activities.

### About the Trustee

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

- have not authorised or caused the issue or distribution of this Prospectus, were not involved in preparing this Prospectus and do not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- do not assume any responsibility for, or make representations as to the accuracy or completeness of any information contained, in this Prospectus;
- to the maximum extent permitted by law, expressly disclaim all liability in respect of, make no representation or any statement regarding and take no responsibility for any part of this Prospectus, or any statements in or omissions from this Prospectus, other than in the case of the Trustee, only references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;
- in the case of the Trustee only, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and content in which it is named;
- have solely relied on Suncorp for the accuracy of the contents of this Prospectus;
- do not make any representation or warranty as to the performance of Capital Notes 4, the payment of Distributions or Exchange of Capital Notes 4 or the value of any Ordinary Shares issued on Conversion (or their proceeds of sale); and
- are not, subject to the Trustee's obligations under the Corporations Act, responsible for monitoring Suncorp's business.

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## 8.2 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$350 million, then the net proceeds of the Offer are expected to be \$343 million and the total expenses of the Offer (including fees payable to the Arranger, the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be approximately \$7 million. All of these expenses have been, or will be, borne by Suncorp.

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## 8.3 Reporting and disclosure obligations

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

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

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

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

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## 8.4 Availability of documents

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

- the annual financial report for the year ended 30 June 2021 lodged with ASIC by Suncorp;
- any continuous disclosure notices given by Suncorp in the period after the lodgement of the annual financial report of Suncorp for the year ended 30 June 2021 and before lodgement of this Prospectus with ASIC; and
- the Constitution.

The annual financial report for the year ended 30 June 2021 and copies of continuous disclosure notices lodged with ASX are available at [www.asx.com.au](http://www.asx.com.au) or at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

The Constitution is available at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

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

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## 8.5 Rights and liabilities attaching to Capital Notes 4

The rights and liabilities attaching to Capital Notes 4 are contained in the Terms, which are set out in Appendix A. Additional rights and liabilities attaching to Capital Notes 4 may arise under the Corporations Act, the ASX Listing Rules, the Constitution and other laws.

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## 8.6 Rights and liabilities attaching to Ordinary Shares

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

This Section 8.6 briefly summarises the key rights attaching to Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of Ordinary Shares. Investors who wish to inspect the Constitution may do so at the registered office of Suncorp during normal office hours or may obtain a copy as provided under Section 8.4.

The key rights attaching to Ordinary Shares are as follows:

- the right to receive notice of, attend and vote at general meetings of Suncorp (either in person or by proxy, attorney or representative) on the basis of one vote on a show of hands or one vote per fully paid Ordinary Share (or a fraction of a vote in proportion to the capital paid up on that Ordinary Share) on a poll;
- the right to receive dividends declared from time to time, as determined by the Board, in their judgement, as the financial position of Suncorp justifies, in proportion to the capital paid up on the Ordinary Shares held by each Shareholder (subject to the rights of holders of securities carrying preferred rights and in accordance with the Constitution and the Corporations Act). Suncorp may be restricted from paying dividends on Ordinary Shares by prudential standards of APRA or, potentially, in particular circumstances by the terms of certain of its regulatory capital instruments;
- the right to receive information required to be distributed under the Corporations Act and the ASX Listing Rules; and
- the right to participate in a surplus of assets on a winding-up of Suncorp in proportion to the capital paid up on the Ordinary Shares at the commencement of the winding-up (subject to the rights of holders of securities carrying preferred rights on winding-up including Capital Notes 1, Capital Notes 2, Capital Notes 3 and Capital Notes 4).

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## 8.7 Summary of Trust Deed

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

### 8.7.1 Appointment of Trustee

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

- the right to enforce Suncorp's obligation to pay amounts payable under Capital Notes 4;
- the right to enforce any other duties or obligations that Suncorp has under the Terms, to the Holders under the Trust Deed or under Chapter 2L of the Corporations Act; and
- the amount of \$10 and any other property held by the Trustee on the trust established under the Trust Deed (including, without limitation, and to the extent such property is held on trust, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Trust Deed).

### 8.7.2 Undertakings

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

- subject to any obligation of Suncorp to Convert or Write-Off the Capital Notes 4, pay the amounts due and payable in respect of that Capital Note 4 under and in accordance with the Trust Deed;
- comply with its obligations under the Terms; and
- comply with its obligations under Chapter 2L and section 318 of the Corporations Act.

### 8.7.3 Sale of Ordinary Shares

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

### 8.7.4 Enforcement

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

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

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

### 8.7.5 Liability

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

### **8.7.6 Fees and expenses**

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

### **8.7.7 Retirement and removal**

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

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

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

### **8.7.8 Meetings**

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

Each Holder is entitled to one vote on a show of hands, unless a poll is demanded by the chairperson, the Trustee or Suncorp or by, or on behalf of, one or more Holders holding (in aggregate) Capital Notes 4 representing at least 5% of the aggregate Face Value of the Capital Notes 4 outstanding when the meeting begins. On a show of hands, every Holder who is present has one vote and on a poll, every Holder of Capital Notes 4 who is present has one vote for every Note with respect to which it is the registered holder.

### **8.7.9 No monitoring obligations**

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

- exercise reasonable diligence to ascertain whether:
  - the property of Suncorp that is, or should be, available will be sufficient to repay the amounts lent by Holders in respect of Capital Notes 4; and
  - Suncorp has breached the Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Trustee is satisfied the breach will not materially prejudice the Holders' interests, it must do everything in its power to ensure Suncorp remedies such a breach.

### **8.7.10 Receipt of moneys**

All moneys that are received by the Trustee under the Trust Deed will be applied first in payment of any amounts owing to the Trustee in connection with the Trust Deed, and secondly in or towards payment of all amounts due but unpaid in respect of Capital Notes 4 to the relevant Holders. The balance (if any) of the money remaining after those payments will be returned to Suncorp.

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## **8.8 Summary of the Offer Management Agreement**

### **8.8.1 Overview**

Suncorp, the Arranger and the Joint Lead Managers signed the Offer Management Agreement on 30 August 2021. Under the Offer Management Agreement, Suncorp appointed ANZ Securities, Commonwealth Bank of Australia, Morgans, National Australia Bank, UBS and Westpac Institutional Bank as Joint Lead Managers of the Offer. The following is a summary of the principal provisions of the Offer Management Agreement.

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

### **8.8.2 Fees**

The estimated aggregate fees payable by Suncorp to the Arranger and Joint Lead Managers under the Offer Management Agreement are set out in Section 8.1.2. The actual amount payable will not be known until the allocation of Capital Notes 4 under the Offer. In addition, Suncorp must reimburse the Arranger and each Joint Lead Manager for reasonable costs, charges and expenses, including reasonable legal costs, incurred by the Arranger and the Joint Lead Managers in relation to the Offer.

### **8.8.3 Representations, warranties and undertakings**

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

With the exception of the Capital Notes 4 issue and certain other corporate actions (including an issue of Ordinary Shares under a dividend reinvestment plan), Suncorp has agreed that it will not (and will ensure that its related bodies corporate do not), without the Arranger and Joint Lead Managers' prior written consent, offer or issue any securities with Additional Tier 1 Capital status before the expiration of 90 days after the Issue Date (other than any such securities which are issued by a related body corporate to Suncorp or another related body corporate) or any securities with Tier 2 Capital status predominantly offered to Australian retail investors at any time before the expiration of 45 days after the Issue Date.

### **8.8.4 Indemnity**

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

### 8.8.5 Termination events

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

- ASIC issues a stop order or similar proceedings in relation to the Offer;
- ASX refuses to quote Capital Notes 4 on ASX;
- the trading of Ordinary Shares is suspended or Ordinary Shares cease to be quoted on ASX;
- any person withdraws their consent to be named in the Prospectus;
- Suncorp withdraws the Prospectus or the Offer;
- a supplementary Prospectus is lodged, or in the reasonable opinion of the Arranger or the Joint Lead Managers should be lodged, with ASIC under section 719 of the Corporations Act;
- Suncorp's credit rating is downgraded, withdrawn or placed on credit watch negative;
- a specified decline in the S&P ASX 200;
- unauthorised alterations to Suncorp's share capital or Constitution; and
- a material adverse change or effect, or any development that is likely to have a material adverse change or effect, in or affecting the general affairs, business, operations, prospects, management, financial position, earnings position, Shareholders' equity or results of operations of the Suncorp Group.

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

Under the Offer Management Agreement, if one Joint Lead Manager terminates, the other Joint Lead Managers may give notice in writing to Suncorp stating whether they assume the obligations of the terminating Joint Lead Manager. In addition, if any Joint Lead Manager terminates its obligations under the Offer Management Agreement, then that Joint Lead Manager and certain of their affiliates will have no obligations to subscribe for any Capital Notes 4 as Bookbuild investors.

If all Joint Lead Managers terminate, none of them, their affiliates or any Bookbuild investors will have any obligation to subscribe for Capital Notes 4.

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## 8.9 Consents

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

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

King & Wood Mallesons has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements by it, consisting of the Australian taxation summary in Section 7 in the form and context in which it appears in Section 7.

<b>Role</b>	<b>Consenting parties</b>
Arranger	Barrenjoey Capital Partners
Joint Lead Managers	ANZ Securities Commonwealth Bank of Australia Morgans National Australia Bank UBS Westpac Institutional Bank
Co-Managers	Crestone Wealth Management JBWere
Auditor	KPMG
Australian legal adviser	King & Wood Mallesons
Australian tax adviser	King & Wood Mallesons
Registry	Link Market Services Limited
Trustee	Certane CT Pty Ltd
Accounting adviser	KPMG Transaction Services

## 8.10 ASX confirmation

Capital Notes 4 are classified as 'equity securities' for the purposes of the ASX Listing Rules and ASX has confirmed that:

- ASX Listing Rules 3.20.2 and 3.20.5 will not apply to any Conversion of the Capital Notes 4 following the occurrence of a Non-Viability Trigger Event;
- the Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the terms of the APRA constraints on the payment of Distributions do not amount to a removal of a right to a distribution for the purposes of ASX Listing Rule 6.10;
- Conversion, Redemption, Resale or write-off of Capital Notes 4, as provided in the Terms, is appropriate and equitable for the purposes of ASX Listing Rule 6.12;
- ASX does not consider Capital Notes 4 to be options or preference securities for the purposes of the Listing Rules;
- there is no further requirement for member approval, or further absorption of placement capacity under Listing Rule 7.1, at the time that Capital Notes 4 are Converted in accordance with ASX Listing Rules 7.2 (exception 9) and 10.12 (exception 7);
- ASX Listing Rule 10.11 has been waived to permit Directors (and their associates) to participate in the Offer, without Shareholder approval, on the condition that (amongst other things) the Directors (and their associates) are collectively restricted to being issued no more than 0.2% of the total number of Capital Notes 4 issued under the Offer;
- the ASX trading code for Capital Notes 4 will be "SUNPI"; and
- the timetable for the Offer is acceptable.

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## 8.11 Acknowledgements

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

- acknowledged having read and understood the Terms and having had an opportunity to consider the suitability of an investment in Capital Notes 4 with the Applicant's professional advisers;
- agreed to be bound by the Terms and the terms and conditions of the Offer and, on Conversion of Capital Notes 4, agrees to become a member of Suncorp and to be bound by the terms of Suncorp's Constitution;
- acknowledged having personally received an electronic copy of the Prospectus (and any supplementary or replacement document) accompanying the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- consented to the use and disclosure of their personal information as described in Section 8.12 and understood and agreed that the use and disclosure of their personal information applies to any personal information collected by Suncorp and any entity in the Suncorp Group in the course of the Applicant's relationship with Suncorp and any entity in the Suncorp Group;
- declared that the Applicant, if a natural person, is over 18 years of age;
- acknowledged that once Suncorp receives an Application, it may not be withdrawn, except as is permitted by law;
- acknowledged that, in some circumstances, Suncorp may not pay Distributions or any other amount payable on Capital Notes 4;
- applied for the number of Capital Notes 4 at the Australian dollar amount specified in the Application Form submitted or represented by the Application Payment;
- agreed to being allocated the number of Capital Notes 4 applied for (or a lower number allocated in a way described in this Prospectus) or no Capital Notes 4 at all;
- authorised Suncorp and the Joint Lead Managers, and their respective officers or agents, to do anything on the Applicant's behalf necessary for Capital Notes 4 to be allocated to the Applicant, including to act on instructions received by the Registry upon using the contact details in the Application Form;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Capital Notes 4 are suitable for the Applicant, given the Applicant's investment objectives, financial situation or particular needs;
- declared that the Applicant is an Australian resident or otherwise a person to whom the Offer can be made, and Capital Notes 4 issued, in accordance with Section 6.7.1;
- acknowledged that Capital Notes 4 have not been, and will not be, registered under the U.S. Securities Act or pursuant to the securities laws of any other jurisdiction outside Australia;
- represented and warranted that the Applicant is not in the United States and is not a U.S. Person (as defined in Regulation S of the U.S. Securities Act) (and not acting for the account or benefit of a U.S. Person) and the Applicant will not offer, sell or resell Capital Notes 4 in the United States to, or for the account or benefit of, any U.S. Person;
- represented and warranted that the laws of any other place, including the restrictions set out in Section 6.7.1 of this Prospectus, do not prohibit the Applicant from being given the Prospectus (or any supplementary or replacement Prospectus) or making an Application or being issued with Capital Notes 4; and
- acknowledged that Capital Notes 4 are not protected accounts or deposit liabilities of Suncorp for the purposes of the Banking Act or protected policies for the purposes of the Insurance Act. Investments can be subject to investment risk, including possible delays in repayment and loss of income and principal invested. Suncorp does not in any way guarantee or stand behind the capital value or performance of Capital Notes 4.

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## 8.12 Privacy

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

The Registry will collect your personal information to process your registration for Capital Notes 4, manage and administer your securityholding, provide facilities and services that you may request and carry out appropriate administration, as required by law.

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

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

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

Under the Privacy Act, an Applicant may request access to their personal information held on behalf of Suncorp. To request access or correct your personal information, please contact the Registry via the Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia) or +61 2 8767 1219 (outside Australia) Monday to Friday 8:00am to 7:30pm (Sydney time). The Registry's privacy policy contains more information on how you can access or correct your personal information as well as how to complain about the handling of your personal information. You can read the Registry's privacy policy at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

You can read the Suncorp Group's securityholder privacy statement at <https://www.suncorpgroup.com.au/securityholder-privacy-statement> and the Suncorp Group's Privacy Policy at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

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## 8.13 Statement of Directors

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

## A. Capital Notes 4 Terms

# 1 Capital Notes 4

## 1.1 Capital Notes 4

Suncorp Capital Notes 4 (the **Capital Notes**) are perpetual, convertible, subordinated debt obligations in the form of unsecured notes issued by Suncorp, constituted by, and owing under, the Trust Deed. They are issued, and may be Redeemed, Converted or Resold, according to these Capital Notes Terms.

## 1.2 Form

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

## 1.3 Issue Price

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

## 1.4 CHESS

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

# 2 Status and ranking

## 2.1 Status and ranking

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

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

## 2.2 No guarantee, not policies under Insurance Act

The Capital Notes are not:

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

## 2.3 Unsecured notes

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

# 3 Distributions

## 3.1 Distributions

Subject to these Capital Notes Terms, Suncorp will pay interest on each Capital Note in arrears on the relevant Distribution Payment Date (a **Distribution**) calculated according to the following formula:

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

where:

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

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

where:

**Bank Bill Rate** means:

- (a) subject to paragraph (b) below:
  - (i) for a Distribution Period, the rate (expressed as a percentage per annum) designated "BBSW" in respect of prime bank eligible securities having a tenor of 3 months, which ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am Sydney time (or such other time at which such rate is accustomed to be so published) on the first Business Day of the Distribution Period; and
  - (ii) if Suncorp determines that such rate as is described in paragraph (i) above:
    - (A) is not published by midday (or such other time that Suncorp considers appropriate on that day); or
    - (B) is published, but is affected by an obvious error, such other rate (expressed as a percentage per annum) that Suncorp determines having regard to comparable indices then available; and
- (b) if Suncorp determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, Suncorp:
  - (i) shall use as the Bank Bill Rate such Replacement Rate as it may determine;
  - (ii) shall make such adjustments to these Capital Notes Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate; and
  - (iii) in making the determinations under paragraphs (i) and (ii) above:
    - (A) shall act in good faith and in a commercially reasonable manner;
    - (B) may consult with such sources of market practice as it considers appropriate; and
    - (C) may otherwise make such determination in its discretion.

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

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

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

- (a) has been discontinued or otherwise ceased to be calculated or administered; or
- (b) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Capital Notes;

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

- (a) a reference rate that is, in Suncorp's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of Capital Notes; or
- (b) such other rate as Suncorp determines having regard to available comparable indices;

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

**N** means in respect of:

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

## 3.2 Franking adjustments

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

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

where:

**D** means the Distribution calculated under clause 3.1;

**T** has the meaning given in clause 3.1; and

**F** means the applicable Franking Rate.

### 3.3 Payment of a Distribution

Each Distribution is subject to:

- (a) Suncorp's absolute discretion; and
- (b) no Payment Condition existing in respect of the relevant Distribution Payment Date.

### 3.4 Distributions are non-cumulative

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

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

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

### 3.5 Distribution Payment Dates

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

- (a) each 17 March, 17 June, 17 September and 17 December commencing on 17 December 2021 until (but not including) the date on which the Capital Note is Converted or Redeemed in accordance with these Capital Notes Terms; and
- (b) each date on which an Exchange of that Capital Note occurs, other than a Conversion on a Trigger Event Date, in each case in accordance with these Capital Notes Terms.

If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date becomes the next day which is a Business Day, except where the Distribution Payment Date is 17 December 2028, where the Distribution Payment Date becomes the preceding day which is a Business Day.

### 3.6 Record Dates

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

### 3.7 Restrictions in the case of non-payment

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

- (a) declare, determine to pay or pay an Ordinary Share Dividend; or
- (b) undertake any Buy-Back or Capital Reduction,

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

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

The restrictions in clause 3.7 do not apply to:

- (a) a redemption, buy-back or reduction of capital in connection with any employment contract, benefit plan or other similar arrangement; or
- (b) the payment of an Ordinary Share Dividend or completion of a Buy-Back or Capital Reduction which Suncorp had become legally obliged to pay or complete at the time that the Distribution was not paid.

Nothing in these Capital Notes Terms prohibits Suncorp or a Controlled Entity from purchasing Suncorp Shares (or an interest therein) in connection with transactions for the account of customers of Suncorp or customers of entities that Suncorp Controls or, with the prior written approval of APRA, in connection with the distribution or trading of Suncorp Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from acting as trustee for another person where neither Suncorp nor any entity it Controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

## 4 Mandatory Conversion

### 4.1 Mandatory Conversion

Subject to clauses 5, 6 and 7, on the Mandatory Conversion Date Suncorp must Convert all (but not some) Capital Notes on issue at that date into Ordinary Shares in accordance with clause 8 and this clause 4.

### 4.2 Mandatory Conversion Date

The **Mandatory Conversion Date** will be the first to occur of the following dates (each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied:

- (a) 17 December 2030 (the **Scheduled Mandatory Conversion Date**); and
- (b) a Distribution Payment Date after the Scheduled Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**).

### 4.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the First Test Date is greater than the First Test Date Percentage of the Issue Date VWAP (the **First Mandatory Conversion Condition**);

- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than the Conversion Test Date Percentage of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and
- (c) no Delisting Event applies in respect of the Relevant Date (the **Third Mandatory Conversion Condition** and together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

In these Capital Notes Terms:

<b>Conversion Test Date Percentage</b>	=	101.01% x <b>Relevant Fraction</b> (expressed as a percentage)
<b>First Test Date Percentage</b>	=	110% x <b>Relevant Fraction</b> (expressed as a percentage)

### 4.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will give notice to the Trustee and Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will give notice to the Trustee and Holders on or as soon as practicable after the Relevant Date,

(each such notice a **Non-Conversion Notice**) that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date.

## 5 Non-Viability Conversion

### 5.1 Non-Viability Trigger Event

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

- (a) the conversion to Ordinary Shares or write off of Relevant Securities in accordance with their terms or by operation of law is necessary because without the conversion to Ordinary Shares or write off, APRA considers that Suncorp would become non-viable; or
- (b) without a public sector injection of capital into, or equivalent support with respect to, Suncorp, APRA considers that Suncorp would become non-viable,

(such determination a **Non-Viability Determination**).

## 5.2 Conversion on Trigger Event Date

If a Non-Viability Trigger Event occurs:

- (a) on the Trigger Event Date, subject only to clause 5.5, such number of Capital Notes will immediately Convert as is required by the Non-Viability Determination, provided that:
  - (i) where such Non-Viability Determination is made on the grounds that, without a public sector injection of capital or equivalent support, Suncorp would become non-viable, all Capital Notes must be Converted; and
  - (ii) where clause 5.2(a)(i) does not apply and such Non-Viability Determination does not require all Relevant Securities to be converted or written-off, such number of Capital Notes shall Convert as is sufficient (determined by Suncorp in accordance with clause 5.2(b)) to satisfy APRA that Suncorp is viable without further conversion or write-off;
- (b) in determining the number of Capital Notes which must be Converted in accordance with this clause, Suncorp will:
  - (i) Convert Capital Notes; and
  - (ii) convert into Ordinary Shares or write-off other Relevant Securities,in each case on an approximately pro-rata basis or in a manner that is otherwise, in the opinion of Suncorp, fair and reasonable (subject to such adjustment as Suncorp may determine to take into account the effect on marketable parcels and the need to round to whole numbers the number of Ordinary Shares and any Capital Notes or other Relevant Securities remaining on issue) and, for the purposes of this clause 5.2(b), where the specified currency of the outstanding principal amount of any Relevant Securities is not Australian dollars, Suncorp may, for the purposes of determining the outstanding principal amount that is to be converted or written-off, convert the outstanding principal amount into Australian dollars at such rate of exchange determined in accordance with the terms of such Relevant Securities or, if those terms do not specify a basis for determining such rate of exchange, at such rate of exchange as Suncorp in good faith considers reasonable;
- (c) on the Trigger Event Date Suncorp must determine the Holders whose Capital Notes will be Converted at the time on that date that the Conversion is to take effect and in making that determination may make any decisions with respect to the identity of the Holders at that time and date as may be necessary or desirable to ensure Conversion occurs immediately in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time;
- (d) Suncorp must give written notice of that event (a **Trigger Event Notice**) as soon as practicable to the Trustee and Holders, which notice must specify:

- (i) the Trigger Event Date;
  - (ii) the number of Capital Notes Converted; and
  - (iii) the relevant number of other Relevant Securities converted or written-off; and
- (e) from the Trigger Event Date, subject to clause 5.5 and clause 12.1, Suncorp, the Trustee and the Registrar shall treat the Holder of any Capital Note which is required to be Converted as the holder of the relevant number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion.

## 5.3 Immediacy of Conversion

- (a) A Non-Viability Determination takes effect, and Suncorp must perform the obligations in respect of the determination, immediately on the day it is received by Suncorp, whether or not such day is a Business Day.
- (b) None of the following events shall prevent, impede or delay the immediate Conversion of Capital Notes as required by clause 5.2:
  - (i) any failure or delay in the conversion or write-off of other Relevant Securities;
  - (ii) any failure or delay in giving a Trigger Event Notice;
  - (iii) any failure or delay in quotation of Ordinary Shares to be issued on Conversion;
  - (iv) any decision as to the identity of Holders whose Capital Notes are to be Converted; and
  - (v) any requirement to select or adjust the number of Capital Notes to be Converted or any right to make determinations in accordance with clause 5.2(b) or 5.2(c).

## 5.4 Priority of Conversion obligations

- (a) Conversion on account of the occurrence of a Non-Viability Trigger Event is not subject to the matters described in clause 4.3 as Mandatory Conversion Conditions.
- (b) A Conversion required on account of a Non-Viability Trigger Event takes place on the date, and in the manner, required by clause 5.2, notwithstanding anything in clauses 4, 6 or 7.

## 5.5 Write-Off

Where Capital Notes are required to be Converted, if Conversion has not been effected within 5 Business Days after the relevant Trigger Event Date for any reason (including an Inability Event), Conversion of those Capital Notes on account of the Non-Viability Trigger Event will not occur and those Capital Notes shall be Written-Off with effect on and from the Trigger Event Date in accordance with this clause 5.5 and the provisions of clauses 5.2(b), 5.2(c) and 5.2(d) shall apply in respect of that Write-Off and those Capital Notes as if each reference in those clauses to "Conversion" or "Convert" were a reference to "Write-Off".

In this clause 5.5, **Written-Off** means that, in respect of a Capital Note and a Trigger Event Date:

- (a) the Capital Note will not be Converted on that date and will not be Converted, Redeemed or Resold under these Capital Notes Terms on any subsequent date; and
- (b) the relevant Holders' rights (including to payment of Distributions and Redemption Price) in relation to such Capital Note are immediately and irrevocably terminated and written off, and **Write-Off** has a corresponding meaning.

# 6 Optional Exchange by Suncorp

## 6.1 Optional Exchange by Suncorp

- (a) Suncorp may with APRA's prior written approval by notice to the Trustee and Holders (an **Exchange Notice**) elect to Exchange:
  - (i) all or some Capital Notes on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event;
  - (ii) all (but not some only) Capital Notes on an Exchange Date following the occurrence of a Potential Acquisition Event; or
  - (iii) all or some Capital Notes on an Optional Exchange Date.
- (b) An Exchange Notice under this clause 6:
  - (i) cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Date; and
  - (ii) once given is irrevocable (subject to clause 5).

## 6.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) where clause 6.1(a)(i) or clause 6.1(a)(ii) applies, the details of the Tax Event, Regulatory Event or Potential Acquisition Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
  - (i) in the case of a Potential Acquisition Event, is the Business Day prior to the date reasonably determined by Suncorp to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as Suncorp may reasonably determine having regard to the timing for implementation of the bid or scheme concerned or such later date as APRA may require;
  - (ii) in the case of a Tax Event or a Regulatory Event, is the last Business Day of the month following the month in which the Exchange Notice was given by Suncorp unless Suncorp determines an earlier

Exchange Date having regard to the best interests of Holders as a whole and the relevant event; or

- (iii) in the case of clause 6.1(a)(iii), is an 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 70 Business Days,

after the date on which the Exchange Notice is given;

- (c) the Exchange Method in accordance with clause 6.3;  
(d) if less than all Capital Notes are subject to Exchange, the proportion of the Capital Notes that are to be Exchanged;  
(e) if the Exchange Notice provides that any Capital Notes are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and  
(f) whether any Distribution will be paid in respect of the Capital Notes to be Exchanged on the Exchange Date.

### 6.3 Exchange Method

- (a) If Suncorp elects to Exchange Capital Notes in accordance with clause 6.1, it must, subject to clauses 6.3(b), 6.4 and 6.5 and subject to APRA's prior written approval, elect which of the following (or which combination of the following) it intends to do in respect of Capital Notes (the **Exchange Method**):
- (i) Convert Capital Notes into Ordinary Shares in accordance with clause 8;  
(ii) Redeem Capital Notes in accordance with clause 9; or  
(iii) Resell Capital Notes in accordance with clause 10.

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

- (b) Subject to clauses 6.4 and 6.5, in the election under clause 6.3(a), Suncorp may specify which of Conversion, Redemption and Resale applies to a particular Capital Notes. Without limitation to the foregoing:
- (i) Suncorp may select any one or more of Conversion, Redemption or Resale to apply to the Capital Notes held by a Holder; and  
(ii) Suncorp may select a different combination of Conversion, Redemption and Resale in respect of Capital Notes held by different Holders,

but otherwise Suncorp must endeavour to treat Holders, in the case of an Exchange of only some Capital Notes, on an approximately proportionate basis (although it may discriminate to take account of the effect on marketable parcels and other logistical considerations).

### 6.4 Restrictions on election by Suncorp of Redemption or Resale as Exchange Method

Suncorp may only elect Redemption or Resale as the Exchange Method in respect of an Exchange under this clause 6:

- (a) on an Optional Exchange Date; and  
(b) in the case of a Tax Event or Regulatory Event,

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

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

### 6.5 Restrictions on election by Suncorp of Conversion as Exchange Method

Suncorp may not elect Conversion as the Exchange Method in respect of an Exchange under this clause 6 if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by Suncorp (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the **Non-Conversion Test Date**) the VWAP on that date is less than or equal to the First Test Date Percentage of the Issue Date VWAP (the **First Optional Conversion Restriction**); or  
(b) a Delisting Event applies in respect of the Non-Conversion Test Date (the **Second Optional Conversion Restriction** and together with the First Optional Conversion Restriction, the **Optional Conversion Restrictions**).

### 6.6 Conditions to Conversion occurring once elected by Suncorp

If Suncorp has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Capital Notes Terms:

- (a) the Exchange Date will be deferred until the first Distribution Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Distribution Payment Date were a Relevant Date for the purposes of clause 4 (the **Deferred Conversion Date**);

- (b) Suncorp must Convert the Capital Notes on the Deferred Conversion Date (unless the Capital Notes are Exchanged earlier in accordance with these Capital Notes Terms); and  
(c) until the Deferred Conversion Date, all rights attaching to the Capital Notes will continue as if the Exchange Notice had not been given.

Suncorp will notify the Trustee and Holders on or as soon as practicable after an Exchange Date in respect of which this clause 6.6 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

### 6.7 Purchases

Subject to APRA's prior written approval, Suncorp or any Related Entity of Suncorp may purchase in the open market or otherwise Capital Notes at any time and at any price. Any Capital Note purchased by or on behalf of Suncorp shall be cancelled.

**Holders should note that any approval is at APRA's discretion and may not be given.**

## 7 Conversion on Acquisition Event

### 7.1 Notice of Acquisition Event

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

### 7.2 Conversion on occurrence of Acquisition Event

If an Acquisition Event occurs, Suncorp must Convert all (but not some only) Capital Notes on the Acquisition Conversion Date by notice to the Trustee and Holders (an **Acquisition Conversion Notice**) in accordance with this clause 7 and clause 8.

### 7.3 Contents of Acquisition Conversion Notice

An Acquisition Conversion Notice must specify:

- (a) the details of the Acquisition Event to which the Acquisition Conversion Notice relates;  
(b) the date on which Conversion is to occur (the **Acquisition Conversion Date**), which must be:  
(i) the Business Day prior to the date reasonably determined by Suncorp to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as Suncorp may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or  
(ii) such later date as APRA may require; and  
(c) whether any Distribution will be paid in respect of the Capital Notes on the Acquisition Conversion Date.

## 7.4 Where Acquisition Conversion Notice not required

Notwithstanding any provision of clause 7.2 or clause 7.3, Suncorp is not required to give an Acquisition Conversion Notice if either or both of the Optional Conversion Restrictions would apply if the Acquisition Conversion Notice were an Exchange Notice under clause 6 and in this case the provisions of clause 7.5 will apply.

## 7.5 Deferred Conversion on Acquisition Event

If clause 7.4 applies or Suncorp has given an Acquisition Conversion Notice but, if the Acquisition Conversion Date were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Capital Notes Terms (but without limitation to the operation of clause 5.4):

- (a) the Acquisition Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Acquisition Conversion Date specified in the Acquisition Conversion Notice;
- (b) Suncorp will notify the Trustee and Holders as soon as practicable that Conversion will not (or, as the case may be, did not) occur (a **Deferred Acquisition Conversion Notice**); and
- (c) Suncorp must, unless clause 7.4 then applies, give an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) on or before the 25th Business Day prior to the immediately succeeding Distribution Payment Date which is at least 25 Business Days after the date on which the Deferred Acquisition Conversion Notice was given.

The Acquisition Conversion Notice given in accordance with paragraph (c) above must otherwise comply with the requirements in clause 7.3.

If this clause 7.5 applies but:

- (i) clause 7.4 applies in respect of the Distribution Payment Date referred to in paragraph (c) such that no Acquisition Conversion Notice (or, as the case may be, no new Acquisition Conversion Notice) is given under this clause 7.5; or
- (ii) an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) is given under this clause 7.5 and, if the Acquisition Conversion Date specified in the Acquisition Conversion Notice were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 7.5 will be reapplied in respect of each subsequent Distribution Payment Date until a Conversion occurs.

## 8 Conversion mechanics

### 8.1 Conversion

If Suncorp elects to Convert Capital Notes or must Convert Capital Notes in accordance with these Capital Notes Terms, then, subject to this clause 8, the following provisions shall apply:

- (a) Suncorp will allot and issue on the Mandatory Conversion Date, the Trigger Event Date, the Exchange Date or the Acquisition Conversion Date (as the case may be) a number of Ordinary Shares in respect of each Capital Note held by the Holder equal to the Conversion Number, where the Conversion Number is a number calculated according to the following formula (subject always to the Conversion Number being no more than the Maximum Conversion Number):

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

where:

**VWAP** (expressed in dollars and cents) means the VWAP during the VWAP Period;

**Maximum Conversion Number** means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{(\text{Issue Date VWAP} \times \text{Relevant Fraction})}$$

where **Relevant Fraction** means:

- (i) in the case of a Mandatory Conversion, 0.5;
- (ii) in the case of any other Conversion, 0.2;
- (b) each Holder's rights (including to payment of Redemption Price and Distributions other than the Distribution, if any, payable on a date (other than a Trigger Event Date) on which Conversion is required to occur) in relation to each Capital Note that is being Converted will be immediately and irrevocably terminated in full for an amount equal to the Issue Price of that Capital Note and Suncorp will apply that amount by way of payment for subscription for the Ordinary Shares to be allotted and issued under clause 8.1. Each Holder is taken to have irrevocably directed that any amount payable under this clause 8.1 is to be applied as provided for in this clause 8.1 and no Holder has any right to payment in any other way;
- (c) if the total number of Ordinary Shares to be allotted and issued to a Holder in respect of that Holder's aggregate holding of Capital Notes upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and

- (d) the rights attaching to Ordinary Shares issued as a result of Conversion do not take effect until 5.00pm Sydney time on the Mandatory Conversion Date, the Exchange Date or the Acquisition Conversion Date (as the case may be) or, in the case of a Conversion on the Trigger Event Date, the time at which such Conversion occurs on that date.

### 8.2 Adjustments to VWAP

For the purposes of calculating the VWAP in these Capital Notes Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Capital Notes will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (the **Cum Value**) equal to:
  - (i) (in case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount referable to the franking credit that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
  - (ii) (in the case of any entitlement that is not a dividend or other distribution for which an adjustment is made under clause 8.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
  - (iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by Suncorp; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Capital Notes will Convert into Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

### 8.3 Adjustments to VWAP for divisions and similar transactions

Where during the relevant VWAP Period there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, in calculating the VWAP for that VWAP Period the daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by multiplying it by the following formula:

$$\frac{A}{B}$$

where:

**A** means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

**B** means the aggregate number of Ordinary Shares immediately after the Reorganisation.

### 8.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clauses 8.2 and 8.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by Suncorp in accordance with clauses 8.5 to 8.7 (inclusive); and
- (b) if so made, will correspondingly:
  - (i) affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
  - (ii) cause an adjustment to the Maximum Conversion Number.

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

- (a) Subject to clause 8.5(b) and 8.5(c), if at any time after the Issue Date Suncorp makes a *pro rata* bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_o \times \frac{RD}{RD + RN}$$

where:

**V** means the Issue Date VWAP applying immediately after the application of this formula;

**V<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 8.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of clause 8.5(a), an issue will be regarded as a *pro rata* issue notwithstanding that Suncorp does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing Suncorp is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 8.5 for any offer of Ordinary Shares not covered by clause 8.5(a), including a rights issue or other essentially *pro rata* issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 8.5(a) shall not in any way restrict Suncorp from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of any Holder.

### 8.6 Adjustment to Issue Date VWAP for divisions and similar transactions

- (a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, Suncorp shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

**A** means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

**B** means the aggregate number of Ordinary Shares immediately after the Reorganisation.

- (b) Each Holder acknowledges that Suncorp may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of any Holder.

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

Despite the provisions of clauses 8.5 and 8.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

### 8.8 Certain provisions relating to adjustments

- (a) Suncorp will notify the Trustee and Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 8 within 10 Business Days of Suncorp determining the adjustment.
- (b) Any adjustment to the VWAP or Issue Date VWAP in accordance with this clause 8 will be effective and binding on Holders under these Capital Notes Terms and these Capital Notes Terms will be construed accordingly.

### 8.9 Ordinary Shares

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

### 8.10 Foreign Holders

Where Capital Notes held by a Foreign Holder are to be Converted, unless Suncorp is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which Suncorp is not bound to enquire), either unconditionally or after compliance with conditions which Suncorp in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign Holder is obliged to accept will, subject to clause 5.5, be issued to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp) who will sell those Ordinary Shares and pay a cash amount equal to the Proceeds to the Foreign Holder accordingly.

### 8.11 Conversion where the Holder does not wish to receive Ordinary Shares

If Suncorp has elected or is required to Convert Capital Notes and the Holder has notified Suncorp that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given by the Holder at any time on or after the Issue Date and no less than 15 Business Days prior to the date scheduled for Conversion then, on the date for Conversion, the number of Ordinary Shares which that Holder is obliged to accept will be issued to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp) who will sell that number of Ordinary Shares and pay a cash amount equal to the Proceeds to the relevant Holder.

### 8.12 FATCA withholding

Where a FATCA Withholding is required to be made in respect of Ordinary Shares issued on Conversion of Capital Notes, or where Suncorp has reasonable grounds to suspect that a FATCA Withholding would be required to be made in respect of Ordinary Shares issued on Conversion of Capital Notes, the Ordinary Shares which the Holder is obliged to accept will be issued to the Holder of the Capital Note only to the extent (if at all) that the issue is net of FATCA Withholding and Suncorp will issue the balance of the Ordinary Shares (if any) to the Trustee or other nominee appointed by Suncorp (which must not be a Related Entity of Suncorp) who will sell those Ordinary Shares and pay a cash amount equal to the Proceeds, net of any FATCA Withholding, to the Holder.

### 8.13 No duty on sale

For the purposes of clauses 8.10 and 8.11:

- (a) the issue of Ordinary Shares to the Trustee or other nominee satisfies the obligation of Suncorp to issue Ordinary Shares in connection with the Conversion and on and from the issue of those Ordinary Shares, the rights of a Holder the subject of, as applicable, clause 8.10 or 8.11 in respect of those Ordinary Shares are limited to its rights in respect of the Proceeds as provided in, as applicable, clause 8.10 or 8.11; and
- (b) Neither Suncorp nor the Trustee nor other nominee appointed by Suncorp owes any obligations or duties to the Holders in relation to the price for which, or other Capital Notes Terms on which, Ordinary Shares are sold and neither Suncorp nor the Trustee or other nominee appointed by Suncorp has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.

### 8.14 Listing Ordinary Shares issued on Conversion

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

## 9 Redemption mechanics

### 9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 6.4, Suncorp elects to Redeem Capital Notes in accordance with these Capital Notes Terms, the provisions of this clause 9 apply to that Redemption.

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

### 9.2 Redemption

- (a) Capital Notes will be Redeemed by payment on the Exchange Date of an amount equal to the Issue Price (the **Redemption Price**) to the Holder.
- (b) Redemption may occur even if Suncorp, in its absolute discretion, does not pay a Distribution for the final (or any other) Distribution Period.

### 9.3 Effect of Redemption on Holders

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

## 10 Resale mechanics

### 10.1 Resale mechanics

If, subject to APRA's prior written approval, Suncorp elects to Resell Capital Notes in accordance with these Capital Notes Terms, the provisions of this clause 10 apply to that Resale.

### 10.2 Appointment of Nominated Purchaser

Suncorp must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between Suncorp and the Nominated Purchasers. If Suncorp appoints more than one Nominated Purchaser in respect of a Resale, all or any of the Capital Notes held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by Suncorp for the Resale Price.

The obligation of a Nominated Purchaser to pay the Resale Price on the Exchange Date may be subject to such conditions as Suncorp may reasonably determine.

### 10.3 Identity of Nominated Purchasers

Suncorp may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as Suncorp reasonably determines for the benefit of each Holder to acquire each Capital Note from each Holder for the Resale Price on the Exchange Date;
- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and
- (c) is not a Related Entity of Suncorp.

### 10.4 Irrevocable offer to sell Capital Notes

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

### 10.5 Effect of Resale

On the Exchange Date subject to payment by the Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in such Capital Notes (excluding the right to any Distribution payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

### 10.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Exchange Date (a **Defaulting Nominated Purchaser**) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Exchange Notice as it relates to the Defaulting Nominated Purchaser will be void;

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

## 11 General rights

### 11.1 No set-off or offsetting rights

A Holder:

- (a) may not exercise any right of set-off against Suncorp in respect of any claim by Suncorp against that Holder; and
- (b) will have no offsetting rights or claims on Suncorp if Suncorp does not pay a Distribution when scheduled under these Capital Notes Terms.

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

### 11.2 No security

Capital Notes are unsecured.

### 11.3 Power of attorney

- (a) Each Holder appoints each of Suncorp, its officers and any External Administrator of Suncorp (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Capital Notes Terms including, but not limited to, effecting any Conversion, Redemption or Resale, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale.
- (b) The power of attorney given in this clause 11.3 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Capital Notes Terms and is irrevocable.

### 11.4 Holder acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of Capital Notes in accordance with clause 4 and clause 8, consents to becoming a member of Suncorp and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion;
- (b) acknowledges and agrees that it is obliged to accept Ordinary Shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of Capital Notes including:
  - (i) any change in the financial position of Suncorp since the Issue Date;

- (ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally;
  - (iii) any breach by Suncorp of any obligation in connection with Capital Notes; or
  - (iv) any dispute as to the occurrence of a Non-Viability Trigger Event;
- (c) acknowledges and agrees that:
- (i) where clause 5.2 applies:
    - (A) there are no other conditions to a Non-Viability Conversion occurring as and when provided in clauses 5.1 to 5.4 (inclusive);
    - (B) Conversion must occur immediately on the Trigger Event Date and that Conversion or Write-Off may result in disruption or failures in trading or dealings in Capital Notes;
    - (C) it will not have any rights to vote in respect of any Non-Viability Conversion; and
    - (D) the Ordinary Shares issued on Non-Viability Conversion may not be quoted at the time of issue, or at all;
  - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
  - (iii) the only conditions to a Conversion on account of an Exchange under clause 6 or a Conversion under clause 7 are the conditions expressly applicable to such Conversion as provided in clauses 6 and 7 of these Capital Notes Terms and no other conditions or events will affect Conversion; and
  - (iv) clauses 5.4 and 5.5 are fundamental terms and where clause 5.5 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any Write-Off;
- (d) agrees to provide to Suncorp any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to Capital Notes on the occurrence of the Conversion;
- (e) acknowledges and agrees that Suncorp may from time to time, without the consent of any Holder:
- (i) issue any securities ranking equally with the Capital Notes (on the same terms or otherwise) or ranking in priority or junior to the Capital Notes;
  - (ii) redeem, buy back, return capital on or convert any securities other than Capital Notes at any time except where expressly prevented from doing so under clause 3.7;
  - (iii) subject to APRA's prior written consent, purchase or procure the purchase of Capital Notes from Holders at any time and at any price. Any Capital Note purchased by or on behalf of Suncorp shall be cancelled; and
  - (iv) incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion; and

- (f) acknowledges and agrees that:
- (i) a Holder has no right to request a Conversion, Redemption or Resale of any Capital Notes or to determine the Exchange Method;
  - (ii) a Holder has no right to apply for Suncorp to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of Suncorp merely on the grounds that Suncorp does not or is or may become unable to pay a Distribution when scheduled in respect of Capital Notes;
  - (iii) these Capital Notes Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Distribution on a scheduled Distribution Payment Date will not constitute an event of default; and
  - (iv) it has no remedy on account of a failure by Suncorp to issue Ordinary Shares to a Holder, the Trustee or other nominee in accordance with these Capital Notes Terms other than (and subject always to clauses 5.4 and 5.5) to seek specific performance of the obligation to issue Ordinary Shares.

### 11.5 No other rights

Capital Notes confer no rights on a Holder:

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

## 12 Voting rights and meetings

### 12.1 No voting rights

Prior to Conversion, Holders will not be entitled to vote at or attend any general meeting of Suncorp.

### 12.2 Meetings of the Holders

The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests including certain amendments of these Capital Notes Terms which require the consent of the Holders. Suncorp:

- (a) may convene a meeting at any time; and
- (b) must call a meeting of Holders:
  - (i) on request in writing of the Holders who together hold 10% or more of the aggregate Issue Price of all Capital Notes outstanding (determined disregarding any Capital Notes held beneficially by Suncorp or any member of the Group); and
  - (ii) in any other case required by the Corporations Act.

### 12.3 Resolutions binding

Any resolution passed at any meeting of the Holders or by writing, in each case, in accordance with the Meeting Provisions, is binding on Holders, whether or not they are present at the meeting.

## 13 Takeovers and schemes of arrangement

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
  - (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of Suncorp which will result in a person other than Suncorp having a relevant interest in more than 50% of the Ordinary Shares,
- in each case which would result in an Acquisition Event then, if the Directors consider that:
- (c) Suncorp will not be permitted to elect to Exchange the Capital Notes in accordance with clause 6 or to Convert the Capital Notes in accordance with clause 7; or
  - (d) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Acquisition Conversion Date in accordance with clause 7,

the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

## 14 Title and transfer of Notes

### 14.1 Title

Title to Capital Notes passes when details of the transfer are entered in the Register.

### 14.2 Effect of entries in Register

Each entry in the Register in respect of a Capital Note constitutes:

- (a) a separate and independent acknowledgment to the relevant Holder of the obligations of Suncorp to the relevant Holder; and
- (b) conclusive evidence that the person so entered is the absolute owner of the Capital Note subject to correction for fraud or error.

### 14.3 Non-recognition of interests

- (a) Except as required by law, Suncorp, the Trustee and the Registrar must treat the person whose name is entered in the Register as the Holder of a Capital Note as the absolute owner of that Capital Note. This clause 14.3 applies whether or not payment has not been made as scheduled in respect of a Capital Note

and despite any notice of ownership, trust or interest in the Capital Note.

- (b) No notice of any trust, Encumbrance or other interest in, or claim to any Capital Note will be entered in the Register.

#### 14.4 Joint Holders

Where two or more persons are entered in the Register as the joint Holders of a Capital Note then they are taken to hold the Capital Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than three persons as joint Holders of any Capital Note.

#### 14.5 Transfers in whole

Capital Notes may be transferred in whole but not in part.

#### 14.6 Transfer

- (a) A Holder may transfer a Capital Note:
  - (i) while the Capital Note is lodged in CHESSE, in accordance with the ASX Settlement Operating Rules;
  - (ii) at any other time:
    - (A) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act; or
    - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law.
- (b) The Registrar must register a transfer of a Capital Note to or by a person who is entitled to make or receive the transfer as a consequence of:
  - (i) death, bankruptcy, liquidation, mental incapacity or winding-up of a Holder; or
  - (ii) a vesting order by a court or other body with power to make the order on receiving the evidence that the Registrar or Suncorp requires.

#### 14.7 Market obligations

Suncorp must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Capital Note.

#### 14.8 Suncorp may request holding lock or refuse to register transfer

If Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, Suncorp may:

- (a) request the operator of CHESSE or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Capital Notes approved by and registered on the operator's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Capital Notes.

#### 14.9 Suncorp must request holding lock or refuse to register transfer

- (a) Suncorp must request the operator of CHESSE or the Registrar, as the case may be, to apply a holding lock to

prevent a transfer of Capital Notes approved by and registered on the operator's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require Suncorp to do so.

- (b) Suncorp must refuse to register any transfer of Capital Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require Suncorp to do so, and may only refuse to register a transfer if such transfer would contravene or is forbidden by Applicable Regulation or these Capital Notes Terms or it is otherwise permitted to do so under the Trust Deed.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Holder of the Restricted Securities is not entitled to any interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

#### 14.10 Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 14.8 and 14.9, Suncorp requests the application of a holding lock to prevent a transfer of Capital Notes or refuses to register a transfer of Capital Notes, it must, within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of Suncorp.

#### 14.11 Delivery of instrument

If an instrument is used to transfer Capital Notes according to clause 14.6, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Capital Notes.

#### 14.12 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Trust Deed and these Capital Notes Terms in respect of the transferred Capital Notes and the transferee becomes so entitled.

#### 14.13 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Capital Notes registered in its name, and the specific Capital Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Capital Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Issue Price of all the Capital Notes registered as having been transferred equals the aggregate of the Issue Price of all the Notes expressed to be transferred in the transfer.

## 15 Payments and other matters

### 15.1 Manner of payment

Monies payable by Suncorp to a Holder in respect of a Capital Note will be paid in dollars in any manner Suncorp decides from time to time, including by any method of direct credit determined by Suncorp to an Australian dollar bank account maintained by the Holder in Australia (or in such other place as Suncorp approves) with a financial institution specified by the Holder to the Registrar by the close of business:

- (a) in the case of a payment of a Distribution, on the Record Date for that payment; and
- (b) in the case of the payment of the Redemption Price, by the time determined by Suncorp and notified to ASX or as required by ASX.

### 15.2 Holders entitled to payment

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

- (a) in the case of a payment of a Distribution, to the Holder appearing in the Register at the close of business on the Record Date; and
- (b) in the case of a payment of the Redemption Price, to the Holder appearing in the Register at 10:00am Sydney time on the Exchange Date, in each case unless otherwise required by the ASX Listing Rules.

### 15.3 Unsuccessful attempts to pay

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

- (a) a Holder has not notified the Registrar by the time required in accordance with clause 15.1 of an Australian dollar bank account maintained by the Holder in Australia (or in such other place as Suncorp approves) with a financial institution to which payments in respect of a Capital Note may be made; or
- (b) Suncorp attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful for any reason, the amount is to be held by or on behalf of Suncorp for the Holder without bearing interest until the first to occur of the following:
  - (i) the Holder or any legal personal representative of the Holder notifies Suncorp of a suitable Australian dollar bank account maintained in Australia with a financial institution to which the payment may be credited;
  - (ii) claims may no longer be made in respect of that amount, in which case those moneys or equivalent securities shall become the property of Suncorp; or
  - (iii) Suncorp becomes entitled or obliged to deal with the amount according to the legislation relating to unclaimed moneys.

Where this clause 15.3 applies the amount payable in respect of a Capital Note shall be treated as having been paid on the date scheduled for payment.

#### 15.4 Payment to joint Holders

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

#### 15.5 Time limit for claims

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

#### 15.6 Calculations and rounding of payments

Unless otherwise specified in these Capital Notes Terms:

- (a) all percentages resulting from calculations required under these Capital Notes Terms must be rounded, if necessary, to the nearest ten-thousandth of a percentage point;
- (b) all calculations of amounts payable in respect of a Capital Note will be rounded to four decimal places; and
- (c) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of Capital Notes, any fraction of a cent will be disregarded.

#### 15.7 Deductions

- (a) Suncorp may deduct from any amount payable in respect of Capital Notes the amount of any withholding or other tax, duty or levy required by law or by any administrative practice or procedure of any authority to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Suncorp to the relevant revenue authority and the balance of the amount payable has been paid to the relevant Holder, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Suncorp.
- (b) Suncorp shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority after it is received by Suncorp.

#### 15.8 FATCA

Without limiting clause 15.7, Suncorp may withhold or make deductions from payments or from the issue of Ordinary Shares to a Holder or (where clause 8.10 or clause 8.11 apply) to the Trustee or other nominee where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Capital Notes may be subject to FATCA, and may deal with such payment, and any Ordinary Shares in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, Suncorp will not be required to pay any further amounts or issue any further Ordinary Shares on account of such

withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder (or, where applicable, the Trustee or other nominee) or a beneficial owner of Capital Notes for or in respect of any such withholding or deduction. A dealing with such payment and any Ordinary Shares in accordance with FATCA satisfies Suncorp's obligations to that Holder to the extent of the amount of that payment or issue of Ordinary Shares.

## 16 Winding-up and subordination

#### 16.1 Winding-up

If an order of a court of competent jurisdiction is made (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution is passed, for the winding-up of Suncorp in Australia (but not elsewhere) (a **Winding-up Event**), Suncorp is liable to Redeem each Capital Note for its Redemption Price in accordance with, and subject to, this clause 16.

#### 16.2 Subordination

In a winding-up of Suncorp in Australia, subject to clause 5.5 and clause 17:

- (a) the Trustee (and the Holder) shall be entitled to prove for the Redemption Price in respect of a Capital Note only subject to, and contingent upon, the prior payment in full of the Senior Ranking Creditors; and
- (b) the Trustee's (and the Holder's) claim for payment of the Redemption Price ranks equally with, and shall be paid in proportion to, the claims of Holders of other instruments issued as Equal Ranking Instruments,

so that each Holder receives, for the Capital Note, an amount equal to the amount it would have received if, in the winding-up of Suncorp, it had held an issued and fully paid Preference Share.

#### 16.3 Agreements of Holders and Trustee as to subordination

Each Holder (and the Trustee, in its capacity as trustee for the Holders) irrevocably agrees:

- (a) that clause 16.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest;
- (c) that it shall not have, and is taken to have waived, to the fullest extent permitted by law, any right to prove in a winding-up or administration of Suncorp as a creditor in respect of the Capital Notes so as to diminish any distribution of property or assets, dividend or payment that any Senior Ranking Creditor would otherwise receive;

(d) not to exercise any voting rights or other rights as a creditor in the winding-up or administration of Suncorp in any jurisdiction:

- (i) until after all Senior Ranking Creditors have been paid in full; and
  - (ii) in a manner to defeat the subordination provided for by clause 2 and clause 16.2;
- (e) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in the winding-up or administration of Suncorp in respect of the Capital Notes in excess of its entitlement under clause 2 and clause 16.2;
- (f) that it must pay in full all liabilities it owes Suncorp before it may receive any amount or asset on account of its claim in the winding-up or administration in respect of a Capital Note;
- (g) that the debt subordination effected by clause 2 and clause 16.2 is not affected by any act or omission of any person which might otherwise affect it at law or in equity; and
- (h) that it has no remedy for the recovery of the Redemption Price other than to prove in the winding-up in accordance with this clause 16.

#### 16.4 Shortfall on winding-up

If, upon a winding-up of Suncorp, there are insufficient funds to pay in full the Redemption Price and the amounts payable in respect of any other Equal Ranking Instruments, Holders and the holders of any such other Equally Ranking Instruments will share in any distribution of assets of Suncorp in proportion to the amounts to which they are entitled respectively.

#### 16.5 No participation in surplus assets

Capital Notes do not confer on their Holders any further right to participate in the surplus assets of Suncorp on a winding-up beyond payment of the Redemption Price.

#### 16.6 No consent of Senior Ranking Creditors

Nothing in clause 2 or this clause shall be taken:

- (a) to require the consent of any Senior Ranking Creditor to any amendment of these Capital Notes Terms; or
- (b) to create a charge or security interest over any right of a Holder or the Trustee.

## 17 Enforcement

#### 17.1 Enforcement by Trustee

Subject to clause 17.2, only the Trustee may enforce the provisions of the Trust Deed or these Capital Notes Terms. The Trustee shall not be bound to take any action under these Capital Notes Terms or the Trust Deed to enforce the obligations of Suncorp in respect of the Capital Notes or any other proceedings or action pursuant to or in connection with the Trust Deed or the Capital Notes unless:

- (a) it shall have been so directed by a Special Resolution of Holders or so requested in writing by the Holders holding Capital Notes representing at least 15% of the aggregate Issue Price of all Capital Notes then outstanding; and
- (b) it shall have been indemnified in accordance with clause 6.4 of the Trust Deed.

## 17.2 Holder's right to take action

No Holder shall be entitled to proceed directly against Suncorp to enforce any right or remedy under or in respect of any Capital Note or the Trust Deed (including by way of proving for the Redemption Price in a winding-up of Suncorp) unless the Trustee, having become bound to proceed, fails to do so within 14 days and the failure is continuing, in which case any Holder may itself institute proceedings against Suncorp for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

# 18 Amendment of the Trust Deed and these Capital Notes Terms

## 18.1 Amendments without consent

Subject to complying with all applicable laws and subject to APRA's prior written approval where required in accordance with clause 18.3, Suncorp may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), amend the Trust Deed and these Capital Notes Terms without the approval of Holders if Suncorp is of the opinion that the amendment:

- (a)
  - (i) is of a formal, technical or minor nature;
  - (ii) is made to cure any ambiguity or correct any manifest error;
  - (iii) is necessary or expedient for the purposes of enabling Capital Notes to be:
    - (A) listed, or to retain quotation, on any securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which Ordinary Shares are listed);
    - (B) lodged in a clearing system or to remain lodged in a clearing system; or
    - (C) offered for subscription or for sale under the laws for the time being in force in any place;
- (b) is necessary to comply with:
  - (i) the provisions of any statute or the requirements of any statutory authority; or
  - (ii) the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which Suncorp may propose to seek a listing of Capital Notes;

- (c) is made in accordance with Suncorp's adjustment rights in clause 8;
- (d) amends any date or time period stated, required or permitted in connection with any Mandatory Conversion, Non-Viability Conversion or Exchange in a manner necessary or desirable to facilitate the Mandatory Conversion, Non-Viability Conversion or Exchange (including without limitation where in connection with a Redemption the proceeds of Redemption are to be reinvested in a new security to be issued by Suncorp or a Related Entity);
- (e) is made to:
  - (i) alter the terms of any Capital Notes to align them with any Relevant Securities issued after the date of such Capital Notes; or
  - (ii) alter the definition of "Relevant Securities", "Equal Ranking Instruments", "Eligible Capital" or "Eligible Additional Tier 1 Capital" on account of the issue (after the Issue Date) of capital instruments of Suncorp or the Group; or
- (f) is not likely (taken as a whole and in conjunction with all other amendments or actions, if any, to be made at or about the time of that amendment) to be materially prejudicial to the interests of Holders as a whole.

## 18.2 Amendments with consent

Without limiting clause 18.1, Suncorp may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), and with APRA's prior written approval where required in accordance with clause 18.3, amend the Trust Deed and these Capital Notes Terms if the amendment has been approved by a Special Resolution.

## 18.3 Requirement for APRA approval

A requirement in this clause 18 for an amendment to be made with APRA's prior written approval applies only where the amendment may affect the eligibility of Capital Notes as Eligible Additional Tier 1 Capital.

## 18.4 Meaning of amend and amendment

In this clause 18, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

# 19 Notices

## 19.1 Notices to Holders

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

- (a) in writing signed on behalf of Suncorp, the Trustee or the Registrar (as applicable) (by original or printed signature);
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) delivered personally;
  - (ii) sent by pre-paid mail to that person's address as shown in the Register; or

- (iii) sent by electronic message to the electronic address (if any) nominated by that person.

## 19.2 Delivery of certain notices

Notwithstanding clause 19.1, a Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Acquisition Conversion Notice, an Exchange Notice, an Acquisition Event Notice, an Acquisition Conversion Notice, an Adjustment Notice, a Trigger Event Notice, a Suncorp Details Notice, Trustee Details Notice or a Registrar Details Notice may each be given to Holders by Suncorp publishing the notice on its website and announcing the publication of the notice to ASX.

## 19.3 When notices to Holders take effect

Notices or other communications from Suncorp, the Trustee or the Registrar to Holders take effect on the day the notice or communication was delivered, sent or published on Suncorp's website (as applicable under clauses 19.1 and 19.2).

## 19.4 Non-receipt of notice by a Holder

The non-receipt of a notice or other communication by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

## 19.5 Notices to Suncorp

A notice or other communication given to Suncorp, the Trustee or the Registrar in connection with Capital Notes must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:
  - (i) in the case of Suncorp:
 

Attention:	Company Secretary
Address:	Level 28 Brisbane Square 266 George Street Brisbane QLD 4000 Australia

or Email:  
investor.relations@suncorp.com.au

or to such other address or email address as Suncorp notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Capital Notes Terms from time to time (a **Suncorp Details Notice**);

- (ii) in the case of the Trustee:
 

Attention:	Relationship Manager
Address:	Certane CT Pty Ltd (ABN 12 106 424 088) Suite 19.03, Level 19, 60 Castlereagh Street Sydney NSW 2000, Australia
Email:	ct.notes@certane.com

or to such other address or email address as the Trustee notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Capital Notes Terms from time to time (a **Trustee Details Notice**); or

(iii) in the case of the Registrar:

Attention: Link Market Services Limited

Address: PO Box A50  
Sydney NSW 1235  
Australia

or Email:  
suncorp@linkmarketservices.com.au

or to such other address or email address as the Registrar notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Capital Notes Terms from time to time (a **Registrar Details Notice**);

(c) (except as regards a communication sent by email) signed by the person making the communication or by a person duly authorised by that person; and

(d) delivered or posted by prepaid post or sent by email to the email address in each case in accordance with clause 19.5(b).

## 19.6 When notices to take effect

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

## 19.7 Deemed receipt of notices

A letter or email is taken to be received:

(a) in the case of a posted letter, on the sixth day (or the tenth day, if posted to or from a place outside Australia) after posting; and

(b) in the case of an email, when the sender receives an automated message confirming delivery.

Despite paragraphs (a) and (b), if a letter or email is received after 5:00pm in the place of receipt or on a day which is not a Business Day, it is taken to be received at 9:00am on the next Business Day.

## 20 Quotation on ASX

Suncorp must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of Capital Notes on ASX.

## 21 Governing law and jurisdiction

### 21.1 Governing law

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

### 21.2 Jurisdiction

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

## 22 Interpretation and definitions

### 22.1 Interpretation

- (a) Unless otherwise specified, a reference to a clause is a reference to a clause of these Capital Notes Terms.
- (b) If a calculation is required under these Capital Notes Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (c) The Capital Notes Terms "takeover bid", "relevant interest" and "scheme of arrangement" when used in Capital Notes Terms have the meaning given in the Corporations Act.
- (d) Headings and boldings are for convenience only and do not affect the interpretation of these Capital Notes Terms.
- (e) The singular includes the plural and vice versa.
- (f) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (g) Other than:
- (i) in relation to a Non-Viability Trigger Event and a Conversion or Write-Off, in each case on account of a Non-Viability Trigger Event; and
- (ii) where a contrary intention is expressed,
- if an event under these Capital Notes Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (h) A reference to dollars, AUD, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (i) Any reference to any requirements of APRA or any other prudential regulatory requirements in these Capital Notes Terms will apply or be operative with respect to Suncorp only if Suncorp is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of a holding company, which is subject to regulation and supervision by APRA at the relevant time.
- (j) Any requirement for APRA's consent or approval in any provision of these Capital Notes Terms will apply only if APRA requires that such consent or approval be given at the relevant time.
- (k) A reference to any term defined by APRA (including, without limitation, "Additional Tier 1 Capital" and "Tier 1 Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (l) A reference to a term defined by the ASX Listing Rules, the ASX Settlement Operating Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.

- (m) If the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Settlement Operating Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined Capital Notes Terms in such rules (as the case may be).
- (n) So long as the Capital Notes are quoted on ASX and entered into CHESSE, the Capital Notes Terms are to be interpreted in a manner consistent with the ASX Listing Rules, ASX Settlement Operating Rules and ASX Operating Rules except to the extent that an interpretation consistent with those rules may affect the eligibility of the Capital Notes as Eligible Additional Tier 1 Capital.
- (o) Calculations, elections and determinations made by Suncorp under these Capital Notes Terms are binding on Holders in the absence of manifest error.
- (p) Where under these Capital Notes Terms, APRA approval is required, for any act to be done or not done, that term does not imply that APRA approval has been given as at the Issue Date.

### 22.2 Definitions for Capital Notes Terms

**Acquisition Conversion Date** has the meaning given in clause 7.3.

**Acquisition Conversion Notice** has the meaning given in clause 7.2.

**Acquisition Event** means:

- (a) either:
- (i) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and:
- (A) the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
- (B) the Directors issue a statement that at least a majority of Suncorp's directors who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or
- (ii) a court approves a scheme of arrangement which, when implemented, will result in a person other than Suncorp having a relevant interest in more than 50% of Ordinary Shares; and
- (b) all regulatory approvals necessary for the acquisition to occur have been obtained.

**Acquisition Event Notice** has the meaning given in clause 7.1.

**Additional Tier 1 Capital** means Additional Tier 1 capital as defined by APRA from time to time.

**Adjustment Notice** has the meaning given in clause 8.8.

**Applicable Regulation** means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the ASX Operating Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer of a Capital Note.

**APRA** means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Suncorp or the Group.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it or any of its related bodies corporate, as the context requires, or any successor.

**ASX Listing Rules** means the listing rules of ASX as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.

**ASX Operating Rules** means the market operating rules of ASX as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.

**ASX Settlement Operating Rules** means the settlement operating rules of ASX from time to time with any applicable modifications or waivers granted by ASX.

**Attorney** has the meaning given in clause 11.3.

**Bank Bill Rate** has the meaning given in clause 3.1.

**Bookbuild** means the process conducted prior to the opening of the Offer whereby certain investors lodged bids for Capital Notes and, on the basis of those bids, Suncorp and the joint lead managers to the Offer determined the Margin.

**Business Day** means:

- (a) a business day as defined in the ASX Listing Rules; and
- (b) for the purposes of determining any Acquisition Conversion Date, Deferred Conversion Date, Mandatory Conversion Date, Exchange Date or Optional Exchange Date, or any Distribution Payment Date or the calculation or payment of a Distribution or of any other sum, a day on which banks are open for general business in Sydney, New South Wales.

**Buy-Back** means a transaction involving the acquisition by Suncorp of Ordinary Shares pursuant to an offer made at Suncorp's discretion in any way permitted by the provisions of Part 2J of the Corporations Act.

**Capital Note** means a perpetual, convertible, subordinated and unsecured debt obligation in the form of an unsecured note of Suncorp constituted by, and owing under, the Trust Deed.

**Capital Notes 1** means the \$375,000,000 perpetual, convertible, subordinated and unsecured notes issued on or about 5 May 2017 by Suncorp pursuant to a prospectus dated 4 April 2017.

**Capital Notes 2** means the \$375,000,000 perpetual, convertible, subordinated and unsecured notes issued on or about 24 November 2017 by Suncorp pursuant to a prospectus dated 31 October 2017.

**Capital Notes 3** means the \$389,000,000 perpetual, convertible, subordinated and unsecured notes issued on or about 17 December 2019 by Suncorp pursuant to a prospectus dated 19 November 2019.

**Capital Notes Terms** means these Capital Notes Terms of issue of Capital Notes.

**Capital Reduction** means a reduction in capital initiated by Suncorp in its discretion in respect of Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

**CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to the Capital Notes.

**Constitution** means the constitution of Suncorp as amended from time to time.

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

**Controlled Entity** means, in respect of Suncorp, an entity Suncorp Controls.

**Conversion** means, in relation to a Capital Note, the allotment and issue of Ordinary Shares and the termination of the Holder's rights in relation to that Capital Note, in each case in accordance with clause 8, and **Convert**, **Converted** and **Converting** have corresponding meanings.

**Conversion Number** has the meaning given in clause 8.1.

**Conversion Test Date Percentage** has the meaning given in clause 4.3.

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

**Cum Value** has the meaning given in clause 8.2.

**Defaulting Nominated Purchaser** has the meaning given in clause 10.6.

**Deferred Acquisition Conversion Notice** has the meaning given in clause 7.5.

**Deferred Conversion Date** has the meaning given in clause 6.6.

**Deferred Conversion Notice** has the meaning given in clause 6.6.

**Delisting Event** means, in respect of a date, that:

- (a) Suncorp has ceased to be listed or Ordinary Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, Suncorp or the Ordinary Shares continue not to be listed or quoted (as applicable) on that date);
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
  - (i) at least five consecutive Business Days prior to that date; and
  - (ii) that date; or
- (c) an Inability Event subsists.

**Directors** means some or all of the directors of Suncorp acting as a board.

**Distribution** has the meaning given in clause 3.

**Distribution Payment Date** has the meaning given in clause 3.5 whether or not a Distribution is, or is able to be, paid on that date.

**Distribution Period** means in respect of:

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

**Distribution Rate** has the meaning given in clause 3.1.

**Eligible Additional Tier 1 Capital** means "Eligible Additional Tier 1 Capital" as defined in Suncorp's authority to be a non-operating holding company of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement as designated by APRA.

**Eligible Capital** means "Level 3 Eligible Capital" as defined in Suncorp's authority to be a non-operating holding company of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement as designated by APRA.

**Encumbrance** means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the *Personal Property Securities Act 2009* (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

**Equal Ranking Instruments** means, in respect of the repayment or return of capital in a winding-up:

- (a) Capital Notes 1;
- (b) Capital Notes 2;
- (c) Capital Notes 3;
- (d) each other preference share that Suncorp may issue that ranks or is expressed to rank equally with the foregoing and the Capital Notes in respect of the return of capital in a winding-up of Suncorp; and
- (e) any securities or other instruments that rank or are expressed to rank in respect of repayment or return of capital in a winding-up equally with those preference shares and the Capital Notes.

**Exchange** means:

- (a) Conversion in accordance with and subject to clause 8;
- (b) Redemption in accordance with and subject to clause 9;
- (c) Resale in accordance with and subject to clause 10; or
- (d) a combination of two or more of Conversion, Redemption or Resale in accordance with clause 6.3(b),

and **Exchanged** has a corresponding meaning.

**Exchange Date** has the meaning given in clause 6.2(b).

**Exchange Method** has the meaning given in clause 6.3.

**Exchange Notice** has the meaning given in clause 6.1.

**External Administrator** means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
  - (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,
- or in either case any similar official.

**FATCA** means:

- (a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

**FATCA Withholding** means any deduction or withholding imposed or required pursuant to FATCA.

**First Mandatory Conversion Condition** has the meaning given in clause 4.3.

**First Optional Conversion Restriction** has the meaning given in clause 6.5.

**First Test Date** means, with respect to a Relevant Date, the 25th Business Day immediately preceding (but not including) that Relevant Date, provided that if no trading in Ordinary Shares took place on that date, the First Test Date shall be the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place.

**First Test Date Percentage** has the meaning given in clause 4.3.

**Fitch** means Fitch Australia Pty Ltd (ABN 93 081 339 184) and its successors and assigns.

**Foreign Holder** means a Holder whose address in the Register is a place outside Australia or who Suncorp otherwise believes may not be a resident of Australia.

**Franking Rate** (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of Suncorp at the relevant Distribution Payment Date.

**Group** means Suncorp and each of its Subsidiaries.

**Holder** means a person whose name is registered in the Register as the holder of a Capital Note.

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

**Insurance Act** means the *Insurance Act 1973* (Cth).

**Issue Date** means the date on which Capital Notes are issued.

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7 (inclusive).

**Issue Price** has the meaning given in clause 1.3.

**Mandatory Conversion** means the mandatory conversion of Capital Notes to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 4.

**Mandatory Conversion Conditions** has the meaning given in clause 4.3.

**Mandatory Conversion Date** has the meaning given in clause 4.2.

**Margin** has the meaning given in clause 3.1.

**Maximum Conversion Number** has the meaning given in clause 8.1.

**Meeting Provisions** means the provisions for meetings of the Holders set out in schedule 2 to the Trust Deed.

**Moody's** means Moody's Investors Service Pty Limited (ABN 61 003 399 657) and its successors and assigns.

**Nominated Purchasers** means, subject to clause 10.3, one or more third parties selected by Suncorp in its absolute discretion.

**Non-Conversion Notice** has the meaning given in clause 4.4.

**Non-Conversion Test Date** has the meaning given in clause 6.5.

**Non-Viability Conversion** means the Conversion of Capital Notes to Ordinary Shares on the Trigger Event Date in accordance with clause 5.2.

**Non-Viability Determination** has the meaning given in clause 5.1.

**Non-Viability Trigger Event** has the meaning given in clause 5.1.

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

**Optional Conversion Restrictions** has the meaning given in clause 6.5.

**Optional Exchange Date** means 17 June 2028, 17 September 2028 or the Business Day preceding 17 December 2028.

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

**Ordinary Share Dividend** means any interim, final or special dividend payable in accordance with the Corporations Act and the Constitution of Suncorp in relation to Ordinary Shares.

a **Payment Condition** will exist with respect to the payment of a Distribution on the Capital Notes on a Distribution Payment Date if:

- (a) unless APRA otherwise approves in writing, paying the Distribution on the Distribution Payment Date would result in Suncorp's Eligible Capital not complying with APRA's then current prudential capital requirements as they are applied to the Group at the time;

- (b) paying the Distribution on the Distribution Payment Date would result in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objects to the Distribution payment on the Capital Notes on the Distribution Payment Date.

**Potential Acquisition Event** means:

- (a) an event within paragraph (a) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act and the scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented.

**Preference Share** means a notional preference share in the capital of Suncorp conferring a claim in the winding-up of Suncorp equal to the Redemption Price and ranking in respect of return of capital in the winding-up ahead only of Ordinary Shares and equally with Equal Ranking Instruments.

**Proceeds** means the net proceeds of a sale of Ordinary Shares attributable to the Holder actually received by the Trustee or other nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the Trustee or other nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares.

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

**Rate Disruption Event** has the meaning given in clause 3.1.

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

- (a) the date which is 10 Business Days before the Distribution Payment Date for that Distribution (or, in the case of the first Distribution Payment Date, if the Issue Date is less than 10 Business Days before the first Distribution Payment Date, the Issue Date); or
- (b) such other date as may be required by, or determined by Suncorp and agreed with ASX.

**Redeem** means, in relation to a Capital Note, redeem the Capital Note in accordance with clause 9 and **Redeemed** and **Redemption** have corresponding meanings.

**Redemption Price** has the meaning given in clause 9.2.

**Register** means a register of Capital Notes maintained by or on behalf of Suncorp in accordance with the Trust Deed and including any subregister established and maintained in CHESS under Applicable Regulation.

**Registrar** means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Suncorp to maintain the Register and perform any payment and other duties as specified in that agreement.

**Registrar Details Notice** has the meaning given in clause 19.5(b)(iii).

**Regulatory Event** means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a change that has been or will be introduced) in any law or regulation (including prudential standards) or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations or any statement of APRA which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date (and which, on the Issue Date, is not expected by Suncorp to come into effect) (each, a **Regulatory Change**), additional requirements (which are more than *de minimis*) would be imposed on Suncorp or there would be a more than *de minimis* negative impact on Suncorp in relation to or in connection with Capital Notes which the Directors determine, in their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors that, as a result of a Regulatory Change, Suncorp is not or will not be entitled to treat some or all Capital Notes as Eligible Additional Tier 1 Capital, except where the reason Suncorp is not or will not be entitled to treat some or all Capital Notes as Eligible Additional Tier 1 Capital is because of a prudential limit or other restriction which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect.

**Related Entity** has the meaning given by APRA from time to time.

**Relevant Date** has the meaning given in clause 4.2.

**Relevant Distribution Payment Date** has the meaning given in clause 3.7.

**Relevant Fraction** has the meaning given in clause 8.1.

**Relevant Security** means a subordinated instrument (other than an Ordinary Share) issued by Suncorp or another member of the Group with no fixed maturity date which:

- (a) in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off upon the occurrence of a Non-Viability Trigger Event where APRA makes a determination as referred to in clause 5.1; and
- (b) constitutes Eligible Additional Tier 1 Capital of Suncorp or the Group as at the date of its issue,

and includes, for so long as they are on issue, Capital Notes 1, Capital Notes 2, Capital Notes 3 and the Capital Notes.

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

**Replacement Rate** has the meaning given in clause 3.1.

**Resale** means, in relation to a Capital Note, subject to amendment in accordance with clause 18.1(d), the taking effect of the rights specified in clause 10 in relation to that Capital Note, and **Resold** and **Resell** have corresponding meanings.

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

**Restricted Securities** has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between Suncorp and one or more Holders.

**Restriction Agreement** means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or is voluntarily concluded between Suncorp and one or more Holders.

**Scheduled Mandatory Conversion Date** has the meaning given in clause 4.2.

**Second Mandatory Conversion Condition** has the meaning given in clause 4.3.

**Second Optional Conversion Restriction** has the meaning given in clause 6.5.

**Second Test Period** has the meaning given in clause 4.3.

**Senior Ranking Creditors** means all creditors of Suncorp (present and future), including all investors in Suncorp's senior or subordinated debt whose claims are:

- (a) entitled to be admitted in a winding-up of Suncorp; and
- (b) not in respect of Ordinary Shares or Equal Ranking Instruments,

and includes, for so long as they are on issue, the Suncorp Wholesale Subordinated Notes and the Suncorp Wholesale Subordinated Notes 2.

**Special Resolution** means a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.

**Standard & Poor's** means S&P Global Ratings Australia Pty Ltd (ABN 62 007 324 852) and its successors and assigns.

**Subsequent Mandatory Conversion Date** has the meaning given in clause 4.2.

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

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

**Suncorp Details Notice** has the meaning given in clause 19.5(b)(i).

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

**Suncorp Wholesale Subordinated Notes** means the \$600,000,000 subordinated notes issued on or about 5 September 2018 by Suncorp.

**Suncorp Wholesale Subordinated Notes 2** means the \$250,000,000 subordinated notes issued on or about 1 September 2020 by Suncorp.

**Tax Act** means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as the case may be and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997* (Cth); and

- (b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

**Tax Event** means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that has been or will be introduced), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling or advice (including a failure or refusal to provide a ruling or advice), regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) affecting taxation (**Administrative Action**);
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position; or
- (d) a challenge asserted or threatened in writing in connection with the Capital Notes relating to taxation,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change, challenge or Administrative Action is made known, which amendment, clarification, change, challenge or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which is not expected by Suncorp on the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

- (i) Suncorp would not be entitled to treat any Distribution as a frankable distribution within the meaning of Division 202 of the Tax Act (or would only be able to do so subject to requirements which the Directors determine, in their absolute discretion, to be unacceptable); or
- (ii) Suncorp would be exposed to more than a *de minimis* increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to Capital Notes.

**Third Mandatory Conversion Condition** has the meaning given in clause 4.3.

**Tier 1 Capital** means Tier 1 capital as defined by APRA from time to time.

**Trigger Event Date** means the date on which APRA notifies Suncorp of a Non-Viability Trigger Event as contemplated in clause 5.1.

**Trigger Event Notice** has the meaning given in clause 5.2.

**Trust Deed** means the deed entitled "Suncorp Capital Notes 4 Trust Deed" dated on or about 30 August 2021 between Suncorp and the Trustee.

**Trustee** means Certane CT Pty Ltd (ABN 12 106 424 088) and includes any successor.

**Trustee Details Notice** has the meaning given in clause 19.5(b)(ii).

**VWAP** means, subject to any adjustments under clause 8, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

**VWAP Period** means:

- (a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:
  - (i) 20 Business Days on which trading in Ordinary Shares takes place on ASX; and
  - (ii) the number of Business Days on which trading in Ordinary Shares takes place that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Potential Acquisition Event or Acquisition Event (as the case may be),in each case immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event (as the case may be);
- (b) in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Trigger Event Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Capital Notes Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Capital Notes Terms.

**Winding-up Event** means the making of a court order or passing of an effective resolution for the winding-up of Suncorp as described in clause 16.1.

**Written-Off** has the meaning given in clause 5.5 and **Write-Off** has a corresponding meaning.

## B. Glossary

This Appendix provides a glossary of key terms and abbreviations used throughout this Prospectus and the attached, or accompanying, Application Forms. There is also a list of further defined terms in Clause 22.2 of the Terms immediately prior to this Glossary.

<b>Term</b>	<b>Meaning</b>
AAI	AAI Limited (ABN 48 005 297 807).
ABN	Australian Business Number.
ACCC	Australian Competition and Consumer Commission.
ACMA	Australian Communications and Media Authority.
Acquisition Conversion Date	Has the meaning given in Clause 7.3 of the Terms.
Acquisition Conversion Notice	Has the meaning given in Clause 7.2 of the Terms.
Acquisition Event	Has the meaning given in Clause 22.2 of the Terms.
Acquisition Event Notice	Has the meaning given in Clause 7.1 of the Terms.
Additional Tier 1 Capital	Additional Tier 1 capital as defined by APRA from time to time.
ADI	Australian authorised deposit-taking institution as defined in the Banking Act.
AFCA	Australian Financial Complaints Authority.
AFSL	Australian Financial Services Licence.
ANZ Securities	ANZ Securities Limited (ABN 16 004 997 111, AFSL 237531).
Applicant	A person who submits an Application.
Application	A valid application for a specified number of Capital Notes 4 made pursuant to either: <ul style="list-style-type: none"> <li>– the applicable Application Form; or</li> <li>– in respect of the Institutional Offer, a duly completed confirmation letter or by such other procedure advised by the Joint Lead Managers.</li> </ul>
Application Form	Each of the application forms attached to, or accompanying, this Prospectus upon which an Application may be made, being: <ul style="list-style-type: none"> <li>– the electronic Application Form provided for online Applications under the Securityholder Offer; and</li> <li>– the orange Application Form in the back of this Prospectus to be used by Broker Firm Applicants under the Broker Firm Offer.</li> </ul>
Application Payment	The monies payable on each Application, calculated as the number of Capital Notes 4 applied for multiplied by the Issue Price.
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for the prudential regulation of Suncorp.
Arranger	Barrenjoey Capital Partners.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, or any of its related bodies corporate, as the context requires, or any successor.
ASX Listing Rules	The listing rules of ASX, as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.
ATO	Australian Taxation Office.
AUSTRAC	The Australian Transaction Reports and Analysis Centre.
Australian Accounting Standards	The accounting standards as developed and issued by the Australian Accounting Standards Board.

<b>Term</b>	<b>Meaning</b>
Bank Bill Rate	Has the meaning described in Section 2.1.3. For the full definition – see Clause 3.1 of the Terms.
Banking Act	<i>Banking Act 1959</i> (Cth).
Barrenjoey Capital Partners	Barrenjoey Advisory Pty Limited (ABN 17 636 976 228).
Board or Board of Directors	The board of Directors of Suncorp.
Bookbuild	The process described in Section 6.6.1 to determine the Margin.
Broker Firm Applicant	An Australian resident retail or high net worth client of a Syndicate Broker invited to participate through the Broker Firm Offer.
Broker Firm Offer	The offer of Capital Notes 4 under this Prospectus to retail and high net worth clients, of Syndicate Brokers, resident in Australia who have received a firm allocation from their Syndicate Broker.
Business Day	Generally, a business day as defined in the ASX Listing Rules and, for certain purposes, a day on which banks are open for general business in Sydney, New South Wales. For the full definition – see Clause 22.2 of the Terms.
Buy-Back	Has the meaning given in Clause 22.2 of the Terms.
Capital Notes 1 or CN1	The perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will mandatorily convert into Ordinary Shares (subject to certain conditions being satisfied) and which were issued by Suncorp on 5 May 2017 under a prospectus dated 4 April 2017 (which replaced a prospectus dated 27 March 2017) and constituted by the trust deed between Suncorp and Australian Executor Trustees Limited (ABN 84 007 869 794) dated 27 March 2017.
Capital Notes 2 or CN2	The perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will mandatorily convert into Ordinary Shares (subject to certain conditions being satisfied) and which were issued by Suncorp on 24 November 2017 under a prospectus dated 31 October 2017 (which replaced a prospectus dated 23 October 2017) and constituted by the trust deed between Suncorp and Australian Executor Trustees Limited (ABN 84 007 869 794) dated 23 October 2017.
Capital Notes 3 or CN3	The perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will mandatorily convert into Ordinary Shares (subject to certain conditions being satisfied) and which were issued by Suncorp on 17 December 2019 under a prospectus dated 19 November 2019 (which replaced a prospectus dated 11 November 2019) and constituted by the trust deed between Suncorp and Sargon CT Pty Limited (ABN 12 106 424 088) dated 11 November 2019.
Capital Notes 4	Perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes, which will Mandatorily Convert into Ordinary Shares (subject to certain conditions being satisfied) and which are to be issued by Suncorp on the Issue Date under this Prospectus and constituted by the Trust Deed.
Capital Reduction	Has the meaning given in Clause 22.2 of the Terms.
CGT	Capital gains tax.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to Capital Notes 4.
Closing Date	The last date by which Applications must be lodged for the Offer, expected to be: <ul style="list-style-type: none"> <li>– 5:00pm (Sydney time) on 20 September 2021 for the Securityholder Offer (unless varied); and</li> <li>– 10:00am (Sydney time) on 20 September 2021 for the Broker Firm Offer (unless varied).</li> </ul>
Co-Managers	Crestone Wealth Management and JBWere.
Commonwealth Bank of Australia	Commonwealth Bank of Australia (ABN 48 123 123 124, AFSL 234945).

<b>Term</b>	<b>Meaning</b>
CET1 Capital or CET1	Common Equity Tier 1 Capital as defined by APRA from time to time.
Constitution	The constitution of Suncorp, as amended from time to time.
Conversion	The conversion of Capital Notes 4 into Ordinary Shares and the termination of the relevant Holders' rights in relation to that Capital Note 4 in accordance with Clause 8 of the Terms. Convert, Converting and Converted have corresponding meanings. For a full definition, see Clause 22.2 of the Terms.
Conversion Number	Has the meaning given in Clause 8.1 of the Terms.
Conversion Test Date Percentage	Has the meaning given in Clause 4.3 of the Terms.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Crestone Wealth Management	Crestone Wealth Management Limited (ABN 50 005 311 937).
CRS	Has the meaning given in Section 5.1.28.
DDOPIP Legislation	<i>Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019</i> (Cth).
Deferred Conversion Date	Has the meaning given in Clause 6.6 of the Terms.
Delisting Event	Has the meaning described in Section 2.2.4. For the full definition – see Clause 22.2 of the Terms.
Directors	Some, or all, of the directors of Suncorp acting as a board or the individuals who are the directors of Suncorp (as the context requires).
Distribution	Has the meaning given in Clause 3 of the Terms.
Distribution Payment Date	In respect of a Capital Note 4, 17 December 2021 and, after that, each 17 March, 17 June, 17 September and 17 December until the date that the Capital Note 4 is Redeemed or Converted. For the full definition – see Clause 3.5 of the Terms.
Distribution Period	A period from (and including) the Issue Date until (but not including) the first Distribution Payment Date or from (and including) a subsequent Distribution Payment Date until (but not including) the next Distribution Payment Date. For the full definition – see Clause 22.2 of the Terms.
Distribution Rate	The distribution rate on Capital Notes 4 calculated using the formula described in Section 2.1.2. For the full definition – see Clause 3.1 of the Terms.
Distribution Restriction	The restriction is discussed in Section 2.1.8. For the full definition – see Clauses 3.7 and 3.8 of the Terms.
Eligible Additional Tier 1 Capital	'Eligible Additional Tier 1 Capital' as defined in Suncorp's authority to be a NOHC of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement, as designated by APRA.
Eligible Capital	'Level 3 Eligible Capital' as defined in Suncorp's authority to be a NOHC of a general insurer dated 22 September 2017 (as it may be amended) or any successor requirement, as designated by APRA.
Eligible Securityholder	A Securityholder who is: <ul style="list-style-type: none"> <li>– a registered holder of Ordinary Shares, Capital Notes 1, Capital Notes 2 or Capital Notes 3 at 7:00pm (Sydney time) on 24 August 2021;</li> <li>– shown on the applicable register as having an address in Australia; and</li> <li>– not in the United States or acting for the account or benefit of a person in the United States.</li> </ul>

<b>Term</b>	<b>Meaning</b>
Employee ID	Suncorp employee identification number.
Equal Ranking Instruments	Means, in respect of the repayment or return of capital in a Winding-up: <ul style="list-style-type: none"> <li>– Capital Notes 1;</li> <li>– Capital Notes 2;</li> <li>– Capital Notes 3;</li> <li>– each other preference share that Suncorp may issue that ranks or is expressed to rank equally with the foregoing and Capital Notes 4 in respect of the return of capital in a Winding-up of Suncorp; and</li> <li>– any securities or other instruments that rank or are expressed to rank, in respect of repayment or return of capital in a Winding-up, equally with those preference shares and Capital Notes 4.</li> </ul>
Exchange	Means: <ul style="list-style-type: none"> <li>– Conversion in accordance with and subject to Clause 8 of the Terms;</li> <li>– Redemption in accordance with and subject to Clause 9 of the Terms;</li> <li>– Resale in accordance with and subject to Clause 10 of the Terms; or</li> <li>– a combination of two or more of Conversion, Redemption or Resale in accordance with Clause 6.3(b) of the Terms,</li> </ul> and Exchanged has a corresponding meaning.
Exchange Date	The date on which Exchange is to occur. For the full definition—see Clause 6.2(b) of the Terms.
Exchange Method	The means by which Exchange is effected. For the full definition—see Clause 6.3 of the Terms.
Exchange Notice	A notice issued by Suncorp to the Trustee and Holders under Clause 6.1 of the Terms.
Expiry Date	The date which is 13 months after 30 August 2021.
Exposure Period	The seven day period after the date this Prospectus was lodged with ASIC, during which the Corporations Act prohibits the processing of Applications.
External Administrator	Has the meaning given in Clause 22.2 of the Terms.
FATCA	<ul style="list-style-type: none"> <li>(a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;</li> <li>(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or</li> <li>(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.</li> </ul>
FATCA Withholding	Any deduction or withholding imposed or required pursuant to FATCA.
Financial Claims Scheme	The scheme established under Division 2AA of Part II of the Banking Act.
FSL	The expense levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable State Government. Fire service levies were established to cover corresponding fire brigade charges.
First Mandatory Conversion Condition	Has the meaning described in Section 2.2.4. For the full definition—see Clause 4.3 of the Terms.
First Test Date Percentage	Has the meaning described in Section 2.3.4. For the full definition—see Clause 4.3 of the Terms.
FMA	The Financial Markets Authority of New Zealand.

<b>Term</b>	<b>Meaning</b>
Foreign Holder	Has the meaning given in Section 2.7.9. For a full definition—see Clause 22.2 of the Terms.
Franking Rate	Has the meaning given in Clause 22.2 of the Terms.
FWO	The Fair Work Ombudsman of Australia.
Gross Written Premium or GWP	The total premium on insurance underwritten by an insurer during a specified period, before deduction of reinsurance premium.
Group entities	Suncorp Group Limited and service company subsidiaries.
GST	Has the meaning given by section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
HIN	Holder Identification Number for Ordinary Shares or Capital Notes 4 (when issued) held on the CHESSE sub-register.
Holder	A person whose name is registered in the Register as the holder of a Capital Note 4.
Holding Statement	A statement issued to Holders by the Registry, which sets out details of Capital Notes 4 issued to them under the Offer.
ICAAP	The Suncorp Group's Internal Capital Adequacy Assessment Process.
Inability Event	Suncorp is prevented by applicable law or order of any court or action of any government authority or External Administrator (including regarding the insolvency, winding-up or other external administration of Suncorp) or by any other reason from Converting Capital Notes 4. Inability Event is discussed in Sections 2.4.9 and 5.1.9.
Institutional Investor	An investor to whom offers or invitations in respect of Capital Notes 4 can be made without the need for a lodged prospectus (or other formality, other than a formality which Suncorp is willing to comply with), including, in Australia, to a person who is a wholesale client as defined in section 761G of the Corporations Act and to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act, and who has been invited by the Joint Lead Managers to bid for Capital Notes 4 in the Bookbuild, provided that such investor is not in the United States or acting for the account or benefit of a person in the United States.
Institutional Offer	The invitation by the Joint Lead Managers to Institutional Investors to bid for Capital Notes 4 in the Bookbuild.
Insurance Act	<i>Insurance Act 1973</i> (Cth).
Issue Date	The date on which Capital Notes 4 are issued, which is expected to be 23 September 2021.
Issue Date VWAP	The volume weighted average price (VWAP) during the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the Issue Date, as adjusted in accordance with Clauses 8.4 to 8.7 (inclusive) of the Terms.
Issue Price	The issue price for each Capital Note 4 under this Prospectus, being \$100 per Capital Note 4.
JBWere	JBWere Limited (ABN 68 137 978 360, AFSL 341162).
Joint Lead Managers	ANZ Securities, Commonwealth Bank of Australia, Morgans, National Australia Bank, UBS and Westpac Institutional Bank.
Life Insurance Act	<i>Life Insurance Act 1995</i> (Cth).
Mandatory Conversion	The mandatory conversion of Capital Notes 4 to Ordinary Shares on the Mandatory Conversion Date in accordance with Clause 4 of the Terms.
Mandatory Conversion Conditions	Has the meaning given in Section 2.2.4. For the full definition – see Clause 4.3 of the Terms.

<b>Term</b>	<b>Meaning</b>
Mandatory Conversion Date	The earlier of 17 December 2030 and the next Distribution Payment Date after that date on which the Mandatory Conversion Conditions are satisfied. For the full definition – see Clause 4.2 of the Terms.
Margin	2.90% - 3.10% per annum as determined under the Bookbuild. For the full definition—see Clause 3.1 of the Terms.
Maximum Conversion Number	The maximum number of Ordinary Shares a Holder can receive upon Conversion. For the full definition—see Clause 8.1 of the Terms.
Morgans	Morgans Financial Limited (ABN 49 010 669 726, AFSL 235410).
National Australia Bank	National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686).
NOHC	Non-Operating Holding Company.
Nominated Purchaser	Has the meaning given in Clause 22.2 of the Terms.
Non-Viability Conversion	The Conversion of Capital Notes 4 to Ordinary Shares on the Trigger Event Date as per Section 2.4.
Non-Viability Trigger Event	Non-Viability Trigger Event is discussed in Section 2.4 and 5.1.9. For the full definition—see Clause 5.1 of the Terms.
NPAT	Net profit after tax.
OAIC	The Office of the Australian Information Commissioner.
Offer	The offer by Suncorp of Capital Notes 4 under this Prospectus to raise \$350 million with the ability to raise more or less and incorporates the Securityholder Offer, Institutional Offer and Broker Firm Offer.
Offer Management Agreement	The offer management agreement entered into between Suncorp, the Arranger and the Joint Lead Managers, as described in Section 8.8.
Offer Period	The period from the Opening Date to the Closing Date.
Opening Date	The day the Offer opens, being 7 September 2021 for the Securityholder Offer and the Broker Firm Offer, unless varied.
Optional Conversion Restrictions	The ‘Restrictions on choosing to Convert’ described in Section 2.3.4. For the full definition – see Clause 6.5 of the Terms.
Optional Exchange Date	17 June 2028, 17 September 2028 or the Business Day preceding 17 December 2028.
Ordinary Resolution	Broadly, a resolution passed at a meeting of Holders by more than 50% of the persons voting on a show of hands (unless a poll is duly demanded, in which case by a majority consisting of more than 50% of the votes cast), or a written resolution passed by Holders representing more than 50% of the principal amount of Capital Notes 4 outstanding.
Ordinary Share	A fully paid ordinary share in the capital of Suncorp.
Ordinary Share Dividend	Any interim, final or special dividend payable in accordance with the Corporations Act and the Constitution of Suncorp in relation to Ordinary Shares.
Payment Condition	Has the meaning described in Section 2.1.7. For the full definition – see Clause 22.2 of the Terms.
PCA	Prescribed capital amount as defined by APRA from time to time.
Potential Acquisition Event	Has the meaning described in Section 2.3.3. For the full definition – see Clause 22.2 of the Terms.
Privacy Act	<i>Privacy Act 1988</i> (Cth).

<b>Term</b>	<b>Meaning</b>
Prospectus	This document and any supplementary or replacement prospectus in relation to this document.
Rate Disruption Event	Has the meaning described in Section 2.1.3. For the full definition – see Clause 3.1 of the Terms.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Redeem	In relation to a Capital Note 4, redeem the Capital Note 4 in accordance with Clause 9 of the Terms. Redeemed and Redemption have corresponding meanings.
Redemption Price	Has the meaning given in Clause 9.2 of the Terms.
Register	Has the meaning given in Clause 22.2 of the Terms.
Registrar or Registry	Has the meaning given to Registrar in Clause 22.2 of the Terms.
Regulated Entity	An authorised general insurer under the Insurance Act, an authorised deposit-taking institution under the Banking Act or other prudentially regulated entity.
Regulatory Event	Broadly, occurs when: <ul style="list-style-type: none"> <li>– Suncorp receives legal advice that, as a result of a change of law or regulation on or after the Issue Date (not expected by Suncorp on the Issue Date), additional requirements (which are more than insignificant) would be imposed on Suncorp in relation to Capital Notes 4, which the Directors determine in their discretion to be unacceptable; or</li> <li>– the Directors determine that, as a result of such change, Suncorp is not or will not be entitled to treat some or all Capital Notes 4 as Eligible Additional Tier 1 Capital, except where this is because of a prudential limit or other restriction on that treatment which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect.</li> </ul> For the full definition—see Clause 22.2 of the Terms.
Relevant Distribution Payment Date	A Distribution Payment Date if, for any reason, a Distribution has not been paid in full on that date.
Relevant Fraction	Relevant Fraction is discussed in Section 2.2.5. For the full definition—see Clause 8.1 of the Terms.
Relevant Security	A subordinated instrument (other than an Ordinary Share) issued by Suncorp, or another member of the Suncorp Group, with no fixed maturity date, which: <ul style="list-style-type: none"> <li>– in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off following a Non-Viability Trigger Event; and</li> <li>– constitutes Eligible Additional Tier 1 Capital of Suncorp or the Suncorp Group as at the date of its issue,</li> </ul> and includes, for so long as they are on issue, Capital Notes 1, Capital Notes 2, Capital Notes 3 and Capital Notes 4.
Replacement Rate	Has the meaning described in Section 2.1.3. For the full definition – see Clause 3.1 of the Terms.
Resale	Resale is discussed in Section 2.3.7. For the full definition – see Clause 22.2 of the Terms. Resold and Resell have corresponding meanings.
Resale Price	For a Capital Note 4, a cash amount equal to its Issue Price.
Scheduled Mandatory Conversion Date	17 December 2030.
Second Mandatory Conversion Condition	The Second Mandatory Conversion Condition is discussed in Section 2.2.4. For the full definition – see Clause 4.3 of the Terms.

<b>Term</b>	<b>Meaning</b>
Securityholder	A holder of an Ordinary Share, Capital Note 1, Capital Note 2 or Capital Note 3, as the context requires.
Securityholder Applicant	An Eligible Securityholder who applies for Capital Notes 4 under the Securityholder Offer.
Securityholder Offer	The offer to Eligible Securityholders to apply for Capital Notes 4 under this Prospectus.
Senior Ranking Creditors	All creditors of Suncorp (present and future), including all investors in Suncorp's senior or subordinated debt whose claims are: <ul style="list-style-type: none"> <li>– entitled to be admitted in a winding-up of Suncorp; and</li> <li>– not in respect of Ordinary Shares or Equal Ranking Instruments,</li> </ul> and includes, for so long as they are on issue, the Suncorp Wholesale Subordinated Notes and the Suncorp Wholesale Subordinated Notes 2.
Shareholder	A holder of any share in the capital of Suncorp, including any preference share or Ordinary Share from time to time.
SML	Suncorp-Metway Limited (ABN 66 010 831 722).
Special Resolution	A resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.
SRN	Securityholder Reference Number for Ordinary Shares or Capital Notes 4 (when issued) held on the issuer sponsored sub-register.
Suncorp	Suncorp Group Limited (ABN 66 145 290 124).
Suncorp Group	The statutory consolidated group comprising Suncorp and its subsidiaries. The Suncorp Group and its activities are described in Section 3.
Suncorp Wholesale Subordinated Notes	The \$600,000,000 subordinated notes issued by Suncorp on or about 5 September 2018.
Suncorp Wholesale Subordinated Notes 2	The \$250,000,000 subordinated notes issued by Suncorp on or about 1 September 2020.
Syndicate Broker	Any of the Joint Lead Managers, Co-Managers and brokers invited by the Joint Lead Managers to participate in the Broker Firm Offer.
Tax Event	Broadly, occurs when the Directors receive advice that, as a result of a change in Australian tax law (including any announcement of a change that has been or will be introduced) on or after the Issue Date (and which Suncorp did not expect on the Issue Date), there is a more than insubstantial risk that a Distribution would not be frankable or that Suncorp would be exposed to a not insignificant increase in its costs in relation to Capital Notes 4 being on issue. For the full definition—see Clause 22.2 of the Terms.
Tax Rate	The Australian corporate tax rate applicable to the franking account of Suncorp as at the relevant Distribution Payment Date. As at the date of this Prospectus, the Tax Rate is 30% (but that rate may change).
Terms or Capital Notes 4 Terms	Terms and conditions of Capital Notes 4 as set out in Appendix A, as amended from time to time.
TFN	Tax File Number.
Third Mandatory Conversion Condition	The Third Mandatory Conversion Condition is discussed in Section 2.2.4. For the full definition—see Clause 4.3 of the Terms.
Tier 1 Capital	Tier 1 capital as defined by APRA from time to time.
Tier 2 Capital	Tier 2 capital as defined by APRA from time to time.
Total Capital	Total capital as defined by APRA from time to time.

<b>Term</b>	<b>Meaning</b>
Trigger Event Date	The date on which APRA notifies Suncorp of a Non-Viability Trigger Event, as contemplated in Clause 5.1 of the Terms.
Trust	The trust constituted by the Trust Deed.
Trust Deed	The deed entitled Suncorp Capital Notes 4 Trust Deed dated on or about the date of this Prospectus between Suncorp and the Trustee.
Trustee	Certane CT Pty Ltd (ABN 12 106 424 088) and includes any successor.
U.S. Securities Act	<i>Securities Act of 1933</i> (U.S.).
UBS	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087).
Unique Application Number	Unique number provided to each Eligible Securityholder via the Suncorp Capital Notes 4 Securityholder Offer postcard or via email. This number may be used by Applicants in their Application for Capital Notes 4.
VWAP	Volume weighted average price (VWAP). This has the meaning described in Section 2.2.1. For the full definition—see Clause 22.2 of the Terms.
VWAP Period	<p>Broadly, means:</p> <ul style="list-style-type: none"> <li>– in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the period of 20 Business Days (or a lesser number of Business Days in certain circumstances) on which trading in Ordinary Shares takes place on ASX immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event;</li> <li>– in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Trigger Event Date; or</li> <li>– in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place on ASX immediately preceding (but not including) the date on which Conversion is to occur in accordance with the Terms.</li> </ul> <p>For the full definition—see Clause 22.2 of the Terms.</p>
Westpac or Westpac Institutional Bank	Westpac Institutional Branch, a division of Westpac Banking Corporation (ABN 33 007 457 141, AFSL 233714).
Winding-up	Broadly, involves the winding-up of a company's affairs by way of realising its assets, paying off its creditors and distributing surplus assets (if any) to its members and can occur in several ways under the Corporations Act, including in circumstances of insolvency.
Winding-up Event	Has the meaning given in Clause 22.2 of the Terms.
Written-Off or Write-Off	Has the meaning described in Section 2.4.9. For the full definition—see Clause 22.2 of the Terms.

### Issuer

#### **Suncorp**

Level 28, Brisbane Square  
266 George Street  
Brisbane QLD 4000

### Australian legal adviser

#### **King & Wood Mallesons**

Level 33, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000

### Australian tax adviser

#### **King & Wood Mallesons**

Level 27, Collins Arch  
447 Collins Street  
Melbourne VIC 3000

### Auditor

#### **KPMG**

Level 16, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000

### Accounting adviser

#### **KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)**

Level 38, Tower Three, International  
Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000

### Trustee

#### **Certane CT Pty Ltd**

Suite 19.03, Level 19  
60 Castlereagh Street  
Sydney NSW 2000

### Registry

#### **Link Market Services Limited**

Level 21, 10 Eagle Street  
Brisbane QLD 4000

### How to contact us

Suncorp Capital Notes 4 Offer Information Line on 1300 882 012 (within Australia)  
or +61 2 8767 1219 (outside Australia)  
Monday to Friday 8:00am to 7:30pm (Sydney time)

Website: [www.suncorpgroup.com.au/sunpi](http://www.suncorpgroup.com.au/sunpi)

### Arranger

#### **Barrenjoey Capital Partners**

Level 41, Liberty Place  
161 Castlereagh St  
Sydney NSW 2000

### Joint Lead Managers

#### **ANZ Securities**

Level 9, ANZ Centre Melbourne  
833 Collins Street  
Docklands VIC 3008

#### **Commonwealth Bank of Australia**

Level 21, 201 Sussex St  
Sydney NSW 2000

#### **Morgans**

Level 29, 123 Eagle Street  
Brisbane QLD 4000

#### **National Australia Bank**

Level 6, 2 Carrington Street  
Sydney NSW 2000

#### **UBS AG, Australia Branch**

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

#### **Westpac Institutional Bank**

Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000

### Co-Managers

#### **Crestone Wealth Management**

Level 32, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

#### **JBWere**

Level 16, 101 Collins Street  
Melbourne VIC 3000

To see more, go online  
*[suncorpgroup.com.au/sunpi](http://suncorpgroup.com.au/sunpi)*

**Enquiries**

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