



Frequently Asked Questions

1. What is changing?

The Dividend Rate on the RPS is changing. The Dividend Rate is the Market Rate plus the Margin. The Market Rate and the Margin are both changing. As the Market Rate is the five year swap rate on 14 September 2011, we cannot advise you what the new Dividend Rate will be until then.

2. What is the new Dividend Rate?

The Dividend Rate is the Market Rate plus the Margin. As the Market Rate is the five year swap rate on 14 September 2011, we cannot advise you what the new Dividend Rate will be until then.

Some examples of Dividend Rates are shown below:

Five year swap rate	5.4000%	5.6000%	5.8000%	6.0000%
Margin	-0.5700%	-0.6300%	-0.6900%	-0.7500%
Dividend Rate	4.8300%	4.9700%	5.1100%	5.2500%
Franking Credit	2.0700%	2.1300%	2.1900%	2.2500%
Total Distribution	6.9000%	7.1000%	7.3000%	7.5000%

The five year swap will not be known until 14 September 2011 and may be higher or lower than the range illustrated in the above table.

3. What is the Market Rate?

The Market Rate is the swap rate applicable for the period to the next Reset Date. It will be the five year swap rate on 14 September 2011.

4. What is the Margin?

The Margin is calculated as:

a. $[(\text{Market Rate} + 1.50\%) \times (1 - \text{corporate tax rate})] - \text{Market Rate}$

The old Margin was:

b. $[(\text{Market Rate} + 1.00\%) \times (1 - \text{corporate tax rate})] - \text{Market Rate}$

5. How did Suncorp determine the new Margin in the Dividend Rate?

When determining the new Margin Suncorp considered several factors. These included the current cost of borrowing in the wholesale market and the possible impact to the RPS of regulatory changes such as Basel III.

The add-on to the Market Rate in the Margin formula is to be increased from 1.00% to 1.50%.

The restrictions to margin changes are listed in clause (l) of the terms and conditions of the RPS. Margins may not be increased by more than 1.00% from the preceding margin, nor can margins be increased by more than 1.00% from the initial margin, the initial margin was 0.625%.

6. Do I have to exchange my RPS?

No, the Reset gives you the option to retain or request exchange, of some or all of your RPS. It is your choice.



7. What will happen if I do not request exchange of my RPS?

If you do not exercise your right to request an exchange, you will retain your RPS. RPS will continue to be securities issued by SML and will continue to be listed on the ASX with the code SBKPA. There will be no change to the payment dates of the dividend as a consequence of the Reset.

8. Will exchanging impact my September 2011 dividend?

If you are the registered holder of RPS on the dividend record date 2 September 2011, you will receive the \$2.5548 dividend. Holders who have requested exchange of their RPS will still be the registered holder on the record date; they will receive the dividend payment as part of the exchange settlement.

9. How will exchange requests be settled?

SML has stated that it will settle holder exchange requests for cash consideration. Cash consideration will be paid in accordance with your registered instructions for payment of RPS dividends (i.e. either paid directly to a bank account or by a cheque mailed to your registered address).

10. How much cash will I get if I exchange my RPS?

Cash consideration will be the product of the Issue Price (\$100 per RPS) and the number of RPS held by the Holder that are to be exchanged. Exchanging RPS will also be entitled to the final dividend of \$2.5548 per RPS.

Example: Jane is exchanging 10 RPS, on 14 September 2011 Jane will receive \$1,025.55
This is $10 \times (\$100.00 + \$2.5548)$ rounded to the nearest full cent.

11. Can I get shares in exchange for my RPS?

No, the RPS Terms give SML the absolute discretion to determine whether to settle holder exchange requests for cash consideration, SML shares, or arrange for a third party to acquire the RPS for cash. However, as SML shares are no longer traded on the ASX it is not possible to calculate an exchange number of shares, so it is not possible to exchange RPS for SML shares. Suncorp has stated that it will settle exchange requests for cash consideration. APRA approval has been obtained to do so.

12. Why can't I get SUN shares in exchange for my RPS?

SUN are the ordinary shares of Suncorp Group Ltd, a separate legal entity to Suncorp-Metway Ltd. The RPS Terms only allow for an exchange of RPS for ordinary shares of SML.

13. When will I get the cash for my RPS?

The exchange will be settled on 14 September 2011. On that date the cash consideration will either be deposited to your bank account or a cheque will be mailed to your registered address. The method of payment will be the same as for your RPS dividends.

14. Can I get the Exchange Consideration paid in a different manner to dividends?

No. The Exchange Consideration and the RPS dividend will be paid at the same time and in the same manner.

15. Can I change my payment instructions for the exchange settlement?

You will receive payment of the RPS Exchange Consideration in the same manner as you receive your RPS dividends (i.e. either deposited to a bank account or by a cheque mailed to your registered address). If you wish to change your payment instructions for the Exchange Consideration, you must contact the Registry no later than 2 September 2011. Any changes made to your payment instructions prior to 2 September 2011 will apply to payment of both the Exchange Consideration and the RPS dividend.



16. How do I request exchange of my RPS?

A Holder Exchange Notice and a reply paid envelope are included in the information pack you received. To request exchange of some or all of your RPS complete the Holder Exchange Notice as instructed on the back of the form and return it in the reply paid envelope so that it is received by the Share Registry before 5pm (AEST) Tuesday 26 July 2011. When completing the Holder Exchange Notice please ensure you have filled out sections A, B and C as instructed on the back of the form.

17. Can I get a replacement Holder Exchange Notice?

If for any reason you require a replacement Holder Exchange Notice please contact the Share Registry on 1300 882 012 (within Australia) or +61 2 8280 7450 (from outside Australia).

18. Can I sell my RPS after I give a Holder Exchange Notice?

By signing and returning the Holder Exchange Notice, you agree that you will not transfer, dispose or otherwise encumber the RPS to which the Holder Exchange Notice relates. Once you have returned your Holder Exchange Notice you must not sell the RPS to which the Holder Exchange Notice relates.

19. What are the tax implications of exchanging my RPS?

The exchange of an RPS will be a tax event and have tax consequences. As every investor's circumstances are different (eg, when the RPS were acquired, how much was paid for them, what was your intention when you acquired them), it is important you seek professional advice that takes into account those individual circumstances.

20. Why must I return my form by 26 July if settlement is not until 14 September 2011?

These dates are determined by the requirements of the RPS Terms. Paragraph (cc) states that the Notice Period in respect to Holder exchanges on resets ends 35 business days prior to the Reset Date. Business day is defined in paragraph (nn) and aligns with the definition in the Listing Rules of the ASX; that is Monday to Friday inclusive, except for holidays (such as Queen's Birthday, Bank Holiday and Christmas Day) and any other day that ASX declares is not a business day.

21. Do I have to return the Holder Exchange Notice?

If you wish to exercise your right to exchange some or all of your RPS, you must return the completed Holder Exchange Notice to be received by the Share Registry before 5pm (AEST) Tuesday 26 July 2011.

If you do not wish to exchange any of your RPS you should not return the Holder Exchange Notice.

22. Can I request exchange of my RPS on-line?

No, to request exchange of some or all of your RPS please complete the Holder Exchange Notice that accompanies the reset notice and return it in the reply paid envelope provided.

23. What are the capital implications of the reset?

Exchange of RPS for cash consideration will result in a reduction in the residual tier 1 capital of SML. Following settlement of the exchange SML's capital will remain above target levels. APRA approval has been obtained to settle exchange requests for cash consideration.