

# Suncorp Subordinated Notes



Prospectus for the issue of Notes to raise \$500 million with the ability to raise more or less

**Structuring Adviser**  
UBS

**Joint Lead Managers**

ANZ Securities  
National Australia Bank  
RBS Morgans  
UBS  
Westpac Institutional Bank

**Co-Managers**

Bell Potter  
JBWere

## Suncorp Group Limited Subordinated Notes

Suncorp Group Limited ABN 66 145 290 124



# Important notices

## ABOUT THIS PROSPECTUS

This Prospectus relates to the offer by Suncorp Group Limited (ABN 66 145 290 124) ("**Suncorp**") of Suncorp Subordinated Notes ("**Notes**") to raise \$500 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 10 April 2013 pursuant to section 713(1) of the Corporations Act. This Prospectus expires on the date which is 13 months after 10 April 2013 ("**Expiry Date**") and no Notes 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.

This Prospectus also contains information in relation to, amongst other things, an offer by Suncorp to purchase some or all of the CPS of Eligible CPS Holders ("**Reinvestment Offer**"). Neither Suncorp, Suncorp-Metway Limited ("**SML**") nor any other person is providing any investment advice or making any recommendation to Eligible CPS Holders in respect of the Reinvestment Offer.

## 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 terms and conditions of the Notes 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 Australian Eastern Standard Time.

## OFFER AND ISSUER

The Offer contained in this Prospectus is an offering by Suncorp of Notes at \$100 per Note to raise \$500 million with the ability to raise more or less.

The Notes are issued by Suncorp, an ASX-listed company incorporated in Australia. Suncorp is the ultimate parent company of a group of general insurance, banking and life insurance businesses. References in this Prospectus to Suncorp are to the holding company on a standalone basis and references to the **Suncorp Group** or the **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.

## THE NOTES ARE UNSECURED AND SUBORDINATED

The Notes are subordinated and unsecured. On a winding up of Suncorp, there is a risk that you may lose some or all of the money you invested in the Notes because if there are insufficient assets to satisfy securities and obligations ranking ahead of the Notes, you will not be repaid any or all of the Face Value and will not receive any or all of the Interest payments due and unpaid at that time.

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

## THE NOTES ARE NOT DEPOSIT OR POLICY LIABILITIES OF SUNCORP, OR ANY OTHER MEMBER OF THE SUNCORP GROUP AND ARE NOT PROTECTED ACCOUNTS OR POLICIES AND ARE NOT GUARANTEED

The Notes 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 1973* (Cth); and
- guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

## EXPOSURE PERIOD

The Corporations Act prohibits Suncorp from processing Applications to subscribe for the Notes 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 by up to a further 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. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

## HOW TO OBTAIN A PROSPECTUS AND APPLICATION FORM

This Prospectus is available in electronic form to Australian investors at [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes). The Offer constituted by this Prospectus in electronic form is available only to persons accessing and downloading or printing the electronic copy of the Prospectus within Australia and is not available to persons in any other jurisdictions (including the United States) without the prior approval of Suncorp. Persons in Australia may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge) by telephoning the Notes Offer Information Line on 1300 882 012

(within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time), or by registering online to receive a Prospectus at [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes). Applications for Notes under this Prospectus may only be made during the Offer Period, on an Application Form (either electronic or paper) that is attached to or accompanying this Prospectus. A printable version of this Prospectus may be downloaded in its entirety by eligible investors from [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes).

#### **PROVIDING PERSONAL INFORMATION**

You will be asked to provide personal information to Suncorp (directly or via its agents) if you apply for Notes. See Section 10.8 and Suncorp's privacy policy which is available at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au) for information on how Suncorp (and its agents) collect, hold and use this personal information.

#### **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 the Notes or the Offer or to otherwise permit a public offering of the Notes outside Australia.

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. See Section 7.7.1 for further information.

#### **FINANCIAL INFORMATION AND FORWARD-LOOKING STATEMENTS**

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

Except as required by law, and only to the extent so required, neither Suncorp nor any other person warrants or guarantees the future performance of Suncorp, or any return on any investment made pursuant to 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.

#### **ABOUT THE TRUSTEE**

The Trustee, Australian Executor Trustees Limited, and its directors, employees, officers, affiliates, agents, advisors, intermediaries and related bodies corporate (each a 'related person'):

- (i) have not authorised or caused the issue or distribution of 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;
- (ii) do not assume any responsibility for or make representations as to the accuracy or completeness of any information contained in this Prospectus;
- (iii) 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;
- (iv) in the case of the Trustee only, it 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;
- (vi) have relied on Suncorp for the accuracy of the contents of this Prospectus; and
- (vii) do not make any representation or warranty as to the performance of the Notes or the payment of interest or redemption of Notes.

#### **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 a 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.

If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in the Notes or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

#### **ENQUIRIES**

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

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



# Chairman's letter

10 April 2013



Dear Investors,

On behalf of the Directors, I am pleased to present you with an opportunity to invest in Suncorp Subordinated Notes ("**Notes**").

The Notes are unsecured, subordinated and cumulative notes. They will be issued by Suncorp and are intended to be listed on ASX. Subject to the terms and conditions outlined in this Prospectus, Holders will be entitled to receive floating rate, cumulative interest payments, payable quarterly in arrears. The Interest Rate will be equal to the Bank Bill Rate plus a margin, which is expected to be in the range of 2.85% and 3.10% per annum.

The Notes will mature on 22 November 2023, except in specified circumstances as set out in the Conditions (and further described in this Prospectus). Suncorp has the right to redeem the Notes from 22 November 2018, but is not obliged to do so. The key features of the Notes are set out in Section 2 of this Prospectus.

Suncorp intends to raise \$500 million through the offer of Notes with the ability to raise more or less. This offer will raise Tier 2 regulatory capital which forms part of our capital management strategy. The proceeds from the offer will be used for general corporate, funding and capital management purposes, including the refinancing in part of the \$735 million of Convertible Preference Shares ("**CPS**") issued by Suncorp-Metway Limited ("**SML**") in 2008. If you currently hold any of the CPS you may be eligible to sell some or all of them to Suncorp and reinvest the proceeds in Notes. SML currently expects to conduct a resale of all remaining CPS to Suncorp on 14 June 2013. Section 6 of this Prospectus outlines the Reinvestment Offer.

On behalf of the Directors, I encourage you to read this Prospectus carefully and consider the risk factors set out in Section 5. If, after reading this Prospectus, you have any questions about the offer or how to apply for Notes under the Reinvestment Offer and Securityholder Offer, please call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time). You should also seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to apply for Notes.

If you have any questions in relation to the Broker Firm Offer, please call your syndicate broker.

The key dates for the offer are summarised on page 6. The offer may close early, so you are encouraged to submit your application as soon as possible after the opening date.

On behalf of the Directors, I invite you to consider this investment opportunity.

A handwritten signature in black ink that reads "J. E. Switkowski".

Yours faithfully,

Dr Ziggy Switkowski  
Chairman

# How to apply for Notes

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## 1. Read this Prospectus in full

- If you are considering applying for Notes under the Offer, this Prospectus is important and should be read in its entirety.
- You should have particular regard to the:
  - “Investment overview” in Section 1 and “About Notes” in Section 2;
  - “Investment risks” in Section 5; and
  - Conditions of the Notes in Appendix A.
- In considering whether to apply for Notes, it is important that you consider all risks and other information regarding an investment in Notes in light of your particular investment objectives and circumstances.

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## 2. Speak to your professional adviser and consider ASIC Guidance for retail investors

- If you are unsure whether to apply for Notes, you should seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser about the Offer.
- ASIC has published guidance which may be relevant to your consideration of the Notes – namely, information for retail investors who are considering investing in hybrid securities called “Hybrid securities and notes” (under the heading “Complex investments” at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing)) (the “ASIC Guidance”). Free copies of the ASIC Guidance can be obtained from ASIC’s website at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing) or by calling ASIC on 1300 300 630 (from Australia) or + 61 3 5177 3988 (from outside Australia).

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## 3. Complete and submit your Application Form and Application Payment

- If you have decided to apply for Notes, you need to apply pursuant to the Application Form (either electronic or paper) attached to or accompanying this Prospectus.
  - The Application process varies depending on whether you participate in the Institutional Offer, Broker Firm Offer, Reinvestment Offer and Securityholder Offer.
  - If you are applying under the Reinvestment Offer or Securityholder Offer, your personalised Application Form must be received by the Closing Date of the Reinvestment Offer and Securityholder Offer, expected to be 10 May 2013. If you are applying under the Broker Firm Offer, your application must be received by the Closing Date for the Broker Firm Offer, expected to be 20 May 2013 (except for applications in respect of Reinvested CPS which must be received by the earlier Closing Date, expected to be 10 May 2013).
  - See Section 7 for more details on how to apply.
  - The Offer may close early so you are encouraged to consider submitting your Application as soon as possible after the Opening Date.
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# Key dates

## Dates may change

These dates are indicative only and may change without notice.

Suncorp and the Joint Lead Managers may 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 the Notes are issued, at their discretion.

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

### Key dates for the Offer

Lodgement of this Prospectus with ASIC	10 April 2013
Bookbuild	17 April 2013
Announcement of the Margin	18 April 2013
Lodgement of the replacement prospectus with ASIC	18 April 2013
Opening Date	18 April 2013
Closing Date for the Reinvestment Offer and Securityholder Offer	10 May 2013
Closing Date for the Broker Firm Offer (excluding applications in respect of Reinvested CPS)	20 May 2013
Issue Date	22 May 2013
Notes commence trading on ASX (deferred settlement basis)	23 May 2013
Holding Statements despatched by	24 May 2013
Notes commence trading on ASX (normal settlement basis)	27 May 2013

### Key dates for Notes

First Interest Payment Date	22 August 2013
First Optional Redemption Date (at Suncorp's discretion)	22 November 2018
Maturity Date	22 November 2023

### Key dates for Eligible CPS Holders

Record date for determining Eligible CPS Holders for Reinvestment Offer	5 April 2013
Opening Date for the Reinvestment Offer	18 April 2013
Closing Date for the Reinvestment Offer	10 May 2013
Closing Date for the Broker Firm Offer (applications in respect of Reinvested CPS)	10 May 2013
Reinvestment Date and payment date for Pro Rata Dividend on Reinvested CPS	22 May 2013
Last day of ASX trading for CPS	30 May 2013
Record date for final dividend on remaining CPS	6 June 2013
CPS Mandatory Conversion Date and payment date for final dividend on remaining CPS	14 June 2013





# 1.

## 1. Investment overview

This Section provides a summary of information that is key to a decision whether to invest in Notes. You should read this Prospectus in full before deciding to apply for Notes.

# 1. Investment overview

## 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 Notes to raise \$500 million with the ability to raise more or less.</li></ul>	Section 7.1
Who is the issuer?	<ul style="list-style-type: none"><li>• The issuer is Suncorp Group Limited ("<b>Suncorp</b>").</li></ul>	Sections 1.2 and 3
What are the Notes?	<ul style="list-style-type: none"><li>• The Notes are unsecured, subordinated, cumulative notes to be issued by Suncorp.</li><li>• The Notes will mature on 22 November 2023 provided the Solvency Condition is satisfied on that date, unless before that date, the Notes are redeemed or a Non-Viability Trigger Event occurs.</li><li>• The Face Value and issue price is \$100 per Note.</li></ul>	Section 2
Why is Suncorp issuing the Notes?	<ul style="list-style-type: none"><li>• Suncorp is issuing the Notes to raise funds and to create regulatory capital which satisfies the Australian Prudential Regulation Authority's ("<b>APRA</b>") regulatory capital requirements. The Notes and Suncorp's other equity capital help to protect Suncorp Group's depositors, policyholders and other creditors by providing a loss-absorbing capital buffer which supports losses that may be incurred by the Suncorp Group.</li><li>• The proceeds from the Offer will be used for general corporate, funding and capital management purposes, including the refinancing in part of CPS.</li></ul>	Section 2.5

## 1.2 Key features of the Notes







TOPIC	SUMMARY	FURTHER INFORMATION
What are the key features of the Notes which I should be aware of?	<ul style="list-style-type: none"><li>• The key features of the Notes are summarised in this Section 1.2 and explained in more detail in Section 2. The Conditions relating to the Notes are complex and derive from the detailed capital requirements which APRA applies to these instruments.</li><li>• There are two important concepts which Holders should be aware of which affect whether Holders will receive payments on the Notes. These are as follows:<ul style="list-style-type: none"><li>– <b>Solvency Condition</b> – Suncorp's obligations to make payments in respect of the Notes (including to pay Interest and to repay the Face Value on maturity) are conditional on Suncorp being solvent at the time of the payment and immediately after making the payment.</li><li>– <b>Non-Viability Trigger Event</b> – broadly occurs where APRA determines that the conversion or write off of Relevant Capital Instruments (and potentially including the Notes) is necessary because without that conversion or write off or a public sector injection of capital, APRA considers that Suncorp would become non-viable.</li></ul></li></ul>	Section 2

TOPIC	SUMMARY	FURTHER INFORMATION
What Interest is payable on the Notes?	<ul style="list-style-type: none"> <li>• Interest in respect of a Note is a floating rate cumulative payment to be paid quarterly in arrears, subject to the Solvency Condition.</li> <li>• The Interest Rate is calculated using the Bank Bill Rate plus the Margin.</li> <li>• The Margin will be determined by a Bookbuild and is expected to be in the range of 2.85% and 3.10%.</li> <li>• Interest payments will be made wholly in cash and will not have any franking credits attached to them.</li> </ul>	Section 2.2
Will Interest always be paid?	<ul style="list-style-type: none"> <li>• Interest is not discretionary or deferrable and must be paid if the Solvency Condition is satisfied. However, if a Non-Viability Trigger Event occurs, Suncorp’s obligation to pay Interest on the relevant Notes will cease.</li> <li>• If the Solvency Condition is not satisfied on a particular Interest Payment Date, Interest will not be paid on that date.</li> <li>• A failure to pay Interest because of the Solvency Condition is not an Event of Default. However any unpaid Interest amount will accrue interest until it is paid and will be payable on the first Business Day on which Suncorp meets the Solvency Condition.</li> </ul>	Section 2.2
Will I get my capital back?	<ul style="list-style-type: none"> <li>• There is no guarantee that Holders will get their capital back.</li> <li>• If the Solvency Condition is satisfied, Suncorp will redeem any Notes still on issue on the Maturity Date, being 22 November 2023.</li> <li>• For each Note held by a Holder, that Holder will receive: <ul style="list-style-type: none"> <li>– the Face Value; plus</li> <li>– any accrued and unpaid Interest to the Maturity Date.</li> </ul> </li> <li>• If a Non-Viability Trigger Event occurs, Suncorp’s obligation to pay the Face Value as well as Interest on the Notes will cease.</li> </ul>	Section 2.3
Can Suncorp redeem the Notes early?	<ul style="list-style-type: none"> <li>• Subject to APRA’s prior written approval, Suncorp may redeem: <ul style="list-style-type: none"> <li>– some or all of the Notes on 22 November 2018 or any subsequent Interest Payment Date; or</li> <li>– all (but not some) of the Notes on the occurrence of a Tax Event or a Regulatory Event.</li> </ul> </li> <li>• Suncorp may only elect to redeem Notes if certain restrictions are complied with. Holders should not expect APRA will give its approval for any redemption.</li> <li>• Holders have no right to request Suncorp to redeem the Notes before the Maturity Date.</li> </ul>	Section 2.3

# 1. Investment overview

(continued)

TOPIC	SUMMARY	FURTHER INFORMATION
Will the Notes Convert to Ordinary Shares?	<ul style="list-style-type: none"><li>• If a Non-Viability Trigger Event occurs, Suncorp must immediately determine to Convert some or all of the Notes into Ordinary Shares in accordance with APRA's determination.</li><li>• If Conversion occurs in this circumstance, Holders may receive Ordinary Shares that are worth significantly less than the Face Value of the Notes.</li><li>• In cases where Suncorp is prevented for any reason from Converting Notes into Ordinary Shares within five Business Days after the Non-Viability Conversion Date, the rights of the Holder (including to the payment of Interest and Face Value) in relation to that Holder's Notes are immediately and irrevocably written off and terminated and Holders will suffer loss as a result.</li><li>• If a Holder has notified Suncorp that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Conversion Date then, subject to applicable law, on the Non-Viability Conversion Date, Suncorp will issue the relevant number of Ordinary Shares to the Trustee (or other nominee appointed by Suncorp) who will hold the Ordinary Shares on trust for sale for the benefit of the relevant Holder.</li><li>• Given the 15 day notice period required and that a Non-Viability Conversion Date could be determined without notice, Holders should notify Suncorp promptly after purchase if they do not wish to receive Ordinary Shares.</li><li>• Where the Notes held by a Foreign Holder are required to be Converted, the relevant number of Ordinary Shares may also be issued to the Trustee or other nominee to hold on trust for sale for the benefit of those Holders.</li><li>• If Suncorp is prevented for any reason from issuing the Ordinary Shares to the Trustee or other nominee, the rights in relation to the Notes will be immediately and irrevocably written off and terminated in the same way as described above.</li></ul>	Section 2.4
Are the Notes secured?	<ul style="list-style-type: none"><li>• The Notes are not secured over any of Suncorp Group's assets. They are also not deposit liabilities or policy liabilities of Suncorp or any other member of the Suncorp Group and are not protected accounts under the Banking Act or protected policies under the <i>Insurance Act 1973</i> (Cth).</li></ul>	Section 2.5

TOPIC	SUMMARY	FURTHER INFORMATION																
<p>How would Notes rank in a winding up of Suncorp?</p>	<ul style="list-style-type: none"> <li>In a winding up of Suncorp, Notes rank for payment:               <ul style="list-style-type: none"> <li>– ahead of the claims of all Shareholders;</li> <li>– ahead of all unsecured subordinated obligations of Suncorp under instruments issued as Relevant Tier 1 Capital Instruments, including CPS2;</li> <li>– equally among themselves;</li> <li>– equally with all other subordinated and unsecured obligations of Suncorp under instruments issued as Relevant Tier 2 Capital Instruments;</li> <li>– but behind Suncorp’s other Unsubordinated Creditors, as shown in the table below.</li> </ul> </li> <li>However, any return in a winding up may be adversely affected if APRA determines that a Non-Viability Trigger Event has occurred.</li> <li>If a Non-Viability Trigger Event occurs, a Holder will either become an ordinary shareholder (if their Notes are Converted) or have no claim against Suncorp at all in respect of their Notes (if their Notes are written off and terminated).</li> </ul> <table border="1" data-bbox="448 981 1214 1554"> <thead> <tr> <th></th> <th data-bbox="544 981 879 1010">TYPE</th> <th data-bbox="879 981 1208 1010">ILLUSTRATIVE EXAMPLES</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 1010 544 1151" rowspan="2">Higher ranking </td> <td data-bbox="544 1010 879 1151">Preferred and secured debt</td> <td data-bbox="879 1010 1208 1151">Liabilities preferred by law including employee entitlements and secured creditors</td> </tr> <tr> <td data-bbox="544 1151 879 1227">Unsubordinated and unsecured debt</td> <td data-bbox="879 1151 1208 1227">Bonds and notes, trade and general creditors</td> </tr> <tr> <td data-bbox="448 1227 544 1368" rowspan="2"></td> <td data-bbox="544 1227 879 1368">Subordinated and unsecured debt</td> <td data-bbox="879 1227 1208 1368">The Notes and other subordinated and unsecured debt obligations ranking equally with the Notes</td> </tr> <tr> <td data-bbox="544 1368 879 1451">Preference shares</td> <td data-bbox="879 1368 1208 1451">CPS2 and other preference shares that may be issued</td> </tr> <tr> <td data-bbox="448 1451 544 1554">Lower ranking</td> <td data-bbox="544 1451 879 1554">Ordinary Shares</td> <td data-bbox="879 1451 1208 1554">Ordinary Shares</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Suncorp will have the right to incur further debt that ranks in priority or equally with the Notes without the consent of Holders.</li> <li>The Notes are claims on Suncorp. Suncorp is a non-operating holding company of the companies in the Suncorp Group and the claims Suncorp has on those companies rank behind those companies’ depositors and policyholders and other creditors in a winding up of those companies.</li> </ul>		TYPE	ILLUSTRATIVE EXAMPLES	Higher 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	The Notes and other subordinated and unsecured debt obligations ranking equally with the Notes	Preference shares	CPS2 and other preference shares that may be issued	Lower ranking	Ordinary Shares	Ordinary Shares	Section 2.5
	TYPE	ILLUSTRATIVE EXAMPLES																
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	Preference shares	CPS2 and other preference shares that may be issued																
Lower ranking	Ordinary Shares	Ordinary Shares																
<p>Will Notes be quoted on ASX?</p>	<ul style="list-style-type: none"> <li>The Notes are expected to be quoted on ASX – if quoted, they can be bought and sold on ASX. There may or may not be a liquid market for the Notes, which in turn may affect the market price of the Notes.</li> </ul>	Section 2.1																

# 1. Investment overview

(continued)

## 1.3 Summary of certain events that may affect what Holders receive and when they receive it

The table below summarises certain events that may affect what Holders may receive on the Notes. The events are subject to contingencies such as the solvency and/or non-viability of Suncorp and in some cases election by Suncorp and accordingly may not occur.

EVENT	WHEN?	ARE THERE PRE-CONDITIONS TO THE EVENT?	WHAT VALUE WILL A HOLDER RECEIVE?	IN WHAT FORM WILL THAT VALUE BE PROVIDED TO HOLDERS?	WHERE TO FIND FURTHER INFORMATION?
Optional Redemption at Suncorp's discretion	On 22 November 2018 or any subsequent Interest Payment Date	Yes. APRA approval <sup>1</sup> , Suncorp Group adequately capitalised and Suncorp being solvent	\$100 plus the value of any accrued and unpaid Interest	Cash	Section 2.3
Redemption on the Maturity Date	On 22 November 2023	No, other than Suncorp being solvent	\$100 plus the value of any accrued and unpaid Interest	Cash	Section 2.3
Redemption in other circumstances at Suncorp's discretion	If a Tax Event or Regulatory Event occurs	Yes. APRA approval <sup>1</sup> , Suncorp Group adequately capitalised and Suncorp being solvent	\$100 plus the value of any accrued and unpaid Interest	Cash	Section 2.3
Conversion upon Non-Viability Trigger Event	The date a Non-Viability Trigger Event occurs	Yes, APRA determination of non-viability	Between \$101 (and possibly significantly less) and zero	Variable number of Ordinary Shares up to a maximum number <sup>2</sup>  However, if Suncorp is unable to Convert the Notes they will be written off in which case Holders will receive zero <sup>3</sup>	Section 2.4

Notes:

1 Holders should not expect that APRA approval will be given.

2 The value a Holder will receive will depend on the market price of Ordinary Shares and the number of Ordinary Shares issued to that Holder on Conversion.

3 If a Note is written off, the rights of the Holder (including to the payment of Interest and Face Value) in relation to the Note are immediately and irrevocably written off and terminated and Holders will lose all of the money invested in the Notes.



## 1.4 Key benefits and risks associated with an investment in the Notes

Before applying for Notes, you should consider whether Notes are a suitable investment for you. There are risks associated with an investment in Notes and in Suncorp and in the general insurance, banking and life insurance industries generally. Many of these risks are outside the control of Suncorp and its Directors. These risks include those outlined below and in Section 5 and other matters referred to in this Prospectus.

TOPIC	SUMMARY	FURTHER INFORMATION
<b>1.4.1 KEY BENEFITS ASSOCIATED WITH AN INVESTMENT IN NOTES</b>		
Key benefits of Notes	<ul style="list-style-type: none"> <li>• Some of the benefits of an investment in Notes include: <ul style="list-style-type: none"> <li>– floating Interest Rate;</li> <li>– Margin expected to be between 2.85% and 3.10% over the Bank Bill Rate;</li> <li>– Interest paid quarterly in arrears;</li> <li>– Interest is not deferrable or discretionary (but is not payable if the Solvency Condition is not satisfied and ceases to be payable if a Non-Viability Trigger Event occurs);</li> <li>– fixed Maturity Date of 22 November 2023 (provided the Solvency Condition is satisfied on that date and no Non-Viability Trigger Event occurs);</li> <li>– Notes may be sold on ASX; and</li> <li>– Notes may provide Holders with an opportunity to diversify their investment portfolio.</li> </ul> </li> </ul>	Sections 2.1 and 2.2
<b>1.4.2 KEY RISKS ASSOCIATED WITH AN INVESTMENT IN NOTES</b>		
The Notes are not deposit liabilities or protected accounts	<ul style="list-style-type: none"> <li>• The Notes are not deposit liabilities or policy liabilities of Suncorp or any other member of the Suncorp Group and are not protected accounts under the Banking Act or protected policies under the <i>Insurance Act 1973</i> (Cth).</li> </ul>	Section 5.1.1
The Notes are subordinated obligations	<ul style="list-style-type: none"> <li>• The Notes are unsecured, subordinated obligations of Suncorp.</li> <li>• On a winding up of Suncorp, Holders will lose the money invested in the Notes, and any Interest due and unpaid at that time, if there are insufficient assets to satisfy Unsubordinated Creditors.</li> </ul>	Section 5.1.1
All payments are subject to the Solvency Condition	<ul style="list-style-type: none"> <li>• Suncorp is not required to make any payment in respect of the Notes if, on the day that payment is due, Suncorp is not, or would not be, solvent.</li> <li>• Unpaid amounts will accrue interest until paid and will be payable on the first Business Day on which Suncorp meets the Solvency Condition.</li> <li>• However, if a Non-Viability Trigger Event occurs, all of Suncorp's obligations to make payments in respect of the Notes will cease and Holders will have no rights to recover any unpaid amounts.</li> </ul>	Section 5.1.2
Market price of Notes	<ul style="list-style-type: none"> <li>• The price at which Holders are able to sell the Notes on ASX is uncertain.</li> <li>• Circumstances in which the price of the Notes 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. Unlike Ordinary Shares, the Notes do not provide a material exposure to growth in the Group's business.</li> </ul>	Section 5.1.3

# 1. Investment overview

(continued)

TOPIC	SUMMARY	FURTHER INFORMATION
Liquidity	<ul style="list-style-type: none"><li>• There may be no liquid market for the Notes.</li><li>• Holders who wish to sell their Notes may be unable to do so at a price acceptable to them, or at all.</li></ul>	Section 5.1.4
Changes in Interest Rate	<ul style="list-style-type: none"><li>• The Interest Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate.</li><li>• There is a risk that the Interest Rate may become less attractive when compared with the rates of return available on comparable securities.</li></ul>	Section 5.1.5
Suncorp may redeem Notes early under certain circumstances	<ul style="list-style-type: none"><li>• Subject to APRA's prior written approval, Suncorp may redeem the Notes early on 22 November 2018 or any subsequent Interest Payment Date, or on the occurrence of a Tax Event or a Regulatory Event.</li><li>• The amount received on redemption may be less than the current market value of Notes.</li><li>• The timing of redemption of Notes may not accord with a Holder's individual financial circumstances or tax position.</li></ul>	Section 5.1.6
Holders have no right to request early redemption	<ul style="list-style-type: none"><li>• Holders have no right to request or require redemption or accelerate repayment of their Notes prior to the Maturity Date.</li><li>• Prior to the Maturity Date, unless Suncorp elects to redeem the Notes (subject to APRA's approval), Holders can only realise their investment in Notes by a sale on ASX. There is a risk that the sale price on ASX will be less than the Face Value of Notes. Brokerage fees may also be payable if Notes are sold through a broker.</li></ul>	Section 5.1.7
Conversion following a Non-Viability Trigger Event	<ul style="list-style-type: none"><li>• If Conversion occurs following a Non-Viability Trigger Event, Holders may receive Ordinary Shares that are worth significantly less than the Face Value of the Notes.</li><li>• In cases where Suncorp is prevented from Converting Notes for any reason (within five Business Days after the Non-Viability Conversion Date), the rights of the Holder (including to the payment of Interest and Face Value) in relation to such Notes are immediately and irrevocably written off and terminated and Holders will suffer loss as a result.</li></ul>	Section 5.1.9
Suncorp may issue further securities	<ul style="list-style-type: none"><li>• Suncorp may raise further debt and may issue securities that rank behind, equally with or ahead of Notes. This may affect a Holder's ability to be repaid on a winding up of Suncorp.</li></ul>	Section 5.1.11
Risks associated with Suncorp generally	<ul style="list-style-type: none"><li>• Risks associated with Suncorp's business are set out in Section 5.2.</li></ul>	Section 5.2

## 1.5 Key differences between term deposits, Notes, CPS2 and CPS

The Notes are different from term deposits. In particular, the Notes are issued by Suncorp which is the non-operating holding company of the Suncorp Group, including Suncorp Bank, General Insurance and Suncorp Life. Suncorp is not an Authorised Deposit-taking Institution (ADI) or an APRA regulated insurer. The return on the Notes is not guaranteed by Suncorp, Suncorp Bank, General Insurance, Suncorp Life or any other member of the Suncorp Group.

The Notes are also different from Suncorp's convertible preference shares (CPS2), issued by Suncorp in 2012. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to apply for Notes.

The key differences are summarised in the table below.

	TERM DEPOSITS	NOTES	CPS2	CPS
<b>Issuer</b>	Bank, credit union or building society (e.g. Suncorp Bank)	Suncorp	Suncorp	Suncorp-Metway Limited
<b>Legal form</b>	Deposit	Unsecured subordinated debt obligation	Preference share	Preference share
<b>Protection under the Australian Government Financial Claims Scheme<sup>1</sup></b>	Yes	No	No	No
<b>Term</b>	Often between one month and five years	10.5 years	Perpetual, subject to scheduled conversion into Ordinary Shares	Perpetual, subject to mandatory conversion into Ordinary Shares
<b>Interest rate/dividend rate</b>	Fixed	Floating	Floating	Floating
<b>Interest/dividend payment</b>	Cumulative, unfranked	Cumulative, unfranked	Non-cumulative, franked	Non-cumulative, franked
<b>Interest/dividend payment dates</b>	End of term or per annum	Quarterly	Quarterly	Quarterly
<b>Payment deferral</b>	No	No, subject to the Solvency Condition	Yes (dividends on CPS2 are discretionary and subject to a dividend payment test)	Yes (dividends on CPS are discretionary and subject to a dividend payment test)
<b>Transferable</b>	No	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
<b>Investor's ability to withdraw or redeem</b>	Yes, subject to conditions	No	No	No
<b>Ranking</b>	Senior to Notes	Senior to CPS2 and Ordinary Shares	Senior to Ordinary Shares	Senior to ordinary shares
<b>Conversion into Ordinary Shares</b>	No	Yes, following a Non-Viability Trigger Event	Yes, following a scheduled conversion date, non-viability trigger event and in certain other limited circumstances	Yes, following a mandatory conversion date and in certain other limited circumstances

Note:

<sup>1</sup> For deposits made after 1 January 2013 up to an amount of \$250,000.

# 1. Investment overview

(continued)

## 1.6 Information for CPS Holders

This Section 1.6 sets out information for current holders of CPS, who may be eligible to apply under the Reinvestment Offer to reinvest their CPS in Notes.

TOPIC	SUMMARY	FURTHER INFORMATION
What are CPS?	<ul style="list-style-type: none"><li>• CPS are convertible preference shares issued by SML in 2008 (the terms of which were amended in 2010). CPS trade on ASX under the code "SBKPB".</li></ul>	
Will CPS convert into Ordinary Shares or be resold for cash on the Mandatory Conversion Date?	<ul style="list-style-type: none"><li>• It is SML's current intention that CPS not reinvested in the Notes will be resold for cash on the Mandatory Conversion Date, on 14 June 2013, and CPS Holders will receive \$100 plus any accrued dividends as at that date, subject to the dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.</li></ul>	
What is the Reinvestment Offer?	<ul style="list-style-type: none"><li>• The Reinvestment Offer is an opportunity for Eligible CPS Holders to apply to reinvest their CPS in Notes.</li><li>• The Reinvestment Offer is not a simple rollover into a similar investment. The Notes and CPS have different benefits and risks, which must be evaluated separately.</li></ul>	Sections 6.1.1 to 6.1.3
What are the terms of the Reinvestment Offer?	<ul style="list-style-type: none"><li>• Under the Reinvestment Offer, Suncorp offers to purchase some or all of the CPS of Eligible CPS Holders for \$100 per CPS on the Reinvestment Date (expected to be 22 May 2013).</li><li>• Eligible CPS Holders who successfully participate in the Reinvestment Offer will receive one Note for each Reinvested CPS accepted.</li></ul>	
Who can participate in the Reinvestment Offer?	<ul style="list-style-type: none"><li>• To be eligible to participate in the Reinvestment Offer, you must be:<ul style="list-style-type: none"><li>– a registered holder of CPS on the Reinvestment Record Date, being 7:00pm (Sydney time) on 5 April 2013;</li><li>– shown on the register as having an address in Australia (or another jurisdiction to which Suncorp determined to extend the Reinvestment Offer); and</li><li>– not in the United States or acting as a nominee for a person in the United States or otherwise prevented from receiving the Reinvestment Offer or the Notes under the laws of any jurisdiction, as determined by Suncorp ("<b>Eligible CPS Holder</b>").</li></ul></li></ul>	
What are the options available to CPS holders?	<ul style="list-style-type: none"><li>• If you are an Eligible CPS Holder, you have a number of options available to you:<ul style="list-style-type: none"><li>– apply to reinvest all of your CPS in Notes;</li><li>– apply to reinvest some, but not all, of your CPS in Notes;</li><li>– apply for additional Notes;</li><li>– sell your CPS on-market; or</li><li>– take no action.</li></ul></li><li>• If you are an ineligible CPS holder, you are limited to the options set out in Section 6.2.3.</li></ul>	Section 6.2

TOPIC	SUMMARY	FURTHER INFORMATION
If I elect to participate in the Reinvestment Offer, what dividends will I receive on my CPS?	<ul style="list-style-type: none"> <li>• If you are an Eligible CPS Holder and you elect to participate in the Reinvestment Offer, you will receive a Pro Rata Dividend on the Reinvested CPS (subject to dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend).</li> <li>• A Pro Rata Dividend (if payable under the CPS terms) will be paid on the Reinvestment Date, expected to be 22 May 2013, for the period from (and including) 14 March 2013 to (but excluding) the Reinvestment Date.</li> <li>• The Pro Rata Dividend is expected to be \$0.8272 per Reinvested CPS and is expected to be fully franked.</li> <li>• The Pro Rata Dividend cannot be reinvested in Notes.</li> </ul>	Section 6.5.1
Will I receive a priority allocation of Notes?	<ul style="list-style-type: none"> <li>• If you are an Eligible CPS Holder and you apply under the Reinvestment Offer and there is excess demand for Notes, you will receive a priority allocation of Notes over Securityholder Applicants in relation to your Reinvested CPS.</li> </ul>	Section 6.5.3
What are the risks associated with participating in the Reinvestment Offer?	<ul style="list-style-type: none"> <li>• The main risks of participating in the Reinvestment Offer are the risks related to investing in Notes.</li> <li>• In addition, there is a risk that Holders may not receive their full allocation of Notes, in which case, the balance of the CPS will not be reinvested and are likely to be resold on 14 June 2013.</li> </ul>	Sections 5 and 6.4
What happens to my CPS if I do not participate in the Reinvestment Offer?	<ul style="list-style-type: none"> <li>• SML currently intends to conduct a resale of CPS not reinvested in Notes to Suncorp on 14 June 2013, in accordance with the CPS terms. If a resale occurs and your CPS have not been purchased by Suncorp under the Reinvestment Offer, your CPS will be sold to Suncorp on 14 June 2013 and you will receive \$100 plus any accrued dividends as at that date, subject to the dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.</li> <li>• SML is required to give a formal resale notice by 14 May 2013 in order to implement the resale.</li> </ul>	Section 6.5.6
What are the tax implications of a resale of my CPS?	<ul style="list-style-type: none"> <li>• You should obtain your own tax advice regarding the implications of a resale of your CPS, having regard to your individual circumstances.</li> <li>• A general description of the Australian taxation consequences for Eligible CPS Holders upon a resale is set out in Section 8.</li> </ul>	Section 8

# 1. Investment overview

(continued)

## 1.7 Information about the Offer

TOPIC	SUMMARY	FURTHER INFORMATION
When is the Offer Period?	<ul style="list-style-type: none"><li>• The Offer opens on 18 April 2013.</li><li>• The Reinvestment Offer and Securityholder Offer are expected to close on 10 May 2013.</li><li>• The Broker Firm Offer is expected to close on 20 May 2013 (except for applications in respect of Reinvested CPS which is expected to close on 10 May 2013).</li></ul>	Key dates Sections 6 and 7
Is there a minimum amount to be raised?	<ul style="list-style-type: none"><li>• No. The Offer is for the issue of Notes to raise \$500 million with the ability to raise more or less.</li></ul>	Section 7.1
Is the Offer underwritten?	<ul style="list-style-type: none"><li>• No.</li></ul>	Section 10.4
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 certain Institutional Investors;</li><li>– a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers (subject to foreign selling restrictions);</li><li>– a Reinvestment Offer made to Eligible CPS Holders; and</li><li>– a Securityholder Offer made to Eligible Securityholders.</li></ul></li></ul>	Sections 7.2 and 7.4
Is there a minimum Application size?	<ul style="list-style-type: none"><li>• Yes. Your Application must be for a minimum of 50 Notes (\$5,000).</li><li>• If your Application is for more than 50 Notes, then you must apply in multiples of 10 Notes (\$1,000) after that.</li><li>• These requirements do not apply to Eligible CPS Holders, who may apply for a smaller number of Notes in certain circumstances. See Section 6.5.4 for further details.</li></ul>	Section 7.4.1
Is brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"><li>• No brokerage, commission or stamp duty is payable by you on your Application. You may be required to pay brokerage if you sell your Notes on ASX after the Notes have been quoted on ASX.</li></ul>	Section 7.5.3
What are the tax implications of investing in the Notes?	<ul style="list-style-type: none"><li>• A general description of the Australian taxation consequences of investing in Notes is set out in Section 8.</li></ul>	Section 8
Where can I find more information about this Prospectus or the Offer?	<ul style="list-style-type: none"><li>• If you have any questions in relation to the Offer, please call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time).</li><li>• If you are a Broker Firm Applicant, you should contact your Syndicate Broker.</li></ul>	Section 7





## 2. About Notes

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

# 2. About Notes

## 2.1 Key features of Notes

Notes are unsecured, subordinated, cumulative debt obligations to be issued by Suncorp maturing on 22 November 2023. Notes entitle Holders to receive floating rate, cumulative Interest, payable quarterly in arrears for the term of the Notes subject to the Solvency Condition (which is described in Section 2.2).

TOPIC	SUMMARY	FURTHER INFORMATION
Notes	<ul style="list-style-type: none"> <li>Notes are unsecured, subordinated, cumulative debt obligations to be issued by Suncorp.</li> </ul>	Clauses 1.1 and 3.5
Face Value	<ul style="list-style-type: none"> <li>The Face Value and issue price of each Note is \$100.</li> </ul>	Clause 1.2
Offer size	<ul style="list-style-type: none"> <li>\$500 million with the ability to raise more or less</li> </ul>	
Term	<ul style="list-style-type: none"> <li>Suncorp will redeem the Notes on the Maturity Date, being 22 November 2023 provided the Solvency Condition is satisfied on that date, unless before that date, the Notes are redeemed or a Non-Viability Trigger Event occurs.</li> </ul>	Clauses 2.2, 4.1 and 5
ASX quotation	<ul style="list-style-type: none"> <li>Suncorp will apply for Notes to be quoted on ASX and Notes are expected to trade under ASX code "<b>SUNPD</b>".</li> </ul>	Sections 7.2 and 7.4

## 2.2 Interest

Notes entitle Holders to receive floating rate, cumulative Interest, payable quarterly in arrears, until the Notes are redeemed or a Non-Viability Trigger Event occurs (subject to the Solvency Condition). Suncorp's obligations to make payments in respect of the Notes (including to pay Interest) are conditional on Suncorp being able to pay its debts and Suncorp's assets exceeding its liabilities at the time of the payment and immediately after making the payment.

TOPIC	SUMMARY	FURTHER INFORMATION						
Interest Rate	<ul style="list-style-type: none"> <li>The Interest Rate will be calculated as follows:  <b>Interest Rate = Bank Bill Rate + Margin</b>            where:           <ul style="list-style-type: none"> <li><b>Bank Bill Rate</b> is the 90-day bank bill swap rate on the first Business Day of the relevant Interest Period; and</li> <li><b>Margin</b> is the margin determined under the Bookbuild, expected to be in the range of 2.85% and 3.10%.</li> </ul>           This is a floating interest rate because it depends on the Bank Bill Rate for each Interest Period and means that the interest rate for one period can be different to the interest rate for another period.            As an example, assuming the Bank Bill Rate for the first Interest Period is 3.07% per annum and the Margin is 2.85% per annum, then the Interest Rate for that Interest Period would be calculated as follows:           <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 60%;">Bank Bill Rate</td> <td style="text-align: right;">3.07% per annum</td> </tr> <tr> <td>plus Margin</td> <td style="text-align: right;">2.85% per annum</td> </tr> <tr> <td style="border-top: 1px solid black;">Illustrative Interest Rate =</td> <td style="border-top: 1px solid black; text-align: right;">5.92% per annum</td> </tr> </table> </li> </ul>	Bank Bill Rate	3.07% per annum	plus Margin	2.85% per annum	Illustrative Interest Rate =	5.92% per annum	Clause 3.3
Bank Bill Rate	3.07% per annum							
plus Margin	2.85% per annum							
Illustrative Interest Rate =	5.92% per annum							

TOPIC	SUMMARY	FURTHER INFORMATION
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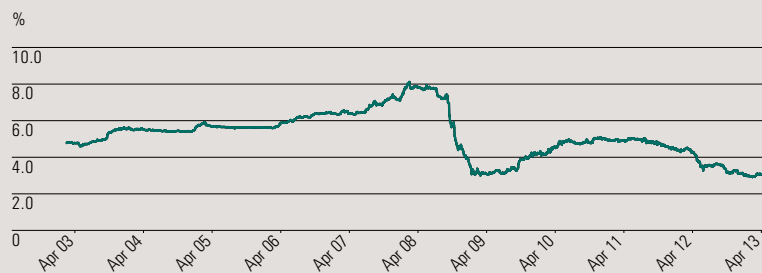
Bank Bill Rate

- The 90-day BBSW rate (**BBSW**) is a reference rate displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of each relevant Interest Period.
- BBSW represents the average interest rate at which institutions on the Australian Financial Markets Association's BBSW panel will trade 90-day Australian dollar bills of exchange accepted by an approved bank.
- BBSW is one of the interest rate benchmarks published daily by the Australian Financial Markets Association and appearing on information services (e.g. Reuters page BBSW). BBSW rates provide references for the pricing, rate-setting and valuation of Australian dollar financial securities.

Clause 3.3

The graph below illustrates the movement in 90-day BBSW over the last 10 years. The rate on 8 April 2013 was 3.0683% per annum.

**BBSW**



The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual BBSW. The actual BBSW for the first and any subsequent Interest Periods may be higher or lower than the rates in the above graph.

Calculation of Interest

- Interest scheduled to be paid on each Interest Payment Date will be calculated using the following formula:

Clause 3.3

$$\text{Interest} = \frac{\text{Interest Rate} \times \$100 \times \mathbf{N}}{365}$$

where:

- **Interest Rate** means the rate (expressed as a percentage per annum) calculated as set out on the previous page; and
- **N** means the number of days in the Interest Period calculated in accordance with the Conditions.

Following the formula above, if the Interest Rate was 5.92% per annum, then the Interest on each Note for the first Interest Period (if the Interest Period was 91 days) would be calculated as follows:

Illustrative Interest Rate	5.92% per annum
Multiplied by the Face Value	x \$100.00
Multiplied by the number of days in the Interest Period	x 91
Divided by 365	÷ 365
Illustrative Interest for the first Interest Period per Note	\$1.4759

The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Interest for the first or any subsequent Interest Period. Actual Interest may be higher or lower than this example. The Interest Rate for the first Interest Period will be set on the Issue Date and will include the Margin which will be determined under the Bookbuild.

## 2. About Notes

(continued)

TOPIC	SUMMARY	FURTHER INFORMATION
Solvency Condition	<ul style="list-style-type: none"> <li>Suncorp's obligations to make payments in respect of the Notes (including to pay Interest and to repay the Face Value on maturity) are conditional on: <ul style="list-style-type: none"> <li>Suncorp being able to pay its debts as they become due and payable; and</li> <li>Suncorp's assets exceeding its liabilities, at the time of the payment and immediately after making the payment.</li> </ul> </li> <li>Accordingly, if the Solvency Condition is not satisfied, Interest may not be paid on a particular Interest Payment Date.</li> <li>A failure by Suncorp to make a payment because of failure to satisfy the Solvency Condition is not an Event of Default. However, any unpaid amounts will accrue interest until it is paid and will be payable on the first Business Day on which Suncorp meets the Solvency Condition.</li> </ul>	Clauses 2.2 and 10.1
Interest Payment Dates	<ul style="list-style-type: none"> <li>Interest is scheduled to be paid quarterly in arrears on each Interest Payment Date.</li> <li>The first Interest Payment Date is 22 August 2013.</li> <li>Subsequent Interest Payment Dates are 22 February, 22 May, 22 August and 22 November each year.</li> <li>If any of these dates is not a Business Day, then the Interest Payment Date will be the next Business Day.</li> </ul>	Clause 3.2
Method of Interest payment	<ul style="list-style-type: none"> <li>Interest will be paid in Australian dollars by direct credit into an account at a financial institution notified by the Holder to the Registry no later than the Record Date.</li> <li>Where a payment cannot be made by Suncorp, for example, where a Holder has not provided account details, or certain other reasons described in the Conditions, the amount of the uncompleted payment will be held in a non-interest bearing deposit with a bank selected by Suncorp and applied in accordance with the Conditions.</li> <li>Neither Suncorp nor a Holder has any contractual right to set off any sum at any time due and payable to a Holder or a Holder (as applicable) under or in relation to the Notes against amounts owing by the Holder to Suncorp or by Suncorp to the Holder (as applicable).</li> <li>Interest may also be paid, at Suncorp's option, by cheque and sent by prepaid post to the address of the Holder in the Register.</li> </ul>	Clause 8
No franking credits	<ul style="list-style-type: none"> <li>Interest payments will not have any franking credits attached to them.</li> </ul>	

### 2.3 Repayment of Face Value

Notes are due to mature on 22 November 2023. On the Maturity Date, a Holder will receive for each Note, the Face Value plus any accrued and unpaid Interest on the Note up to the Maturity Date, provided the Solvency Condition (as described in Section 2.2) is satisfied, unless before that date, the Notes are redeemed or a Non-Viability Trigger Event occurs.

Suncorp's obligations to make payments in respect of the Notes (including to repay the Face Value on maturity) are conditional on Suncorp being able to pay its debts and Suncorp's assets exceeding its liabilities at the time of the payment and immediately after making the payment.

TOPIC	SUMMARY	FURTHER INFORMATION
Maturity Date	<ul style="list-style-type: none"> <li>The Maturity Date is 22 November 2023.</li> <li>On the Maturity Date, a Holder will receive for each Note: <ul style="list-style-type: none"> <li>the Face Value; plus</li> <li>any accrued and unpaid Interest on the Note up to the Maturity Date, provided the Solvency Condition is satisfied for that payment, unless before that date, the Notes are redeemed or a Non-Viability Trigger Event occurs.</li> </ul> </li> </ul>	Clause 4.1

TOPIC	SUMMARY	FURTHER INFORMATION
Early redemption	<ul style="list-style-type: none"> <li>• Subject to APRA's prior written approval, Suncorp may elect to redeem: <ul style="list-style-type: none"> <li>– some or all of the Notes on 22 November 2018 or any subsequent Interest Payment Date; or</li> <li>– all (but not some) of the Notes after a Tax Event or a Regulatory Event.</li> </ul> </li> <li>• If Suncorp elects to redeem the Notes in the above circumstances, a Holder will receive: <ul style="list-style-type: none"> <li>– the Face Value; plus</li> <li>– any accrued but unpaid Interest on the Notes up to the early redemption date, provided the Solvency Condition is satisfied for that payment.</li> </ul> </li> <li>• A <b>Tax Event</b> means broadly that the Directors receive advice that as a result of a change (including any announced prospective change) in Australian tax law on or after the Issue Date (and which Suncorp did not expect on the Issue Date), there is a more than insubstantial risk that: <ul style="list-style-type: none"> <li>– Suncorp will be liable to pay additional amounts of withholding or tax deductions;</li> <li>– any Interest payable in respect of the Notes will not be deductible to a material extent; or</li> <li>– Suncorp would be exposed to an increase in costs in relation to Notes.</li> </ul> </li> <li>• A <b>Regulatory Event</b> means broadly that: <ul style="list-style-type: none"> <li>– the Directors receive legal advice that, as a result of a change (including any announced prospective change) of law or regulation on or after the Issue Date (and which Suncorp does not expect on that date may come into effect), additional requirements would be imposed on Suncorp in relation to or in connection with the Notes which the Directors determine, in their absolute discretion, to be unacceptable; or</li> <li>– the Directors determine that Suncorp is not or will not be entitled to treat some or all Notes as Tier 2 Capital, except where the reason Suncorp is not or will not be entitled to treat some or all Notes as Tier 2 Capital is because of a limit or other restriction on the recognition of Tier 2 Capital which is in effect on the Issue Date or which on the Issue Date is expected by Suncorp may come into effect.</li> </ul> </li> <li>• Suncorp may only elect to redeem any Notes if either: <ul style="list-style-type: none"> <li>– before or concurrently with the redemption, Suncorp replaces the Notes the subject of the redemption with a capital instrument which is of the same or better quality for the purposes of applicable prudential standards and the replacement of the relevant Notes is done under conditions that are sustainable for the income capacity of Suncorp; or</li> <li>– Suncorp obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Group, that Suncorp does not have to replace the Notes the subject of the redemption.</li> </ul> </li> <li>• Holders should not expect that APRA's approval will be given for any early redemption of Notes.</li> </ul>	Clauses 4.2, 4.4 and 4.7
No early redemption right for Holders	<ul style="list-style-type: none"> <li>• Holders cannot request that Notes be redeemed prior to the Maturity Date.</li> </ul>	Clause 4.5
Suncorp may purchase Notes on ASX	<ul style="list-style-type: none"> <li>• Subject to APRA's prior written approval, Suncorp or any of its Related Entities may purchase Notes in the open market at any time and at any price. Holders should not expect that APRA's approval will be given for any purchase of Notes.</li> </ul>	

## 2. About Notes

(continued)

### 2.4 Consequences of a Non-Viability Trigger Event

The Conditions contain certain features which may be triggered where Suncorp encounters severe financial difficulty. These features are required to be included in the Conditions in order for the Notes to be eligible for inclusion in Suncorp's Tier 2 capital for prudential regulatory purposes. The occurrence of a "Non-Viability Trigger Event" requires the Conversion of some or all of the Notes into Ordinary Shares. The number of Ordinary Shares a Holder will receive on Conversion will not be greater than the Maximum Conversion Number.

As a Conversion in these circumstances is likely to occur during a time of financial difficulty for Suncorp, depending on the market price of Ordinary Shares at the relevant time, Holders may receive less, or significantly less, than the Face Value of the Notes and a Holder may suffer a loss as a consequence. The calculations set out on page 26 are illustrative only and designed to demonstrate the potential number and value of Ordinary Shares that a Holder would receive on a Conversion where there is a Non-Viability Trigger Event.

If a Holder's Notes cannot be Converted for any reason, the Holder's rights (including to the payment of Interest and Face Value) in relation to the Notes will be immediately and irrevocably written off and terminated and the Holder will lose all of the money invested in the Notes.

TOPIC	SUMMARY	FURTHER INFORMATION
Non-Viability Trigger Event	<ul style="list-style-type: none"> <li>A Non-Viability Trigger Event occurs when APRA provides a written determination to Suncorp that the conversion or write off of Relevant Capital Instruments is necessary because:                             <ul style="list-style-type: none"> <li>without that conversion or write off; or</li> <li>without a public sector injection of capital into, or equivalent capital support in respect to, Suncorp,</li> </ul>                             APRA considers that Suncorp would become non-viable.                         </li> <li>A determination by APRA may specify that the conversion or write off is of:                             <ul style="list-style-type: none"> <li>all Relevant Capital Instruments (including the Notes); or</li> <li>an amount of the Relevant Capital Instruments, determined by Suncorp, to satisfy APRA that conversion or write off of that amount will be sufficient to ensure that Suncorp does not become non-viable.</li> </ul> </li> </ul>	Clause 5.1
Definition of "Non-Viability"	<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-viable may not necessarily be confined to solvency measures or capital ratios.</li> <li>As at the date of this Prospectus, APRA has indicated that it will not publish further guidance on the parameters used to determine non-viability.</li> </ul>	
Conversion following a Non-Viability Trigger Event	<ul style="list-style-type: none"> <li>If a Non-Viability Trigger Event occurs, Suncorp must immediately Convert some or all of the Notes into Ordinary Shares in accordance with APRA's determination.</li> <li>If on the occurrence of a Non-Viability Trigger Event Suncorp is required to convert only an amount of Relevant Capital Instruments, Suncorp will first convert or write off all Relevant Tier 1 Capital Instruments before Conversion of the Notes. At the date of this Prospectus, Suncorp has on issue \$560 million of Relevant Tier 1 instruments (CPS2) and accordingly, so long as that remains the case, if a Non-Viability Trigger Event occurred Suncorp would not be required to convert the Notes unless the amount of Relevant Capital Instruments required by APRA to be converted or written off exceeds \$560 million.</li> <li>Suncorp has no obligation to maintain any Relevant Tier 1 Capital Instruments on issue and gives no assurance that it will do so.</li> <li>If conversion or write off of Relevant Tier 1 Capital Instruments is less than the amount sufficient to satisfy APRA that Suncorp would not become non-viable, Suncorp will Convert Notes and convert or write off other Relevant Tier 2 Capital Instruments in an aggregate amount which when added to the amount of Relevant Tier 1 Capital Instruments converted or written off will satisfy APRA that Suncorp would not become non-viable.</li> </ul>	Clause 5.2



TOPIC	SUMMARY	FURTHER INFORMATION
Conversion following a Non-Viability Trigger Event (continued)	<ul style="list-style-type: none"> <li>• In Converting Notes or converting or writing off other Relevant Tier 2 Capital Instruments, Suncorp will endeavour to treat Holders and holders of other Relevant Tier 2 Capital Instruments on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels of Notes and other logistical considerations.</li> <li>• From the date the Non-Viability Trigger Event Occurs, Suncorp will treat Holders as having been issued the Conversion Number of Ordinary Shares. Suncorp expects any ASX trades in Notes that have not settled on the date a Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+3 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 Notes have been Converted as a result of the occurrence of the Non-Viability Trigger Event.</li> <li>• Further, Suncorp may make such decisions with respect to the identity of Holders as at the Non-Viability Conversion Date as may be necessary or desirable to ensure that the Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time.</li> <li>• Suncorp must give Holders notice as soon as practicable after a Non-Viability Trigger Event has occurred, including details of the number of Notes Converted.</li> </ul> <p><b>If the Holder is a Foreign Holder</b></p> <ul style="list-style-type: none"> <li>• Where Notes held by a Foreign Holder are required to be Converted, Suncorp may in certain circumstances issue the Ordinary Shares which the Foreign Holder is obliged to accept to the Trustee (or other nominee) who will sell those Ordinary Shares and pay the proceeds net of selling costs.</li> </ul> <p><b>If a Holder does not wish to receive Ordinary Shares upon Conversion</b></p> <ul style="list-style-type: none"> <li>• A Holder may notify Suncorp that it does not wish to receive Ordinary Shares as a result of Conversion, but to do so it must give the notice at least 15 Business Days prior to the Non-Viability Conversion Date. Subject to applicable law, this will result in Suncorp issuing the relevant number of Ordinary Shares to the Trustee (or other nominee appointed by Suncorp) who will hold the Ordinary Shares on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, the Trustee or nominee will arrange for the sale of the Ordinary Shares on behalf of the relevant Holder and pay the proceeds net of selling costs to the Holder. If Suncorp is prevented for any reason from issuing the Ordinary Shares to the Trustee or other nominee, the rights in relation to the Notes will be immediately and irrevocably written off and terminated.</li> <li>• Suncorp and the Trustee do not owe any obligations or duties to the Holders in relation to the price at which Ordinary Shares are sold and have no liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.</li> </ul>	

## 2. About Notes

(continued)

TOPIC	SUMMARY	FURTHER INFORMATION
Conversion Number	<ul style="list-style-type: none"> <li>The number of Ordinary Shares a Holder will receive per Note on account of a Non-Viability Trigger Event is the Conversion Number (calculated as described below) but cannot be more than the Maximum Conversion Number. The Ordinary Shares a Holder may receive on account of a Non-Viability Trigger Event may be worth significantly less than the Face Value of the Notes and a Holder may suffer a loss as a consequence.</li> <li>The Conversion Number in the event of a Conversion following a Non-Viability Trigger Event 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{\\$100}{99\% \times \text{VWAP}}</math> <p>where:</p> <ul style="list-style-type: none"> <li><b>VWAP</b> is the volume weighted average price of Ordinary Shares during the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Conversion Date.</li> </ul> </li> <li>The Maximum Conversion Number is calculated in accordance with the following formula:               <math display="block">\text{Maximum Conversion Number} = \frac{\\$100}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}</math> <p>where:</p> <ul style="list-style-type: none"> <li><b>Issue Date VWAP</b> is the average of the volume weighted average price of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date; and</li> <li><b>Relevant Fraction</b> means 0.2.</li> </ul> </li> </ul> <p><i>Illustrative example of Conversion</i></p> <p><b>Step 1 – calculating the potential number of shares to be received on Conversion</b></p> <p>On 3 May 2017, a Non-Viability Trigger Event occurs. Holders would be entitled to receive in respect of Notes the Conversion Number of Ordinary Shares determined as follows:</p> $\text{Conversion Number} = \frac{\$100}{99\% \times \text{VWAP}}$ <ul style="list-style-type: none"> <li>Assume the VWAP from 26 April 2017 to 2 May 2017 (being the 5 Business Days on which trading in Ordinary Shares took place immediately preceding 3 May 2017) is \$1.00</li> <li>The Conversion Number would be 101.01 (being \$100 divided by (99% x \$1.00))</li> <li>Assuming a Holder has 100 Notes, the total number of Ordinary Shares to which they would be entitled would be 10,101 (i.e. 100 x 101.01, which number is rounded down to disregard the fraction of the Ordinary Share).</li> </ul> <p><b>Step 2 – calculating the maximum number of shares to be received on Conversion</b></p> <p>The Maximum Conversion Number is determined as:</p> $\text{Maximum Conversion Number} = \frac{\$100}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$	Clause 6

TOPIC	SUMMARY	FURTHER INFORMATION
Conversion Number (continued)	<p>On the basis of the assumptions made in Step 1 above, and an Issue Date VWAP of \$11.00 and a Relevant Fraction of 0.2, the Maximum Conversion Number would be 45.45 (being <math>\\$100/(\\$11.00 \times 0.2)</math>).</p> <p><b>Step 3 – calculate the number of shares to be received</b></p> <p>Since the Conversion Number of 101.01 is greater than the Maximum Conversion Number, the number of Ordinary Shares which the holder of 100 Notes would receive, would be 4,545.</p> <p>The market value of the Ordinary Shares received based on the Maximum Conversion Number is likely to be approximately \$4,545 which is considerably less than \$10,000 (which is the aggregate issue price of 100 Notes of \$100 each).</p>	
Adjustments to the Issue Date VWAP	<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 Suncorp's share capital and pro rata bonus issues of Ordinary Shares, as set out in the Conditions (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 one per cent of the Issue Date VWAP then in effect.</li> </ul>	Clauses 6.5, 6.6 and 6.7
An Inability Event occurs if the Notes cannot be Converted	<ul style="list-style-type: none"> <li>• If, following a Non-Viability Trigger Event, Suncorp is prevented by applicable law or any other reason from Converting Notes (within five Business Days after the Non-Viability Conversion Date) which would otherwise be Converted (an "<b>Inability Event</b>"), the Notes will not be Converted but instead, Holders' rights (including to the payment of Interest and Face Value) in relation to the Notes will be immediately and irrevocably written off and terminated.</li> <li>• 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 Notes, or other reasons which prevent Conversion, may change.</li> </ul>	Clause 5.3

## 2. About Notes

(continued)

### 2.5 Ranking, Events of Default and regulatory treatment

TOPIC	SUMMARY	FURTHER INFORMATION
Notes are unsecured	<ul style="list-style-type: none"> <li>The Notes are not secured by any assets of Suncorp or its subsidiaries.</li> <li>They are also not deposit liabilities or policy liabilities of Suncorp or any other member of the Suncorp Group and are not protected accounts under the Banking Act or protected policies under the <i>Insurance Act 1973</i> (Cth).</li> </ul>	<p>Clause 1.1</p> <p>Section 5.1.1</p>
Ranking in a winding up of Suncorp	<ul style="list-style-type: none"> <li>In a winding up of Suncorp, the Notes rank for payment: <ul style="list-style-type: none"> <li>– ahead of the claims of all Shareholders;</li> <li>– ahead of all unsecured subordinated obligations of Suncorp under instruments issued as Relevant Tier 1 Capital Instruments;</li> <li>– equally amongst themselves;</li> <li>– equally with all other subordinated and unsecured obligations of Suncorp under instruments issued as Relevant Tier 2 Capital Instruments;</li> <li>– but behind Suncorp’s other Unsubordinated Creditors.</li> </ul> </li> <li>However, any return in a winding up may be adversely affected if APRA determines that a Non-Viability Trigger Event has occurred.</li> <li>If a Non-Viability Trigger Event occurs, a Holder will either become an ordinary shareholder (if their Notes are Converted) or have no claim against Suncorp at all in respect of their Notes (if their Notes have been written off and terminated).</li> <li>Notes are claims on Suncorp. Suncorp is the non-operating holding company of the companies in the Suncorp Group and the claims Suncorp has on those companies rank behind those companies’ depositors and policyholders and other creditors in a winding up of those companies.</li> <li>Refer to the table in Section 1.2 “How would Notes rank in a winding up of Suncorp?” for an illustration of how the Notes would rank upon a winding up of Suncorp.</li> </ul>	<p>Clause 2.1</p>
Event of Default	<ul style="list-style-type: none"> <li>An Event of Default will occur if either: <ul style="list-style-type: none"> <li>– Suncorp fails to pay Interest within 20 days of the due date or to pay the Face Value within 10 days of the due date (a “<b>Payment Default</b>”); or</li> <li>– a court order is made for the winding up of Suncorp which is not successfully appealed or permanently stayed within 60 days of the making of such order, or Shareholders pass an effective resolution for the winding up of Suncorp (in each case other than in connection with a consolidation, amalgamation, merger or reconstruction) (a “<b>Winding Up Default</b>”).</li> </ul> </li> <li>To the extent that a payment is not required to be made because of the Solvency Condition, the amount is not due and payable and a Payment Default cannot occur.</li> </ul>	<p>Clause 10</p>
Payment Default	<ul style="list-style-type: none"> <li>If a Payment Default occurs and is continuing, the Trustee may bring proceedings: <ul style="list-style-type: none"> <li>– to recover any amount then due and payable but unpaid (subject to Suncorp being able to make the payment and remain able to pay its debts as they fall due and its assets exceeding its liabilities) at the time of the payment and immediately after the payment; or</li> <li>– to obtain an order for specific performance of any other obligation in respect of the Notes; or</li> <li>– for the winding up of Suncorp.</li> </ul> </li> <li>None of the Holders or the Trustee may exercise any other remedies as a result of an Event of Default.</li> </ul>	<p>Clause 10.3(a)</p>
Winding Up Default	<ul style="list-style-type: none"> <li>If a Winding Up Default occurs and is continuing, the Trustee may declare that the Face Value and any accrued and unpaid Interest is payable on a specified date.</li> </ul>	<p>Clause 10.3(b)</p>

TOPIC	SUMMARY	FURTHER INFORMATION
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 banks, general insurers, life insurers and non-operating holding companies of banks, general insurers and life insurers, such as Suncorp, maintain adequate capital to support the risks associated with their activities. 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 classifies regulatory capital into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital.</li> <li>• Tier 1 Capital is generally considered from a perspective of a financial institution to be a higher quality capital and is comprised of: <ul style="list-style-type: none"> <li>– Common Equity Tier 1 Capital; and</li> <li>– Additional Tier 1 Capital.</li> </ul> </li> <li>• Tier 2 Capital is comprised of capital instruments with loss-absorption characteristics required for Tier 2 Capital Instruments that do not satisfy the criteria for Common Equity Tier 1 Capital or Additional Tier 1 Capital.</li> </ul>	
Regulatory treatment of the Notes	<ul style="list-style-type: none"> <li>• The Notes are eligible for inclusion as Tier 2 Capital and qualify as regulatory capital within the Suncorp Group for APRA purposes.</li> </ul>	

## 2. About Notes

(continued)

### 2.6 Other important matters

TOPIC	SUMMARY	FURTHER INFORMATION
Trustee and Trust Deed	<ul style="list-style-type: none"> <li>Suncorp has appointed a Trustee as required by Chapter 2L of the Corporations Act. The Trustee holds certain rights in relation to the Notes 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 the Holders the right to enforce any obligations of Suncorp under the Conditions and the Trust Deed. The Trustee will be entitled to take any action against Suncorp to enforce any obligations of Suncorp, subject to the Conditions and Trust Deed.</li> <li>The Trustee must take action to enforce the Conditions and Trust Deed if it has been directed to do so by the required majority of Holders, 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 Conditions 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 Note 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 a Register of the Holders of Notes. The Trust Deed also includes provisions for meetings of Holders. Holders will be bound by the terms of the Trust Deed and the Conditions when Notes are issued or transferred to them or they purchase Notes.</li> <li>A copy of the Trust Deed can be obtained from <a href="http://www.suncorpgroup.com.au">www.suncorpgroup.com.au</a>.</li> </ul>	Trust Deed
Suncorp may issue further securities	<ul style="list-style-type: none"> <li>Suncorp may, from time to time, without the consent of the Holders, issue any securities ranking equally with the Notes (on the same terms or otherwise) or ranking in priority or junior to the Notes.</li> <li>A Holder has no right to participate in the issue of any shares or any other securities of any kind of Suncorp.</li> </ul>	Clause 14.1
No voting rights for Holders	<ul style="list-style-type: none"> <li>Holders have no right to receive notice of or vote at any meeting of members of Suncorp.</li> </ul>	Clause 14.2(c)
Variation of the Conditions	<ul style="list-style-type: none"> <li>Suncorp may, without the consent of Holders, vary the Trust Deed and the Conditions to address or correct any ambiguity or any obvious error, or to comply with applicable laws or to maintain quotation of the Notes on the ASX, or if such variation is not materially prejudicial to the interests of the Holders as a whole and Suncorp has provided to the Trustee (or the Trustee has obtained) an opinion of reputable legal counsel in Australia that it is open to the Trustee to determine that such variation is not materially prejudicial to the interests of Holders as a whole.</li> <li>Suncorp can also vary the Trust Deed and the Conditions with the approval of the Holders by a Special Resolution and the Trustee.</li> <li>APRA's prior written approval to amend the Trust Deed and the Conditions is required where the amendment may affect the eligibility of Notes as Tier 2 Capital.</li> </ul>	Clause 13
Taxation implications of investing in Notes	<ul style="list-style-type: none"> <li>The taxation implications of investing in Notes 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 8.</li> </ul>	Section 8
Brokerage fees, commission fees and stamp duty	<ul style="list-style-type: none"> <li>No brokerage, commission or stamp duty is payable by Holders on Applications for Notes. Holders may have to pay brokerage on any subsequent transfer of Notes on ASX after quotation.</li> </ul>	





3.

## 3. About Suncorp

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

# 3. About Suncorp

## 3.1 Introduction

Suncorp is a top 20 ASX-listed company. It is a Non-Operating Holding Company (“**NOHC**”) and the ultimate parent company of the Suncorp Group. The Suncorp Group comprises general insurance businesses across Australia and New Zealand, a regional bank in Australia, and a life insurance business across Australia and New Zealand.

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

More information about 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

Suncorp Group is a financial services group operating in Australia and New Zealand. It operates a portfolio of general insurance, banking and life insurance brands, including AAMI, Apia, Asteron Life, GIO, Suncorp Bank, Suncorp Insurance and Vero.

The Suncorp Group currently has more than 15,000 employees across Australia and New Zealand and is headquartered in Brisbane, Queensland.

Suncorp is listed on ASX under ASX code “SUN” and has a market capitalisation of \$14.9 billion as at 8 April 2013, ranking it among the 20 largest Australian listed companies.

### FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

- Group NPAT attributable to owners of Suncorp of \$574 million (1H12: \$389 million, FY12: \$724 million);
- Profit after tax from core business lines<sup>1</sup> of \$759 million (1H12: \$451 million, FY12: \$1,033 million);
- General Insurance NPAT of \$564 million (1H12: \$162 million, FY12: \$493 million);
- Reported Insurance Trading Result<sup>1</sup> of \$669 million representing an ITR of 18.6% (1H12: 3.8%, FY12: 7.5%);
- Underlying ITR<sup>1</sup> of 13.4% (1H12: 11.1%, FY12: 12.1%);
- Gross Written Premium (“**GWP**”) up 9.6% to \$4,225 million;
- Core Bank NPAT of \$144 million (1H12: \$156 million, FY12: \$289 million), with net interest margin of 1.83%;
- Non-Core Bank loss after tax of \$140 million (1H12: \$54 million, FY12: \$263 million). Portfolio reduced to \$3.4 billion and impaired assets reduced to \$1.6 billion;
- Suncorp Life NPAT of \$51 million (1H12: \$133 million, FY12: \$251 million);
- Suncorp Life Embedded Value<sup>1</sup> of \$2,430 million (1H12: \$2,465 million, FY12: \$2,604 million);
- Capital levels have improved with the General Insurance Group Minimum Capital Requirement (“**MCR**”) coverage at 1.70 times, Bank net tier 1 ratio at 10.1% and \$776 million of core capital held at the NOHC level and over \$1.2 billion of capital held in excess of operating targets; and
- Interim dividend of 25 cents per share, fully franked, up 25%.

Notes:

<sup>1</sup> Refer to the Glossary in Appendix B for definitions.

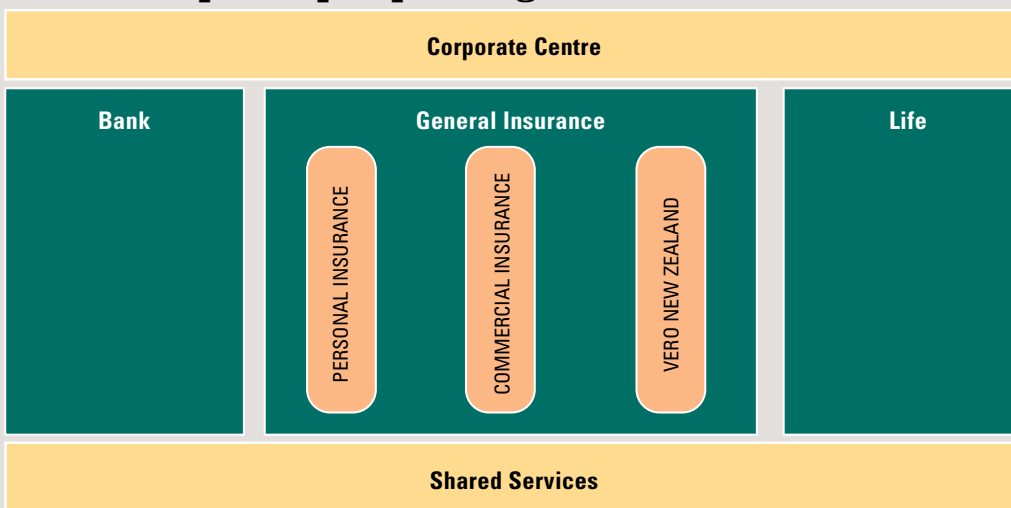
### 3.3 The Suncorp Group’s major brands and operating model

The Suncorp Group is comprised of five separate lines of business:

- Personal Insurance;
- Commercial Insurance;
- Vero New Zealand (Vero NZ);
- Suncorp Bank; and
- Suncorp Life.

The lines of business have access to the Suncorp Group’s shared business services division and the structure is overseen by a corporate centre.

#### The Suncorp Group’s operating model



Suncorp Group’s business model is that of a financial services company operating as ‘One Company. Many Brands’ in Australia and New Zealand.

- **One Company** – while the Suncorp Group’s businesses have end-to-end accountability, the Suncorp Group operates as ‘One Company’ to enhance the value of its Group strategic assets – Capital, Cost, Customer and Culture. The Suncorp Group’s businesses are supported by a corporate centre and a shared business services division.
- **Many Brands** – customers in Australia and New Zealand rely on the Suncorp Group’s portfolio of financial services brands including AA Insurance, AAMI, Apia, Asteron Life, Bingle, CIL, GIO, Guardian Advice, Insure My Ride, Just Car, Million Dollar Woman, Resilium, Shannons, Suncorp Bank, Suncorp Insurance, Terri Scheer and Vero.

## 3. About Suncorp

(continued)

The Suncorp Group's brands include:



### 3.4 Business lines

#### 3.4.1 GENERAL INSURANCE

The Suncorp Group reported GWP of \$4,225 million for the half year ended 31 December 2012.

The General Insurance business consists of three business units; Personal Insurance, Commercial Insurance and Vero NZ.

##### Personal Insurance

- Personal Insurance is the largest part of the Suncorp Group. It manages 11 brands that make up a unique portfolio, addressing many customers and their particular needs.
- Personal Insurance provides a broad range of personal insurance products including home and contents, motor, boat, travel and caravan personal insurances to customers in Australia.

##### Commercial Insurance

- The Suncorp Group's commercial insurance products are aimed at Australian businesses, from small to medium sized enterprises to large corporations, through diverse distribution channels and a variety of brands.
- Products include commercial motor, property, marine, public liability, professional indemnity, management liability, workers' compensation and compulsory third party (CTP) insurance.
- Suncorp's commercial insurance business is the largest personal injury insurer in Australia.

##### Vero NZ

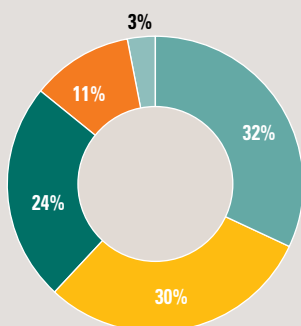
- Vero NZ is the second largest general insurer in New Zealand, providing intermediated commercial and corporate property, liability, motor and marine cargo insurance products. Intermediated personal lines include home, contents, motor, warranty, and travel.
- AA Insurance, the joint venture in which Vero NZ is the majority shareholder, provides personal insurance products direct to the market.

The product mix and geographic presence of the General Insurance business is shown in the charts below.

### General Insurance product portfolio

**% GWP BY PRODUCTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

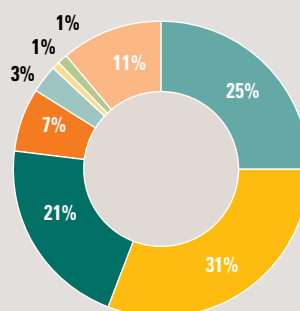
MOTOR HOME COMMERCIAL  
CTP WORKERS' COMP AND OTHER



### General Insurance geographic presence

**% GWP BY GEOGRAPHY FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

QLD NSW VIC WA  
SA TAS OTHER AU NEW ZEALAND



#### 3.4.2 SUNCORP BANK

Suncorp Bank is a regional bank in Australia with \$60.7 billion in assets as at 31 December 2012.

Suncorp Bank maintains separate core and non-core lending portfolios.

Suncorp Bank's core banking business is focused on relationship-based lending and deposit gathering and provides a range of services including:

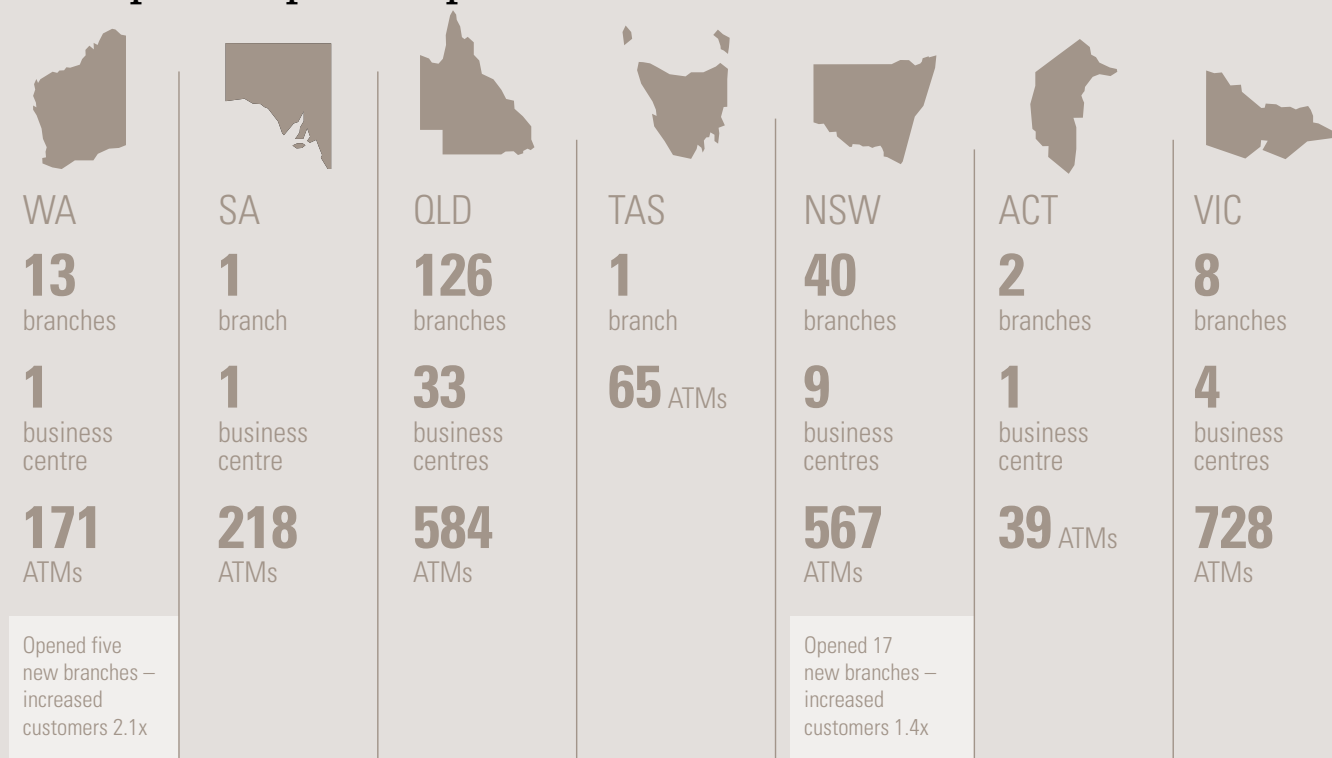
- **personal banking** – home and personal loans, savings and transaction accounts, margin lending, credit cards and foreign currency services;
- **small to medium enterprises banking** – financial solutions for owner-managed small to medium sized enterprises with borrowing requirements of up to \$1 million;
- **commercial lending** – financial solutions for owner-managed small to medium sized enterprises with borrowing requirements of more than \$1 million; and
- **agribusiness** – financial solutions and serviced relationship management for rural producers and associated businesses in rural and regional areas.



## 3. About Suncorp

(continued)

### Suncorp Bank's points of presence



Total customer base of **over 1 million**

Complete customer growth of **35%**

Note: Branch, business centre and ATM data as at 28 February 2013. New branch openings and customer growth data since 1 January 2010.

Suncorp Bank's non-core banking portfolio was formed in 2009 as a result of a strategic review of its Banking operations. The Bank's former corporate banking, property investment and development finance divisions were placed into an \$18 billion run-off portfolio. At the time the Bank considered the strategic options available, given the prevailing market conditions, that aimed to maximise shareholder value. As a result the Bank embarked on an orderly run-off strategy. The portfolio is closed to new business and is now in advanced stages of run-off with outstanding balances of \$3.4 billion at 31 December 2012, including an impaired portfolio of \$1.6 billion as at 31 December 2012. The orderly run-off strategy, focusing on maximising shareholder value continues to be executed. The Bank has previously set a strategic target for the outstanding portfolio balance to be approximately \$3.0 billion by 30 June 2013. The Bank remains confident that the current strategy will ensure it exceeds this target, and now expects the outstanding balance to be \$2.7 billion or below by 30 June 2013. Given the continued improvements in market conditions occurring recently, along with the Bank achieving its original strategic 30 June target for the portfolio, the Suncorp Group recently announced that it will consider its strategic options for the remaining non-core portfolio. The focus will continue to be on executing strategies designed to maximise shareholder value.

### 3.4.3 SUNCORP LIFE

Suncorp Life is a life insurance specialist operating in Australia and New Zealand. It offers a range of life insurance and superannuation products and provides financial advice services. Suncorp Life sells its products and services through Asteron Life to a network of independent financial advisers and direct to new and existing customers through Group brands (AAMI, Apia, GIO, Million Dollar Woman and Suncorp) and through AA Life in New Zealand.

Suncorp Life protects more than 600,000 lives with products that include term life, trauma and income protection. It supports the financial futures of Australians with more than \$7.2 billion in superannuation funds under administration.

Suncorp Life had an Embedded Value of \$2,430 million as at 31 December 2012.

### 3.4.4 CORPORATE/SHARED BUSINESS SERVICES GROUP

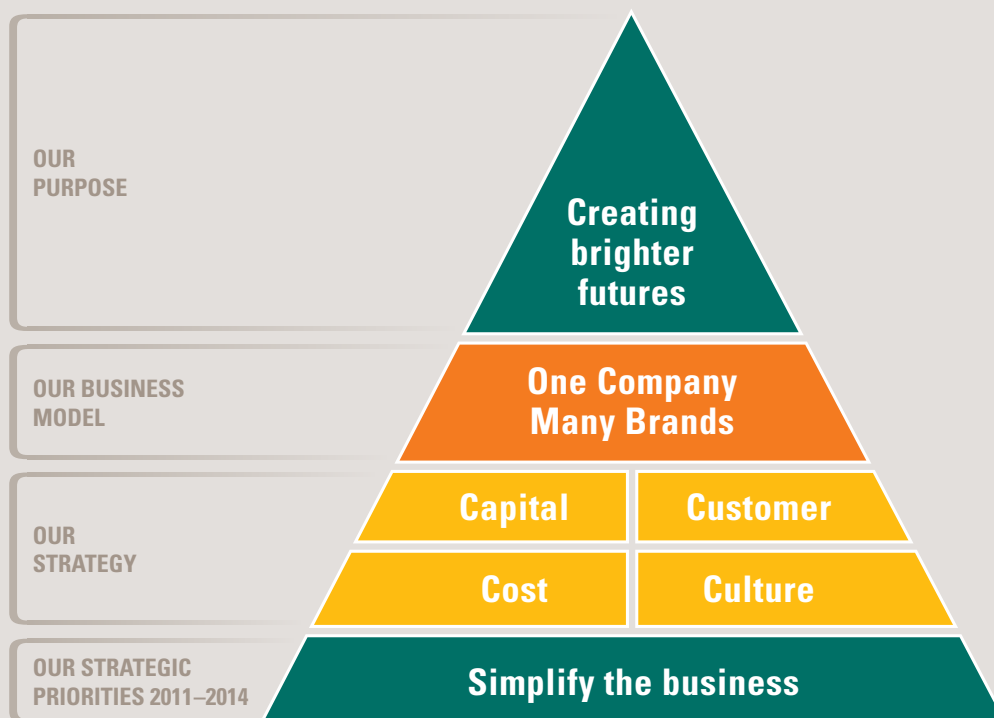
The corporate/shared business services group manages Suncorp's technology, real estate procurement and partnering portfolios and finance services.

## 3.5 Strategy

Suncorp Group's core purpose is 'Creating brighter futures' for its stakeholders. Suncorp Group intends to do this through the 'One Company. Many Brands' business model.

Suncorp Group's strategy is to simplify the business and build, in accordance with its risk appetite, the value of its shared strategic assets:

- **Capital:** Leveraging the diversity and capital return of each business for the benefit of the entire Group.
- **Cost:** Achieving the full benefits of scale of an ASX 20 organisation, without diminishing the differentiation of the Group's brands in the eyes of its customers.
- **Customer:** Enhancing the value of the Group's customer connections by deepening their relationships with the Group's brands.
- **Culture:** Building the common elements of the Suncorp culture to operate as 'One Company. Many Brands'. Positioning Suncorp as 'THE' place to work in Australia and New Zealand.





## 3. About Suncorp

(continued)

### 3.6 Reinsurance program

The Suncorp Group enters into a number of reinsurance arrangements. These arrangements allow the Suncorp Group to limit its risk from particular lines of business or from specific events, such as natural catastrophes, and to increase its capacity to write new policies. Under these arrangements, other insurers and reinsurers assume a portion of the Suncorp Group's exposure to reported and unreported losses in exchange for a premium.

Suncorp Group's General Insurance business has a significant reinsurance program. Reinsurance security has been renewed for the financial year to 30 June 2013 to provide similar levels of protection to the 2012 financial year program.

Suncorp Group has a significant share of the Queensland home insurance market and, to reduce its geographical concentration, the Suncorp Group has entered into a 30%, multi-year, sharing arrangement (known as proportional quota share reinsurance) covering this portfolio from 30 June 2012.

As a result, the upper limit on Suncorp Group's main catastrophe program, which covers the Suncorp Group's home, motor and commercial property portfolios for major events such as earthquakes, cyclones, storms, floods and bushfires, has reduced to \$5.3 billion from \$5.8 billion.

The maximum event retention is \$250 million. Additional cover has been purchased to reduce this retention to \$200 million for a second Australian event.

Additional multi-year cover has also been purchased to reduce the first event retention for New Zealand risks to NZ\$50 million and the second and third event retentions to NZ\$25 million.

The Group is exposed to the risk that its reinsurers default on, or dispute, their obligation to pay valid claims. To manage this risk, the Group purchases reinsurance from counterparties with high credit ratings. The overall credit quality of the 2013 financial year program is high, with over 85% of long tail and short tail business protected by reinsurers rated 'A+' or better.

### 3.7 Regulation

As a provider of general insurance, banking, life insurance and superannuation products, the Group is subject to ongoing oversight by financial services regulators in the markets in which it operates.

#### 3.7.1 AUSTRALIA

##### APRA

APRA regulates companies operating in the Australian financial services industry. APRA has established prudential standards for all general insurers, banks and life insurance companies and, as at the date of this Prospectus, is in the process of developing standards for conglomerate groups (due for implementation in January 2014).

From 1 January 2013, the Suncorp Group was required to comply with the Basel III framework (for Australian authorised deposit taking institutions) and APRA's revised capital standards for general insurers and life insurers, referred to as LAGIC (for regulated general and life insurance entities).

The Basel III reforms included stricter eligibility criteria for capital instruments, introduction of capital conservation and countercyclical buffers. The LAGIC reforms are aimed at improving the risk sensitivity of capital standards.

#### 3.7.2 NEW ZEALAND

##### Reserve Bank of New Zealand

The Reserve Bank of New Zealand ("**RBNZ**") regulates Suncorp Group's general and life insurance businesses in New Zealand. Regulations in relation to these businesses have been significantly revised in recent years including new licensing requirements, required capital methodologies and reinsurance purchase requirements (up to a 1-in-1,000 year event).

The new regulatory regime is expected to have limited impact on the Group's New Zealand business as existing governance frameworks are consistent with the new regulatory requirements and expected to be fully compliant within the transitional timeframe.



## 4. Financial information

This Section sets out:

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

# 4. Financial information

## 4.1 Introduction

This Section provides summary actual historical financial and capital information and summary pro forma financial and capital information for 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 31 December 2012, assuming the Notes were issued on that date, together with the resale and ultimate cancellation of CPS. It does not represent what Suncorp's or the Suncorp Group's financial and capital position actually would have been if the Notes were issued on 31 December 2012 and the CPS had been resold and cancelled. The adjustments do not impact the Suncorp Group's consolidated statement of comprehensive income or Suncorp's summary financial results.

The Suncorp Group summary actual financial information presented in this Section has been extracted from the Suncorp Group's audited consolidated annual financial report for the year ended 30 June 2012 and the reviewed consolidated interim financial report for the half year ended 31 December 2012. These reports are available at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

The 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 Australian dollars.

The 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 more than 12 months of the reporting date).

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

## 4.2 Consolidated summarised financial information of the Suncorp Group

### 4.2.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

\$ MILLION	YEAR END 30 JUNE 2011	YEAR END 30 JUNE 2012	HALF YEAR END 31 DECEMBER 2012
<b>Revenue</b>			
Insurance premium income	7,874	8,355	4,499
Reinsurance and other recoveries income	4,786	1,917	725
Banking interest income	4,401	4,025	1,787
Investment revenue	1,358	1,183	967
Other income	614	554	245
<b>Total revenue</b>	<b>19,033</b>	<b>16,034</b>	<b>8,223</b>
<b>Expenses</b>			
General Insurance claims expense	(9,331)	(7,122)	(2,930)
Life insurance claims expense and movement in policyowner liabilities	(862)	(314)	(617)
Outwards reinsurance premium expense	(1,001)	(946)	(585)
Interest expense	(3,532)	(3,146)	(1,324)
Fees and commissions expense	(485)	(535)	(364)
Operating expenses	(2,654)	(2,601)	(1,344)
Impairment expense on Banking loans, advances and other receivables	(325)	(405)	(194)
Loss on sale of subsidiaries	(109)	–	–
Outside beneficial interests in managed funds	(32)	(2)	–
<b>Total expenses</b>	<b>(18,331)</b>	<b>(15,071)</b>	<b>(7,358)</b>
<b>Profit before income tax</b>	<b>702</b>	<b>963</b>	<b>865</b>
Income tax expense	(245)	(235)	(288)
<b>Profit for the financial period</b>	<b>457</b>	<b>728</b>	<b>577</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Net change in fair value of cash flow hedges	60	(66)	38
Net change in fair value of available-for-sale financial assets	31	(60)	(4)
Exchange differences on translation of foreign operations	(39)	10	12
Income tax (expense) benefit	(24)	38	(15)
	28	(78)	31
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Actuarial (losses) gains on defined benefit plans	(11)	(51)	4
Income tax benefit	3	15	–
	(8)	(36)	4
<b>Total other comprehensive income (loss)</b>	<b>20</b>	<b>(114)</b>	<b>35</b>
<b>Total comprehensive income for the financial period</b>	<b>477</b>	<b>614</b>	<b>612</b>
<b>Profit for the financial period attributable to:</b>			
Owners of Suncorp	453	724	574
Non-controlling interests	4	4	3
<b>Profit for the financial period</b>	<b>457</b>	<b>728</b>	<b>577</b>
<b>Total comprehensive income for the financial period attributable to:</b>			
Owners of Suncorp	473	610	609
Non-controlling interests	4	4	3
<b>Total comprehensive income for the financial period</b>	<b>477</b>	<b>614</b>	<b>612</b>

## 4. Financial information

(continued)

### 4.2.2 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table sets out the Suncorp Group's consolidated statement of financial position as at 30 June 2012 and 31 December 2012, as well as the pro forma consolidated statement of financial position as at 31 December 2012 assuming the Offer, the Reinvestment Offer, resale and ultimate cancellation of CPS, and the 2013 interim dividend payment all occurred on 31 December 2012.

\$ MILLION	ACTUALS AS AT 30 JUNE 2012	ACTUALS AS AT 31 DECEMBER 2012	ADJUSTMENTS		PRO FORMA AS AT 31 DECEMBER 2012	NOTES
			FOR THE OFFER, THE REINVESTMENT OFFER, THE RESALE AND ULTIMATE CANCELLATION OF CPS	OTHER		
<b>Assets</b>						
Cash and cash equivalents	866	595	(245)	(320)	30	1,2,3
Receivables due from other banks	154	124	–	–	124	
Trading securities	4,787	4,077	–	–	4,077	
Derivatives	393	382	–	–	382	
Investment securities	24,881	24,046	–	–	24,046	
Banking loans, advances and other receivables	49,180	49,663	–	–	49,663	
General Insurance assets	7,688	6,862	–	–	6,862	
Life assets	721	624	–	–	624	
Property, plant and equipment	216	209	–	–	209	
Deferred tax assets	181	69	–	–	69	
Other assets	731	617	–	–	617	
Goodwill and intangible assets	6,264	6,207	–	–	6,207	
<b>Total assets</b>	<b>96,062</b>	<b>93,475</b>	<b>(245)</b>	<b>(320)</b>	<b>92,910</b>	
<b>Liabilities</b>						
Deposits and short-term borrowings	40,708	41,060	–	–	41,060	
Derivatives	2,406	1,331	–	–	1,331	
Payables due to other banks	41	32	–	–	32	
Payables and other liabilities	2,602	1,832	–	–	1,832	
Current tax liabilities	51	102	–	–	102	
General Insurance liabilities	14,835	14,351	–	–	14,351	
Life liabilities	5,786	5,678	–	–	5,678	
Managed funds units on issue	1	–	–	–	–	
Securitisation liabilities	3,800	4,305	–	–	4,305	
Debt issues	9,569	8,206	–	–	8,206	
Subordinated notes	1,374	978	490	–	1,468	3
Preference shares	762	1,311	(733)	–	578	2
<b>Total liabilities</b>	<b>81,935</b>	<b>79,186</b>	<b>(243)</b>	<b>–</b>	<b>78,943</b>	
<b>Net assets</b>	<b>14,127</b>	<b>14,289</b>	<b>(2)</b>	<b>(320)</b>	<b>13,967</b>	
<b>Equity</b>						
Share capital	12,672	12,677	–	–	12,677	
Reserves	(55)	(38)	–	–	(38)	
Retained profits	1,493	1,636	(2)	(320)	1,314	1,2
<b>Total equity attributable to owners of Suncorp</b>	<b>14,110</b>	<b>14,275</b>	<b>(2)</b>	<b>(320)</b>	<b>13,953</b>	
Non-controlling interests	17	14	–	–	14	
<b>Total equity</b>	<b>14,127</b>	<b>14,289</b>	<b>(2)</b>	<b>(320)</b>	<b>13,967</b>	

Notes:

- 1 Assumes the Suncorp Group's 2013 interim dividends on Ordinary Shares paid on 2 April 2013 were paid on 31 December 2012, resulting in \$322 million cash disbursements net of an expected \$2 million dividend payable for Treasury Shares. Ordinary Shares allotted under the Dividend Reinvestment Plan (DRP) have been acquired on market for delivery to shareholders and results in no issue of new Ordinary Shares. The cost of acquiring Ordinary Shares on market for the DRP is included in the cash disbursement amount.
- 2 Assumes \$735 million CPS issued by SML which have a mandatory conversion date of 14 June 2013 were purchased by Suncorp on 31 December 2012 and SML effectively cancels the CPS held by Suncorp on 31 December 2012. This results in a decrease in the CPS liability carried at amortised cost of \$733 million and a decrease in retained profits of \$2 million in respect of the amortisation of transaction costs. Actual carrying amounts and impact on retained profits on the mandatory conversion date may be different to the amounts at 31 December 2012.
- 3 Assumes \$500 million of Notes were issued on 31 December 2012, net of issue transaction costs of \$10 million. The actual issue amount may be more or less than \$500 million.

### 4.3 Summarised financial information of Suncorp Group Limited

Suncorp is the issuing entity for the Notes. It is a Non Operating Holding Company ("NOHC") and ultimate parent company of the Suncorp Group. The following table contains information extracted from Suncorp's audited consolidated financial report for the year ended 30 June 2012. Suncorp applies the amendments to the Corporations Act that removed the requirement to prepare parent entity financial statements. The disclosures represent the specific parent entity disclosures for the year ended 30 June 2012.

Suncorp specific parent entity disclosures for the half year ended 31 December 2012 have been extracted from management information which has not been audited or reviewed.

#### 4.3.1 SUMMARY FINANCIAL RESULTS

As Suncorp was incorporated on 25 August 2010, profit for the period ended 30 June 2011 represents the period from 25 August 2010 to 30 June 2011.

\$ MILLION	PERIOD ENDED 30 JUNE 2011	YEAR ENDED 30 JUNE 2012	HALF YEAR ENDED 31 DECEMBER 2012
<b>Results of Suncorp</b>			
Profit for the financial period	534	724	545
<b>Total comprehensive income for the financial period</b>	<b>534</b>	<b>724</b>	<b>545</b>

## 4. Financial information

(continued)

### 4.3.2 PRO FORMA SUMMARY FINANCIAL POSITION

The following table sets out Suncorp's audited summary financial position as at 30 June 2012 and unaudited summary financial position as at 31 December 2012, as well as the pro forma summary financial position as at 31 December 2012, assuming the Offer, the Reinvestment Offer, resale and ultimate cancellation of CPS, and the 2013 interim dividend payment all occurred on 31 December 2012.

\$ MILLION	ACTUALS AS AT 30 JUNE 2012	ACTUALS AS AT 31 DECEMBER 2012	ADJUSTMENTS		PRO FORMA AS AT 31 DECEMBER 2012	NOTES
			FOR THE OFFER, THE REINVESTMENT OFFER, THE RESALE AND ULTIMATE CANCELLATION OF CPS	OTHER		
<b>Financial position of Suncorp at the end of the financial period</b>						
Current assets	1,186	892	(10)	(322)	560	1,2,3
<b>Total assets</b>	<b>14,913</b>	<b>15,360</b>	<b>490</b>	<b>(322)</b>	<b>15,528</b>	<b>1,2,3</b>
Current liabilities	582	395	–	–	395	
<b>Total liabilities</b>	<b>582</b>	<b>942</b>	<b>490</b>	<b>–</b>	<b>1,432</b>	<b>3</b>
<b>Net assets</b>	<b>14,331</b>	<b>14,418</b>	<b>–</b>	<b>(322)</b>	<b>14,096</b>	
<b>Total equity of Suncorp consists of:</b>						
Share capital	12,792	12,784	–	–	12,784	
Common control reserve	987	987	–	–	987	
Retained earnings	552	647	–	(322)	325	1
<b>Total equity</b>	<b>14,331</b>	<b>14,418</b>	<b>–</b>	<b>(322)</b>	<b>14,096</b>	

- Notes:
- Assumes the Suncorp Group's 2013 interim dividends on Ordinary Shares paid on 2 April 2013 were paid on 31 December 2012, resulting in \$322 million cash disbursements. Ordinary Shares allotted under the Dividend Reinvestment Plan (DRP) have been acquired on market for delivery to Shareholders and results in no issue of new Ordinary Shares. The cost of acquiring Ordinary Shares on market for the DRP is included in the cash disbursement amount.
  - Assumes \$735 million CPS issued by SML which have a mandatory conversion date of 14 June 2013 were purchased by Suncorp on 31 December 2012 and SML effectively cancels the CPS held by Suncorp on 31 December 2012.
  - Assumes \$500 million of Notes were issued on 31 December 2012, net of issue transaction costs of \$10 million. The actual issue amount may be more or less than \$500 million. Assumes the Notes proceeds of \$500 million were invested in Suncorp Group's banking operations.

### 4.4 Capital management

The capital management strategy of the Suncorp Group is to optimise shareholder value by managing the level, mix and use of capital resources both at a Group level and at the regulated entity level. The main objectives are to ensure there are sufficient capital resources to maintain the business and operational requirements of the Suncorp Group, retain sufficient capital to exceed externally imposed capital requirements, and ensure the Suncorp Group's ability to continue as a going concern. The Suncorp Group's capital policy is that each regulated entity is separately capitalised to meet internal and external requirements. Additional capital to meet General Insurance and Suncorp Life target capital is also held in the NOHC, together with any surplus capital.

The Suncorp Group uses a range of instruments and methodologies to effectively manage capital including share issues, dividend policies and Tier 1 hybrid and Tier 2 subordinated note issues.

The Suncorp Group's capital policy is reviewed regularly and where appropriate, adjustments are made to internal capital targets to reflect changes in economic conditions and risk characteristics of the Suncorp Group's activities. The Suncorp Group's capital position is monitored on a continual basis.

The Suncorp Group and its insurance and banking entities are subject to, and are in compliance with, externally imposed capital requirements set and monitored by APRA, the prudential regulator of the Australian financial services industry.



For regulatory purposes, capital is classified as follows:

- Common Equity Tier 1 Capital ("**CET1**") comprises accounting equity plus adjustments for intangible assets and regulatory reserves;
- Tier 1 Capital comprises CET1 plus Additional Tier 1 Capital such as certain hybrid securities with equity like quality (such as CPS and CPS2);
- Tier 2 Capital comprises certain securities (such as the Notes) recognised as Tier 2 Capital; and
- the sum of Tier 1 Capital and Tier 2 Capital is called Total Capital.

The strongest and most loss absorbent form of capital is CET1, followed by Additional Tier 1 Capital and then followed by Tier 2 Capital.

On 1 January 2013, APRA implemented the Life and General Insurance Capital (LAGIC) and Basel III capital regulatory changes. The changes altered the prudential minimum capital requirements for Suncorp's businesses. Under LAGIC, there are new definitions and minimum levels for CET1, Tier 1 Capital and Tier 2 Capital for Suncorp Life and for General Insurance.

Under Basel III, APRA requires Australian authorised deposit-taking institutions to maintain a minimum ratio of capital to risk adjusted assets for each of CET1, Tier 1 Capital and Total Capital.

APRA may also require Australian regulated institutions including Suncorp to maintain prudential ratios above the regulatory minimum. This must not be disclosed.

Under the new regulatory regimes, APRA also requires regulated entities to maintain internal capital targets. It is the Suncorp Group's policy to set target regulatory capital levels in excess of minimum APRA requirements for Total Capital. The targets are based on:

- **General Insurance** – the Minimum Capital Requirement ("**MCR**") was the minimum level of capital that, until 31 December 2012, the regulator deemed must be held to meet policyholder obligations having regard to the risks inherent in the business. Following the implementation of LAGIC on 1 January 2013, APRA introduced the Prescribed Capital Requirement ("**PCR**") as the minimum level of capital required, comprising a Prescribed Capital Amount ("**PCA**") plus any supervisory adjustments;
- **Bank** – the capital target is a ratio representing total capital as a percentage of total risk-weighted assets referred to as the Capital Adequacy Ratio ("**CAR**"). The CET1 ratio represents CET1 as a percentage of total risk weighted assets;
- **Life** – the minimum level of capital that the regulator deemed must be held to meet policyholder obligations having regard to the risks inherent in the business. As noted above, following the implementation of LAGIC on 1 January 2013, APRA introduced the PCR as the minimum level of capital that is required. The Life business also maintains an additional buffer level of capital appropriate for the ongoing risks of its distribution network; and
- Suncorp and other Group entities – agreed capital amounts for Group holding and other company requirements.

As at 31 December 2012:

- The General Insurance capital was 1.70 times the MCR;
- The Bank's CAR was 12.52% with a CET1 ratio of 7.53%; and
- The Life business' excess capital position was \$134 million.

Following the introduction of LAGIC and Basel III capital regulatory changes on 1 January 2013:

- The General Insurance capital was 2.01 times the PCA;
- The Bank's CAR was 12.11% with a CET1 ratio of 7.39%; and
- The Life business' excess capital position increases to \$286 million.

## 4. Financial information

(continued)

### 4.5 Pro forma capital adequacy position

The following table sets out the Suncorp Group's pro forma capital adequacy position based on the Suncorp Group's financial position as at 31 December 2012, prior to the implementation of Basel III and LAGIC. The position is compared to the internal capital targets incorporating the adjustments detailed below.

	GENERAL INSURANCE	BANK	LIFE	SUNCORP, CORPORATE SERVICES & CONSOLIDATION	SUNCORP GROUP TOTAL	PRO FORMA ADJUSTMENTS	PRO FORMA SUNCORP GROUP TOTAL	NOTES
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Tier 1 capital	3,012	3,286	2,054	1,173	9,525	(745)	8,780	1, 2, 3
Tier 2 capital	766	799	–	(397)	1,168	500	1,668	3
<b>Total capital base</b>	<b>3,778</b>	<b>4,085</b>	<b>2,054</b>	<b>776</b>	<b>10,693</b>	<b>(245)</b>	<b>10,448</b>	
Represented by:								
Capital in Australian regulated entities	3,400	4,058	1,694	–	9,152	(245)	8,907	
Capital in New Zealand regulated entities	389	–	323	–	712		712	
Capital in unregulated entities	(11)	27	37	776	829	–	829	
<b>Target capital base</b>	<b>3,214</b>	<b>4,054</b>	<b>1,920</b>	<b>232</b>	<b>9,420</b>	<b>–</b>	<b>9,420</b>	

- Notes:
- The Suncorp Group's interim dividend on Ordinary Shares, paid on 2 April 2013, are not included in the pro forma adjustments as the \$322 million dividend accrual has been deducted from Tier 1 Capital at 31 December 2012 in accordance with APRA prudential standards in place at that time.
  - Assumes \$735 million CPS issued by SML, due to convert into Ordinary Shares on 14 June 2013, are repurchased for cash and cancelled, on 31 December 2012.
  - Assumes \$500 million of Notes were issued on 31 December 2012. Issue transaction costs of \$10 million are classified as a Tier 1 Capital deduction. The actual issue amount may be more or less than \$500 million.

The pro forma capital adequacy position based on the estimated post-Basel III and LAGIC position is set out below.

	GENERAL INSURANCE	BANK <sup>1</sup>	LIFE	SUNCORP, CORPORATE SERVICES & CONSOLIDATION	SUNCORP GROUP TOTAL	PRO FORMA ADJUSTMENTS	PRO FORMA SUNCORP GROUP TOTAL	NOTES
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
CET1	3,528	2,444	785	361	7,118	(332)	6,786	1, 3
Additional Tier 1 Capital	–	1,139	–	110	1,249	(659)	590	2
Tier 1 capital	3,528	3,583	785	471	8,367	(991)	7,376	
Tier 2 capital	643	401	–	–	1,044	500	1,544	3
<b>Total capital base</b>	<b>4,171</b>	<b>3,984</b>	<b>785</b>	<b>471</b>	<b>9,411</b>	<b>(491)</b>	<b>8,920</b>	
Represented by:								
Capital in Australian regulated entities	3,742	3,959	525	–	8,223	(491)	7,732	
Capital in New Zealand regulated entities	388	–	134	–	522		522	
Capital in unregulated entities	41	28	126	471	666	–	666	
<b>Target capital base</b>	<b>3,007</b>	<b>4,085</b>	<b>499</b>	<b>167</b>	<b>7,758</b>	<b>–</b>	<b>7,758</b>	

- Notes:
- Under Basel III/LAGIC rules, dividends are no longer an automatic capital deduction. The Suncorp Group's interim dividend on Ordinary Shares of \$322 million, declared on 20 February 2013 and paid on 2 April 2013, has therefore been included as an additional pro forma adjustment to CET1 capital, to reflect a more accurate pro forma capital position following the completion of the issue of Notes and ultimate cancellation of CPS.
  - Assumes \$735 million CPS issued by SML, due to convert into Ordinary Shares on 14 June 2013, are repurchased for cash and cancelled, on 31 December 2012, net of \$76 million regulatory transitional arrangements.
  - Assumes \$500 million of Notes were issued on 31 December 2012. Issue transaction costs of \$10 million are classified as a CET1 deduction. The actual issue amount may be more or less than \$500 million.
  - The bank's capital base falls slightly under Basel III, however the deficit capital to target of \$101 million remains comfortably within the Board approved tolerance range.

Both the total capital base and the target capital base decline under the new methodologies, primarily as a result of changes in the basis of calculation in Suncorp Life. However the Suncorp Group's capital targets continue to be set above regulatory minimums and the total capital base is estimated to continue to exceed these targets.



## 5. Investment risks

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

# 5. Investment risks

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. There is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

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

## 5.1 Risks associated with investing in Notes

### 5.1.1 NOTES ARE UNSECURED, SUBORDINATED OBLIGATIONS

Notes are unsecured, subordinated obligations of Suncorp.

Notes are not deposit liabilities or a protected account of Suncorp or any other member of the Suncorp Group for the purposes of the Banking Act and the payment of Interest and Face Value is not guaranteed by Suncorp Bank or any other member of the Suncorp Group. Notes are not guaranteed by the Australian Government.

On a winding up of Suncorp, Notes rank for payment behind Unsubordinated Creditors.

On a winding up of Suncorp, Holders will lose the money invested in Notes, and any Interest due and unpaid at that time, if there are insufficient assets to satisfy Unsubordinated Creditors.

As the claim of Holders is only against Suncorp, it is only recoverable out of the assets of Suncorp, being predominantly Suncorp's investments in its subsidiary companies (which include Suncorp Bank and its general insurance and life insurance subsidiaries). Accordingly, any liabilities of these subsidiaries will most likely rank ahead of any Holders' claim in relation to the ability to recover claims from the assets of those subsidiaries.

Holders have no claim whatsoever on any other member of the Suncorp Group for payment of any amount in respect of Notes. Notes are unsecured.

### 5.1.2 ALL PAYMENTS ON THE NOTES ARE SUBJECT TO THE SOLVENCY CONDITION BEING SATISFIED

All of Suncorp's obligations to make payments in respect of the Notes are subject to the Solvency Condition being satisfied.

If the Solvency Condition is not satisfied, that is, if Suncorp is not able to pay its debts as they become due and payable, or Suncorp's assets do not exceed its liabilities at the time the payment is due or immediately after making the payment, no payment will be made. Suncorp's failure to pay will not be an Event of Default and any unpaid amount will accrue interest until it is paid and will be payable on the first Business Day on which Suncorp meets

the Solvency Condition. However, if a Non-Viability Trigger Event does occur, all of Suncorp's obligations to make payments in respect of the Notes will cease and Holders will have no rights to recover any unpaid amounts.

### 5.1.3 MARKET PRICE OF NOTES

The market price of Notes may fluctuate due to various factors, including investor perceptions, Australian and worldwide economic conditions, interest rates, movements in foreign exchange rates, movements in the market price of Ordinary Shares or senior or subordinated debt, and factors that may affect Suncorp's financial performance and position. Notes may trade at a market price below the Face Value.

There is a risk that one or more of these factors may cause the market value of the Notes to decline and trade at a market price below their Face Value. The market price of Notes may be more sensitive to changes in interest rates and credit spreads than the price of Ordinary Shares or comparable securities issued by Suncorp or other entities.

As a result, Holders who wish to sell their Notes before the Maturity Date may incur loss if the Notes trade at a market price below the amount at which the Notes were acquired. Suncorp does not guarantee the market price of Notes. Unlike Ordinary Shares, Notes do not provide a material exposure to growth in the Group's business.

#### 5.1.4 LIQUIDITY

Although Suncorp intends to have the Notes quoted on ASX, there is no guarantee that a liquid market will develop for Notes. The market for Notes 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 Notes is likely to fluctuate and, if Holders wish to sell or otherwise transfer their Notes, they may be unable to do so at a price acceptable to them, or at all, if insufficient liquidity exists in the market for Notes.

#### 5.1.5 CHANGES IN INTEREST RATE

The Interest Rate is calculated for each Interest Period by reference to the Bank Bill Rate, which is influenced by a number of factors and varies over time. The Interest Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate – see Section 2.2.

As the Interest Rate fluctuates, there is a risk that it may become less attractive when compared to the rates of return available on comparable securities issued by Suncorp or other entities.

#### 5.1.6 SUNCORP MAY REDEEM NOTES EARLY UNDER CERTAIN CIRCUMSTANCES

Suncorp may (subject to APRA's prior written approval) elect to redeem:

- some or all of the Notes on 22 November 2018 or any subsequent Interest Payment Date; or
- all (but not some) of the Notes upon the occurrence of a Tax Event or a Regulatory Event.

Notes will be redeemed at their Face Value of \$100 per Note (plus any accrued and unpaid Interest on the Note). There is a risk that the amount received on redemption may be less than the current market value of Notes or the timing of such redemption may not accord with a Holder's individual financial circumstances or tax position.

#### 5.1.7 NO RIGHTS FOR HOLDERS TO REQUEST OR REQUIRE REDEMPTION OR ACCELERATE REPAYMENT

Holders have no right to request or require redemption or accelerate repayment of their Notes prior to the Maturity Date. Therefore, prior to the Maturity Date, unless Suncorp elects to redeem the Notes (subject to APRA's approval) at the price obtained on the ASX, Holders can only realise their investment in Notes by a sale on ASX. There is a risk that the sale price on ASX will be less than the Face Value of Notes. Brokerage fees may also be payable if Notes are sold through a broker.

#### 5.1.8 RESTRICTION ON HOLDER RIGHTS

Enforcement of Holders' rights requires the taking of action by the Trustee as directed by a majority of Holders (by Ordinary Resolution or Special Resolution, as provided in the Trust Deed and subject to the other conditions in the Trust Deed). A Holder has no direct right of claim against Suncorp in respect of Notes except in limited circumstances as provided in the Trust Deed (which includes the Conditions).

#### 5.1.9 CONVERSION ON ACCOUNT OF A NON-VIABILITY TRIGGER EVENT

If a Non-Viability Trigger Event occurs, Suncorp must immediately determine to Convert some or all of the Notes into Ordinary Shares in accordance with APRA's determination. This could be at any time. Accordingly, any such 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 and may not coincide with their individual preference in terms of timing.

##### Non-Viability Trigger Event

A Non-Viability Trigger Event occurs if APRA provides a written determination to Suncorp that the conversion or write off of Relevant Capital Instruments in accordance with their terms or by operation of law is necessary because either:

- without the conversion or write off; or
- without a public sector injection of capital into, or equivalent capital support with respect to, Suncorp,

APRA considers that Suncorp would become non-viable.

APRA has indicated that at this time it will not provide 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-viable may not necessarily be confined to solvency or capital measures and APRA's position on these matters may change over time. 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.



## 5. Investment risks

(continued)

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.

If Suncorp is required to convert only an amount of Relevant Capital Instruments, Suncorp will determine the amount of Notes which will Convert and other Relevant Capital Instruments which will convert or be written off as follows:

- first, Suncorp will convert or write off all Relevant Tier 1 Capital Instruments before Conversion of the Notes;
- second, if conversion or write off of Relevant Tier 1 Capital Instruments is less than the amount sufficient to satisfy APRA that Suncorp would not become non-viable, Suncorp will Convert the Notes and convert or write off other Relevant Tier 2 Capital Instruments in an aggregate amount which when added to the amount of Relevant Tier 1 Capital Instruments converted or written off will satisfy APRA that Suncorp would not become non-viable.

However, Suncorp has no obligation to have or maintain on issue Relevant Tier 1 Capital Instruments which are liable to be converted or written off ahead of Notes and gives no assurance that there will be any such instruments on issue at any time.

Further, in Converting Notes or converting or writing off other Relevant Capital Instruments, Suncorp will endeavour to treat Holders and holders of other Relevant Tier 2 instruments on an approximately proportionate basis, Suncorp may discriminate to take account of the effect on marketable

parcels of Notes and other logistical considerations. Accordingly, should a Non-Viability Trigger Event occur and only some Notes must be Converted not all Holders may have their Notes Converted into Ordinary Shares.

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

If a Non-Viability Trigger Event occurs:

- Suncorp must immediately Convert some or all of the Notes on issue (as required) into the Conversion Number of Ordinary Shares;
- From the date the Non-Viability Trigger Event occurs, Suncorp will recognise Holders as having been issued the Conversion Number of Ordinary Shares. Suncorp expects any ASX trades in Notes that have not settled on the date a Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+3 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 Notes have been Converted as a result of the occurrence of the Non-Viability Trigger Event;
- Alternatively, Suncorp may immediately seek a trading halt to prevent further trading in Notes on ASX, and if ASX permits, may refuse to register transfers of Notes that have not settled – this may result in disruption or failures in trading or dealings in Notes (which may cause a Holder to suffer loss);
- Suncorp may make such decisions with respect to the identity of Holders as at the Non-Viability Conversion Date as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time;

- Holders will not receive prior notice of the Conversion or have any rights to vote in respect of any Conversion; and
- the Ordinary Shares issued on Conversion following a Non-Viability Trigger Event may not be quoted at the time of issue, or at all.

### **Conversion following a Non-Viability Trigger Event**

The number of Ordinary Shares that 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 Ordinary Shares that are worth significantly less than the Face Value of the Notes 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 the Face Value;
- the number of Ordinary Shares is calculated by reference to the price of Ordinary Shares in the five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Conversion Date which may differ from the Ordinary Share price on or after that date. The Ordinary Shares may not be listed. They may not have been listed for some period of time, for example, if Suncorp is acquired by another entity and delisted (see Section 5.1.18). The Ordinary Shares may not be able to be sold at prices representing their value based on the VWAP. In particular, VWAP prices will be based wholly or partly on trading days which occurred before the Non-Viability Trigger Event; and

- as noted in Section 2.4, the Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification, or pro rata bonus issues, 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 Conditions 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.

#### **Inability Event**

If, following a Non-Viability Trigger Event, Suncorp is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of Suncorp) or by any other reason from Converting Notes (within five Business Days after the Non-Viability Conversion Date) which would otherwise be Converted (an “**Inability Event**”), Notes will not be Converted, but instead, the rights of the Holder (including to the payment of Interest and Face Value) in relation to such Notes will be immediately and irrevocably written off and terminated and Holders will suffer loss as a result.

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 Notes may change and the change may be adverse to the interests of Holders.

#### **Consequences of holding Ordinary Shares**

Ordinary Shares are a different type of investment to Notes. Dividends are payable at the absolute discretion of Suncorp and the amount of each dividend is discretionary (not subject to a formula). In a winding up, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of Suncorp. The market price of Ordinary Shares may be more sensitive than that of Notes to changes in Suncorp’s performance, operational issues and other business issues.

#### **5.1.10 SUNCORP MAY FAIL TO PAY FACE VALUE, INTEREST OR OTHER AMOUNTS**

There is a risk that Suncorp may defer or default on payment of some or all of the Face Value, Interest or other amounts payable on the Notes. If Suncorp does not pay some or all of the Face Value, Interest or other amounts payable on the Notes, Holders may lose some or all of the money invested in Notes.

The remedies of the Holders in the event of non-payment are limited. Failure to pay because the Solvency Condition is not satisfied is not an Event of Default.

If an amount is not paid when the Solvency Condition is satisfied, that is an Event of Default and the Trustee may institute proceedings:

- to have Suncorp wound up;
- for the recovery of the amount then due and payable but unpaid (subject to Suncorp being able to make the payment and remain able to pay its debts as they fall due); or
- to obtain an order for specific performance of any other obligation in respect of the Notes.

The Trustee and Holders are not entitled to accelerate payment on account of such non-payment or other breach by Suncorp of its obligations.

There is a risk that the entire amount owed may not be recovered even if the Trustee institutes proceedings

against Suncorp. Further, although the Conditions may specify certain remedies (for example, seeking an order for the winding up of Suncorp), the grant of those remedies may be in the discretion of the court, and as such may not be granted.

#### **5.1.11 FUTURE ISSUES OR REDEMPTIONS OF SECURITIES BY SUNCORP**

Notes do not in any way restrict Suncorp from issuing further securities or from incurring further indebtedness. Suncorp’s obligations under Notes rank subordinate and junior in a winding up to Suncorp’s obligations to holders of senior ranking securities and instruments, and all Unsubordinated Creditors. Accordingly, Suncorp’s obligations under Notes will not be satisfied unless it can satisfy in full all of its other obligations ranking senior to Notes.

Suncorp may in the future issue securities that:

- rank for payments of principal or interest (including on the winding up of Suncorp) equal with, behind or ahead of Notes;
- have the same or different maturities as Notes;
- have the same or different dividend, interest or distribution rates as those for Notes; and
- have the same or different terms and conditions as Notes.

Suncorp may incur further indebtedness and may issue further securities including further Tier 2 Capital securities before, during or after the issue of Notes.

An investment in Notes carries no right to participate in any future issue of securities (whether equity, Tier 2 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 Notes or the likelihood of Suncorp making payments on Notes.



## 5. Investment risks

(continued)

Similarly, Notes do not restrict any member of the Suncorp Group from redeeming, buying back or undertaking a reduction of capital or otherwise repaying its other securities (whether existing securities or those that may be issued in the future). Additionally, Suncorp may redeem Notes on the occurrence of a Tax Event or a Regulatory Event or on 22 November 2018 or any subsequent Interest Payment Date.

An investment in Notes carries no right to be redeemed or otherwise repaid at the same time as Suncorp redeems, or otherwise repays, holders of other securities (whether equity, Tier 2 Capital, subordinated or senior debt or otherwise).

### 5.1.12 EXPOSURE TO THE GROUP'S FINANCIAL PERFORMANCE AND POSITION

If the Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Notes could decline in value. Accordingly, when you evaluate whether to invest in Notes you should carefully evaluate the investment risks associated with an investment in Suncorp – see Section 5.2.

### 5.1.13 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. Such changes could adversely affect the market price, liquidity and performance of Notes.

### 5.1.14 REGULATORY CLASSIFICATION AND PRUDENTIAL SUPERVISION

Notes are eligible Tier 2 Capital which qualifies as regulatory capital within the Suncorp Group for APRA purposes.

However, in certain circumstances, if APRA subsequently determines that some or all Notes do not qualify as Tier 2 Capital, Suncorp may decide that a Regulatory Event has occurred. Suncorp may then elect, at its option to redeem all (but not some) Notes on issue (subject to APRA's prior written approval where required).

Any such redemption 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 Notes (such as Interest) is unknown.

As a prudentially regulated entity Suncorp is subject to the requirements of, among other things the *Insurance Act 1973* (Cth) and prudential standards set by APRA. The *Insurance Act 1973* (Cth) includes certain powers which APRA may exercise in a manner that may be adverse to Holders, including powers to direct Suncorp not to pay or transfer any amount to any person or to conduct its business in a particular way.

### 5.1.15 AUSTRALIAN TAX CONSEQUENCES

A general outline of the tax consequences of investing in Notes for certain potential investors who are Australian residents for tax purposes is set out in the Australian taxation summary in Section 8. 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 a change is made in Australian law (including any announced prospective change) on or after the Issue Date (and which Suncorp did not expect on the Issue Date) and that change leads to a more than insubstantial risk that:

- Suncorp will be liable to pay additional amounts of withholding or tax deductions;
- any Interest payable in respect of the Notes will not be deductible to a material extent; or
- Suncorp would be exposed to an increase in costs in relation to Notes,

Suncorp may elect to redeem all (but not some) of the Notes (subject to APRA's prior written approval) – see Section 2.3.

### 5.1.16 VARIATION OF CONDITIONS

Suncorp may in certain circumstances, subject to the Conditions and complying with the Corporations Act and all applicable laws, vary the Conditions without the approval of Holders. The circumstances include where the variation is not materially prejudicial to the interests of Holders. Suncorp may also vary the Conditions if the variation has been approved by the Holders by a Special Resolution and by the Trustee. Variations under these powers are binding on all Holders despite the fact that a Holder may not agree with the variation.

APRA's prior written approval to vary the Conditions is required where the variation may affect the eligibility of Notes as Tier 2 Capital.

#### **5.1.17 HOLDERS MAY BE SUBJECT TO FATCA WITHHOLDING AND INFORMATION REPORTING**

It is possible that, in order to comply with FATCA, Suncorp (or if Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the United States Internal Revenue Service (“IRS”) or under applicable law) to request certain information from Holders or beneficial owners of Notes, which information may be provided to the IRS, and to withhold US tax on some portion of payments made after 31 December 2016 with respect to Notes if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). If Suncorp or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of Notes, Holders and beneficial owners of Notes will not be entitled to receive any gross up or additional amounts to compensate them for such withholding. This description is based on guidance issued to date by the IRS, including recently finalised regulations. Future guidance may affect the application of FATCA to Notes, including but not limited to, the proposed Intergovernmental Agreement (“IGA”) between Australia and the United States.

#### **5.1.18 SHAREHOLDING LIMITS**

The *Financial Sector (Shareholdings) Act 1998* (Cth) restricts ownership by people (together with their associates) of banks, life insurers, general insurers and their holding companies, which includes Suncorp, to a 15% stake. A shareholder may apply to the Australian Treasurer to extend their ownership beyond 15%, but approval will not be granted unless the Treasurer is

satisfied that a holding by that person of greater than 15% 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 law also 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 Notes (taking into account any Ordinary Shares into which they may Convert), Holders do not breach any applicable restrictions on ownership.

#### **5.1.19 NO RIGHTS IF CONTROL OF SUNCORP IS ACQUIRED**

If a person or persons acquire control of Suncorp the Conditions do not provide any right or remedy for the Holders on account of that acquisition occurring. Further, the acquisition of Suncorp may result in Suncorp’s Ordinary Shares no longer being quoted on ASX. If after that has occurred a Non-Viability Trigger Event occurs, the number of Ordinary Shares issued on Conversion will reflect the VWAP for the period of 5 Business Days on which the Ordinary Shares were last traded on ASX. This may be well before the Non-Viability Trigger Event and accordingly the value of the Conversion Number of Ordinary Shares when issued may be very different from the value based on that VWAP. This may adversely affect the position of Holders.

## **5.2 Risks associated with Suncorp and the Suncorp Group**

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

### **5.2.1 REGULATORY AND COMPLIANCE RISK**

The Group is subject to extensive laws and regulations in the jurisdictions in which it operates, including Australia and New Zealand and is licensed to operate in the various countries, states and territories in which it operates. The Group is also supervised by a number of different regulatory authorities which have broad administrative powers over its businesses. In Australia and New Zealand, the relevant regulatory authorities include APRA, RBA, RBNZ, ASIC, ASX, ACCC and AUSTRAC. In particular, the Group is subject to prudential supervision by APRA and is required, amongst other things, to meet capital requirements prescribed by APRA.

The Group is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which it operates, as well as meeting the Group’s ethical standards.

If the Group fails to comply with applicable laws and regulations, it may be subject to fines, penalties, restrictions on its ability to do business, or loss of licence to conduct business. An example of the broad administrative power available to regulatory authorities is the power available to APRA in certain circumstances to investigate the Group’s affairs and/or issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions).

## 5. Investment risks

(continued)

Any such fines, penalties, restrictions or loss of licence could adversely affect the Group's businesses, financial performance, financial condition and prospects.

Regulation is becoming increasingly more extensive and complex. As with other financial services providers, the Group continues to face increased supervision and regulation in the jurisdictions in which it operates, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. For example:

- In December 2010 the Basel Committee on Banking Supervision announced a revised global regulatory capital framework, known as Basel III. Basel III will, among other things, increase the required quality and quantity of capital held by banks and introduces new minimum standards for the management of liquidity risk. APRA has announced that it supports the Basel III framework and released final prudential standards for Australian authorised deposit-taking institutions on 28 September 2012. The Basel III framework came into effect on 1 January 2013, subject to various transitional arrangements.
- The Commonwealth Treasury has recently announced a consultation on a series of reform proposals directed at strengthening APRA's crisis management powers. While at the early stages of consultation, if implemented, these proposals could impact substantially on the regulatory framework applying to the Group and its shareholders, including Holders, particularly in circumstances where Suncorp is financially distressed.

- As at the date of this Prospectus, APRA is also in the process of developing standards for conglomerate groups with a proposed implementation of January 2014. APRA has recently issued draft standards in relation to governance and risk exposures for consultation. When implemented, APRA may require changes to the Group's capital.

There are a number of other areas of potential regulatory change that could impact the Group including changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration, privacy, consumer protection and competition legislation and bribery and anti-money laundering laws. In addition, further changes may occur driven by policy, prudential or political factors.

Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of the jurisdictions in which the Group operates and, in addition, such changes may be inconsistently introduced across jurisdictions.

Changes may also occur in the oversight approach of regulators. It is possible that governments in jurisdictions in which the Group conducts business or obtains funding might revise their application of existing regulatory policies that apply to, or impact, Suncorp's business, including for reasons relating to national interest and/or systemic stability.

The nature, timing and impact of future regulatory changes are not predictable and are beyond the Group's control. Regulatory compliance and the management of regulatory change is an increasingly important part of the Group's strategic planning. Regulatory change may also impact the Group's

operations by requiring it to have increased levels of liquidity and higher levels, and better quality, of capital as well as place restrictions on the businesses the Group conducts or require the Group to alter its product and service offerings. If regulatory change has any such effect, it could adversely affect one or more of the Group's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of the Group's business lines. Any such costs or restrictions could adversely affect the Group's businesses, financial performance, financial condition and prospects.

### 5.2.2 DEPENDENCE ON THE AUSTRALIAN AND NEW ZEALAND ECONOMIES

As the Group currently conducts the majority of its business in Australia and New Zealand, its performance is influenced by the level and cyclical nature of business activity in Australia and New Zealand, which is, in turn, impacted by both domestic and international economic and political events. There can be no assurance that a weakening in the Australian and/or New Zealand economies, and/or that a weakening in the economic and business conditions of other countries, will not have an adverse effect on the Group's financial condition and on the results of its operations.

Adverse changes to the economic and business conditions in Australia, New Zealand and of other economies such as China, India, Japan, members of the European Union and the United States, could also negatively impact the Australian and New Zealand economies, the Group's customers and the Group's investments. This could result in reduced demand for the Group's products and services and/or impact the Group's investment returns, which could affect the Group's businesses, financial performance, financial condition and prospects.

### **5.2.3 RISK OF A MAJOR SYSTEMIC SHOCK TO THE AUSTRALIAN, NEW ZEALAND OR OTHER FINANCIAL SYSTEMS**

There is a risk that a major systemic shock, similar to that experienced in recent years in Europe, could occur that causes an adverse impact on the Australian and New Zealand financial systems.

As outlined above, the financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. Recently there has been an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Euro-zone. There can be no assurance that the market disruptions in the Euro-zone, including the increased cost of funding for certain Euro-zone governments, will not spread, nor can there be any assurance that future assistance packages will be available or sufficiently robust to address any further market contagion in the Euro-zone or elsewhere.

Any such market and economic disruptions could have an adverse effect on financial institutions such as the Suncorp Group because consumer and business confidence may decrease, unemployment may rise and demand for the products and services the Group provides may decline, thereby reducing the Group's earnings. These conditions may also affect the ability of its borrowers to repay their loans, or the Group's counterparties to meet their obligations, causing it to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity and impairing the Group's access to funding and impairing its customers and counterparties and their businesses.

The nature and consequences of any such event are difficult to predict and there can be no guarantee that the Group could respond effectively to any such event. If the Group were not to respond effectively, the Group's businesses, financial performance, financial condition and prospects could be adversely affected.

### **5.2.4 COMPETITIVE ENVIRONMENT**

The financial services industry is highly competitive and, as a result, the Group faces intense competition in all aspects of its business. The Group's banking business competes, both domestically and internationally, with retail and commercial banks, while the Group's general insurance and life 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 the Group is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also divert business to the Group's competitors or create pressure to lower margins.

The Group is also dependent on its ability to offer products and services that match evolving customer preferences, habits and sentiment. If the Group is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences, habits and sentiment, the Group may lose customers to its competitors. This could adversely affect the Group's businesses, financial performance, 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, and greater efficiency and enhanced pricing power. As a result, the Group could lose market share or be forced to reduce prices in order to compete effectively, particularly if industry participants engage in aggressive growth strategies or severe price discounting.

### **5.2.5 REPUTATIONAL DAMAGE**

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

There are various potential sources of reputational damage including potential conflicts of interest, pricing policies, failing to comply with legal and regulatory requirements (including without limitation, money laundering laws, trade sanctions legislation or privacy laws), ethical issues, litigation, 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. The Group's reputation could also 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 also give rise to additional legal risks, subject the Group to regulatory enforcement actions, fines and penalties and could lead to loss of business which could adversely affect the Group's financial performance, financial condition and prospects.



## 5. Investment risks

### (continued)

#### 5.2.6 CATASTROPHES

Through its general insurance businesses, the Group deals with claims arising from catastrophic events predominantly in the Australia and New Zealand regions including, but not limited to, cyclones, earthquakes, tsunami, wind, hail, fires, floods, volcanic activity and bushfires, in addition to man-made disasters. The Group also provides limited cover in other geographies and considers these to be immaterial. It is not possible to predict the timing or severity of catastrophes. The extent of insured losses from catastrophes is determined by the total amount of insured exposure in the area affected by the event and the severity of the event. While the Group manages its exposure to catastrophes through the purchase of catastrophe reinsurance based on a set of model assumptions, the Group cannot be assured that such coverage will be adequate or will continue to be available at acceptable levels or at all and, if that reinsurance is inadequate, that could adversely affect the Group's businesses, financial performance, financial condition and prospects.

#### 5.2.7 REINSURANCE

The Group enters into a number of reinsurance arrangements. These arrangements allow the Group 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 the Group's exposure to reported and unreported losses in exchange for a premium. The availability, amount and cost of reinsurance capacity depend on prevailing market conditions, and may vary significantly. Catastrophes both in Australia and New Zealand, in 2010 and 2011 as well as globally, have led to increases in reinsurance rates, and changes in terms and availability.

From time to time, market conditions have limited, and in some cases prevented, insurers from obtaining

the types and amounts of reinsurance that they consider adequate for their business needs. Accordingly, the Group may not be able to obtain desired amounts of reinsurance at prices acceptable to it or at all. In addition, even if the Group is able to obtain such reinsurance, it may not be able to negotiate terms that it deems appropriate or acceptable or 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. Whilst modelling is utilised to assist with determining adequate coverage there can be no assurance that the Group'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.

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

#### 5.2.8 ESTIMATION OF CLAIMS PROVISIONS

The Group's provisions for insurance liabilities may prove to be inadequate to cover its ultimate liability under policies written by its insurance subsidiaries. Within its general insurance business, the Group maintains provisions for outstanding claims and unearned premiums to cover the estimated ultimate liability for claims including claims handling expenses, and within its life insurance

subsidiary provisions for future policy benefits and maintenance expenses. Although the Group seeks to maintain outstanding claims provisions in its general insurance subsidiaries at a probability of adequacy of approximately 90%, the estimation of claims provisions does not represent an exact calculation of liability, but rather a best estimate. These 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. Actual future events and conditions may result in the current estimates of claims costs being inadequate. Moreover, additional costs of claims, including claims inflation and costs arising from changes in the legal environment, the type or magnitude of which management cannot foresee, may emerge in the future. Insufficient provisions for insurance liabilities could adversely affect the Group's businesses, financial performance, liquidity, capital resources and financial condition.

#### 5.2.9 CREDIT RISK ASSOCIATED WITH THE GROUP'S LENDING ACTIVITIES INCLUDING THE NON-CORE BANKING PORTFOLIO AND IMPLICATIONS

Credit risk is a significant risk and arises primarily from the Group'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 the Group, including the repayment of loans and interest.

One of the areas of credit risk is in the Group's non-core banking portfolio, which was formed in 2009, as a result of a strategic review of its Banking operations. The Bank's former corporate banking, property investment and development finance divisions were placed into an \$18 billion lending portfolio and the Bank embarked on an orderly run-off strategy to maximise shareholder value. The portfolio is closed to new business and is now in advanced stages of run-off with

outstanding balances of \$3.4 billion at 31 December 2012, including an impaired portfolio of \$1.6 billion as at 31 December 2012. The orderly run-off strategy to maximise shareholder value continues to be executed. As a run-off portfolio, the non-core banking portfolio's performance is not directly comparable to the core bank portfolio nor portfolios of other institutions that remain open to new business.

Credit risk also arises from certain derivative contracts the Group 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.

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

As at 31 December 2012, the Group held specific provisions to cover bad and doubtful debts. Deterioration in economic conditions, inadequate provisioning or a significant breakdown in credit disciplines, could diminish available capital and could adversely affect the Group's businesses, financial performance, liquidity, capital resources and financial condition.

#### **5.2.10 DECLINES IN ASSET MARKETS INCLUDING POTENTIAL IMPLICATIONS FOR THE NON-CORE BANKING PORTFOLIO**

The Group'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 also impact customers and counterparties and the value of security the Group holds against loans and derivatives which may impact the Group'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 the businesses of the Group. Overall, the property market has been variable and in some locations there have been substantially reduced asset values. Declining property valuations in Australia or other markets where it does business could decrease the amount of new lending the Group is able to write and/or increase the losses that the Group may experience from existing loans.

For example, a significant decrease in Australian housing market demand or property valuations, or a significant slowdown in housing, commercial or strata title property markets could adversely impact the Group's home lending activities because the ability of its borrowers to repay their loans may be affected, causing the Group to incur higher credit losses, or the demand for its home lending products may decline, and this could adversely affect the Group's businesses, financial performance, capital resources, financial condition and prospects.

The Group's non-core banking portfolio (see Section 3.4.2) has specific exposure to corporate lending and development finance, including land and commercial property investment. Ongoing volatility in these sectors could impact the customers' ability to repay or refinance their exposures and ultimately may impact the Group's ability to recover amounts owing to it if the customers or counterparties were to default.

#### **5.2.11 FUNDING AND LIQUIDITY RISK**

Banks and other financial institutions (including the Suncorp Group) are currently subject to global credit and capital market conditions which have experienced extreme volatility, disruption and decreased liquidity over the last four to five years.

While there have been periods of stability in these markets, the environment has become more volatile and unpredictable. There has been a particular focus on the potential for sovereign debt defaults and/or banking failures in Europe. The vulnerable nature of several sovereign nations has resulted in a tightening of credit markets and wholesale funding conditions. This is discussed further in Section 5.2.3.

If market conditions deteriorate due to economic, financial, political or other reasons, the Group's funding costs may be adversely affected and its liquidity and its funding of lending activities may be constrained.

If the Group'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, the Group'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 the Group's businesses, liquidity, capital resources, financial performance and financial condition. There is no assurance that the Group will be able to obtain adequate funding at acceptable prices or at all.

## 5. Investment risks

(continued)

### 5.2.12 CREDIT RATINGS

Credit ratings are opinions on the Group's creditworthiness. The Group'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 the Group and its subsidiaries by rating agencies are based on an evaluation of a number of factors, including financial strength, support from members of the Suncorp Group 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 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 the Group's cost of funds and related margins, competitive position and its access to capital and funding markets, which, in turn, could adversely affect the Group's businesses, financial performance, capital resources, financial condition and prospects. The extent and nature of these impacts would 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 also impact the Group's peers or the general insurance, banking or life insurance sectors.

### 5.2.13 MARKET RISK

The Group 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. In the Group's financial markets trading business, it is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and credit prices. In the Group's asset and liability management of its balance sheet, it is exposed to losses arising from adverse movements in levels and volatility of interest rates. If the Group was to suffer substantial losses due to any market volatility, it could adversely affect the Group's businesses, financial performance, liquidity, capital resources and financial condition.

### 5.2.14 INVESTMENT PERFORMANCE

The Group has a significant investment portfolio supporting liabilities arising from its general insurance and life businesses.

The Group's investment portfolio consists of:

- shareholder assets backing insurance liabilities e.g. General Insurance technical funds which support outstanding claims and unearned premiums and investment portfolios backing risk and annuity products for the Life Insurance business;
- other shareholder assets e.g. the General Insurance and Life Insurance shareholder funds;
- assets backing participating policies for the Life Insurance business; and
- assets backing unit-linked policies for the Life Insurance business.

The investment portfolio is managed in accordance with the Group's risk appetite, investment policy and investment approach. The Group's investment approach for other shareholder assets is to invest in a range of assets including international and Australian equities and fixed income portfolios. The Group's investment approach for shareholder assets backing insurance liabilities is to mostly invest in high quality fixed income portfolios. The Group 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, i.e. 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; and
- liquidity risk, including that assets cannot be sold without a significant impairment in value.

Such risks can be heightened during periods of high volatility, market disruption and periods of sustained low interest rates, such as those that occurred during the global financial crisis and could adversely affect the Group's businesses, financial performance, capital resources and financial condition.



### 5.2.15 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. As a financial services organisation the Group is exposed to a variety of operational risks such as fraud and other dishonest activities, management practices, workplace safety, project and change management, compliance, business continuity and crisis management, key person risk, information and systems integrity and outsourcing.

The Group relies to a significant degree on information technology systems. Most of the Group's daily operations are computer based and its information technology systems are essential to maintaining effective communication with customers and keeping pace with the competitive environment. The Group is exposed to a number of system risks, including:

- complete or partial failure of the information technology systems;
- inadequacy of internal, partner or third party information technology systems;
- capacity of the existing systems to effectively accommodate the Group's planned growth and integrate existing and future acquisitions and alliances;
- systems integration programs not being completed within the timetable or budget; and
- compromise of information or technology arising from external or internal security threats.

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

Operational risks, including information technology, could impact on the Group's operations or adversely affect demand for its products and services and its reputation, which could adversely affect the Group's businesses, financial performance and prospects.

### 5.2.16 ACCOUNTING POLICIES

The accounting policies and methods that the Group applies are fundamental to how it records and reports its financial position and the results of its operations. Management must exercise judgement in selecting and applying many of these accounting policies and methods so that they not only comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. However, these accounting policies may be applied inaccurately, resulting in a misstatement of financial position and results of operations.

In some cases, management must select an accounting policy or method from two or more alternatives, any of which might comply with generally accepted accounting principles and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under another alternative.

### 5.2.17 STRUCTURAL SUBORDINATION

Suncorp is a holding company which owns or holds interests in a group of general insurance, banking and life insurance companies in Australia and New Zealand. In the event that a Suncorp subsidiary is wound up, the claims on Suncorp 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.

### 5.2.18 MERGERS, ACQUISITIONS AND DIVESTMENTS

The Group may engage in merger, acquisition or divestment activity which facilitates the Group's strategic direction. Whilst the Group recognises that benefits may arise from merger, acquisition or divestment activities, significant risks exist in both the execution and implementation of such activities.

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

Mergers or acquisitions may require assimilation of new operations, new personnel and may cause dissipation of the Group's management resources. Changes in ownership and management may result in impairment of relationships with employees and customers of the acquired businesses. Depending on the type of transaction, it could take a substantial period of time for the Group to realise the financial benefits of the transaction, if any. During the period immediately following this type of transaction, the Group's operating results may be adversely affected.

As a target in any future merger or acquisition activity the issues identified above may also be relevant. For a discussion of the consequences of an Acquisition Event under the Conditions – see Section 5.1.8.

## 5. Investment risks

(continued)

Where the Group decides to divest a business or asset, this may involve a loss against book value, particularly of any goodwill or other intangibles.

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

### 5.2.19 LITIGATION AND REGULATORY PROCEEDINGS

Suncorp and the Group, like all entities in the banking, insurance or finance sectors, are exposed to the risk of litigation and/or regulatory proceedings brought by or on behalf of policyholders, deposit holders, reinsurers, government agencies or other potential claimants. While there are no material legal proceedings that are current or known to be threatened against the Group, there can be no assurance that significant litigation will not arise in the future and that the outcome of legal proceedings from time to time will not have an adverse effect on the Group's businesses, financial performance, financial condition or prospects.

In addition, the Group, in the ordinary course of business, is regularly involved in legal proceedings relating to policies underwritten by entities within the Group or arising from its operations generally.

### 5.2.20 ENVIRONMENTAL RISK

The Group and its customers operate businesses and hold assets in a diverse range of geographical locations. Any significant environmental change or external event (including fire, storm, flood, earthquake or pandemic) in any of these locations has the potential to disrupt business activities, impact on the Group's operations, damage property and otherwise affect the value of assets held in the affected locations and the Group's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets, which could adversely affect the Group's businesses, financial performance, capital resources, financial condition and prospects.

### 5.2.21 FAILURE OF RISK MANAGEMENT STRATEGIES

The Group 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 liquidity risk, credit risk, market risk (including interest rate and foreign exchange 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 the Group has not anticipated or identified or controls that may not operate effectively.

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



## 6. About the Reinvestment Offer

This Section provides information on Suncorp's invitation to Eligible CPS Holders to apply to reinvest their CPS in Notes and the options available to CPS holders.

# 6. About the Reinvestment Offer

## 6.1 Overview

### 6.1.1 WHAT ARE CPS?

CPS are convertible preference shares issued by SML in 2008 (the terms of which were amended in 2010). CPS trade on ASX under the code "SBKPB".

### 6.1.2 WHAT IS THE REINVESTMENT OFFER AND AM I ELIGIBLE TO PARTICIPATE?

The Reinvestment Offer is an opportunity for Eligible CPS Holders to apply to reinvest their CPS in Notes.

Under the Reinvestment Offer, Suncorp offers to purchase some or all of the CPS of Eligible CPS Holders for \$100 per CPS on the Reinvestment Date (expected to be 22 May 2013). The proceeds of the sale of CPS will be applied to the Application Payment for Notes. This means that Eligible CPS Holders who participate in the Reinvestment Offer can apply to receive one Note for each Reinvested CPS.

To be eligible to participate, you must be:

- a registered holder of CPS on the Reinvestment Record Date (being 7:00pm (Sydney time) on 5 April 2013);
- shown on the register as having an address in Australia (or another jurisdiction to which Suncorp determines to extend the Reinvestment Offer); and
- must not be in the United States, or acting as a nominee for a person in the United States, or otherwise prevented from receiving the Reinvestment Offer of the Notes under the laws of any jurisdiction as determined by Suncorp.

### 6.1.3 WHAT IS THE PURPOSE OF THE REINVESTMENT OFFER?

Under the CPS terms, on the upcoming CPS Mandatory Conversion Date, being 14 June 2013, SML has the option to either cause CPS to be converted into Ordinary Shares or to conduct a resale of CPS to a Nominated Purchaser for \$100 per CPS. The Reinvestment Offer is an offer by Suncorp outside the CPS terms which is intended to assist Suncorp to refinance the CPS as well as offer Eligible CPS Holders the opportunity to apply to reinvest in Notes.

## 6.2 What are the options available to CPS holders?

### 6.2.1 I AM AN ELIGIBLE CPS HOLDER, WHAT ARE MY OPTIONS?

If you are an Eligible CPS Holder, you can invest in Notes through the Reinvestment Offer. To participate in the Reinvestment Offer, you can go online to complete your personalised Application Form (you will require your SRN or HIN).

Unless you apply for more Notes than the number of CPS held on the Reinvestment Record Date, you will not be required to make a separate Application Payment as the CPS sale proceeds will be applied to the Application Payment.

If you are an Eligible CPS Holder and you elect to participate in the Reinvestment Offer you will receive a Pro Rata Dividend of \$0.8272 per Reinvested CPS, subject to the dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.

If you apply to have your CPS reinvested in Notes, it is your responsibility to ensure that CPS that are to be reinvested in Notes are not disposed of. If you dispose of your CPS that are intended to be reinvested in Notes prior to the Closing Date for the Reinvestment Offer, the number of Notes that may be allocated to you will be reduced to the extent that the required number of CPS are not available on the Closing Date for the Reinvestment Offer, expected to be 10 May 2013.

Once you have submitted an application to reinvest your CPS, a holding lock will be placed on those CPS and you will not be able to successfully trade them on market. The holding lock will be released from those CPS not successfully reinvested into Notes as soon as practicable after the Issue Date.

If you wish to apply for Notes we encourage you to apply as soon as possible after the Opening Date as the Offer may close early.

OPTION	WHAT SHOULD ELIGIBLE CPS HOLDERS DO?
<p><b>Option 1</b> Apply under the Reinvestment Offer for full reinvestment of your CPS in Notes</p>	<p>If you are an Eligible CPS Holder, you may apply to reinvest all of the CPS held on the Reinvestment Record Date in Notes.</p> <p>If you hold a greater or lesser number of CPS than shown on the personalised Application Form, and you select the full reinvestment option, you will be taken to have applied for reinvestment of the lower of the number of CPS you held on the Reinvestment Record Date and the number of CPS registered in your name on the Closing Date of the Reinvestment Offer, expected to be 10 May 2013.</p> <p>You may apply electronically at <a href="http://www.suncorpgroup.com.au/notes">www.suncorpgroup.com.au/notes</a> by selecting the Reinvestment Offer option and indicating "full reinvestment" (you will require your SRN or HIN).</p>
<p><b>Option 2</b> Apply under the Reinvestment Offer for partial reinvestment of your CPS in Notes</p>	<p>If you are an Eligible CPS Holder, you may apply to have only some of the CPS you held on the Reinvestment Record Date reinvested in Notes.</p> <p>To choose this option, you must specify the number of CPS to be reinvested on the personalised Application Form.</p> <p>If you hold a lesser number of CPS than you elect to reinvest on your personalised Application Form, you will be taken to have applied for reinvestment of the lower of the number of CPS you held on the Reinvestment Record Date and the number of CPS registered in your name on the Closing Date of the Reinvestment Offer, expected to be 10 May 2013.</p> <p>You may apply electronically at <a href="http://www.suncorpgroup.com.au/notes">www.suncorpgroup.com.au/notes</a> by selecting the Reinvestment Offer option and entering the number of CPS you wish to reinvest (you will require your SRN or HIN).</p>
<p><b>Option 3</b> Apply for additional Notes</p>	<p>If you are an Eligible CPS Holder, you may also apply for more Notes than the number of CPS held on the Reinvestment Record Date.</p> <p>To choose this option, you must specify the number of additional Notes you wish to apply for on the personalised Application Form. Applications for additional Notes must be for a minimum of 50 Notes (\$5,000) and after that in multiples of 10 Notes (\$1,000).</p> <p>You are required to enclose an Application Payment for the additional Notes applied for. Application Payments must be made by cheque or BPAY® – see Section 7.5.2 for further details.</p> <p>You should apply for any additional Notes at the same time you apply to reinvest existing CPS.</p>
<p><b>Option 4</b> Sell your CPS on market</p>	<p>If you are an Eligible CPS Holder, you may choose to sell or dispose of your CPS on market (and may have to pay brokerage) at the prevailing market price, which may be more or less than \$100 (being the price you would effectively receive for each CPS if you were to participate in the Reinvestment Offer). To choose this option, you should contact your broker before the last trading day for CPS, which is expected to be 30 May 2013.</p> <p>The market price of CPS is subject to change from time to time. Up to date information about the market price of CPS can be obtained from <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX code: SBKPB).</p>
<p><b>Option 5</b> Take no action</p>	<p>If you are an Eligible CPS Holder, you are not required to participate in the Reinvestment Offer and as such are not required to take any action.</p> <p>It is expected that SML will issue a resale notice on, or before, 14 May 2013 announcing that it will conduct a resale of all remaining CPS on issue on 14 June 2013. If a resale occurs, your CPS will be sold to Suncorp (as Nominated Purchaser under the CPS terms) on 14 June 2013 and you will receive \$100 plus \$1.1029 accrued dividends as at that date, subject to the dividend payment tests under the CPS terms being met, including the directors of SML determining to pay the dividend for each CPS you held.</p>



## 6. About the Reinvestment Offer

(continued)

### 6.2.2 I AM AN ELIGIBLE CPS HOLDER AND A CLIENT OF A SYNDICATE BROKER. WHAT SHOULD I DO?

If you are an Eligible CPS Holder and are an Australian resident retail or high net worth client of a Syndicate Broker, you may apply for Notes through the Reinvestment Offer under the Broker Firm Offer.

You may apply to reinvest all or some of the CPS registered in your name on the Reinvestment Record Date in Notes. You may also choose to apply for more Notes than the number of CPS held on the Closing Date of the Reinvestment Offer, expected to be 10 May 2013.

Unless you apply for more Notes than the number of CPS held on the Closing Date of the Reinvestment Offer, expected to be 10 May 2013, you will not be required to make a separate Application Payment as the CPS sale proceeds will be applied to the Notes Application Payment.

If you are an Eligible CPS Holder and you elect to participate in the Reinvestment Offer you will receive a Pro Rata Dividend of \$0.8272 per Reinvested CPS, subject to the dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.

You should contact your Syndicate Broker for instructions on how to submit an Application Form and, if applicable, an Application Payment.

### 6.2.3 I AM AN INELIGIBLE CPS HOLDER, WHAT ARE MY OPTIONS?

If you are a CPS holder with a registered address outside Australia on the Reinvestment Record Date, then you are ineligible to participate in the Reinvestment Offer. In these circumstances, you may choose to sell CPS on market (and may have to pay brokerage) at the prevailing market price, which may be more or less than \$100. To choose this option, you should sell your CPS before the CPS Mandatory Conversion Date.

If you do not sell your CPS on market then it is expected that SML will issue a resale notice on, or before, 14 May 2013 announcing that it will conduct a resale of all remaining CPS on issue on 14 June 2013. If a resale occurs, your CPS will be sold to Suncorp (as Nominated Purchaser under the CPS terms) on 14 June 2013 and you will receive \$100 plus \$1.1029 accrued dividends as at that date, subject to dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend, for each CPS you held.

## 6.3 What are the key differences between Notes and CPS?

A comparison of the key features of Notes and CPS is set out in summary form below. These comparisons are not intended to be exhaustive.

	NOTES	CPS
<b>Issuer</b>	Suncorp	SML
<b>Legal form</b>	Unsecured subordinated debt obligation	Preference share
<b>Protection under the Australian Government Financial Claims Scheme</b>	No	No
<b>Issue price</b>	\$100 per Note	\$100 per CPS
<b>Term</b>	10.5 years	Perpetual, subject to scheduled conversion into Ordinary Shares
<b>Issuer early redemption option</b>	Yes, subject to APRA's prior written consent, on 22 November 2018 and each Interest Payment Date after that date, or if a Tax Event or Regulatory Event occurs	Yes, if a tax event, regulatory event or acquisition event occurs
<b>Margin</b>	Expected to be in the range of 2.85% to 3.10%	3.20%
<b>Interest rate/dividend rate</b>	Floating	Floating
<b>Interest/dividend payment</b>	Cumulative, unfranked	Non-cumulative, franked
<b>Interest/dividend payment dates</b>	Quarterly	Quarterly
<b>Payment deferral</b>	No, subject to the Solvency Condition	Yes (dividends are discretionary and subject to dividend payment test)

	NOTES	CPS
<b>Transferable</b>	Yes – quoted on ASX	Yes – quoted on ASX
<b>Investor's ability to withdraw or redeem</b>	No	No
<b>Ranking</b>	Senior to CPS2 and Ordinary Shares	Senior to ordinary shares
<b>Conversion into Ordinary Shares</b>	Yes, following a Non-Viability Trigger Event	Yes, following a scheduled conversion date and in certain limited circumstances

## 6.4 What are the risks associated with participating in the Reinvestment Offer?

If you are an Eligible CPS Holder and you apply under the Reinvestment Offer, you may receive an allocation of Notes. As such, you will be subject to the risks associated with an investment in Notes and in Suncorp, many of which are outside the control of Suncorp and its Directors. These risks are outlined in Section 5 and should be considered before you apply under the Reinvestment Offer.

There is a risk that you may not receive your full allocation of Notes, in which case, the balance of your CPS will not be reinvested and are expected to be resold on 14 June 2013. The risks associated with this are that:

- following the completion of the Reinvestment Offer, it is anticipated that the number of CPS available to trade on the market will decline as a result of the purchase of CPS by Suncorp under the Reinvestment Offer. This may lead to a less liquid market for the CPS that remain outstanding, which could negatively impact the ability for remaining CPS holders to sell their CPS on-market at an acceptable price, or at all; and
- if you hold both CPS and Notes, you will hold two securities with different issue terms and different risk profiles.

## 6.5 Further information about CPS and participating in the Reinvestment Offer

### 6.5.1 IF I ELECT TO PARTICIPATE IN THE REINVESTMENT OFFER, WHAT DIVIDENDS WILL I RECEIVE ON CPS?

If you are an Eligible CPS Holder and you elect for some or all of the CPS registered in your name on the Reinvestment Record Date, being 5 April 2013 to be reinvested in Notes, you will receive a Pro Rata Dividend on the Reinvested CPS subject to the dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend. This is to ensure that holders of Reinvested CPS receive dividends in respect of the period from 14 March 2013, until the Reinvestment Date.

Subject to dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend, the Pro Rata Dividend will be paid on the Reinvestment Date, expected to be 22 May 2013, for the period from (and including) 14 March 2013 to (but excluding) the Reinvestment Date. The Pro Rata Dividend is expected to be \$0.8272 per Reinvested CPS and is expected to be fully franked.

CPS holders who do not participate in the Reinvestment Offer will not receive a Pro Rata Dividend on the Reinvestment Date. However, a final franked dividend of \$1.1029 on CPS is expected to be paid on 14 June 2013, in accordance with the CPS terms.

### 6.5.2 CAN I ELECT TO REINVEST THE PRO RATA DIVIDEND IN NOTES?

No. The Pro Rata Dividend will be paid to Eligible CPS Holders in respect of their Reinvested CPS via direct credit or cheque on the Reinvestment Date, in accordance with your existing CPS payment instructions.

### 6.5.3 WILL I RECEIVE A PRIORITY ALLOCATION OF NOTES?

If you are an Eligible CPS Holder and you apply under the Reinvestment Offer, you will receive a priority allocation of Notes in relation to your Reinvested CPS over Securityholder Applicants, if there is excess demand for Notes.



## 6. About the Reinvestment Offer

(continued)

### 6.5.4 IF I WANT TO PARTICIPATE IN THE REINVESTMENT OFFER, DO I NEED TO REINVEST ALL OF MY CPS?

There is no minimum number of CPS that you must hold to be able to participate in the Reinvestment Offer.

If you are an Eligible CPS Holder and wish to participate in the Reinvestment Offer, you may apply to reinvest some or all of your CPS in Notes.

However, if you are an Eligible CPS Holder and own 50 CPS or fewer, you must apply to reinvest all your CPS in Notes if you wish to participate in the Reinvestment Offer.

If you are an Eligible CPS Holder and own more than 50 CPS, you must apply for a minimum number of 50 Notes (\$5,000).

### 6.5.5 IF MY APPLICATION FOR NOTES IS SCALED BACK, WHAT WILL HAPPEN TO THE CPS THAT ARE NOT SUCCESSFULLY REINVESTED?

Those CPS that are not successfully reinvested in Notes will be released from the holding lock as soon as practicable after the Issue Date for the Offer. Once released, you can sell your CPS on ASX at the prevailing market price subject to the liquidity of that market.

### 6.5.6 WHAT WILL HAPPEN TO ANY REMAINING CPS ON ISSUE FOLLOWING THE REINVESTMENT OFFER?

It is expected that SML will issue a resale notice on, or before, 14 May 2013 announcing that it will conduct a resale of all remaining CPS on issue on 14 June 2013. If a resale occurs, your CPS will be sold to Suncorp (as Nominated Purchaser under the CPS terms) on 14 June 2013 and you will receive \$100 plus \$1.1029 accrued dividends as at that date, subject to the dividend payment tests under the CPS terms being met, including the directors of SML determining to pay the dividend, for each CPS you held.

Following completion of the Reinvestment Offer and the expected resale of all remaining CPS, all CPS will be held by Suncorp and ultimately cancelled. No external securityholder approvals will be required to facilitate the cancellation.

### 6.5.7 WHAT DO YOU DO IF YOU HAVE SOLD SOME OF YOUR CPS BUT WISH TO APPLY FOR NOTES?

If you hold fewer CPS than set out on your personalised Application Form, you may still apply to reinvest the remaining CPS registered in your name on the Closing Date of the Reinvestment Offer in Notes.

If you wish to apply for more Notes than the number of CPS registered in your name on the Closing Date of the Reinvestment Offer, you will need to make a separate Application Payment.

### 6.5.8 CAN YOU SELL YOUR CPS AFTER YOU HAVE COMPLETED AND RETURNED YOUR APPLICATION FORM?

If you apply to have your CPS reinvested in Notes, it is your responsibility to ensure that you do not sell or dispose of any of those CPS, other than as part of the Reinvestment Offer.

CPS holders who apply to participate in the Reinvestment Offer are taken to agree to a holding lock being placed on those CPS, pending completion of the Reinvestment Offer – but it is your obligation to ensure that you do not transfer those CPS. If you do, the number of Notes you may be allocated will be reduced to the extent the required number of CPS are not available on the Closing Date of the Reinvestment Offer.

Once you have submitted an Application Form to apply to reinvest your CPS, you will not be able to successfully deal with those CPS until those CPS are released from the holding lock which is placed on them. The holding lock will be released from those CPS not successfully reinvested into Notes as soon as practicable after the Issue Date for the Offer.

### 6.5.9 IS BROKERAGE OR STAMP DUTY PAYABLE?

No brokerage or stamp duty is payable on the sale of your CPS to Suncorp under the Reinvestment Offer, the resale of your CPS to Suncorp (as Nominated Purchaser under the CPS terms) or your Application for Notes.

CPS holders who choose to sell their CPS on market through their broker may be required to pay applicable brokerage.

### 6.5.10 WHAT HAPPENS IF THE OFFER DOES NOT PROCEED?

If you have elected to apply to reinvest your CPS in Notes and the Offer does not proceed, your CPS will not be sold to Suncorp under the Reinvestment Offer, you will not receive the Pro Rata Dividend and you will continue to hold CPS. Any Application Payment in respect of additional Notes will be refunded to you. No interest will be payable on any Application Payment received from CPS holders.

If the Offer does not proceed, SML will separately notify CPS holders through ASX of its intention with regards to CPS prior to the CPS Mandatory Conversion Date on 14 June 2013.



## 7. 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 6.

# 7. About the Offer

## 7.1 The Offer

The Offer is for the issue of Notes with a Face Value and issue price of \$100 per Note to raise approximately \$500 million with the ability to raise more or less.

All Notes issued will be allotted under and subject to the disclosures made in this Prospectus.

## 7.2 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 (subject to foreign selling restrictions);
- a Reinvestment Offer made to Eligible CPS Holders; and
- a Securityholder Offer made to Eligible Securityholders.

## 7.3 Obtaining a Prospectus and Application Form

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available to eligible investors at [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes).

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 through the Suncorp Group's website ([www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes)) and may be available through your Syndicate Broker. You can also request a free paper copy of this Prospectus and an Application Form by calling the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time) or by registering online to receive a Prospectus at [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes).

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

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 (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have provided an Application Payment (where required).

### 7.3.1 ELECTRONIC ACCESS TO THIS PROSPECTUS

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 on an Application Form (either electronic or paper) 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, or if you are an Eligible CPS Holder or an Eligible Securityholder.

## 7.4 Applying for Notes

### 7.4.1 MINIMUM APPLICATION

For the Institutional Offer, Broker Firm Offer and Securityholder Offer, Applications must be for a minimum of 50 Notes (\$5,000) and after that in multiples of 10 Notes (\$1,000).

If you are an Eligible CPS Holder and wish to participate in the Reinvestment Offer, there is no minimum number of CPS that you must hold to be able to participate in the Reinvestment Offer. However, if you are an Eligible CPS Holder and own 50 CPS or fewer, you must apply to reinvest all your CPS in Notes if you wish to participate in the Reinvestment Offer.

If you are an Eligible CPS Holder and own more than 50 CPS, you must apply for a minimum number of 50 Notes (\$5,000).

Eligible CPS Holders who wish to apply for additional Notes must apply for a minimum of 50 additional Notes (\$5,000) and after that in multiples of 10 Notes (\$1,000).

### 7.4.2 APPLYING UNDER THE INSTITUTIONAL OFFER

The Institutional Offer is available to Institutional Investors (provided that such investors may not be in the United States) who are invited by the Joint Lead Managers to bid for Notes in the Bookbuild to be conducted on 17 April 2013.

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

### 7.4.3 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.

### 7.4.4 APPLYING UNDER THE REINVESTMENT OFFER

The Reinvestment Offer is only relevant to Eligible CPS Holders. To be an Eligible CPS Holder, you must:

- be a registered holder of CPS on the Reinvestment Record Date, being 7:00pm (Sydney time) on 5 April 2013;
- be shown on the register as having an address in Australia (or another jurisdiction to which Suncorp determines to extend the Reinvestment Offer); and
- not be in the United States, acting as a nominee for a person in the United States, or otherwise prevented from receiving the Reinvestment Offer of the Notes under the laws of any jurisdiction as determined by Suncorp.

You may apply for Notes under the Reinvestment Offer by either:

- completing the personalised Application Form online at [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes); or
- completing the personalised paper Application Form attached to, or accompanying, this Prospectus and lodging your personalised paper Application Form with the Registry prior to the Closing Date.

A separate Application Payment is only required if you choose to apply for more Notes than the number of CPS registered in your name on the Reinvestment Record Date. In this instance, your completed Application Form must be accompanied by an Application Payment in the form of:

- a BPAY® payment; or
- cheque(s) and/or money order(s).

If your Application is not accompanied by an Application Payment for additional Notes, you will have taken to have applied to reinvest that number of CPS indicated on your completed personalised Application Form.

Your completed personalised paper Application Form or online Application Form and Application Payment (if required) must be received by the Registry by the Closing Date. The Closing Date for the Reinvestment Offer is expected to be 7:00pm (Sydney time) on 10 May 2013.

If you did not receive a personalised Application Form or would like a replacement personalised Application Form, please call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time).

If you wish to apply for Notes we encourage you to apply as soon as possible after the Opening Date as the Offer may close early.

### 7.4.5 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, RPS, Floating Rate Capital Notes or CPS2 (as applicable) at 7:00pm (Sydney time) on 5 April 2013;
- be shown on the applicable register as having an address in Australia; and
- not be in the United States or acting as a nominee for a person in the United States.

If you wish to apply for Notes we encourage you to apply as soon as possible after the Opening Date as the Offer may close early.



# 7. About the Offer

## (continued)

If you are an Eligible Securityholder, you may apply for Notes under the Securityholder Offer by either:

- completing the personalised Application Form online at [www.suncorpgroup.com.au/notes](http://www.suncorpgroup.com.au/notes), providing your SRN and HIN, and following the instructions in relation to your Application Payment. When applying online, you will be required to pay for Notes using BPAY®; or
- completing the personalised paper Application Form attached to, or accompanying, this Prospectus, providing your SRN or HIN and lodging your personalised paper Application Form and accompanying Application Payment with the Registry prior to the Closing Date.

Your completed personalised paper Application Form or online Application Form and Application 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 10 May 2013.

If you did not receive a personalised Application Form or would like a replacement personalised Application Form, please call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time).

### 7.5 Completing and lodging your Application

#### 7.5.1 DELIVERING APPLICATION FORMS

If you are a Securityholder Applicant and you are paying by cheque and/or money order, or if you are a CPS Holder Applicant who is required to make an Application Payment and you are paying by cheque and/or money order, you should return your completed paper Application Form and Application Payment to one of the addresses below so that they are received by the Registry before the Closing Date and time, which is expected to be 5:00pm (Sydney time) on 10 May 2013.

If you are applying under the Broker Firm Offer, 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.

#### CPS Holder Applicants and Securityholder Applicants Notes Offer

C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

or

Notes Offer  
C/- Link Market Services Limited  
Locked Bag 3415  
Brisbane QLD 4001

or

Notes Offer  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

Please note that paper Application Forms and Application Payments will not be accepted at any other address or office and will not be accepted at Suncorp's registered office or any other Suncorp office or at other offices or branches of the Registry.

#### 7.5.2 HOW TO PAY

##### BPAY®

If you are a Securityholder Applicant and apply using an online Application Form, you must complete your Application by making a BPAY® payment.

If you are a CPS Holder Applicant who is applying for additional Notes using an online Application Form, you must also 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;
- enter the unique Customer Reference Number supplied for each Application;
- enter the total amount to be paid which corresponds to the number of Notes you wish to apply for under each Application (i.e. a minimum of \$5,000 (50 Notes) and incremental multiples of \$1,000 (10 Notes) 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 Form 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 to ensure that your Application Payment will be received together with your Application Form prior to the Offer Closing Date and time. If you do not make an Application Payment, your Application will be incomplete and will not be accepted by Suncorp.

If you are a CPS Holder Applicant or a Securityholder Applicant and you complete your Application by making a BPAY® payment (if required), you do not need to complete or return the personalised Application Form. Simply use the biller code and customer reference number provided on your personalised Application Form and follow the BPAY® instructions. By completing a BPAY® payment, you acknowledge you are applying pursuant to the personalised Application Form.

**Cheque and/or money order**

If you are a CPS Holder Applicant or a Securityholder Applicant and you do not wish to pay by BPAY®, Application Payments (if required) must be paid by cheque and/or money order in Australian dollars drawn on an Australian branch of a financial institution. It should be made payable to 'Suncorp Notes Offer Account' and be crossed 'Not Negotiable'.

Your completed Application Form and Application Payment (if required) must be received by the Registry by the Closing Date and time.

**7.5.3 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, on any later sale of your Notes on ASX after Notes have been quoted on ASX.

**7.5.4 APPLICATION PAYMENTS HELD ON TRUST**

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

**7.5.5 REFUNDS**

Applicants who are not allotted any Notes, or are allotted fewer Notes than the number applied and paid for as a result of a scale back, will have all or some of their Application Payments (as applicable) 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.

Any amount of \$5 or less in aggregate will not be refunded to an Applicant, but instead paid to Suncorp Brighter Futures, a community giving program developed by Suncorp, within a reasonable time after the Offer Period. More information on Suncorp Brighter Futures is available at [www.suncorpgroupprighterfutures.com.au](http://www.suncorpgroupprighterfutures.com.au).

## 7.6 Bookbuild and allocation policy

**7.6.1 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 Notes 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 Notes. On the basis of those bids, the Joint Lead Managers and Suncorp will, by mutual agreement, determine the Margin and the firm allocations to Syndicate Brokers and to certain Institutional Investors.

Suncorp may increase the size of the Offer following the close of the Bookbuild.



# 7. About the Offer

(continued)

## 7.6.2 WHAT IS THE ALLOCATION POLICY?

<b>Institutional Offer</b>	<ul style="list-style-type: none"><li>• Allocations to Institutional Investors will be agreed by the Joint Lead Managers and Suncorp following completion of the Bookbuild.</li></ul>
<b>Broker Firm Offer</b>	<ul style="list-style-type: none"><li>• Allocations to Syndicate Brokers will be agreed by the 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></ul>
<b>Reinvestment Offer and Securityholder Offer</b>	<ul style="list-style-type: none"><li>• Allocations for the Reinvestment Offer and Securityholder Offer will be determined by Suncorp in consultation with the Joint Lead Managers after the Closing Date.</li><li>• If you are an Eligible CPS Holder and you apply under the Reinvestment Offer, you will receive a priority allocation of Notes in relation to your Reinvested CPS, over Securityholder Applicants.</li><li>• Suncorp and the Joint Lead Managers have absolute discretion to determine the method and extent of the priority allocation to CPS Holder Applicants (in respect of Reinvested CPS).</li><li>• Suncorp (at its discretion and in consultation with the Joint Lead Managers) reserves the right to scale back Applications from CPS Holder Applicants and Securityholder Applicants. Any scale back will be announced on ASX on the day Notes commence trading on a deferred settlement basis – expected to be 23 May 2013.</li><li>• Suncorp, after consultation with the Joint Lead Managers, has absolute discretion to determine the method and extent of the allocation.</li><li>• Suncorp (at its discretion and in consultation with the Joint Lead Managers) and the Joint Lead Managers reserve the right to:<ul style="list-style-type: none"><li>– allocate to any CPS Holder Applicant or Securityholder Applicant all Notes for which they have applied;</li><li>– reject any Application by a CPS Holder Applicant or Securityholder Applicant; or</li><li>– allocate to any CPS Holder Applicant or Securityholder Applicant a lesser number of Notes than that applied for, including less than the minimum Application of Notes, or none at all.</li></ul></li><li>• No assurance is given that any CPS Holder Applicant or Securityholder Applicant will receive an allocation.</li></ul>

## 7.6.3 HOW WILL THE FINAL ALLOCATION POLICY BE ANNOUNCED?

<b>Institutional Offer</b>	<ul style="list-style-type: none"><li>• Allocations to Institutional Investors will be advised to those investors under the Bookbuild.</li></ul>
<b>Broker Firm Offer</b>	<ul style="list-style-type: none"><li>• Allocations to Syndicate Brokers will be advised to those brokers under the Bookbuild.</li><li>• Applicants under the Broker Firm Offer will also be able to confirm their firm allocation through the Syndicate Broker from whom they received their allocation.</li><li>• However, if you sell Notes 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>
<b>Reinvestment Offer and Securityholder Offer</b>	<ul style="list-style-type: none"><li>• Applicants in the Reinvestment Offer or Securityholder Offer will be able to call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time) to confirm your allocation. It is expected that this information will be advertised in <i>The Sydney Morning Herald</i>, <i>The Age</i>, <i>The Australian</i>, <i>The Australian Financial Review</i> and <i>The Courier-Mail</i> on or about 23 May 2013.</li><li>• However, if you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding by calling the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time).</li></ul>

## 7.7 Other information

### 7.7.1 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, Notes, the Offer or Reinvestment Offer or otherwise to permit a public offering of Notes 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, the Offer and the Reinvestment 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 the Notes nor the Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. The Notes are being offered in the Offer and Reinvestment Offer solely outside the United States pursuant to Regulation S under the US Securities Act.

Any offer, sale or resale of Notes in the United States by a dealer (whether or not participating in the Offer or the Reinvestment Offer) may violate the registration requirements of the US Securities Act.

Subject to Suncorp approval, Notes 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 Form will be deemed to have acknowledged that they are aware of the restrictions referred to in this Section 7.7.1 and to have represented and warranted that they are able to apply for and acquire Notes in compliance with those restrictions.

#### Hong Kong

This Prospectus may only be distributed to, accessed or read by persons in Hong Kong who are “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or otherwise to or by persons in circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute the making of an offer to the public within the meaning of that Ordinance.

#### Singapore

This Prospectus and any other materials relating to the Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes, may not be issued, circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an “institutional investor” (as defined in the SFA) or (ii) a “relevant person” (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Notes being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Notes. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### United Kingdom

Neither the information in this Prospectus nor any other document relating to the Offer or the Reinvestment Offer has been delivered for approval to the UK Listing Authority and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)), has been published or is intended to be published in respect of the Notes. This Prospectus is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of FSMA (“**Qualified Investors**”)), in the United Kingdom and the Notes may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by the recipients to any other person in the United Kingdom.

# 7. About the Offer

(continued)

In addition, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) in connection with the issue or sale of the Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Suncorp.

Accordingly, in the United Kingdom, this Prospectus is being distributed only to, and is directed at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“**FPO**”), (ii) who fall within the categories of persons referred to in Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together (“**relevant persons**”). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

## United States of America

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Notes have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are being offered and sold only outside the United States in reliance on Regulation S under the U.S. Securities Act.

Each Broker Firm Applicant, and any persons for whose benefit such Broker Firm Applicant is applying, and each person to whom the Institutional Offer is made under this Prospectus, by accepting delivery of this Prospectus or the Notes, will have represented, agreed and acknowledged that:

- the Notes have not been, and will not be, registered under the U.S. Securities Act or with any securities authority in any state of the United States;
- any Notes it acquires in the Offer or the Reinvestment Offer will be acquired in an offshore transaction outside the United States in compliance with the requirements of Regulation S;
- it is not in the United States;
- it will not offer, sell, pledge or transfer any Notes in the United States, except a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable laws of any state of the United States;
- it has not and will not send the Prospectus and any Application Form, or any other material relating to the Offer to any person in the United States; and
- Suncorp, the Joint Lead Managers and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements and agrees that, if any of such representations, agreements and acknowledgements are no longer accurate, it will promptly notify Suncorp, and if it is acquiring any Notes as fiduciary or agent for one or more accounts, it has full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.

## 7.7.2 APPLICATION TO ASX FOR QUOTATION OF NOTES

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

## 7.7.3 CHESS AND ISSUER SPONSORED HOLDINGS

Suncorp will apply for Notes to participate in CHESS. No certificates will be issued for Notes. Suncorp expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders are expected to be despatched to successful Applicants by 24 May 2013.

## 7.7.4 DEFERRED SETTLEMENT TRADING AND SELLING NOTES ON MARKET

It is expected that Notes will begin trading on ASX on a deferred settlement basis on 23 May 2013 under ASX code “**SUNPD**”. Trading is expected to continue on that basis until 27 May 2013, when it is anticipated that trading of Notes will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before Holding Statements are despatched to successful Applicants.

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

You may call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (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.

#### **7.7.5 PROVISION OF BANK ACCOUNT DETAILS FOR INTEREST**

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

#### **7.7.6 PROVISION OF TFN OR ABN FOR AUSTRALIAN TAX RESIDENTS**

If you are an Applicant who has not already quoted your TFN or ABN and are issued any Notes, then you may be contacted in relation to quoting your TFN, ABN or both.

The collection and quotation of TFNs and ABNs are authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act. It is not an offence not to quote your TFN or ABN, however not doing so may result in tax being withheld from interest payments. Please refer to "*Pay as you go withholding tax*" in Section 8 for additional information.

Successful Applicants who do not have an address in Australia registered with the Registry, or who direct the payment of any Interest to an address outside of Australia, may have an amount deducted for Australian withholding tax from any Interest paid unless the Offer satisfies the public offer test in s.128F of the Income Tax Assessment Act 1936 and that Applicant is eligible for an exemption from interest withholding tax by virtue of that section.

#### **7.7.7 DISCRETION REGARDING THE OFFER**

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

If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest). CPS Holder Applicants will not receive Notes and will retain their CPS.

Suncorp and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, 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 Notes than applied or bid for. This is at Suncorp's discretion, and Suncorp is under no obligation to exercise that discretion in any particular case.

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

## **7.8 Enquiries**

#### **7.8.1 CPS HOLDER APPLICANTS AND SECURITYHOLDER APPLICANTS**

You can call the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time) if you:

- have further questions on how to apply for Notes;
- require assistance to complete your Application Form;
- require additional copies of this 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 Notes are a suitable investment for you, you should consult your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

#### **7.8.2 BROKER FIRM APPLICANTS**

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

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8.

## 8. Australian taxation summary

This Section includes a summary of the Australian tax consequences of investing in Notes.

If you are considering applying for Notes, it is important that you understand the taxation consequences of investing in Notes. You should read the Australian taxation summary from Greenwoods & Freehills in this Section, and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser, before deciding whether to invest.



# 8. Australian taxation summary

## Greenwoods & Freehills

The Directors  
Suncorp Group Limited  
Level 16  
38 Wickham Terrace  
Brisbane QLD 3000

10 April 2013

Dear Directors,

### **Australian taxation consequences of investing in Suncorp Subordinated Notes**

#### **1 Introduction**

We have been instructed to provide a summary of the primary Australian income tax and goods and services tax (“**GST**”) consequences for investors who acquire Notes proposed to be issued by Suncorp Group Limited (“**Suncorp**”) pursuant to the arrangements described in the Prospectus.

This letter only considers the primary Australian tax consequences for investors who hold Notes on capital account and who are not associates of Suncorp for tax law purposes (“ **Holders**”). This letter also considers the consequences for Australian resident Holders who are subject to the Taxation of Financial Arrangement (“**TOFA**”) rules. This letter does not consider the tax consequences for Holders who are in the business of dealing or trading in securities or who otherwise hold Notes on revenue account for tax purposes.

This letter also considers the Australian tax consequences for certain Eligible CPS Holders who participate in the Reinvestment Offer.

The following summary is necessarily general in nature and is not definitive or comprehensive as regards all tax issues that may arise for Holders. The Australian taxation consequences in relation to investing in Notes may vary according to each Holder’s individual circumstances. Accordingly, Holders should seek their own independent tax advice.

This summary is based on the Australian taxation laws and the administrative practice of the Australian Taxation Office (“**ATO**”) as at 9.00 am on the date of this letter. References to legislative provisions are references to the provisions of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* (together, the “**Act**”).

Capitalised terms which are not defined in this letter have the meaning given to them in the Prospectus.

#### **2 Characterisation of the Notes**

The Notes should be “debt interests” for income tax purposes. For Holders, the main implication of this is that Interest payments on the Notes will not be frankable payments.

For Australian resident Holders who are not subject to the TOFA provisions (see below), the Notes should be taxed as “traditional securities” and thus subject to the specific provisions in the Act relating to gains and losses arising from the disposal or redemption of traditional securities (s.26BB and s.70B).

Doc 510326827

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## Greenwoods & Freehills

The Notes should be “financial arrangements” for the purposes of the TOFA provisions in Division 230. The TOFA provisions only apply to limited categories of taxpayers, and generally will *not* apply to:

- individuals;
- superannuation funds and managed investment schemes with assets worth less than \$100m; or
- other entities that have: (i) aggregated turnover of less than \$100m; (ii) assets of less than \$300m; and (iii) financial assets of less than \$100m.

The TOFA provisions are complicated (and include various elective methods). As such, the comments in this letter in relation to the application of the TOFA provisions are general in nature. Holders who are subject to the TOFA provisions should take their own independent tax advice in relation to how the TOFA provisions apply to the Notes they hold.

### 3 Interest payments

#### 3.1 Australian residents

Interest payments in respect of the Notes should be included in the assessable income of Australian resident Holders. The precise manner in which Interest payments are included in a Holder’s assessable income will depend on whether the Holder is subject to the TOFA provisions.

(a) *Holders not subject to TOFA*

Holders who are not subject to TOFA should generally include Interest payments in their assessable income in the income years in which Interest payments are received from Suncorp.

(b) *Holders subject to TOFA*

The default position for Holders who are subject to TOFA is that Interest payments in respect of the Notes should be included in their assessable income on a compounding accruals basis over the period to which the Interest payment relates. However, there are various elective regimes under TOFA that taxpayers can elect into, which, if they applied, would affect the tax treatment of the Notes.

#### 3.2 Non-residents

It is intended that the Notes will be issued in a manner which will satisfy the requirements for the Australian withholding tax exemption in s.128F of the Act.

If the requirements in s.128F are satisfied, Interest payments to a Holder who is a non-resident of Australia and who does not derive the Interest in the course of carrying on a business through a permanent establishment in Australia will not be subject to Australian withholding tax or other income tax.

If a non-resident Holder does derive Interest payments in the course of carrying on a business through a permanent establishment in Australia, then the Interest payments will be included in that Holder’s assessable income for Australian tax purposes.

### 4 Disposal or redemption of Notes

#### 4.1 Australian residents

(a) *Holders not subject to TOFA*

As noted above, for Australian resident Holders who are not subject to TOFA, the Notes should be taxed as “traditional securities” and thus subject to the specific provisions relating to gains and losses arising from the disposal or redemption of traditional securities (s.26BB and s.70B).

If a Holder disposes of their Notes or their Notes are redeemed, and the proceeds of the disposal or redemption exceed their cost for the Notes, the resulting gain should be

# 8. Australian taxation summary

(continued)

## Greenwoods & Freehills

assessable income of the Holder in the income year in which the disposal or redemption occurs, pursuant to s.26BB. The gain will be taxable in the same way as ordinary income and will not be a capital gain. The Holder will not be entitled to apply the capital gains tax ("CGT") discount in respect of the gain, or to offset any capital losses against the gain.

Conversely, if the proceeds of the disposal or redemption are less than the Holder's cost for the Notes, the resulting loss should generally be deductible for the Holder in the income year in which the disposal or redemption occurs, pursuant to s.70B. However, such a loss will not be deductible if, broadly, the disposal or redemption occurs:

- otherwise than in the ordinary course of trading on a securities market; and
- because of a belief or apprehension that Suncorp is unable or unwilling to discharge its liability to pay amounts under the Notes.

For a Holder who acquires Notes under this Prospectus, the cost of a Note should generally be its issue price.

The proceeds of disposal will generally be the gross amount received by the Holder in respect of the disposal of the Notes. However, if the Notes are redeemed by Suncorp, the proceeds of disposal will exclude any parts of the redemption amount paid to Holders that are referable to any accrued and unpaid Interest. Those Interest amounts should be included separately in the Holder's assessable income (see 3.1(a) above).

### (b) *Holders subject to TOFA*

Holders who are subject to TOFA will generally be required to recognise an assessable gain or deductible loss on disposal/redemption of the Notes under the TOFA balancing adjustment provisions. Although the mechanics of the balancing adjustment provisions take into account a number of components (including, Interest previously received and amounts previously recognised as assessable income) the broad effect of the balancing adjustment provisions should be to include an amount in assessable income or allow a deductible loss to the Holder reflecting the difference between the issue price paid by a Holder for the Notes and the consideration that the Holder receives on disposal/redemption of the Notes.

However, such a TOFA balancing adjustment loss will not be deductible if, broadly, the disposal or redemption of the Notes occurs:

- otherwise than in the course of trading on a securities market; and
- because of a belief or apprehension that Suncorp is unable or unwilling to discharge its liability to pay amounts under the Notes.

## 4.2 Non-residents

### (a) *Disposal of Notes otherwise than by redemption*

A gain realised by a non-resident Holder on the disposal of Notes should not be subject to Australian income tax unless the gain has an Australian source.

Even where such a gain has an Australian source, a Holder who is a resident of a country with which Australia has concluded a tax treaty should not be subject to Australian income tax on the gain unless the gain is attributable to a business carried on through a permanent establishment of the Holder in Australia.

The source of a gain on disposal of a security is a factual issue, and would be determined by weighing various factors including the location of the security, the place at which the contract to sell the security is concluded and the place at which the decision to sell the security is made. However, it should be noted that the ATO has previously taken the (non-binding) view that gains arising from the sale of securities listed on the Australian Securities Exchange may have an Australian source on the basis that the contracts for the sale of the securities are made in Australia on behalf of the seller. Non-resident Holders should seek independent tax advice in respect of the source of any gain realised on disposal or redemption of their Notes.

## Greenwoods & Freehills

If a gain realised by a non-resident Holder is subject to Australian tax because it has an Australian source, it will be taxed as ordinary income and not as a capital gain. Depending on whether or not the non-resident Holder is subject to TOFA, either the rules relating to traditional securities or the TOFA rules will apply (as discussed in 4.1 above).

### (b) *Redemption of Notes*

Subject to the matters discussed below in this section, the tax treatment of a non-resident Holder whose Notes are redeemed by Suncorp is the same as that outlined for a disposal of Notes in 4.2(a) above.

The difference is that, where the Notes of a non-resident Holder are redeemed by Suncorp, the proceeds of disposal would exclude any part of the redemption amount paid to the Holder that is referable to any accrued and unpaid Interest on the Notes. Such Interest amounts would be treated for Australian tax purposes in the same manner as outlined in 3.2 above in respect of other Interest payments.

## 5 Conversion of Notes

### 5.1 Australian residents

#### (a) *Holdings not subject to TOFA*

If Notes are Converted into Ordinary Shares, no gain or loss should arise for income tax purposes under s.26BB and s.70B respectively. In these circumstances, s.26BB(4) and s.70B(2B) operate to disregard any gain or loss.

Similarly, no capital gain or loss should arise on Conversion of the Notes as any such capital gain or loss arising should be disregarded under s.130-60(3).

When a Holder acquires Ordinary Shares on Conversion of the Notes, the traditional securities provisions in s.26BB and s.70B should no longer apply (i.e. the Ordinary Shares should not be traditional securities).

Ordinary Shares acquired as a consequence of Conversion should be treated as having a cost base and a reduced cost base for CGT purposes equal to the cost base of the Notes at the time of Conversion. For CGT purposes, the acquisition date of Ordinary Shares should be the time of Conversion. This would be relevant in the case of any subsequent disposal of Ordinary Shares.

#### (b) *Holdings subject to TOFA*

The default position for Holders who are subject to TOFA is that the Conversion of the Notes into Ordinary Shares should not give rise to a balancing adjustment event. The consequence of this is that no gain or loss should arise for income tax purposes on Conversion. However, as noted above, Holders who are subject to TOFA should take their own independent tax advice as the actual treatment for any individual Holder will depend on their own particular circumstances (including, what elections (if any) they have made under the TOFA provisions).

When a Holder acquires Ordinary Shares on Conversion of the Notes, the TOFA provisions should not apply to the Ordinary Shares, unless certain TOFA elections have been made. The comments set out in 5.1(a) above in respect of the ongoing CGT consequences for a Holder in relation to Ordinary Shares will generally apply.

### 5.2 Non-residents

As with Australian resident Holders who are not subject to TOFA, any gain or loss arising on Conversion of Notes should generally be disregarded for the purposes of s.26BB/s.70B and the CGT rules, as described in 5.1(a) above.

The cost base of Ordinary Shares for non-resident Holders will be calculated in the same way as described in 5.1(a) above. However, any capital gain or capital loss made by non-resident Holders from any subsequent disposal of Ordinary Shares is likely to be disregarded on the basis that Ordinary Shares are not likely to be "taxable Australian property" at the time of the disposal.



# 8. Australian taxation summary

(continued)

## Greenwoods & Freehills

Non-resident Holders should seek their own taxation advice in relation to the operation of the Australian CGT rules.

### 6 Eligible CPS Holders participating in the Reinvestment Offer

Eligible CPS Holders have the option to participate in the Reinvestment Offer. This will be undertaken by Suncorp acquiring the CPS from Eligible CPS Holders with the proceeds of sale (excluding any Pro Rata Dividend) being applied to acquire Notes.

The following income tax consequences will generally apply for Eligible CPS Holders who are Australian tax residents and who participate in the Reinvestment Offer to the extent those participants are not in the business of dealing or trading in securities and do not otherwise hold their CPS on revenue account for tax purposes.

An Eligible CPS Holder who elects to participate in the Reinvestment Offer will receive a Pro Rata Dividend on each Reinvested CPS, subject to the dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.

Pro Rata Dividends should be subject to the same taxation treatment as other dividends paid on CPS. In particular, Australian resident Eligible CPS Holders should include the amount of a Pro Rata Dividend as well as an amount equal to the franking credits attached to the Pro Rata Dividend in their assessable income and should, subject to their own facts and circumstances, generally qualify for a tax offset equal to the franking credits.

The sale of CPS by Eligible CPS Holders to Suncorp will constitute a disposal for CGT purposes.

To the extent that the sale proceeds received by an Australian resident Eligible CPS Holder on the sale of their CPS exceed the cost base in their CPS, the excess would constitute a capital gain in the hands of Australian resident Eligible CPS Holders. Conversely, a capital loss would arise equal to the amount by which the sale proceeds are less than the reduced cost base.

The cost base or reduced cost base of CPS respectively should include the amount paid to acquire CPS (when issued by SML) as well as any incidental costs (e.g. broker fees) associated with the acquisition and disposal of CPS.

If CPS have been owned for at least 12 months prior to the sale (excluding the days of acquisition and disposal), an Australian resident Eligible CPS Holder (other than a company) may be entitled to CGT discount treatment in respect of any capital gain arising on disposal of their CPS, such that a percentage of the gain is not included in assessable income. The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The discount percentages are 50% for Australian resident Eligible CPS Holders who are individuals and trusts and 33⅓% for Australian resident Eligible CPS Holders who are complying superannuation entities.

Any capital gain or capital loss made by non-resident Eligible CPS Holders are likely to be disregarded on the basis that CPS are not likely to be "taxable Australian property" at the time of sale.

The proceeds from the sale of CPS that are applied to acquire Notes will be included in the cost of the Notes for the purposes of determining any future gain or loss on their disposal, redemption or Conversion – refer to 5 above.

### 7 Goods and services tax

Neither the issue nor receipt of the Notes should give rise to a GST liability, on the basis that the supply of Notes is either an input taxed financial supply or (in the case of non-resident subscribers) a GST-free supply. Furthermore, neither the payment of Interest or the redemption amount for Notes, nor the disposal of Notes, should give rise to any GST liability.

## Greenwoods & Freehills

Holders should seek their own independent advice as to whether any GST costs they incur in relation to acquiring Notes would be recoverable.

### 8 Pay as you go withholding tax

Australian resident Holders may, if they choose, notify Suncorp of their tax file number ("TFN"), Australian Business Number ("ABN"), or a relevant exemption from withholding tax from Interest payments. In the event that Suncorp is not so notified, tax will be automatically deducted at the highest marginal tax rate (including Medicare Levy) from Interest payments on the Notes. The rate of withholding is currently 46.5%.

Suncorp is required to withhold and remit to the ATO such tax until such time as it receives the relevant TFN, ABN or exemption notification. Australian resident Holders will be able to claim a tax credit/rebate (as applicable) in their tax returns in respect of any tax withheld.

If payments of Interest are exempt from Australian interest withholding tax under s.128F, then non-resident Holders who do not hold the Notes through a permanent establishment in Australia should not be subject to any withholding tax under these rules.

### 9 Disclaimer

The information contained in this letter does not constitute financial product advice within the meaning of the Corporations Act. Greenwood & Freehills Pty Ltd is not authorised to provide financial product advice under the Corporations Act. To the extent that this letter contains any information about a financial product within the meaning of the Corporations Act, tax is only one of the matters that must be considered when making a decision about the relevant financial product. A prospective investor should, before making any decision to invest in Notes, consider taking financial advice from a person who holds an Australian Financial Services Licence under the Corporations Act.

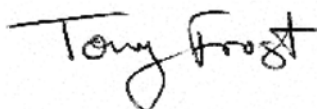
Greenwoods & Freehills Pty Ltd has not caused and takes no responsibility for the publication of any part of the Prospectus in which this letter appears, other than this letter itself.

\* \* \* \* \*

Yours faithfully

GREENWOODS & FREEHILLS PTY LTD

per:



**Tony Frost**  
Managing Director  
Greenwoods & Freehills



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## 9. Key people, interests and benefits

This Section provides information about the Board of Directors of Suncorp, the interests of people involved in the Offer and any benefits they may receive.

# 9. Key people, interests and benefits

## 9.1 Board

DIRECTOR/POSITION	EXPERIENCE, QUALIFICATIONS AND EXPERTISE
Zygmunt E Switkowski <i>Non-Executive Chairman</i>	<ul style="list-style-type: none"> <li>• Dr Switkowski was appointed a Director of Suncorp-Metway Limited in September 2005 and a Director of Suncorp Group Limited in December 2010, and was appointed Chairman in October 2011. Dr Switkowski is a director of Tabcorp Holdings Limited, Lynas Corporation Ltd, Oil Search Limited, chancellor of RMIT University and chair of Opera Australia.</li> <li>• Dr Switkowski is a fellow of both the Australian Institute of Company Directors and the Australian Academy of Technical Sciences and Engineering and has recently been appointed by the board of the Essendon Football Club to head an external independent review of the club's governance and processes.</li> <li>• Dr Switkowski is a former chief executive officer of Telstra Corporation Limited and Optus Communications Ltd, and former chairman and managing director of Kodak Australasia Pty Ltd.</li> </ul>
Patrick J R Snowball <i>Managing Director and Group Chief Executive Officer</i>	<ul style="list-style-type: none"> <li>• Mr Snowball was appointed Managing Director of Suncorp-Metway Limited in September 2009 and Managing Director of Suncorp Group Limited in December 2010. Mr Snowball is an experienced financial services executive with extensive knowledge of the insurance industry, having overseen businesses in the United Kingdom, Ireland, Canada, India and Asia.</li> <li>• Mr Snowball previously worked with the Towergate group of companies in both a deputy chairman and chairman's role. He also served as a non-executive director of Jardine Lloyd Thompson plc from 2008 to June 2009. Mr Snowball was a member of the executive team at Aviva plc, an insurance group in the United Kingdom, and its predecessor companies for 19 years, from 1988 to 2007.</li> </ul>
Ilana R Atlas <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>• Ms Atlas was appointed a Director of Suncorp-Metway Limited and Suncorp Group Limited in January 2011. Ms Atlas is chairman of Bell Shakespeare Company, a director of Coca-Cola Amatil Limited, Westfield Holdings Limited, the Human Rights Law Centre and Oakridge Wines Pty Ltd, and is pro-chancellor of the Australian National University.</li> <li>• Ms Atlas is an experienced financial services and legal executive and has most recently held positions at Westpac Banking Corporation (Westpac) ranging from general counsel and group secretary to her most recent position as group executive People. Prior to joining Westpac, Ms Atlas was a partner at Mallesons Stephen Jaques, practising as a corporate lawyer holding a number of managerial roles in the firm including managing partner and executive partner, People &amp; Information.</li> </ul>
William J Bartlett <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>• Mr Bartlett was appointed a Director of Suncorp-Metway Limited in July 2003 and a Director of Suncorp Group Limited in December 2010. Mr Bartlett is a director of Reinsurance Group of America Inc., RGA Reinsurance Company of Australia Limited, GWA International Limited and Abacus Property Group. He is also chairman of the Council of Governors of the Cerebral Palsy Foundation.</li> <li>• Mr Bartlett has 35 years' experience in accounting and was a partner of Ernst &amp; Young in Australia for 23 years, retiring on 30 June 2003.</li> <li>• Mr Bartlett also has extensive experience in the actuarial, insurance and financial services sectors through membership of many industry and regulatory advisory bodies, including the Life Insurance Actuarial Standards Board (1994–2007).</li> </ul>

DIRECTOR/POSITION	EXPERIENCE, QUALIFICATIONS AND EXPERTISE
Michael A Cameron <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>Mr Cameron was appointed a Director of Suncorp Group Limited and Suncorp-Metway Limited in April 2012. Mr Cameron is the chief executive officer and managing director of the GPT Group and has over 30 years' experience in finance and business.</li> <li>Mr Cameron is a fellow of each of the Australian Institute of Chartered Accountants, CPA Australia and the Australian Institute of Company Directors.</li> <li>His past experience includes roles at Barclays Bank and 10 years with Lend Lease where he held a number of senior positions including group chief accountant and chief financial officer for MLC Limited. Following the acquisition of MLC by the National Australia Bank, Mr Cameron was appointed chief financial officer then chief operating officer of the NAB Wealth Management Division.</li> <li>Mr Cameron joined the Commonwealth Bank of Australia in 2002 and was appointed to the role of group chief financial officer in early 2003, then in 2006 he was appointed to the position of group executive of the Retail Bank Division.</li> <li>Mr Cameron was chief financial officer at St. George Bank Limited from mid 2007 until the sale to Westpac in December 2008.</li> </ul>
Audette E Exel <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>Ms Exel was appointed a Director of Suncorp Group Limited and Suncorp-Metway Limited in June 2012.</li> <li>Ms Exel is a founder of the ISIS Group and chief executive officer of its Australian company, ISIS (Asia Pacific) Pty Limited (ISIS AP). She is also the co-founder and chair of The ISIS Foundation and is vice chairman of the board of Steamship Mutual Underwriting Association Trustees (Bermuda) Limited.</li> <li>Before establishing ISIS, Ms Exel was managing director of Bermuda Commercial Bank (1993–96), chairman of the Bermuda Stock Exchange (1995–96) and was on the board of the Bermuda Monetary Authority, Bermuda's central financial services regulator (1999–2005) and was chair of its investment committee.</li> <li>Prior to joining Bermuda Commercial Bank, Ms Exel practised as a lawyer specialising in international finance. She began her career with Allen, Allen and Hemsley in Sydney, Australia before joining the English firm of Linklaters &amp; Paines, in their Hong Kong office. She is called to the Bars of New South Wales, Australia, England and Wales and Bermuda. Ms Exel won the Telstra 2012 Commonwealth Bank NSW Business Owner Award and the Telstra 2012 NSW Business Woman of the Year Award.</li> </ul>
Ewoud J Kulk <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>Mr Kulk was appointed a Director of Suncorp-Metway Limited in March 2007 and a Director of Suncorp Group Limited in December 2010.</li> <li>Mr Kulk is chairman of AA Insurance Limited (NZ), a director of the Westmead Millennium Institute, a member of the NSW Council of the Australian Institute of Company Directors and past president of the Insurance Council of Australia and has over 25 years' experience in the insurance industry.</li> <li>Mr Kulk was a director of Promina Group Limited at the date of the merger with Suncorp-Metway Limited. Mr Kulk was managing director of the Australian General Insurance Group (1994–1998) and was appointed group director (Asia Pacific) for Royal &amp; Sun Alliance Insurance Group plc in March 1998. He continued in that role until his retirement in September 2003.</li> </ul>
Douglas F McTaggart <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>Dr McTaggart was appointed a Director of Suncorp Group Limited and Suncorp-Metway Limited in April 2012.</li> <li>Dr McTaggart is chairman of Galibier Partners Pty Ltd, a director of UGL Limited, and a member of the Queensland Division Council of the Australian Institute of Company Directors. In March 2012 he was appointed to the Queensland Government Independent Commission of Audit and chairman of the Public Service Commission. He has also served in other advisory roles to government as well as holding positions on, including chairing, various industry representative bodies.</li> <li>Dr McTaggart has broad experience in financial markets and funds management, having spent the last 14 years in the role of chief executive officer of QIC Limited.</li> <li>Dr McTaggart has also held senior academic roles including as Professor of Economics and Associate Dean at Bond University. Prior to joining QIC he was the under treasurer and under secretary of the Queensland Department of Treasury.</li> </ul>
Geoffrey T Ricketts <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>Mr Ricketts was appointed a Director of Suncorp-Metway Limited in March 2007 and a Director of Suncorp Group Limited in December 2010. Mr Ricketts was a director of Promina Group Limited at the date of the merger with Suncorp-Metway Limited.</li> <li>Mr Ricketts is chairman of Todd Corporation Limited, a director of Shopping Centres Australasia Property Group Trustee NZ Limited, Mercury Capital Limited, Heartland New Zealand Limited and Heartland Building Society (NZ). Mr Ricketts is also a director of the Centre of Independent Studies Limited. He is a lawyer and a consultant for Russell McVeagh, Solicitors (NZ), and was a partner in that firm from 1973 until 2000.</li> <li>Mr Ricketts was formerly chairman of Royal &amp; Sun Alliance's New Zealand (R&amp;SA NZ) operations, having been a non-executive director of R&amp;SA NZ for over 10 years.</li> </ul>

# 9. Key people, interests and benefits

## (continued)

### 9.2 Interests and benefits

#### 9.2.1 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
Zygmunt E Switkowski	201,599	Nil
Patrick J R Snowball	375,333	1,046,752 <sup>1</sup>
Ilana R Atlas	11,635	Nil
William J Bartlett	26,968	Nil
Michael A Cameron	5,000	Nil
Audette E Exel	989	Nil
Ewoud J Kulk	23,173 <sup>2</sup>	Nil
Douglas F McTaggart	11,000	Nil
Geoffrey T Ricketts	26,349	Nil

Note:

1 Shares held by the trustee of the Executive Performance Share Plan. Beneficial entitlement to those 1,046,752 shares remains subject to satisfaction of specified performance hurdles. Further information on the performance hurdles can be found in the 30 June 2012 consolidated financial full year report.

2 This holding includes 3,000 CPS2 (ASX Code: SUNPC).

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 Directors. As remuneration for their services as Directors, the non-executive 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 has been set at \$3,500,000. Each Director (other than the Chairman) may also be paid additional remuneration for performance of additional Board Sub-Committee services and all Directors are entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Managing Director and Group Chief Executive Officer 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 the Notes offered under the Offer without shareholder approval (subject to certain conditions) – see Section 10.7.

### 9.2.2 PROFESSIONALS

UBS has acted as the structuring adviser for the Offer, and each of ANZ Securities Limited, National Australia Bank Limited, RBS Morgans Limited, UBS and Westpac Institutional Bank have acted as 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 Joint Lead Managers are approximately \$8.75 million (exclusive of GST), making certain assumptions as to the allocations of Notes between the Broker Firm Offer, Institutional Offer, Reinvestment Offer and Securityholder Offer. The aggregate fees include a structuring fee payable to UBS and a joint lead manager fee split equally amongst the Joint Lead Managers.

The Joint Lead Managers 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 adviser in relation to the Offer. In respect of this work, King & Wood Mallesons will be paid approximately \$515,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Further amounts may be paid to King & Wood Mallesons in accordance with its time-based charges.

Greenwoods & Freehills has acted as Suncorp's Australian tax adviser in relation to the Offer and has prepared the Australian taxation summary in Section 8. In respect of this work, Greenwoods & Freehills will be paid approximately \$85,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Further amounts may be paid to Greenwoods & Freehills in accordance with its time-based charges.

KPMG TS has provided due diligence services on certain financial disclosures in relation to the Offer. In respect of this work, KPMG TS will be paid approximately \$51,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to KPMG TS 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; 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.

## 9.3 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$500 million, then the net proceeds of the Offer are expected to be \$490 million and the total expenses of the Offer (including fees payable to 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 \$10 million. All of these expenses have been, or will be, borne by Suncorp.



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## **10. Additional information**

This Section provides information about a number of other matters not covered elsewhere in this Prospectus.

# 10. Additional information

## 10.1 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 yearly and half yearly financial statements and 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 of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

## 10.2 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 2012 and half year financial report for the period ended 31 December 2012 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 2012 and before lodgement of this Prospectus with ASIC; and
- the Constitution.

The annual financial report for the year ended 30 June 2012, half year financial report for the period ended 31 December 2012 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 Group Investor Relations of Suncorp at the address set out in the Corporate directory at the end of this Prospectus.

## 10.3 Rights and liabilities attaching to Notes

The rights and liabilities attaching to Notes are contained in the Trust Deed (which incorporates the Conditions). The Conditions are set out in full in Appendix A of this Prospectus and the Trust Deed is summarised in Section 10.5. Rights and liabilities attaching to Notes may also arise under the Corporations Act, the ASX Listing Rules, the Constitution and other laws. Suncorp must provide a copy of the Trust Deed to a Holder on request.

## 10.4 Rights and liabilities attaching to Ordinary Shares

Holders will receive Ordinary Shares on Conversion following a Non-Viability Trigger Event, unless an Inability Event subsists. 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 10.4 briefly summarises the key rights attaching to the 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 10.2.

The key rights attaching to Ordinary Shares are as follows:

- the right to vote at general meetings of Suncorp on the basis of 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 in proportion to the capital paid up on the Ordinary Shares held by each shareholder (subject to the rights of holders of shares carrying preferred rights including CPS2 and Notes);
- 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 shares carrying preferred rights on winding up including CPS2 and Notes).

## 10.5 Summary of the Trust Deed

Suncorp has entered into a Trust Deed dated on or about the date of this Prospectus with the Trustee. The following is a summary only of the principal provisions of the Trust Deed.

### 10.5.1 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 the Notes;

- the right to enforce any other duties or obligations that Suncorp has under the Conditions, to the Holders under the Trust Deed or under Chapter 2L of the Corporations Act;
- 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).

### 10.5.2 UNDERTAKINGS

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

- pay the amounts due and payable in respect of that Note under and in accordance with the Trust Deed;
- comply with its obligations under the Conditions; and
- comply with its obligations under Chapter 2L and section 318 of the Corporations Act.

### 10.5.3 SALE OF ORDINARY SHARES

The Trust Deed contains a provision that where a Non-Viability Trigger Event occurs and the Conditions 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 Conditions, 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.

### 10.5.4 ENFORCEMENT

The Trustee is not obliged to take any action contemplated by the Conditions with respect to an Event of Default (as defined in the Conditions) or exercise or refrain from exercising its powers in relation to a breach of this Trust Deed or an Event of Default or carry out any act or refrain from doing any act under 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 Conditions 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 this Trust Deed or the Conditions 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.

### 10.5.5 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.

# 10. Additional information

(continued)

## 10.5.6 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.

## 10.5.7 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 circumstances, amongst others, where:

- 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 has occurred 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.

## 10.5.8 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 Conditions 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 Conditions 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) Notes representing at least 5% of the aggregate Face Value of the Notes 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 Notes who is present has one vote for every Note with respect to which it is the registered holder.

## 10.5.9 NO MONITORING OBLIGATIONS

The Trustee is not responsible for monitoring compliance by Suncorp with its covenants and obligations under the Trust Deed or any other activities or status 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 Notes; and
  - Suncorp has breached the Conditions, the Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Trustee is satisfied the breach is not material, it must do everything in its power to ensure Suncorp remedies such a breach.

## 10.5.10 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, secondly in or towards payment of all amounts due but unpaid under the Notes to the relevant Holders. The balance (if any) of the money remaining after those payments will be returned to Suncorp.

## 10.6 Summary of the Offer Management Agreement

### 10.6.1 OVERVIEW

Suncorp and the Joint Lead Managers signed the Offer Management Agreement on 10 April 2013. Under the Offer Management Agreement, Suncorp appointed UBS, ANZ Securities Limited, National Australia Bank Limited, RBS Morgans Limited and Westpac Institutional Bank (a division of Westpac Banking Corporation) 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.

#### **10.6.2 FEES**

The estimated aggregate fees payable by Suncorp to the Joint Lead Managers under the Offer Management Agreement are set out in Section 9.2.2. The actual amount payable will not be known until the allocation of Notes under the Offer. In addition, Suncorp must reimburse each Joint Lead Manager for reasonable expenses, including reasonable legal and travel costs, incurred by the Joint Lead Managers in relation to the Offer.

#### **10.6.3 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

Suncorp gives various representations, warranties and undertakings to the 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 Notes issue and certain other corporate actions (including an issue of shares in the same class as existing Ordinary Shares in Suncorp), Suncorp has also agreed that it will not (and will ensure that its related bodies corporate do not), without the Joint Lead Managers' prior written consent, offer, issue or create or agree to offer, issue or create, or indicate in any way that it may or will offer, issue or create, any securities with Additional Tier 1 Capital status at any time after the date of the Offer Management Agreement and before the expiration of 90 days after the Issue Date, or any securities with Tier 2 Capital status predominantly offered to Australian retail investors

at any time after the date of the Offer Management Agreement and before the expiration of 45 days after the Issue Date, or any securities that are convertible into or exchangeable for any of those securities, or any option or other rights to acquire any of those securities at any time after the date of the Offer Management Agreement and before the expiration of the time period applicable to the status of those securities mentioned earlier.

#### **10.6.4 INDEMNITY**

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

#### **10.6.5 TERMINATION EVENTS**

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 in relation to the Offer;
- ASX refuses to quote the Notes on ASX;
- the trading of Ordinary Shares is suspended or they cease to be quoted on the ASX;
- ASIC withdraws or varies its ASIC Modification;
- any person withdraws their consent to be named in the Prospectus;
- Suncorp withdraws the Prospectus or the Offer;
- a supplementary prospectus is required under section 719 of the Corporations Act;

- a credit rating downgrade of Suncorp;
- a specified fall in the S&P ASX 200;
- unauthorised alterations to Suncorp's share capital or constitution;
- a material adverse change in the position or prospects of members of the Group; and
- the Trustee ceases to act (or is replaced).

Certain of these events will only give rise to a right to terminate if the Joint Lead Manager reasonably believes that the event is likely to have a material adverse effect on the Offer or there is a reasonable possibility that the 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 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 Notes 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 Notes.



# 10. Additional information

(continued)

## 10.7 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.

ROLE	CONSENTING PARTIES
Structuring Adviser	UBS AG, Australia Branch
Joint Lead Managers	ANZ Securities Limited National Australia Bank Limited RBS Morgans Limited UBS AG, Australia Branch Westpac Institutional Bank
Co-Managers	Bell Potter Securities Limited JBWere Limited
Australian legal adviser	King & Wood Mallesons
Australian tax adviser	Greenwoods & Freehills
Accounting adviser	KPMG TS
Registry	Link Market Services Limited
Trustee	Australian Executor Trustees Limited
Auditor	KPMG

Greenwoods & Freehills has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Australian tax adviser and for the inclusion of statements by it, consisting of the Australian taxation summary in Section 8 in the form and context in which it appears in Section 8.

KPMG, and to the extent applicable KPMG TS, has given and has not before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as auditor and accounting adviser, respectively, and for the inclusion of statements made by it or based on statements made by it in Section 4 in the form and context in which they appear.

Australian Executor Trustees Limited is acting as trustee for Holders under the Trust Deed.

## 10.8 ASX confirmation

ASX has classified the Notes as “equity securities” for the purposes of the ASX Listing Rules and has confirmed, in relation to the Offer, that:

- the Conditions are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- ASX Listing Rule 6.12 does not apply to the Conditions;
- it does not consider Notes to be options for ASX Listing Rule purposes;

- under ASX Listing Rule 7.1B.1(c), ASX does not object to Suncorp, for the purposes of calculating the number of Notes that may be issued without prior shareholder approval, notionally converting Notes into Ordinary Shares based on the market price of Ordinary Shares at the time of issue of Notes;
- the issue of Ordinary Shares on Conversion of Notes would fall under ASX Listing Rule 7.2 (exception 4);
- ASX Listing Rule 10.11 has been waived to the extent necessary to permit Directors and certain related persons (being the spouses, parents, children and associates of Directors) to participate in the Offer, without shareholder approval, up to a maximum of 0.2% of the total number of Notes issued under the Offer collectively provided that:
  - the participation of the Directors and certain related persons in the Offer is on the same terms and conditions as applicable to other subscribers for Notes;
  - Suncorp releases the terms of the waiver to the market when it announces the Offer; and
  - when the Notes are issued, Suncorp announces to the market the total number of Notes issued to Directors and their related persons in aggregate;
- the issue of Ordinary Shares on Conversion of Notes would fall within ASX Listing Rule 10.12 (exception 7);
- that ASX Listing Rule 3.20.2 will not apply to the Conversion of Notes following a Non-Viability Trigger Event; and
- the timetable for the Offer is acceptable.

ASX has also provided in principle approval of the quotation of Notes and has agreed to allow Notes to trade on a deferred settlement basis for a short time following the issue of Notes (subject to certain conditions).

ASX has also confirmed, in relation to the Reinvestment Offer, that:

- the amendments to the CPS terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the addition of the Pro-Rata Dividend is permitted under ASX Listing Rule 6.10; and
- the timetable for the Reinvestment Offer is acceptable.

ASX has also provided certain waivers in connection with the process to achieve the ultimate cancellation of CPS following the completion of the Reinvestment Offer and the resale of CPS.

## 10.9 ASIC Modification

ASIC has granted relief from the provisions of Division 5A of Part 7.9 of the Corporations Act relating to unsolicited offers for Suncorp to conduct the Reinvestment Offer (subject to certain conditions).

## 10.10 Acknowledgements

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

- agreed to the Conditions and the terms and conditions of the Offer (and the Reinvestment Offer, in the case of Eligible CPS Applicants) and on Conversion of Notes, become a member of Suncorp and to be bound by the terms of Suncorp's Constitution;
- acknowledged having personally received a printed or 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;
- declared that the Applicant(s), if a natural person, is over 18 years of age;
- acknowledged that once Suncorp receives an Application Form it may not be withdrawn;
- acknowledged that, in some circumstances, Suncorp may not pay Interest or any other amount payable on the Notes;
- applied for the number of Notes at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated the number of Notes applied for (or a lower number allocated in a way described in this Prospectus), or no Notes at all;
- authorised Suncorp and the Joint Lead Managers and their respective officers or agents, to do anything on the Applicant's(s') behalf necessary for Notes to be allocated to the Applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form, and in the case of Eligible CPS Applicants applying under the Reinvestment Offer, to take any action necessary to effect the sale of the Reinvested CPS to Suncorp, the application of the sale proceeds for reinvestment in Notes and the allotment of Notes;
- acknowledged that if the amount of any cheque or money order is insufficient to pay for the number of Notes that the Applicant(s) has applied for, or, if there are insufficient funds held in a relevant account to cover a cheque that the Applicant(s) have drawn, then Suncorp may, in consultation with the Joint Lead Managers determine that you have applied for such lower number of

Notes as your cleared Application Payment will pay for (in multiples of 10 Notes) and you will be deemed to have specified that number in your Application Form. If you provide a cheque or money order for an amount that is not in multiples of 10 Notes, Suncorp will round down the dollar amount of Notes that you are applying for to the next lowest multiple of 10 Notes;

- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Notes are suitable for the Applicant(s), given the Applicant's(s') investment objectives, financial situation or particular needs;
- declared that the Applicant(s) is an Australian resident;
- acknowledged that the Notes have not been, and will not be, registered under the US Securities Act or pursuant to the securities laws of any other jurisdiction outside Australia;
- represented and warranted that the Applicant(s) is not in the United States or other place outside Australia and is not a US Person (and not acting for the account or benefit of a US Person), and the Applicant(s) will not offer, sell or resell Notes in the United States to, or for the account or benefit of, any US Person;
- represented and warranted that if the Applicant (or any person for whom the Applicant is acquiring the Notes) are in Singapore, the Applicant (and any such person) is an "institutional investor" or a "relevant person" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA")) and will acquire the Notes in accordance with applicable provisions of the SFA and acknowledge that the offer of the Notes is subject to the restrictions (including selling restrictions) set out in section 276 of the SFA;

# 10. Additional information

## (continued)

- represented and warranted that the laws of any other place, including the restrictions set out in Section 7.7 of this Prospectus, do not prohibit the Applicant(s) from being given the Prospectus (or any supplementary or replacement Prospectus) or making an application on the Application Form or being issued with Notes; and
- acknowledged that Notes 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 1973* (Cth). 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 Notes.

### 10.11 Privacy

Suncorp collects personal information from you in order to process your Application, administer your investment and keep in touch with you about your investment.

Suncorp may disclose this information on a confidential basis to its subsidiaries, as well as agents, contractors and third party service providers that provide services on its behalf (e.g. the Registry and a printing firm or mailhouse engaged to print and mail statements to you).

If you used a financial adviser who recommended your investment in Notes, then details of your investment may be provided to that adviser.

Suncorp will also disclose your information if required to do so by law or if you consent to or request the disclosure.

If you think Suncorp's records of your personal information are incorrect or out of date, it is important that you contact Suncorp so that your records can be corrected. You may (subject to permitted exceptions) access the personal information Suncorp holds on you at any time by contacting Suncorp in writing. Suncorp is permitted to charge a fee for such access but does not intend to do so.

You may choose not to give your personal information or to limit the information you provide to Suncorp. Depending on the type of information you withhold, Suncorp may not be able to process your Application efficiently (if at all), or make payments to you.

Suncorp's privacy policy is available at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

### 10.12 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.



# Note Conditions



# a. Note Conditions

## 1 Form and Face Value

### 1.1 FORM

The Notes are direct, unsecured and subordinated debt obligations of Suncorp issued in registered form by entry in the Register. The Notes are unsecured notes for the purposes of section 283BH of the Corporations Act.

### 1.2 FACE VALUE AND ISSUE PRICE

The Face Value and issue price of each Note is \$100.

### 1.3 CHESS

The Notes will be entered in and dealt with in CHESS. While the Notes remain in CHESS:

- (a) the rights and obligations of a person holding the Notes; and
- (b) all dealings (including transfers and payments) in relation to the Notes within CHESS,

will be subject to and governed by the ASX Settlement Operating Rules (but without affecting any Conditions which affect the eligibility of the Notes as Tier 2 Capital).

No certificates will be issued to Holders unless Suncorp determines that certificates should be available or are required by law.

### 1.4 INDEPENDENT OBLIGATIONS

Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Holder of the indebtedness of Suncorp to the relevant Holder. Subject to Condition 10, the Holder to whom those obligations are owed is entitled to enforce them without having to join any other Holder or any predecessor in title of a Holder.

## 2 Status and subordination

### 2.1 STATUS AND RANKING

The Notes constitute direct and unsecured subordinated obligations of Suncorp, ranking:

- (a) ahead of the claims of all Shareholders;
- (b) ahead of all unsecured subordinated obligations of Suncorp under instruments issued as Relevant Tier 1 Capital Instruments;
- (c) equally among themselves;
- (d) equally with all other unsecured subordinated obligations of Suncorp under instruments issued as Relevant Tier 2 Capital Instruments; and
- (e) behind the claims of Unsubordinated Creditors.

### 2.2 SOLVENCY CONDITION TO PAYMENT

When Suncorp is not in a winding-up:

- (a) the obligations of Suncorp to make any payment in respect of the Notes will be conditional on Suncorp being Solvent at the time of the payment; and
- (b) no payment in respect of the Notes will be made unless Suncorp is Solvent immediately after making the payment,

(the **Solvency Condition**).

Any amount not paid on account of the Solvency Condition remains as a debt owing by Suncorp to the relevant Holders which is payable on the first Business Day on which the amount may be paid in compliance with the Solvency Condition.

A certificate signed by Suncorp, two authorised signatories of Suncorp, its auditor or, if Suncorp is being wound up, its liquidator, as to whether Suncorp is Solvent at any time is (in the absence of wilful default, bad faith or manifest error) conclusive evidence of the information contained in the certificate

and will be binding on the Holders. In the absence of such a certificate, Holders are entitled to assume (unless the contrary is proved) that Suncorp is Solvent at the time of, and will be Solvent immediately after, any payment in respect of the Notes.

### 2.3 SUBORDINATION IN A WINDING-UP

If Suncorp is in winding-up, all amounts due in respect of the Notes will be subordinated to the claims of all Unsubordinated Creditors as provided in Condition 11.

### 2.4 EFFECT OF NON-VIABILITY TRIGGER EVENT

If a Non-Viability Trigger Event occurs, despite any other provision in these Conditions, Notes will be Converted into Ordinary Shares as provided in Condition 5 or, if Condition 5.3 applies, Written-Off.

## 3 Interest

### 3.1 NOTES BEAR INTEREST

Each Note bears interest (**Interest**) on its Face Value from and including its Issue Date to but excluding its Maturity Date or any Early Redemption Date. Interest accrues daily.

### 3.2 INTEREST PAYMENT DATES

Subject to the Solvency Condition, Interest in respect of a Note will be payable quarterly in arrears, on 22 February, 22 May, 22 August and 22 November each year, commencing on 22 August 2013. If any of those dates is not a Business Day, the Interest Payment Date is the following Business Day.

### 3.3 INTEREST CALCULATIONS

Subject to these Conditions, Suncorp shall pay on each Note on an Interest Payment Date Interest calculated according to the following formula:

$$\text{Interest} = \frac{(\text{Face Value} \times \text{Interest Rate} \times N)}{365}$$



Where:

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

**Interest Rate = Bank Bill Rate + Margin**

Where:

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

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

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

**N** means in respect of:

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

### 3.4 SUNCORP TO DETERMINE AND NOTIFY

Suncorp must:

- (a) determine the Interest Rate and amount of Interest for each Interest Period in respect of a Note; and
- (b) give notice to the Registrar, the Trustee and the Holders of its determination (an **Interest Notice**) no later than the fourth Business Day after the first day of the Interest Period.

### 3.5 CUMULATIVE INTEREST

For any Interest which is not paid by virtue of the Solvency Condition, Interest shall accrue at the Interest Rate in the manner provided in this Condition 3. Such Interest accumulates, accrues to and, together with the Interest which was not paid by virtue of the Solvency Condition, is due and payable on, the first Business Day on which the amount may be paid in compliance with the Solvency Condition.

### 3.6 CALCULATION OF ACCRUED INTEREST IN OTHER CASES

Where under these Conditions the day for payment of any accrued Interest is not an Interest Payment Date, the amount of that Interest will be calculated in accordance with Condition 3.3 as if a reference to "N" is a reference to the number of days in the Interest Period ending on but excluding that date.

## 4 Redemption

### 4.1 REDEMPTION ON THE MATURITY DATE

Suncorp shall redeem each Note on the Maturity Date by payment of its Face Value (together with any accrued and unpaid Interest on the Note to the Maturity Date).

### 4.2 EARLY REDEMPTION BY SUNCORP

With the prior written approval of APRA, Suncorp may by notice to Holders, the Trustee and the Registrar (an **Early Redemption Notice**) elect to redeem:

- (a) some or all of the Notes on 22 November 2018 or any subsequent Interest Payment Date (each an **Optional Redemption Date**); or
- (b) all (but not some) of the Notes if a Tax Event or a Regulatory Event occurs.

### 4.3 EARLY REDEMPTION NOTICE

An Early Redemption Notice must specify:

- (a) where Condition 4.2(b) applies, the details of the Tax Event or Regulatory Event to which the Early Redemption Notice relates;
- (b) the number of Notes to be redeemed; and
- (c) the Early Redemption Date, which:
  - (i) in the case of an Optional Redemption Date, is the Optional Redemption Date which is at least 15 days (and no more than 50 days) after the date the Early Redemption Notice is given; and
  - (ii) in the case of a Tax Event or Regulatory Event, is a date which is at least 15 days (and no more than 50 days) after the date the Early Redemption Notice is given.

### 4.4 EFFECT OF AN EARLY REDEMPTION NOTICE

An Early Redemption Notice given under Condition 4.2 is irrevocable and obliges Suncorp, subject to the Solvency Condition, to redeem the relevant number of Notes on the Early Redemption Date, by payment of the Face Value in respect of each Note to be redeemed (together with any accrued but unpaid Interest on the Note to the Early Redemption Date).

# a. Note Conditions

(continued)

## 4.5 NO EARLY REDEMPTION AT THE OPTION OF HOLDERS

A Holder cannot require Suncorp to redeem all or some of the Notes held by that Holder before their Maturity Date.

## 4.6 PURCHASES

Suncorp and any of its Related Entities may at any time with APRA's prior written approval purchase Notes in the open market or otherwise.

## 4.7 EARLY REDEMPTION AND PURCHASE RESTRICTIONS

Suncorp may only elect to redeem any Notes under Condition 4.2, and Suncorp or any of its Related Entities may only elect to purchase any Notes under Condition 4.6, if either:

- (a) before or concurrently with the redemption or purchase, Suncorp replaces the Notes the subject of the redemption or purchase with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the Group at the relevant time) and the replacement of the relevant Notes is done under conditions that are sustainable for the income capacity of Suncorp; or
- (b) Suncorp obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Group, that Suncorp does not have to replace the Notes the subject of the redemption or purchase.

*Holders should not expect that APRA's approval will be given for any early redemption or purchase of Notes under these Conditions.*

## 5 Conversion on Non-Viability Trigger Event

### 5.1 NON-VIABILITY TRIGGER EVENT

#### (a) A **Non-Viability Trigger Event**

occurs when APRA provides a written determination to Suncorp that the conversion or write-off of Relevant Capital Instruments in accordance with their terms or by operation of law is necessary because:

- (i) without the conversion or write-off, APRA considers that Suncorp would become non-viable; or
- (ii) without a public sector injection of capital into, or equivalent capital support with respect to, Suncorp, APRA considers that Suncorp would become non-viable.

#### (b) If a Non-Viability Trigger Event occurs Suncorp must convert or write-off:

- (i) all Relevant Capital Instruments; or
- (ii) an amount of the Relevant Capital Instruments if APRA is satisfied that conversion or write-off of that amount will be sufficient to ensure that Suncorp does not become non-viable.

### 5.2 NON-VIABILITY TRIGGER EVENT NOTICE

#### (a) If a Non-Viability Trigger Event occurs:

- (i) on that date (the **Non-Viability Conversion Date**) Suncorp must immediately determine in accordance with APRA's determination under Condition 5.1:

- (A) the amount of Notes that will Convert and the amount of other Relevant Capital Instruments which will convert or be written-off; and

- (B) the identity of the Holders at the time that the Conversion is to take effect on that date (and in making that determination Suncorp may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time);

- (ii) subject only to Condition 5.3 and despite any other provision in these Conditions, on the Non-Viability Conversion Date the relevant amount of Notes will Convert, and the relevant amount of other Relevant Capital Instruments will convert or be written-off, in each case immediately and irrevocably; and

- (iii) Suncorp must give notice of the Non-Viability Trigger Event (a **Non-Viability Trigger Event Notice**) to Holders and the Trustee as soon as practicable which states the Non-Viability Conversion Date, the amount of Notes Converted and the relevant amount of Relevant Capital Instruments converted or written-off.

- (b) If in accordance with Condition 5.1 Suncorp is required to convert only an amount of Relevant Capital Instruments, Suncorp will determine the amount of Notes which will Convert and other Relevant Capital Instruments which will convert or be written-off as follows:

- (i) first, Suncorp will convert or write-off all Relevant Tier 1 Capital Instruments before Conversion of the Notes;
- (ii) second, if conversion or write-off of Relevant Tier 1 Capital Instruments is less than the amount sufficient to satisfy APRA that Suncorp would not become non-viable, Suncorp will Convert Notes and convert or write-off other Relevant Tier 2 Capital Instruments in an aggregate amount which when added to the amount of Relevant Tier 1 Capital Instruments converted or written-off will satisfy APRA that Suncorp would not become non-viable; and
- (iii) in Converting Notes or converting or writing-off other Relevant Tier 2 Capital Instruments Suncorp will endeavour to treat Holders and holders of other Relevant Tier 2 Capital Instruments on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect the Conversion immediately.
- (c) None of the following shall prevent, impede or delay the Conversion of Notes as required by this Condition 5.2:
  - (i) any failure to or delay in the conversion or write-off of any other Relevant Capital Instruments;
  - (ii) any failure or delay in giving a Non-Viability Trigger Event Notice;
  - (iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion; or
  - (iv) any requirement to select or adjust the amount of Notes to be Converted in accordance with Condition 5.2(b)(iii).
- (d) From the Non-Viability Conversion Date, subject to Condition 5.3, Suncorp shall treat the Holder in respect of the Notes as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion.

### 5.3 NO FURTHER RIGHTS IF CONVERSION CANNOT OCCUR

Where on the Non-Viability Conversion Date an Inability Event subsists and Conversion has not been effected within five Business Days after the Non-Viability Conversion Date, then to the extent such event prevents Suncorp from Converting Notes the relevant Holders' rights (including to the payment of Interest and Face Value) in relation to such Notes are immediately and irrevocably written-off and terminated (**Written-Off**).

## 6 Conversion Mechanics

### 6.1 CONVERSION

On the Non-Viability Conversion Date, subject to Conditions 5.3, 6.12 and 6.13, the following will apply:

- (a) Suncorp will allot and issue the Conversion Number of Ordinary Shares in respect of each Note required to be Converted. The Conversion Number is calculated according to the following formula, and subject always to the Conversion Number being no greater than the Maximum Conversion Number:

$$\text{Conversion Number for each Note} = \frac{\$100}{99\% \times \text{VWAP}}$$

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:

$$\text{Maximum Conversion Number} = \frac{\$100}{\text{Relevant Fraction} \times \text{Issue Date VWAP}}$$

where:

**Relevant Fraction** means 0.20.

- (b) Each Holder's rights (including to payment of Interest) in relation to each Note will be immediately and irrevocably terminated for an amount equal to the Face Value and Suncorp will apply that Face Value by way of payment for the subscription for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 and no Holder has any right to payment in any other way.
- (c) If the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

### 6.2 ADJUSTMENTS TO VWAP GENERALLY

For the purposes of calculating VWAP under Condition 6.1:

- (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 Notes will be Converted into Ordinary Shares after that date and those Ordinary Shares will 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

## a. Note Conditions

(continued)

other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
  - (ii) in the case of any other entitlement that is not a dividend or other distribution under Condition 6.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
  - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Notes will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

### 6.3 ADJUSTMENTS TO VWAP FOR REORGANISATION

- (a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue as a result of a Reorganisation, in calculating the VWAP for the VWAP Period, the VWAP for each Business Day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by the following formula:

$$\frac{A}{B}$$

Where:

- A** means the aggregate number of Ordinary Shares immediately before the Reorganisation; and
- B** means the aggregate number of Ordinary Shares immediately after the Reorganisation.

- (b) Any adjustment made by Suncorp in accordance with Condition 6.3(a) will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

### 6.4 ADJUSTMENTS TO ISSUE DATE VWAP GENERALLY

For the purposes of determining the Issue Date VWAP, adjustments will be made in accordance with Conditions 6.2 and 6.3 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 Conditions 6.5 to 6.7 (inclusive); and
- (b) if so made, will correspondingly cause an adjustment to the Maximum Conversion Number.

### 6.5 ADJUSTMENTS TO ISSUE DATE VWAP FOR BONUS ISSUES

- (a) Subject to Condition 6.5(b), 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 immediately 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) Condition 6.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of Condition 6.5(a), an issue will be regarded as a bonus 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 Condition 6.5 for any offer of Ordinary Shares not covered by Condition 6.5(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 Condition 6.5(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 the Holders.

#### 6.6 ADJUSTMENTS TO ISSUE DATE VWAP FOR REORGANISATION

- (a) If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reorganisation, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

**A**

**B**

where:

**A** means the aggregate number of Ordinary Shares on issue immediately before the Reorganisation; and

**B** means the aggregate number of Ordinary Shares on issue immediately after the Reorganisation.

- (b) Any adjustment made by Suncorp in accordance with this Condition 6.6 will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

- (c) Each Holder acknowledges that Suncorp may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of the Holders.

#### 6.7 NO ADJUSTMENT TO ISSUE DATE VWAP IN CERTAIN CIRCUMSTANCES

Despite the provisions of Conditions 6.5 and 6.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

#### 6.8 ANNOUNCEMENT OF ADJUSTMENTS TO ISSUE DATE VWAP

Suncorp will notify the Trustee and the Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under Condition 6 within 10 Business Days of Suncorp determining the adjustment.

#### 6.9 STATUS AND LISTING OF ORDINARY SHARES

Ordinary Shares issued or arising upon Conversion will rank equally with all other fully paid Ordinary Shares.

#### 6.10 LISTING ORDINARY SHARES ISSUED ON CONVERSION

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

#### 6.11 FOREIGN HOLDERS

Where Notes held by a Foreign Holder are required to be Converted, unless Suncorp is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which Suncorp is not bound to enquire), either unconditionally or after compliance with conditions which Suncorp in its absolute discretion

regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign Holder is obliged to accept will be issued to the Trustee (or other nominee appointed by Suncorp which must not be a member of the Group or Related Entity of Suncorp) who will sell those Ordinary Shares and pay a cash amount equal to the Proceeds to the Foreign Holder.

#### 6.12 CONVERSION WHERE THE HOLDER DOES NOT WISH TO RECEIVE ORDINARY SHARES

If a Note is required to be Converted 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 Non-Viability Conversion Date then, on the Non-Viability Conversion Date, subject to applicable law, the Holder's rights (including to payment of Interest and Face Value) in relation to each such Note being Converted are immediately and irrevocably terminated and Suncorp will issue the Conversion Number of Ordinary Shares to a Trustee (or other nominee appointed by Suncorp which must not be a member of the Group or Related Entity of Suncorp) for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, the Trustee or other nominee will arrange for their sale and pay a cash amount equal to the Proceeds to the relevant Holder.

#### 6.13 NO DUTY ON SALE

For the purpose of Conditions 6.11 and 6.12, Suncorp does not owe any obligations or duties to the Holders in relation to the price at which Ordinary Shares are sold and has no liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.



# a. Note Conditions

## (continued)

### 6.14 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 Conditions including, but not limited to, effecting any Conversion or Write-Off of Notes, 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 or Write-Off.
- (b) The power of attorney given in this Condition 6.14 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Conditions and is irrevocable.

### 6.15 HOLDER ACKNOWLEDGMENTS

Each Holder irrevocably acknowledges and agrees that:

- (a) upon Conversion of the Notes in accordance with Condition 5 and Condition 6, it 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) it is obliged to accept Ordinary Shares upon a Conversion notwithstanding:
- (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 the Notes; or
  - (iv) any other circumstance which might affect a Conversion of the Notes;
- (c) Conversion of the Notes in accordance with Condition 5 is a fundamental term of the Notes and is not subject to any other conditions other than those expressly provided in Condition 5;
- (d) Conversion must occur immediately on the Non-Viability Conversion Date and Conversion or Write-Off may result in disruption or failures in trading or dealings in the Notes or other loss to Holders;
- (e) it will not have any rights to vote in respect of any Conversion or Write-Off;
- (f) the Ordinary Shares issued on Conversion may not be quoted at the time of issue, or at all;
- (g) the determinations made by Suncorp under Condition 5.2 are final and binding; and
- (h) it has no remedies on account of a failure by Suncorp to issue Ordinary Shares in accordance with Condition 6 other than (and subject always to Condition 5.3) to seek specific performance of the obligation to issue the Ordinary Shares.

## 7 Title and transfer

### 7.1 TITLE

Title to Notes passes when details of the transfer are entered in the Register.

### 7.2 REGISTER CONCLUSIVE AS TO OWNERSHIP

Except as required by law and subject to correction for fraud or error, Suncorp must treat the person whose name is entered in the Register as the Holder of a Note as the absolute owner of

that Note. This Condition 7.2 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

### 7.3 JOINT HOLDERS

Where two or more persons are entered in the Register as the joint Holders of a Note, they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than three persons as joint Holders of a Note.

### 7.4 TRANSFER

Subject to the ASX Listing Rules, Notes will be transferable only in accordance with these Conditions, the ASX Settlement Operating Rules and the further conditions included in the Trust Deed. A Holder may not transfer part of a Note.

### 7.5 INSTRUMENTS OF TRANSFER

A Holder may transfer a Note:

- (a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act; or
- (c) subject to Condition 1.3 by any proper or sufficient instrument of transfer of marketable securities under applicable law.

### 7.6 TRANSFER ON OCCURRENCE OF CERTAIN EVENTS

The Registrar must register a transfer of a Note to or by a person who is entitled to make or receive the transfer as a consequence of:

- (a) death, bankruptcy, liquidation or winding-up of a Holder; or
- (b) 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.

## 8 Payments

### 8.1 METHOD OF PAYMENT

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

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

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

### 8.2 HOLDERS ENTITLED TO PAYMENT

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

- (a) in the case of a payment of Interest, 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 Face Value, to the Holder appearing in the Register at 10:00am Sydney time on the date fixed for redemption,

in each case unless otherwise required by the ASX Listing Rules.

### 8.3 UNPRESENTED CHEQUES

Cheques issued by Suncorp that are not presented within six months of being issued or such lesser period as determined by Suncorp may be cancelled. Where a cheque which is cancelled was drawn in favour of

a Holder, the moneys are to be held by Suncorp for the Holder as a non-interest bearing deposit or paid by Suncorp according to the legislation relating to unclaimed moneys.

### 8.4 UNSUCCESSFUL ATTEMPTS TO PAY – OTHER

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

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

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

### 8.5 TIME LIMIT FOR CLAIMS

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

### 8.6 DETERMINATION AND CALCULATION FINAL

Except where there is fraud or a manifest error, any determination or calculation which Suncorp makes in accordance with these Conditions is final and binds Suncorp, the Registrar, the Trustee and each Holder.

### 8.7 ROUNDING

Unless otherwise specified in these Conditions:

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

### 8.8 PAYMENT TO JOINT HOLDERS

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

### 8.9 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 an amount when scheduled under these Conditions.

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

### 8.10 PAYMENT ON BUSINESS DAYS

If a payment is to be made to an account on a Business Day on which banks are not open for business in the place the account is located, payment will be made on the next day on which banks are open for business in that place, and no additional interest is payable in respect of that delay in payment.

### 8.11 APPLICABLE LAW

Subject to Condition 11, Suncorp's obligation to make any payment is subject to applicable law.

# a. Note Conditions

(continued)

## 9 Taxation

### 9.1 GENERAL

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (together **Taxes**), unless such withholding or deduction is required by law or as permitted by Condition 9.4.

### 9.2 DEDUCTIONS

- (a) If Suncorp is required by law to make a withholding or deduction, Suncorp shall pay the full amount required to be deducted by law 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 relevant Holder, deliver to that Holder the relevant receipt issued by the revenue authority after it is received by Suncorp.
- (b) If any deduction has been made and the amount of the deduction has been accounted for by Suncorp to the relevant revenue authority and the balance of the amount payable 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.

### 9.3 SUNCORP TO PAY ADDITIONAL AMOUNTS

Where a withholding or deduction for Taxes is required by a law of the Commonwealth of Australia or any authority of the Commonwealth of Australia having power to tax, subject to the Solvency Condition, Suncorp shall pay such additional amounts (**Additional Amounts**) to the Holders as will result in those Holders receiving the amounts that would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts will be payable with respect to any Notes:

- (a) in respect of which the Holder is liable for those Taxes by reason of its having some connection with the Commonwealth of Australia, other than the mere holding of the Notes or the receipt of the relevant payment;
- (b) in respect of which the Holder is an Offshore Associate of Suncorp (acting other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act);
- (c) in respect of which those Taxes have been imposed or levied as a result of the Holder of the Notes being party to or participating in a scheme to avoid such Taxes, being a scheme to which Suncorp was neither a party to nor participated in; or
- (d) to, or to a third party on behalf of, an Australian resident Holder or a non-resident Holder who is engaged in carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that person has not supplied an appropriate tax file number, Australian Business Number or other exemption details.

### 9.4 FATCA

Suncorp may withhold or make deductions from payments or from the issue of Ordinary Shares to a Holder 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 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 a beneficial owner of 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.

### 9.5 TAX FILE NUMBER

Suncorp will deduct tax from payments of Interest at the rate prescribed by law if an Australian resident investor or a non-resident investor carrying on business in Australia at or through a permanent establishment of the non-resident in Australia has not supplied an appropriate tax file number, Australian Business Number or exemption details and no Additional Amount is payable in respect of any such deduction.

### 9.6 REFERENCES TO AMOUNTS IN RESPECT OF NOTES

Any reference in these Conditions to any amount owing in respect of Notes (including any amount in respect of Interest or Face Value) includes a reference to any Additional Amount which may be payable in respect of that amount under this Condition 9.

## 10 Events of Default

### 10.1 EVENTS OF DEFAULT

An "Event of Default" occurs if:

- (a) either:
  - (i) Suncorp does not pay any Face Value of the Notes due in respect of the Notes within 10 days of its due date; or
  - (ii) Suncorp does not pay any Interest or other amount due in respect of the Notes within 20 days of its due date,(a **Payment Default**); or

- (b) either:
  - (i) a court order is made for the winding up of Suncorp and that order is not successfully appealed or permanently stayed within 60 days of making of that order; or
  - (ii) an effective resolution for the winding up of Suncorp is passed by the Shareholders entitled to vote on such resolution,

in each case, other than for the purposes of a consolidation, amalgamation, merger or reconstruction which has been approved by the holders of Ordinary Shares of Suncorp or by a court of competent jurisdiction under which the surviving entry has assumed or will assume expressly or by law all obligations of Suncorp in respect of the Notes,

(a **Winding Up Default**).

To the extent that a payment is not required to be made because of the Solvency Condition, the amount is not due and payable and a Payment Default cannot occur.

**10.2 NOTIFICATION**

If an Event of Default occurs, Suncorp must promptly after becoming aware of it notify the Registrar, the Holders and the Trustee of the occurrence of the Event of Default (a **Default Notice**).

**10.3 ENFORCEMENT**

If an Event of Default occurs and is continuing:

- (a) in the case of a Payment Default, the Trustee may bring proceedings:
  - (i) to recover any amount then due and payable but unpaid on the Notes (subject to Suncorp being able to make the payment and remain Solvent);

- (ii) to obtain an order for specific performance of any other obligation in respect of the Notes; or
- (iii) for the winding up of Suncorp; and
- (b) in the case of a Winding Up Default, in addition to taking any of the actions specified in Condition 10.3(a), the Trustee may declare by notice to Suncorp that the Face Value of each Note (together with all Interest accrued but unpaid to the date for payment) is payable on a date specified in the notice and, subject to Condition 11, may prove in the winding up of Suncorp for that amount.

**10.4 NO OTHER REMEDIES AGAINST SUNCORP**

None of the Holders or the Trustee may exercise any other remedies (including any right to sue for damages which has the same economic effect as acceleration) as a consequence of an Event of Default other than as specified in this Condition 10 (but this does not affect the Trustee's right to claim payment of its Costs or remuneration).

**10.5 TRUSTEE'S DUTY TO ENFORCE**

The Trustee shall not be bound to take any of the actions referred to in Condition 10.3 to enforce the obligations of Suncorp in respect of the Notes or any other proceedings or action to or in connection with the Trust Deed or the Notes unless:

- (a) it shall have been so directed by a Special Resolution of Holders or so requested in writing by the Holders of at least 25% of the aggregate Face Value of the Notes (disregarding any Notes held beneficially by Suncorp or any member of the Group);

- (b) it is required to do so under the terms of the Trust Deed, including that it shall have been indemnified and its liability limited as contemplated by clause 6.4 of the Trust Deed; and
- (c) it is not restricted or prohibited from so acting under the Trust Deed or by any order of any court or any applicable law.

**10.6 HOLDERS' RIGHT TO ENFORCE**

No Holder shall be 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, 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.

**11 Subordination**

**11.1 WINDING UP**

In a winding up of Suncorp, a claim by a Holder, or by the Trustee or any other person on behalf of the Holder, for an amount owing by Suncorp in connection with a Note, is subordinated to the claims of Unsubordinated Creditors of Suncorp, in that:

- (a) all claims of Unsubordinated Creditors must be paid in full before the Holder's claim is paid; and
- (b) until the Unsubordinated Creditors have been paid in full, the Holder must not claim in the winding up in competition with the Unsubordinated Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Unsubordinated Creditors would have been entitled to receive.



# a. Note Conditions

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## 11.2 AGREEMENTS AND ACKNOWLEDGMENTS OF HOLDERS

Each Holder irrevocably acknowledges and agrees that:

- (a) **(debt subordination)** this Condition 11 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) **(voting)** it must not exercise its voting rights as an unsecured creditor in the winding up or administration of Suncorp to defeat the subordination in this Condition 11;
- (c) **(not otherwise affected)** the debt subordination effected by this Condition 11 is not affected by any act or omission of Suncorp or an Unsubordinated Creditor which might otherwise affect it at law or in equity; and
- (d) **(clawback)** it must pay or deliver to the liquidator any amount or asset received on account of its claim in the winding up of Suncorp in connection with a Note in excess of its entitlement under Condition 11.1 above.

## 11.3 NO CONSENT OF UNSUBORDINATED CREDITORS

Nothing in this Condition 11 shall be taken to require the consent of any Unsubordinated Creditor to any amendment of these Conditions.

## 12 Meetings of Holders

### 12.1 MEETING PROVISIONS

Meetings of Holders may be held in accordance with the Meeting Provisions and the Trust Deed. A meeting may consider any matter affecting the interests of Holders, including any variation to these Conditions proposed by Suncorp in accordance with Condition 13.

### 12.2 CONVENING A MEETING

The Meeting Provisions contain provisions governing notice, quorum requirements and other matters relevant to the conduct of a meeting.

Suncorp:

- (a) may convene a meeting at any time; and
- (b) must convene a meeting:
  - (i) upon the request in writing of Holders who together hold 10% or more of the aggregate Face Value of all Notes outstanding (determined disregarding any 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 Variation

### 13.1 VARIATION WITH APPROVAL

Subject to Condition 13.2 and Condition 13.3, Suncorp may vary the Trust Deed and these Conditions with the approval of the Holders by Special Resolution and the Trustee.

### 13.2 VARIATION WITHOUT APPROVAL

Subject to Condition 13.3 and complying with the Corporations Act and all applicable laws, Suncorp may by deed poll vary the Trust Deed and these Conditions without the approval of the Holders if, in the opinion of Suncorp, the variation:

- (a) is necessary or advisable to comply with any law;
- (b) is necessary to correct an obvious error, or otherwise, of a formal, technical or administrative nature only;

- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- (d) is necessary or advisable to maintain the quotation of the Notes on ASX; or
- (e) is not materially prejudicial to the interests of the Holders as a whole and Suncorp has provided to the Trustee (or the Trustee has obtained) an opinion of reputable legal counsel in Australia that it is open to the Trustee to determine that such variation is not materially prejudicial to the interests of Holders as a whole.

### 13.3 NO VARIATION WHICH MAY AFFECT TIER 2 CAPITAL ELIGIBILITY

The prior written approval of APRA is required in respect of any variation in respect of the Trust Deed and these Conditions where such variation may affect the eligibility of the Notes as Tier 2 Capital. The Trustee is entitled to rely on an Officer's Certificate delivered to it by Suncorp as conclusive evidence of whether APRA approval of a variation is required and, if required, has been obtained.

### 13.4 HOLDER APPROVAL NOT REQUIRED

Suncorp does not require the approval of Holders or the Trustee to vary or terminate any registry agreement or other agreement in respect of Notes (other than the Trust Deed and these Conditions).

### 13.5 NOTICE TO HOLDERS

Suncorp must notify Holders and the Trustee of any variation to the Trust Deed and these Conditions promptly after it is made.

### 13.6 MEANING OF VARY AND VARIATION

In this Condition 13 "vary" includes amend, modify, cancel, alter or add to and "variation" has a corresponding meaning.



## 14 General rights

### 14.1 FURTHER ISSUES

Suncorp may, from time to time without the consent of the Holders, issue any securities ranking equally with the Notes (on the same terms or otherwise) or ranking in priority or junior to the Notes.

### 14.2 NO OTHER RIGHTS

A Holder of Notes has:

- (a) no claim against Suncorp except as expressly set out in these Conditions;
- (b) no right to participate in the issue of any shares or any other securities of any kind of Suncorp; and
- (c) no right to receive notice of or vote at any meeting of members of Suncorp.

## 15 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 the Notes on ASX.

## 16 Notices

### 16.1 NOTICES TO HOLDERS

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

- (a) in writing signed on behalf of Suncorp (by original or printed signature);
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) delivered personally;
  - (ii) sent by pre-paid mail to that person's address;
  - (iii) sent by fax to the fax number (if any) nominated by that person; or

- (iv) sent by email or electronic message to the electronic address (if any) nominated by that person.

Any notice or other communication given by the Trustee to Holders shall be given in the manner set out in clause 19 of the Trust Deed.

### 16.2 DELIVERY OF CERTAIN NOTICES

Notwithstanding Condition 16.1, an Interest Notice, an Early Redemption Notice, a Non-Viability Trigger Event Notice, an Adjustment Notice, a Default Notice and a Suncorp Details Notice may each be given to Holders, the Trustee and the Registrar by Suncorp publishing the notice on the Group's website and announcing the publication of the notice to ASX.

### 16.3 WHEN NOTICES TO HOLDERS TAKE EFFECT

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

### 16.4 NON-RECEIPT OF NOTICE BY A HOLDER

The non-receipt of a notice or other communication by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

### 16.5 NOTICES TO SUNCORP OR THE TRUSTEE

A notice or other communication given by a Holder to Suncorp or the Trustee in connection with the Notes must be:

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

Attention: Company Secretary  
Address: Level 18  
Suncorp Centre  
36 Wickham Terrace  
Brisbane 4000  
Australia

or

Email: investor.relations@suncorp.com.au

or to such other address or email address as Suncorp notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Conditions from time to time (a **Suncorp Details Notice**);

- (c) if to the Trustee, addressed as specified from time to time in accordance with the Trust Deed;
- (d) (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
- (e) delivered or posted by prepaid post or sent by email to the email address in each case in accordance with Condition 16.5(b) or Condition 16.5(c) as the case may be.

### 16.6 WHEN NOTICES TAKE EFFECT

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

### 16.7 DEEMED RECEIPT OF NOTICES

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

- (a) in the case of a posted letter, on the third day (or the seventh day, if posted to or from a place outside Australia) after posting; and
- (b) in the case of an email, when the sender receives an automated message confirming delivery.

Despite paragraphs (a) and (b), if a letter or email is received after 5:00pm in the place of receipt or on a day which is not a Business Day, it is taken to be received at 9:00am on the next Business Day.

# a. Note Conditions

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## 17 Governing law and jurisdiction

### 17.1 GOVERNING LAW

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

### 17.2 JURISDICTION

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

## 18 Interpretation and definitions

### 18.1 DEFINITIONS

In these Conditions the following expressions have the following meanings:

**Additional Amount** has the meaning given in Condition 9.3.

**Adjustment Notice** has the meaning given in Condition 6.8.

**APRA** means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Suncorp.

**ASTC** means the ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX from time to time with any modifications or waivers in their application to Suncorp which ASX may grant.

**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 Condition 6.14(a).

**Australian Business Number** has the meaning given in the *A New Tax System (Australian Business Number) Act 1999*.

**Bank Bill Rate** has the meaning given in Condition 3.3.

**Bill** has the meaning it has in the *Bills of Exchange Act 1909* of Australia.

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

**Business Day** means a day which is a business day within the meaning of the ASX Listing Rules.

**CHES** means the Clearing House Electronic Subregister System operated by ASX.

**Conditions** means these terms and conditions.

**Constitution** means the constitution of Suncorp as amended from time to time.

**Conversion Number** has the meaning given in Condition 6.1(a).

**Convert** means, the conversion of all, some or a proportion of Notes into Ordinary Shares under these Conditions and **Conversion** and **Converted** have corresponding meanings.

**Corporations Act** means the *Corporations Act 2001* of Australia.

**Costs** includes costs, expenses and charges.

**Cum Value** has the meaning given in Condition 6.2(a).

**Default Notice** has the meaning given in Condition 10.2.

**Directors** means the board of directors of Suncorp or any committee of the board.

**Early Redemption Date** means the date on which a Note is to be redeemed as specified in the Early Redemption Notice.

**Early Redemption Notice** means a notice given by Suncorp under Condition 4.2.

**External Administrator** means, in respect of a person:

- (a) a liquidator, 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.

**Event of Default** has the meaning given in Condition 10.1.

**Face Value** means the face value of the Notes as specified in Condition 1.2.

**FATCA** means the *Foreign Account Tax Compliance Act* provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

**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 and Suncorp is not satisfied that the laws of the Holder's country of residence permit the offer, holding or acquisition of Ordinary Shares to the Holder (but Suncorp will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which Suncorp, in its absolute discretion, regards as acceptable and not unduly onerous.

**Group** means Suncorp and each of its Subsidiaries.

**Holder** means, for a Note, each person whose name is entered in the Register as the holder of that Note.

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

**Interest** has the meaning given in Condition 3.1.

**Interest Notice** has the meaning given in Condition 3.4(b).

**Interest Payment Date** means each date so specified in Condition 3.2.

**Interest Period** means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Issue Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or Early Redemption Date (or such earlier date on which the Face Value and accrued but unpaid Interest in respect of a Note becomes due and payable).

**Interest Rate** means the interest rate (expressed as a percentage per annum) calculated in accordance with Condition 3.3.

**Issue Date** means the date on which a Note is issued being 22 May 2013.

**Issue Date VWAP** means the VWAP during the VWAP Period as adjusted in accordance with Condition 6.

**Margin** means the margin specified in or determined in accordance with Condition 3.3.

**Maturity Date** means 22 November 2023 or if that date is not a Business Day the following Business Day.

**Maximum Conversion Number** has the meaning given in Condition 6.1(a).

**Meetings Provisions** means the provisions for the convening of meetings of, and passing of resolutions by, Holders set out in the Trust Deed.

**Non-Viability Conversion Date** has the meaning given in Condition 5.2(a)(i).

**Non-Viability Trigger Event** has the meaning given in Condition 5.1(a).

**Non-Viability Trigger Event Notice** has the meaning given in Condition 5.2(a)(iii).

**Note** means a subordinated note issued by Suncorp under the Trust Deed on the terms and the conditions set forth in these Conditions.

**Officer's Certificate** means a certificate signed by a director or secretary of Suncorp.

**Offshore Associate** means an associate (as defined in section 128F of the Tax Act) of Suncorp that is either a non-resident of the Commonwealth of Australia that does not receive a payment in respect of the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that receives a payment in respect of the Notes in carrying on business at or through a permanent establishment outside of Australia.

**Optional Redemption Date** has the meaning given in Condition 4.2(a).

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

**Payment Default** has the meaning given in Condition 10.1(a).

**Proceeds** means the net proceeds of a sale of Ordinary Shares actually received by the Trustee or nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the Trustee or nominee's reasonable out of pocket Costs properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares.

**Record Date** means in the case of:

- (a) payments of Interest, the date which is eight calendar days before the date of payment (or as otherwise prescribed by the ASX Listing Rules or if not prescribed by ASX, a date determined by Suncorp and notified to ASX); and

- (b) payments of the Face Value, a date determined by Suncorp and notified to ASX (or such other date as may be prescribed by ASX).

**Register** means a register of Holders established and maintained by or on behalf of Suncorp. The term Register includes:

- (a) any sub-register maintained by, or on behalf of Suncorp under the Corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register, provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

**Registrar** means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Suncorp to maintain the Register and make any payment and perform other duties as specified in the agreement appointing it.

**Regulatory Event** means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a prospective change) in any law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date (and which Suncorp does not expect on that date may come into effect), additional requirements would be imposed on Suncorp in relation to or in connection with the Notes which the Directors determine, in their absolute discretion, to be unacceptable; or

# a. Note Conditions

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(b) the determination by the Directors that Suncorp is not or will not be entitled to treat some or all Notes as Tier 2 Capital, except where the reason Suncorp is not or will not be entitled to treat some or all Notes as Tier 2 Capital is because of a limit or other restriction on the recognition of Tier 2 Capital 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 Capital Instrument** means Relevant Tier 1 Capital Instruments and Relevant Tier 2 Capital Instruments.

**Relevant Fraction** has the meaning given in Condition 6.1(a).

**Relevant Tier 1 Capital Instrument** means a capital instrument forming part of the Tier 1 Capital of Suncorp that, in accordance with its terms or by operation of law, is capable of being converted or written-off where APRA makes a determination as referred to in Condition 5.1(a).

**Relevant Tier 2 Capital Instrument** means a capital instrument forming part of the Tier 2 Capital of Suncorp that, in accordance with its terms or by operation of law, is capable of being converted or written-off where APRA makes a determination as referred to in Condition 5.1(a).

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

**Shareholder** means the holder of any share in the capital of Suncorp, including any preference share or Ordinary Share.

**Solvency Condition** has the meaning given in Condition 2.2.

**Solvent** means at any time in respect of Suncorp:

(a) it is able to pay all its debts as and when they become due and payable; and

(b) its assets exceed its liabilities,

in each case determined on an unconsolidated stand-alone basis.

**Special Resolution** has the meaning given in the Trust Deed.

**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 Condition 16.5(b).

**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.

**Taxes** has the meaning given to it in Condition 9.1.

**Tax Event** means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters to the effect that, as a result of:

(a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;

(b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (**Administrative Action**); or

(c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which is not expected by Suncorp on the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

(i) Suncorp will be liable to pay any Additional Amounts;

(ii) any Interest payable in respect of the Notes will not be deductible to any material extent; or

(iii) 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 or as a consequence of the Notes not satisfying the requirements of a "debt interest" as that term is defined in the Tax Act) in relation to the Notes.



**Tier 1 Capital** means Tier 1 capital as defined by APRA from time to time.

**Tier 2 Capital** means Tier 2 capital as defined by APRA from time to time.

**Trust Deed** means the trust deed dated on or about 9 April 2013 between Suncorp and the Trustee.

**Trustee** means Australian Executor Trustees Limited (ABN 84 007 869 794) and includes any successor.

**Unsubordinated Creditors** means all creditors of Suncorp other than:

- (a) the Holders; and
- (b) creditors of Suncorp under other instruments issued as Relevant Capital Instruments.

**VWAP** means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under Condition 6 (such average being rounded to the nearest full cent) 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 Settlement Operating Rules, or any overseas trades pursuant to the exercise of options over Ordinary Shares.

**VWAP Period** means:

- (a) in the case of the Issue Date VWAP, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date; or
- (b) otherwise, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Conversion Date.

**Winding Up Default** has the meaning given in Condition 10.1(b).

**Written-Off** has the meaning given in Condition 5.3 and **Write-Off** has a corresponding meaning.

## 18.2 INTERPRETATION

- (a) Unless otherwise specified, a reference to a clause is a reference to a clause of these Conditions.
- (b) If a calculation is required under these Conditions, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (c) Headings and boldings are for convenience only and do not affect the interpretation of these Conditions.
- (d) The singular includes the plural and vice versa.
- (e) 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.
- (f) If an event under these Conditions must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day, unless a contrary intention is expressed.
- (g) A reference to dollars, AUD, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (h) Any reference to any requirements of APRA or any other prudential regulatory requirements in these Conditions 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.
- (i) Any requirement for APRA's consent or approval in any provision of these Conditions will apply only if APRA requires that such consent or approval be given at the relevant time.
- (j) A reference to a term defined by the ASX Listing Rules or the ASX Settlement Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (k) 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 or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (l) Where under these Conditions, 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.
- (m) Nothing in these Conditions shall confer rights on the Holder of any Relevant Capital Instrument or any other person other than the Holders and the Trustee.
- (n) So long as the Notes are quoted on ASX and in CHESS the Conditions are to be interpreted in a manner consistent with the ASX Listing Rules and ASX Settlement Operating Rules (**Rules**) except to the extent that an interpretation consistent with those Rules would affect the eligibility of the Notes as Tier 2 Capital.



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# 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 18.1 of the Conditions immediately prior to this Glossary on page 99.

# b. Glossary

TERM	MEANING
ABN	Australian Business Number.
ACCC	Australian Competition and Consumer Commission.
Additional Tier 1 Capital	Additional Tier 1 Capital of the Group as defined by APRA from time to time.
AFSL	Australian Financial Services Licence.
Applicant	A person who submits an Application.
Application	A valid application for a specified number of Notes 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 personalised Application Form provided to Eligible CPS Holders for Applications under the Reinvestment Offer;</li> <li>• the personalised Application Form provided to Eligible Securityholders for Applications under the Securityholder Offer;</li> <li>• the orange Application Form in the back of this Prospectus to be used by Broker Firm Applicants under the Broker Firm Offer; and</li> <li>• the electronic Application Form provided for online Applications under the Reinvestment Offer and Securityholder Offer.</li> </ul>
Application Payment	The monies payable on each Application, calculated as the number of Notes applied for multiplied by the Face Value.
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for the prudential regulation of Suncorp or the Group.
ASIC	Australian Securities and Investments Commission.
ASIC Modification	The declaration made, or modification granted, by ASIC under, or of, the Corporations Act as described in Section 10.9.
ASX	ASX Limited (ABN 98 008 624 691), or the market operated by it, as the context requires.
ASX Listing Rules	The listing rules of ASX, as amended, varied or waived (whether in respect of Suncorp or generally) from time to time.
AUSTRAC	The Australian Transaction Reports and Analysis Centre.
Bank Bill Rate	Has the meaning given in clause 3.3 of the Conditions.
Banking Act	<i>Banking Act 1959</i> (Cth).
Basel III	The APRA prudential standards and reporting standards which became effective on 1 January 2013 and which give effect to the capital reforms of the Basel Committee on Banking Supervision applicable to entities regulated by APRA.
BBSW	Has the meaning described in Section 2.2.
Board or Board of Directors	The board of directors of Suncorp.
Bookbuild	The process described in Section 7.6.1 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 Notes 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 (subject to foreign selling restrictions).
Business Day	A business day as defined in the ASX Listing Rules.
Capital Adequacy Ratio or CAR	Capital base divided by total assessed risk, as defined by APRA, that until 31 December 2012, was used to measure capital adequacy.
CET1	Core equity tier 1 (ordinary shareholder equity and retained profits less tier 1 and tier 2 regulatory deductions).
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
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 10 May 2013 for the Broker Firm Offer (applications in respect of Reinvested CPS), Reinvestment Offer and Securityholder Offer (unless varied); and</li> <li>• 10:00am (Sydney time) on 20 May 2013 for the Broker Firm Offer (excluding applications in respect of Reinvested CPS) (unless varied).</li> </ul>

TERM	MEANING
Co-Managers	Bell Potter Securities Limited, JBWere Limited.
Conditions	Terms and conditions of Notes as set out in Appendix A, as amended from time to time.
Constitution	The constitution of Suncorp, as amended from time to time.
Conversion	The conversion of Notes into Ordinary Shares in accordance with clause 6 of the Conditions. Convert and Converted have corresponding meanings.
Conversion Number	Has the meaning given in clause 6.1 of the Conditions.
Core Bank	The Suncorp Group's core banking business as described in Section 3.4.2.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CPS	The convertible preference shares issued by SML in 2008 under a prospectus dated 14 May 2008 (which replaced a prospectus dated 6 May 2008), the terms of which were amended on 12 November 2010.
CPS2	The convertible preference shares issued by Suncorp in 2012 under a prospectus dated 3 October 2012 (which replaced a prospectus dated 25 September 2012).
CPS Holder Applicant	An Eligible CPS Holder who applies under the Reinvestment Offer.
CPS Mandatory Conversion Date	14 June 2013.
Directors	Some or all of the directors of Suncorp acting individually or as a board (as the context requires).
Eligible CPS Holder	A CPS holder who is: <ul style="list-style-type: none"> <li>• a registered holder of CPS at 7.00pm (Sydney time) on 5 April 2013;</li> <li>• shown on the applicable register as having an address in Australia (or another jurisdiction to which Suncorp determines to extend the Reinvestment Offer); and</li> <li>• not in the United States or acting as a nominee for a person in the United States or otherwise prevented from receiving the Reinvestment Offer of the Notes under the laws of any jurisdiction as determined by Suncorp.</li> </ul>
Eligible Securityholder	A Securityholder who is: <ul style="list-style-type: none"> <li>• a registered holder of Ordinary Shares, RPS, Floating Rate Capital Notes or CPS2 (as applicable) at 7.00pm (Sydney time) on 5 April 2013;</li> <li>• shown on the applicable register as having an address in Australia; and</li> <li>• not in the United States, acting as a nominee for a person in the United States.</li> </ul>
Embedded Value	Equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits.
Event of Default	A Payment Default or a Winding Up Default, as described in detail in Section 2.5. For the full definition – see clause 10.1 of the Conditions.
Executive Performance Share Plan	The Suncorp Executive Performance Share Plan (2002), being a share plan established by the Board in December 2002 and amended on 7 January 2012 and 18 November 2011.
Expiry Date	The date which is 13 months after 10 April 2013.
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.
Face Value	The face value and issue price of Notes, being \$100 per Note. For the full definition – see clause 1.2 of the Conditions.
FATCA	The Foreign Account Tax Compliance Act provisions, Section 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).
Financial Claims Scheme	The scheme established under Division 2AA of Part II of the Banking Act.
Floating Rate Capital Notes	The floating rate capital notes issued by SML in 1998 under a prospectus dated 26 October 1998.
Foreign Holder	Has the meaning given in clause 18.1 of the Conditions.
General Insurance	The Suncorp Group's general insurance and associated businesses.
Greenwoods & Freehills	Greenwoods & Freehills Pty Limited (ABN 60 003 146 852).
Gross Written Premium or GWP	The total General Insurance premiums relating to insurance policies underwritten by a direct insurer or reinsurer during a specified period and measured from the date of attachment of risk and before payment of reinsurance premiums. The attachment date is the date the insurer accepts risk from the insured.
GST	Has the meaning given by section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).

## b. Glossary (continued)

TERM	MEANING
HIN	Holder Identification Number for Ordinary Shares or Notes (when issued) held on the CHES subregister.
Holder	A person whose name is registered as a holder of a Note.
Holding Statement	A statement issued to Holders by the Registry which sets out details of Notes issued to them under the Offer.
Inability Event	If Suncorp is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of Suncorp) or by any other reason from Converting Suncorp Subordinated Notes which would otherwise be Converted on a Non-Viability Conversion Date. Inability Event is discussed in Sections 2.4 and 5.1.9.
Institutional Investor	An investor to whom offers or invitations in respect of Notes 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 persons 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 Notes in the Bookbuild, provided that such investor may not be in the United States.
Institutional Offer	The invitation by the Joint Lead Managers to Institutional Investors to bid for Notes in the Bookbuild.
Insurance Trading Result	Net incurred claims less operating expenses plus investment income on assets backing technical reserves.
Interest	Interest payable on each Note. For further information – see clause 3 of the Conditions.
Interest Payment Date	In respect of a Note, 22 August 2013, and after that each 22 November, 22 February, 22 May, and 22 August until the Maturity Date or any earlier redemption date.
Interest Period	A period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However: <ul style="list-style-type: none"> <li>• the first Interest Period commences on (and includes) the Issue Date; and</li> <li>• the final Interest Period ends on (but excludes) the Maturity Date or earlier redemption date (or such earlier date on which the Face Value and accrued but unpaid Interest in respect of a Note becomes due and payable).</li> </ul>
Interest Rate	The sum of the Bank Bill Rate on the first day of the relevant Interest Period, plus the Margin, in each case expressed as a percentage per annum.
Issue Date	The date Notes are issued, expected to be 22 May 2013.
ITR	The insurance trading result expressed as a percentage of net earned premium.
Joint Lead Managers	ANZ Securities Limited, National Australia Bank Limited, RBS Morgans Limited, UBS AG, Australia Branch and Westpac Institutional Bank.
KPMG TS	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215, AFSL 246901).
Margin	The margin to be determined under the Bookbuild. For the full definition – see clause 3.3 of the Conditions.
Maturity Date	22 November 2023 or if that date is not a Business Day the following Business Day.
Maximum Conversion Number	The maximum number of Ordinary Shares a Holder can receive following a Non-Viability Trigger Event. For the full definition – see clause 6.1(a) of the Conditions.
MCR	The Minimum Capital Requirement set by the regulator, APRA, that, up until 31 December 2012, was required by the Group's General Insurance business to meet its insurance obligations. Following the implementation of LAGIC on 1 January 2013, APRA introduced the Prudential Capital Requirement (" <b>PCR</b> ") as the minimum level of capital that is required.
NOHC	Non-operating holding company.
Nominated Purchaser	Suncorp.
Non-Core Bank	The Suncorp Group's non-core bank portfolio position as described in Section 3.4.2.
Non-Viability Conversion Date	Has the meaning given in clause 5.2(a)(i) of the Conditions.
Non-Viability Trigger Event	Non-Viability Trigger Event is discussed in Sections 2.4 and 5.1.9. See clause 5.1(a) of the Conditions.
Note	A subordinated note issued by Suncorp under this Prospectus.
NPAT	Net profit after tax.



TERM	MEANING
Offer	The offer by Suncorp of Notes under this Prospectus to raise \$500 million with the ability to raise more or less and incorporates the Reinvestment Offer, Securityholder Offer, Institutional Offer and Broker Firm Offer.
Offer Management Agreement	The offer management agreement entered into between Suncorp and the Joint Lead Managers, as described in Section 10.6.
Offer Period	The period from the Opening Date to the Closing Date.
Opening Date	The day the Offer opens, being 18 April 2013, unless varied.
Ordinary Resolution	Broadly a resolution passed at a meeting of the Holders of Notes, duly called and held under the meeting provisions by more than 50% of the persons voting on a show of hands or in the case of a poll by a majority consisting of more than 50% of the votes cast. For the full definition – see clause 22.2 of the Trust Deed.
Ordinary Share	A fully paid ordinary share in the capital of Suncorp.
Payment Default	An Event of Default with regard to the payment of Face Value or Interest due in respect of the Notes within a specified time period. For the full definition – see clause 10.1 of the Conditions.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Pro Rata Dividend	The dividend accrued over the period from (and including) 14 March 2013 to (but excluding) the Reinvestment Date, in respect of each CPS on issue, expected to be paid on the Reinvestment Date, being 22 May 2013.
Profit after tax from core business lines	The net profit after tax for the General Insurance, Core Bank and Life business lines.
Prospectus	This document (including the electronic form of this document), and any supplementary or replacement prospectus in relation to this document, including the Conditions.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Record Date	Has the meaning given in clause 18.1 of the Conditions.
Register	The official register of Ordinary Shares and/or Notes (if issued) as the context requires, each being maintained by the Registry on Suncorp's behalf and including any subregisters established and maintained in CHESS.
Registry	Link Market Services Limited (ABN 54 083 214 537) or any other registry that Suncorp appoints to maintain the Register.
Regulatory Event	Broadly, occurs when Suncorp receives legal advice that, as a result of a change (including any announced prospective change) of law or regulation on or after the Issue Date (and which Suncorp does not expect on that date may come into effect), additional requirements would be imposed on Suncorp in relation to Notes which the Directors determine to be unacceptable, or under which the Directors determine that Suncorp is not or will not be entitled to treat some or all Notes as Tier 2 Capital. For the full definition – see clause 18.1 of the Conditions.
Reinvested CPS	CPS held by an Eligible CPS Holder that are reinvested in Notes, under the terms of the Reinvestment Offer.
Reinvestment Date	The date of issue of the Notes under this Prospectus.
Reinvestment Offer	The offer to Eligible CPS Holders to apply to reinvest their CPS in Notes or to apply for additional Notes under this Prospectus.
Reinvestment Record Date	7:00pm (Sydney time) on 5 April 2013.
Relevant Capital Instruments	Relevant Tier 1 Capital Instruments and Relevant Tier 2 Capital Instruments.
Relevant Fraction	Relevant Fraction is discussed in Section 2.4. For the full definition – see clause 18.1 of the Conditions.
Relevant Tier 1 Capital Instruments	Relevant Tier 1 Capital Instruments are discussed in Section 2.4. For the full definition – see clause 18.1 of the Conditions.
Relevant Tier 2 Capital Instruments	Relevant Tier 2 Capital Instruments are discussed in Section 2.4. For the full definition – see clause 18.1 of the Conditions.
RPS	The fully paid reset preference shares issued by SML on or about 30 August 2001 according to the terms of issue set out in the information memorandum dated 16 August 2001 and in the placement offer letter dated 3 September 2001.
Sales Agent	An entity who is authorised by its AFSL to sell shares in accordance with the Trustee's instructions under the Trust Deed.

## b. Glossary (continued)

TERM	MEANING
Securityholder	A holder of an Ordinary Share, RPS, Floating Rate Capital Notes or CPS2 as the context requires.
Securityholder Applicant	An Eligible Securityholder who applies under the Securityholder Offer.
Securityholder Offer	The offer to Eligible Securityholders to apply for Notes under this Prospectus.
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).
Solvency Condition	The Solvency Condition is discussed in Section 2.2. For the full definition – see clause 18.1 of the Conditions.
Special Resolution	Broadly a resolution passed at a meeting of the Holders of Notes, duly called and held under the meeting provisions by at least 75% of the persons voting on a show of hands or in the case of a poll by a majority consisting of at least 75% of the votes cast. For the full definition – see clause 22.2 of the Trust Deed.
SRN	Securityholder Reference Number for Ordinary Shares or Notes (when issued) held on the issuer sponsored subregister.
Suncorp	Suncorp Group Limited (ABN 66 145 290 124).
Suncorp Bank or Bank	The Suncorp Group's banking and associated businesses.
Suncorp Group or Group	The statutory consolidated group comprising Suncorp and its subsidiaries. The Suncorp Group and its activities are described in Section 3.
Suncorp Life or Life	The Suncorp Group's life insurance, superannuation and associated businesses.
Syndicate Broker	Any of the Joint Lead Managers and any senior co-manager, co-managers and brokers appointed by the Joint Lead Managers with the approval of Suncorp.
Tax Event	Broadly, occurs when the directors receive advice that, as a result of a change in Australian tax law (including any announced prospective change), on or after the Issue Date (and which Suncorp did not expect on the Issue Date), there is a more than insubstantial risk that: <ul style="list-style-type: none"> <li>• Suncorp will be liable to pay additional amounts of withholding or tax deductions;</li> <li>• any Interest payable in respect of the Notes would not be deductible to any material extent; or</li> <li>• Suncorp would be exposed to an increase in costs in relation to Notes.</li> </ul> For the full definition – see clause 18.1 of the Conditions.
TFN	Tax File Number.
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.
Treasury Shares	Ordinary shares of Suncorp that are acquired by subsidiaries including share-based remuneration trusts and controlled unit trusts. They are deducted from consolidated equity at the amount of the consideration paid. No gain or loss on treasury shares is recognised.
Trust	The trust constituted by the Trust Deed.
Trust Deed	The trust deed between Suncorp and the Trustee, dated on or about the date of this Prospectus.
Trustee	Australian Executor Trustees Limited (ABN 84 007 869 794).
UBS	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087).
Underlying ITR	ITR adjusted for reserve releases, natural hazards, investment income mismatch and other adjustments.
Unsubordinated Creditors	all creditors of Suncorp other than: <ul style="list-style-type: none"> <li>• the Holders; and</li> <li>• creditors of Suncorp under other instruments issued as Relevant Capital Instruments.</li> </ul>
US Securities Act	US Securities Act of 1933.
VWAP	Has the meaning described in Section 2.4. For the full definition – see clause 18.1 of the Conditions.
Winding Up Default	An Event of Default with regard to the winding up of Suncorp. For the full definition – see clause 10.1 of the Conditions.

# Corporate directory

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### **Suncorp Group Limited**

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## AUSTRALIAN TAX ADVISER

### **Greenwoods & Freehills Pty Limited**

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## AUDITOR

### **KPMG**

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## REGISTRY

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## TRUSTEE

### **Australian Executor Trustees Limited**

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Sydney NSW 2000

## STRUCTURING ADVISER

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## JOINT LEAD MANAGERS

### **ANZ Securities Limited**

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### **National Australia Bank Limited**

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Sydney NSW 2000

### **RBS Morgans Limited**

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### **UBS AG, Australia Branch**

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### **Westpac Institutional Bank**

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## CO-MANAGERS

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Sydney NSW 2000

### **JBWere Limited**

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## HOW TO CONTACT US

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(Sydney time)

## WEBSITE

[www.suncorpgroup.com.au](http://www.suncorpgroup.com.au)

One Company  
Many Brands



[www.suncorpgroup.com.au](http://www.suncorpgroup.com.au)

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