


CR 2026/31 - Suncorp Group Limited - Suncorp Wholesale Capital Notes 1

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Status: **legally binding**

Class Ruling

Suncorp Group Limited – Suncorp Wholesale Capital Notes 1

📌 Relying on this Ruling

This publication (excluding appendix) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

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What this Ruling is about

1. This Ruling sets out the income tax consequences for entities who subscribed for and acquired Floating Rate Capital Notes issued by Suncorp Group Limited (Suncorp) (Suncorp Wholesale Capital Notes 1) on 6 May 2026. This occurred under the Note Issuance Programme for Suncorp Wholesale Capital Notes 1 described in the Information Memorandum dated 24 April 2026 (Information Memorandum) and specified as Tranche No 1 of Series No 1 in the Pricing Supplement dated 4 May 2026 (Pricing Supplement).
2. Details of this scheme are set out in paragraphs 47 to 90 of this Ruling.
3. In this Ruling, unless otherwise indicated, capitalised terms have the meaning specified in the Terms of the Suncorp Wholesale Capital Notes 1 (Note Terms), which are contained in the Information Memorandum and supplemented by the Pricing Supplement, and the Capital Notes Deed Poll dated 24 April 2026 (Note Deed Poll).
4. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997*, unless otherwise indicated.

Note: by issuing this Ruling, the ATO is not endorsing Suncorp Wholesale Capital Notes 1. Potential investors must form their own view about Suncorp Wholesale Capital Notes 1.

Who this Ruling applies to

5. This Ruling applies to you if you:
 - acquired Suncorp Wholesale Capital Notes 1 by initial application under the Note Issuance Programme for Suncorp Wholesale Capital Notes 1 as

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described under the Information Memorandum and as supplemented by the Pricing Supplement

- are a 'resident of Australia' within the meaning of that term in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936) during the period in which you hold Suncorp Wholesale Capital Notes 1
- hold Suncorp Wholesale Capital Notes 1 on capital account – that is, you did not hold your Suncorp Wholesale Capital Notes 1 as revenue assets (as defined in section 977-50) or as trading stock (as defined in subsection 995-1(1)), and
- are not subject to the taxation of financial arrangements rules in Division 230 in relation to gains or losses made on your Suncorp Wholesale Capital Notes 1.

Note: Division 230 will not apply to individuals unless they have made an election for it to apply.

What this Ruling does not consider

6. This Ruling does not consider:

- the tax implications in relation to a 'non-resident' (as defined in subsection 6(1) of the ITAA 1936) who holds their Suncorp Wholesale Capital Notes 1 through a 'permanent establishment' (as defined in subsection 6(1) of the ITAA 1936) in Australia
- the tax implications of Conversion of Suncorp Wholesale Capital Notes 1 before the Mandatory Conversion Date on the occurrence of an Acquisition Event or a Non-Viability Trigger Event
- the tax implications of Redemption of the Suncorp Wholesale Capital Notes 1 (other than for the application of sections 26BB, 45A, 45B and 70B of the ITAA 1936 and section 104-25)
- how the taxation law applies to a Nominated Purchaser who acquires their Suncorp Wholesale Capital Notes 1 under Resale
- the tax implications of the purchase in the open market or otherwise of Suncorp Wholesale Capital Notes 1 by Suncorp or any Related Entity of Suncorp, and
- how the gross-up and tax offset rules in Division 207 apply to partnership or trustee investors (other than a partnership or trustee that is a corporate tax entity, or a trustee of a trust that is a complying superannuation entity) or to indirect distributions to partners in a partnership or beneficiaries or trustees of a trust.

When this Ruling applies

7. This Ruling applies from 1 July 2025 to 30 June 2035.

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Ruling

Consequences of acquiring Suncorp Wholesale Capital Notes 1

Acquisition date

8. You acquired your Suncorp Wholesale Capital Notes 1 on 6 May 2026 (table item 2 of section 109-10).

Cost base and reduced cost base of each Suncorp Wholesale Capital Note 1

9. The first element of the cost base and reduced cost base of each Suncorp Wholesale Capital Note 1 is the Issue Price (\$10,000), being the money you paid to acquire your Suncorp Wholesale Capital Note 1 (subsections 110-25(2) and 110-55(2)).

Consequences of holding Suncorp Wholesale Capital Notes 1

Distributions on Suncorp Wholesale Capital Notes 1 and entitlement to tax offset for franking credits

10. A Distribution on a Suncorp Wholesale Capital Note 1 is a non-share dividend under section 974-120 and is included in your assessable income (subparagraph 44(1)(a)(ii) of the ITAA 1936).

11. In the income year in which the Distribution is made, you also:

- include the amount of the franking credit attached to a Distribution in your assessable income, and
- are entitled to a tax offset equal to the franking credit (section 207-20).

12. The franking credit tax offset that you are entitled to under Division 207 is subject to the refundable tax offset rules in Division 67, provided you are not excluded by the operation of section 67-25. Entities excluded by section 67-25 include corporate tax entities (such as companies, corporate limited partnerships and public trading trusts), unless they satisfy the requisite conditions in subsections 67-25(1C) or (1D).

13. To the extent that a Distribution (or a part of it) is either exempt income or non-assessable non-exempt income in your hands (and none of the exceptions in Subdivision 207-E apply), the amount of any franking credit on the Distribution that is exempt income or non-assessable non-exempt income is not included in your assessable income and you are not entitled to a tax offset under Division 207 (Subdivision 207-D).

Determination under paragraph 204-30(3)(c)

14. The Commissioner will not make a determination under paragraph 204-30(3)(c) to deny the whole, or any part, of the imputation benefits you receive in relation to a Distribution.

Determination under paragraph 177EA(5)(b) of the ITAA 1936

15. The Commissioner will not make a determination under paragraph 177EA(5)(b) of the ITAA 1936 to deny the whole, or any part, of the imputation benefits you receive in relation to a Distribution.

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Gross-up and tax offset cancelled in certain circumstances

16. Subsection 207-145(1) will not apply to cancel the effect of the gross-up and tax offset in respect of a franked Distribution if you are a qualified person under paragraph 207-145(1)(a) in respect of that Distribution.
17. You will be a qualified person in relation to a Distribution during the primary qualification period as you held your Suncorp Wholesale Capital Notes 1 for a continuous period of at least 90 days and, if during that period, you did not have 'materially diminished risks of loss or opportunities for gain' (as defined in former section 160APHM of the ITAA 1936) in respect of your Suncorp Wholesale Capital Notes 1 (refer to subparagraphs 90(t), (u) and (v) of this Ruling).
18. A Resale or Conversion does not affect your risks of loss or opportunities for gain in respect of the Suncorp Wholesale Capital Notes 1. This is because the Conversion or Resale does not constitute a separate position (former sections 160APHM and 160APHJ of the ITAA 1936).
19. As none of the circumstances in paragraphs 207-145(1)(b) to (db) are applicable, subsection 207-145(1) will not apply to cancel the effect of the gross-up and tax offset rules in respect of a franked Distribution.
20. In respect of paragraphs 207-145(1)(b) and (c), refer to paragraphs 14 and 15 of this Ruling.
21. In respect of paragraph 207-145(1)(d), there is no evidence that the Distributions will be made as part of a dividend stripping operation.
22. In respect of paragraph 207-145(1)(da), the distribution washing provision does not apply (refer to subparagraph 90(w) of this Ruling).
23. In respect of paragraph 207-145(1)(db), the Distributions do not give rise to a 'foreign income tax deduction' (as defined in section 832-120) for Suncorp (refer to subsection 207-158(1) and subparagraph 90(n) of this Ruling).

Consequences of disposing of Suncorp Wholesale Capital Notes 1***Suncorp Wholesale Capital Notes 1 are not traditional securities or qualifying securities***

24. A Suncorp Wholesale Capital Note 1 is not a 'traditional security' as defined in subsection 26BB(1) of the ITAA 1936.
25. Subsection 26BB(2) of the ITAA 1936 will not apply to include any gain on the disposal or Redemption of a Suncorp Wholesale Capital Note 1 in your assessable income.
26. Subsection 70B(2) of the ITAA 1936 will not apply to allow you any loss on the disposal or Redemption of a Suncorp Wholesale Capital Note 1 as a deduction.
27. The Suncorp Wholesale Capital Notes 1 are not 'qualifying securities' within the meaning of subsection 159GP(1) of the ITAA 1936.

Conversion of Suncorp Wholesale Capital Notes 1 for Ordinary Shares

28. Each Suncorp Wholesale Capital Note 1 is a convertible interest (being an interest of the kind referred to in table item 4 of subsection 974-75(1)).
29. CGT event C2 happens on Conversion (section 104-25).

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30. A capital gain or capital loss you make from CGT event C2 happening on Conversion will be disregarded (subsection 130-60(3)).
31. Ordinary Shares acquired on Conversion will be taken to have been acquired when the Conversion happens on the relevant date of Conversion (subsection 130-60(2)).
32. The first element of the cost base and reduced cost base of Ordinary Shares acquired on Conversion will be equal to the cost base and reduced cost base of the relevant Suncorp Wholesale Capital Notes 1 at the time of Conversion (table item 2 of subsection 130-60(1)).
33. As you hold your Suncorp Wholesale Capital Notes 1 on capital account, on Conversion no amount will be included in your assessable income under section 6-5 and you will not incur a deductible loss under section 8-1.

Ordinary Shares received on Conversion are not a dividend or a non-share dividend

34. On Conversion, no amount will be included in your assessable income under paragraph 44(1)(a) of the ITAA 1936 and you will not be taken to have received a dividend or a non-share dividend.

Redemption of Suncorp Wholesale Capital Notes 1

35. CGT event C2 happens when a Suncorp Wholesale Capital Note 1 is Redeemed because the Suncorp Wholesale Capital Note 1 is terminated at that time (section 104-25).
36. The capital proceeds you received on Redemption of the Suncorp Wholesale Capital Notes 1 will be replaced with the market value of the Suncorp Wholesale Capital Notes 1 on the date of Redemption, worked out as if the Redemption had not occurred and was never proposed to occur, if the capital proceeds are more or less than the market value of the Suncorp Wholesale Capital Notes 1 (subparagraph 116-30(2)(b)(ii)).
37. You will make a capital gain (or capital loss) on Redemption of your Suncorp Wholesale Capital Notes 1 if the capital proceeds you receive are greater than (or less than) the cost base (or reduced cost base) of your Suncorp Wholesale Capital Notes 1.
38. As you hold your Suncorp Wholesale Capital Notes 1 on capital account, on Redemption no amount will be included in your assessable income under section 6-5, and you will not incur a deductible loss under section 8-1.

Suncorp Wholesale Capital Notes 1 that are Written-Off

39. CGT event C2 happens when a Suncorp Wholesale Capital Note 1 is Written-Off because the Suncorp Wholesale Capital Note 1 is terminated at that time (section 104-25).
40. For the purposes of determining whether you make a capital gain or a capital loss from CGT event C2 happening in respect of your Suncorp Wholesale Capital Notes 1, you are taken to have nil capital proceeds from CGT event C2 happening. This is because you receive no capital proceeds in respect of a Write-Off happening and your Suncorp Wholesale Capital Notes 1 will have a market value of nil at that time (refer to subparagraph 90(x) of this Ruling).

Status: **legally binding**

Resale of Suncorp Wholesale Capital Notes 1

41. CGT event A1 happens on the Resale of a Suncorp Wholesale Capital Note 1 (section 104-10). The Resale of a Suncorp Wholesale Capital Note 1 to the Nominated Purchaser will be for its Issue Price (\$10,000).
42. As the capital proceeds you receive will not be more than the cost base of the Suncorp Wholesale Capital Notes 1, you will not make a capital gain as a result of the Resale.
43. As you hold your Suncorp Capital Notes 1 on capital account, on Resale no amount will be included in your assessable income under section 6-5, and you will not incur a deductible loss under section 8-1.

Other integrity provisions

Section 45 of the ITAA 1936

44. Section 45 of the ITAA 1936 will not apply to treat the Ordinary Shares issued on Conversion as an unfrankable dividend paid by Suncorp.

Section 45A of the ITAA 1936

45. The Commissioner will not make a determination under subsection 45A(2) of the ITAA 1936 that section 45C of the ITAA 1936 applies to treat the whole, or part of, a capital benefit that arises for you on Conversion or Redemption of the Suncorp Wholesale Capital Notes 1 as an unfranked dividend.

Section 45B of the ITAA 1936

46. The Commissioner will not make a determination under paragraph 45B(3)(b) of the ITAA 1936 that section 45C of the ITAA 1936 applies to treat the whole, or part of, a capital benefit that arises for you on Conversion or Redemption of the Suncorp Wholesale Capital Notes 1 as an unfranked dividend.

Scheme

47. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

Suncorp Group Limited

48. Suncorp is a company incorporated in Australia that is listed on the Australian Securities Exchange.
49. Suncorp is authorised as a non-operating holding company (NOHC) of the Suncorp Group under section 18 of the *Insurance Act 1973*. Suncorp is regulated by the Australian Prudential Regulation Authority (APRA) and subject to prudential supervision by APRA, which includes a requirement to maintain mandatory levels of Tier 1 capital.
50. The Suncorp Group provides insurance products and services across Australia and New Zealand.

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51. Wholly owned NOHCs have been established for each of the APRA-regulated insurance businesses of the Suncorp Group. AAI Limited is part of the Suncorp Group and operates a regulated insurance business. Suncorp also holds capital in respect of centralised corporate service entities.

Suncorp Wholesale Capital Notes 1 offer

52. Under the Information Memorandum, Suncorp advised its intention to undertake a capital raising by the issue of Suncorp Wholesale Capital Notes 1 to raise \$200 million (with the ability to raise more or less) (Offer).

53. The Offer was made by Suncorp to professional and sophisticated investors, being investors who do not require disclosure under Parts 6D.2 or 7.9 of the *Corporations Act 2001* or whose aggregate consideration payable for the Suncorp Wholesale Capital Notes 1 was at least \$500,000.

54. Suncorp Wholesale Capital Notes 1 were issued on 6 May 2026 (Issue Date).

55. Suncorp Wholesale Capital Notes 1 are held in the Austraclear System. Austraclear is the holder of each Suncorp Wholesale Capital Note 1 and holds each note as nominee for the beneficial holder of each Suncorp Wholesale Capital Note 1 (a Suncorp Wholesale Capital Note 1 Holder).

56. The Suncorp Wholesale Capital Notes 1 were issued by Suncorp in Australia. The Suncorp Wholesale Capital Notes 1 were not issued at or through an offshore permanent establishment or subsidiary of Suncorp.

57. Suncorp Wholesale Capital Notes 1 were issued as part of Suncorp's ongoing funding and capital management strategy. The proceeds from the issue of Suncorp Wholesale Capital Notes 1 are intended to be used by Suncorp to fund the subscription of similar instruments, qualifying as Additional Tier 1 capital for APRA prudential capital requirements, to be issued by AAI Limited and for its general funding and capital management purposes.

58. APRA has advised that Suncorp Wholesale Capital Notes 1 are eligible for inclusion as Eligible Additional Tier 1 Capital under Suncorp's NOHC authorisation.

Main features of Suncorp Wholesale Capital Notes 1

59. Suncorp Wholesale Capital Notes 1 are perpetual, convertible, subordinated and unsecured notes issued by Suncorp.

60. A Suncorp Wholesale Capital Note 1 Holder does not have voting rights except in the limited circumstances described in the Note Terms and the Note Deed Poll.

Issue Price

61. The Issue Price of each Suncorp Wholesale Capital Note 1 is equal to its face value of \$10,000 and each Suncorp Wholesale Capital Note 1 is fully paid on issue on the Issue Date.

Status: **legally binding**

Distributions

62. Suncorp will pay quarterly floating rate cash payments (Distributions) in arrears on a Distribution Payment Date in accordance with the Note Terms and the Pricing Supplement, as long as Suncorp Wholesale Capital Notes 1 remain on issue.
63. The Distribution payable is calculated on the Issue Price of each Suncorp Wholesale Capital Note 1 using a Distribution Rate, which is equal to the BBSW Rate¹ plus a Margin, adjusted by the applicable corporate tax rate and based on the number of days in the Distribution Period. The Margin of 2.35% was set out in the Pricing Supplement.
64. Distributions are expected to be franked at the same rate as dividends on Ordinary Shares. However, if any Distribution is not franked or only partially franked, the Distribution will be grossed-up to the extent that the franking percentage of the Distribution is less than 100%, as determined by the formula in clause 3.8 of the Note Terms.
65. A Distribution is only payable to those persons registered as Suncorp Wholesale Capital Note 1 Holders on the Record Date for that Distribution.
66. The payment of a Distribution is subject to the absolute discretion of Suncorp and will only be paid if a Payment Condition does not exist on the Distribution Payment Date. Broadly, a Payment Condition exists where Suncorp is prevented from paying the Distribution by prudential regulatory requirements, an objection by APRA, or insolvency.
67. Distributions are non-cumulative and, if all or any part of a Distribution is not paid, Suncorp Wholesale Capital Note 1 Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default.
68. No interest accrues on any unpaid Distributions and Suncorp Wholesale Capital Note 1 Holders have no claim or entitlement in respect of interest on any unpaid Distributions.
69. Subject to certain exceptions, if a Distribution is not paid in full on the Distribution Payment Date, Suncorp is restricted from declaring, paying or determining to pay an Ordinary Share Dividend, undertaking any Buy-Back or Capital Reduction (unless Suncorp Wholesale Capital Note 1 Holders approve by Special Resolution) until the next Distribution Payment Date. If the amount of any unpaid Distribution is paid in full within 3 Business Days of the Distribution Payment Date, this restriction will no longer apply.

Conversion

70. 'Conversion' means, in relation to a Suncorp Wholesale Capital Note 1, the allotment and issue of Ordinary Shares, and the termination of the Suncorp Wholesale Capital Note 1 Holder's rights in relation to that note, in each case in accordance with and subject to clauses 5 and 7 of the Note Terms.
71. Conversion of Suncorp Wholesale Capital Notes 1 involves:
- each Suncorp Wholesale Capital Note 1 Holder being allotted and issued a number of Ordinary Shares for each Suncorp Wholesale Capital Note 1 that is being Converted equal to the Conversion Number, and
 - each Suncorp Wholesale Capital Note 1 Holder's rights (including to payment of the Redemption Price and Distributions, other than the Distribution, if any, payable on a date on which Conversion is required to occur that is not a Trigger Event Date) in relation to each Suncorp

¹ In this Ruling, BBSW Rate takes the definition provided in Clause 3.4 of the Note Terms (which is not replicated here).

Status: **legally binding**

Wholesale Capital Note 1 that is being Converted is immediately and irrevocably terminated for an amount equal to the Issue Price, and Suncorp applies the Issue Price by way of payment for the subscription of the Conversion Number of Ordinary Shares to be issued on Conversion.

72. A Suncorp Wholesale Capital Note 1 Holder does not have the right to request Conversion or Redemption of their Suncorp Wholesale Capital Notes 1.

Mandatory Conversion

73. Suncorp must Convert all (but not some) Suncorp Wholesale Capital Notes 1 on issue into Ordinary Shares on the Mandatory Conversion Date.

74. The Mandatory Conversion Date is the first to occur of the following dates on which the Mandatory Conversion Conditions are satisfied:

- 17 December 2034 (Scheduled Mandatory Conversion Date), and
- a Distribution Payment Date after the Scheduled Mandatory Conversion Date.

Mandatory Conversion or Write-Off on a Non-Viability Trigger Event

75. Suncorp must Convert some or all Suncorp Wholesale Capital Notes 1 on issue into Ordinary Shares on the occurrence of a Non-Viability Trigger Event.

76. A Non-Viability Trigger Event occurs when Suncorp is provided with a written determination from APRA that:

- Conversion or Write-Off of Relevant Securities (including Suncorp Wholesale Capital Notes 1) is necessary because, without it, APRA considers that Suncorp would become non-viable, or
- without public sector injection of capital, or equivalent support, Suncorp would become non-viable.

77. A Conversion following a Non-Viability Trigger Event will occur immediately and is not subject to any conditions. The number of Ordinary Shares that Suncorp Wholesale Capital Note 1 Holders receive on Conversion will not be greater than the Maximum Conversion Number.

78. If the Suncorp Wholesale Capital Notes 1 are not Converted within 5 Business Days after the relevant Trigger Event Date for any reason, they will be Written-Off. This means all rights in relation to those notes will be terminated and those Suncorp Wholesale Capital Note 1 Holders will not have their capital repaid or receive compensation.

Mandatory Conversion on an Acquisition Event

79. If an Acquisition Event occurs, Suncorp must Convert all (but not some only) Suncorp Wholesale Capital Notes 1 on the Acquisition Conversion Date.

80. An Acquisition Event occurs where more than 50% of Suncorp's Ordinary Shares will be acquired under a takeover bid or a court approved scheme of arrangement.

Status: **legally binding**

Optional Exchange

81. Suncorp may elect to Exchange at their discretion (Suncorp Wholesale Capital Notes 1 Holders do not have a right to request an Exchange):

- all or some Suncorp Wholesale Capital Notes 1 on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event
- all (but not some only) Suncorp Wholesale Capital Notes 1 on an Exchange Date following the occurrence of a Potential Acquisition Event, or
- all or some Suncorp Wholesale Capital Notes 1 on an Optional Exchange Date being 17 June 2032, 17 September 2032 and 17 December 2032, adjusted (if necessary) in accordance with the Business Day Convention.

82. If Suncorp elects to Exchange Suncorp Wholesale Capital Notes 1, it must (subject to APRA's prior written approval) elect which of the following (or which combination of the following) it intends to do in respect of Suncorp Wholesale Capital Notes 1 (Exchange Method):

- Convert the Suncorp Wholesale Capital Notes 1 into Ordinary Shares in accordance with clause 9 of the Note Terms
- Redeem Suncorp Wholesale Capital Notes 1 in accordance with clause 4.2 of the Note Terms, or
- Resell Suncorp Wholesale Capital Notes 1 in accordance with clause 4.6 of the Note Terms.

83. Suncorp must obtain APRA's written approval and specify which of the Exchange Methods or combination of methods mentioned in paragraph 82 of this Ruling it will use to exchange Suncorp Wholesale Capital Notes 1.

Redemption

84. Suncorp may Redeem (subject to APRA giving its prior written approval) all or some Suncorp Wholesale Capital Notes 1 in accordance with clause 4.2 of the Note Terms. A Redemption of Suncorp Wholesale Capital Notes 1 may occur even if Suncorp does not pay a Distribution for the final Distribution Period.

85. Suncorp may only Redeem Suncorp Wholesale Capital Notes 1 if either Suncorp replaces the Suncorp Wholesale Capital Notes 1 with a suitable capital instrument or Suncorp obtains written confirmation from APRA that APRA is satisfied, having regard to the capital position of Suncorp, it does not have to replace Suncorp Wholesale Capital Notes 1.

86. On the Redemption Date, Suncorp will pay the Suncorp Wholesale Capital Note 1 Holder a cash amount equal to the Issue Price (\$10,000) of each Suncorp Wholesale Capital Note 1 (Redemption Price) and, upon payment by Suncorp, all other rights conferred or restrictions imposed by the Suncorp Wholesale Capital Note 1 will no longer have effect.

Resale

87. Suncorp may (subject to APRA giving its prior written approval) elect to Resell Suncorp Wholesale Capital Notes 1 in accordance with clause 4.6 of the Note Terms.

Status: **legally binding**

88. Suncorp may appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between Suncorp and the Nominated Purchaser, but Suncorp may not appoint any Related Entity as a Nominated Purchaser.

89. If Suncorp specifies Resale as the Exchange Method, each Suncorp Wholesale Capital Note 1 Holder is taken irrevocably to offer to sell the relevant number of Suncorp Wholesale Capital Notes 1 to the Nominated Purchaser on the Exchange Date for a cash amount per Suncorp Wholesale Capital Note 1 equal to the Issue Price (\$10,000). Subject to payment by the Purchaser of the Issue Price to the Suncorp Wholesale Capital Note 1 Holder, all rights, title and interest in such Suncorp Wholesale Capital Note 1 will be transferred to the Nominated Purchaser on the Exchange Date.

Other matters

90. This Ruling is made on the following basis:

- (a) During the term of the scheme, Suncorp is a resident of Australia under the income tax laws of Australia and of no other jurisdiction.
- (b) All parties to the scheme are dealing with each other at arm's length.
- (c) The majority of the Suncorp Wholesale Capital Note 1 Holders who acquire the Suncorp Wholesale Capital Notes 1 under the Offer are expected to be residents of Australia for tax purposes, although some may be non-residents.
- (d) Each Suncorp Wholesale Capital Note 1 is an 'equity interest' pursuant to Division 974 and is a 'non-share equity interest' in Suncorp as the term is defined in subsection 995-1(1).
- (e) The Distributions payable on the Suncorp Wholesale Capital Notes 1 are frankable distributions under section 202-40.
- (f) In accordance with Division 203, Suncorp will frank Distributions in respect of Suncorp Wholesale Capital Notes 1 at the same franking percentage as the Suncorp benchmark for the franking period in which the frankable distribution is made.
- (g) Distributions paid on Suncorp Wholesale Capital Notes 1 are not sourced, directly or indirectly, from Suncorp's share capital account or its non-share capital account.
- (h) Distributions paid on the Suncorp Wholesale Capital Notes 1 will not be debited to Suncorp's share capital account or its non-share capital account.
- (i) Immediately before the payment of a Distribution on the Suncorp Wholesale Capital Notes 1, Suncorp has available frankable profits (worked out under section 215-20) at least equal to the Distribution.
- (j) Suncorp expects to continue with its policy of franking all frankable distributions (to the extent that franking credits are available in its franking account).
- (k) The dividend payout ratios and Suncorp's policies in relation to the franking of its distributions on its Ordinary Shares or other equity instruments of Suncorp (to the extent such dividends or distributions are frankable) are not expected to change as a result of the issue of the Suncorp Wholesale Capital Notes 1, other than to comply with the dividend distribution restrictions in the Note Terms.

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- (l) Suncorp does not differentially frank Distributions to different Suncorp Wholesale Capital Notes 1 Holders according to their tax status or on any other basis.
- (m) Suncorp does not have any foreign branches through which it carries on its businesses.
- (n) Distributions on Suncorp Wholesale Capital Notes 1 do not give rise to any 'foreign income tax deduction', as the term is defined in section 832-120 for Suncorp.
- (o) On Conversion or Redemption of the Suncorp Wholesale Capital Notes 1, Suncorp will debit the Issue Price of the Suncorp Wholesale Capital Notes 1 to its non-share capital account.
- (p) The share capital account of Suncorp does not become tainted (within the meaning of Division 197)
 - (i) by the issue of the Suncorp Wholesale Capital Notes 1
 - (ii) by the allotment of Ordinary Shares on Conversion of the Suncorp Wholesale Capital Notes 1, or
 - (iii) on Redemption of the Suncorp Wholesale Capital Notes 1.
- (q) On Conversion of Suncorp Wholesale Capital Notes 1 into Ordinary Shares, the rights and obligations attached to the Ordinary Shares will be the same as those contained in the Constitution of Suncorp.
- (r) Ordinary Shares issued to the Suncorp Wholesale Capital Note 1 Holders on Conversion of the Suncorp Wholesale Capital Notes 1 are 'equity interests' under Division 974 and constitute Tier 1 Capital of Suncorp for APRA prudential capital requirements.
- (s) The accounts of the Suncorp Group are prepared in accordance with the applicable accounting standards.
- (t) You (or an associate) will not take any 'positions' (as defined in former section 160APHJ of the ITAA 1936) at any time in relation to your Suncorp Wholesale Capital Notes 1 apart from holding your Suncorp Wholesale Capital Notes 1.
- (u) You (or an associate) will not make, be under an obligation to make, or be likely to make, a 'related payment' (as defined in former section 160APHN of the ITAA 1936) in relation to a Distribution.
- (v) You will hold your Suncorp Wholesale Capital Notes 1 for a continuous period of at least 90 days (excluding the day of acquisition and disposal (if relevant)) during the 'primary qualification period' (as defined in former section 160 APHD of the ITAA 1936) in relation to a Distribution.
- (w) You (or your connected entities) will not engage in distribution washing (as outlined in section 207-157) in relation to a Distribution (unless entitled to the exception under subsection 207-157(4)).

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- (x) You will not receive capital proceeds in respect of a Write-Off of a Suncorp Wholesale Capital Note 1 and the market value of a Suncorp Wholesale Capital Note 1 at that time will be nil.

Commissioner of Taxation

3 June 2026

 Status: **not legally binding**

Appendix – Explanation

ⓘ *This Explanation is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

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Determination under paragraph 204-30(3)(c)

91. Subsection 204-30(1) empowers the Commissioner to make a determination under paragraph 204-30(3)(c) if an entity streams distributions in a certain way.

92. Based on the scheme, there is no evidence of streaming. Distributions will be received by all Suncorp Wholesale Capital Note 1 Holders by reason of their proportionate holding of Suncorp Wholesale Capital Notes 1 and not by reference to their tax profiles or individual tax positions. There is nothing in the Note Terms that allows Suncorp to treat the Suncorp Wholesale Capital Note 1 Holders differently in respect of their entitlement to a franked Distribution.

Determination under paragraph 177EA(5)(b) of the ITAA 1936

93. Section 177EA of the ITAA 1936 is a general anti-avoidance provision that applies where one of the purposes (other than an incidental purpose) of a particular scheme is to enable a taxpayer to obtain an imputation benefit.

94. The conditions in paragraphs 177EA(3)(a) to (d) of the ITAA 1936 are satisfied. Therefore, the relevant circumstances of the scheme must be considered to establish whether any person who entered into or carried out the scheme, or any part of the scheme, did so for a more than an incidental purpose of enabling a Suncorp Wholesale Capital Note 1 Holder to obtain an imputation benefit (refer to paragraph 177EA(3)(e) of the ITAA 1936).

95. Having regard to the circumstances described in the scheme, we consider that the relevant circumstances of the scheme do not, on balance, lead to a conclusion that the purpose of enabling Suncorp Wholesale Capital Note 1 Holders to obtain imputation benefits is more than incidental to Suncorp's primary purpose of raising funds to subscribe for Additional Tier 1 capital to be issued by one of the Regulated Entities within the Suncorp Group, and for general funding and capital management purposes.

Status: **not legally binding**

Gross-up and tax offset cancelled in certain circumstances

96. If you are not a qualified person in relation to a Distribution, you:
- do not include the franking credit attached to the Distribution in your assessable income (paragraph 207-145(1)(e)), and
 - are not entitled to a tax offset equal to the amount of the franking credit attached to the Distribution (paragraph 207-145(1)(f)).
97. As this Ruling is made on the basis that you (or an associate) have not made a related payment in respect of a Distribution, the relevant qualification period is the primary qualification period (as defined in former section 160APHD of the ITAA 1936). The primary qualification period begins on the day after you acquire your Suncorp Wholesale Capital Notes 1 and ends on the 90th day after the day Suncorp Wholesale Capital Notes 1 becomes ex-distribution.
98. You need to have held your Suncorp Wholesale Capital Notes 1 'at risk' for a continuous period of 90 days (excluding the days of acquisition and disposal, if relevant) during the primary qualification period. Any days you had materially diminished risks of loss or opportunities for gain in respect of your holding are also excluded (former subsection 160APHO(3) of the ITAA 1936).
99. Under former subsection 160APHM(2) of the ITAA 1936, you are taken to have materially diminished risks of loss and opportunities for gain on a particular day with respect to your Suncorp Wholesale Capital Notes 1 if your net position on that day does not retain 30% or more of the risks and opportunities associated with holding Suncorp Wholesale Capital Notes 1.
100. Embedded options such as Resale and Conversion do not represent separate positions in relation to Suncorp Wholesale Capital Notes 1 (see also Taxation Determination TD 2007/29 *Income tax: holding period rule: is an embedded share option a position in relation to the share if it is exercisable by or against a party other than the issuer of the share?*). Under a Resale, you will only be taken to have made an offer to sell Suncorp Wholesale Capital Notes 1 if Suncorp issues a Resale Notice. As Suncorp is the only party entitled to make an election to exercise the Resale option, it is not a separate position that you have taken in relation to your Suncorp Wholesale Capital Notes 1. Similarly, under Conversion you do not have the right to elect Conversion of your Suncorp Wholesale Capital Notes 1 and neither does Suncorp have an obligation to Convert.
101. Therefore, Resale and Conversion will not, of themselves, affect your risks of loss or opportunities for gain in respect of your Suncorp Wholesale Capital Notes 1.
102. However, if you do enter into any risk management strategies in respect of your Suncorp Wholesale Capital Notes 1 that have the effect of reducing your risks of loss and opportunities for gain below 30% (for example, by the use of limited recourse loans, options or other derivatives), then you will not be considered a qualified person in respect of a Distribution.

Ordinary Shares received on Conversion are not a dividend or a non-share dividend

103. The issue of Ordinary Shares to Suncorp Wholesale Capital Note 1 Holders on Conversion is a distribution of property made to holders of non-share equity interests and a non-share distribution under subparagraph 974-115(b)(ii). A non-share distribution is a non-share dividend under subsection 974-120(1), subject to the application of subsection 974-120(2).

Status: **not legally binding**

104. Subsection 974-120(2) provides that a non-share distribution is not a non-share dividend to the extent to which the company debits the distribution against the company's share capital account or non-share capital account.

105. On Conversion, Suncorp will debit the Issue Price of each Suncorp Wholesale Capital Note 1 to its non-share capital account. Accordingly, the issue of Ordinary Shares on Conversion will not be a non-share dividend and will not be included in your assessable income under subparagraph 44(1)(a)(ii) of the ITAA 1936.

106. Furthermore, the Ordinary Shares will not be issued to the Suncorp Wholesale Capital Note 1 Holders as shareholders of Suncorp. Accordingly, the issue of the Ordinary Shares will not satisfy paragraphs (a) or (b) of the definition of dividend in subsection 6(1) of the ITAA 1936. This means that it will not be included in your assessable income under subparagraph 44(1)(a)(i) of the ITAA 1936.

Market value of Suncorp Wholesale Capital Notes 1 on Redemption

107. The capital proceeds received by Suncorp Wholesale Capital Note 1 Holders on Redemption will be replaced with the market value of the Suncorp Wholesale Capital Notes 1 on the date of Redemption, worked out as if the Redemption had not occurred and was never proposed to occur, if the capital proceeds are more or less than the market value (subparagraph 116-30(2)(b)(ii)).

108. If Suncorp elects to Redeem Suncorp Wholesale Capital Notes 1 before the Mandatory Conversion Date, the market value of the Suncorp Wholesale Capital Notes 1 which are Redeemed may be determined in accordance with Practical Compliance Guideline PCG 2021/1 *Application of market value substitution rules when there is a buy-back or redemption of hybrid securities – methodologies for determining market value for investors holding their securities on capital account*.

Section 45 of the ITAA 1936

109. Section 45 of the ITAA 1936 applies where a company streams the provision of shares and the payment of minimally franked dividends to its shareholders in such a way that:

- the shares are received by some shareholders but not all shareholders, and
- some or all of the shareholders who do not receive the shares receive, or will receive, minimally franked dividends.

110. Suncorp's payout ratios in relation to its Ordinary Shares and other equity interests are not expected to change as a result of issuing Suncorp Wholesale Capital Notes 1. The extent to which Suncorp's distributions or dividends will be franked (including Distributions on Suncorp Wholesale Capital Notes 1) will depend on a number of factors, including the Suncorp Group's capital management activities and the level of profits generated by the group that will be subject to tax in Australia.

111. Under the Note Terms, Suncorp is unable to issue Ordinary Shares to all or some Suncorp Wholesale Capital Note 1 Holders in satisfaction of their Distribution entitlement under Suncorp Wholesale Capital Notes 1. The issue of Ordinary Shares on Conversion merely reflects a change in the type of equity interests held by Suncorp Wholesale Capital Note 1 Holders in Suncorp.

Status: **not legally binding**

112. Based on the information provided and having regard to the circumstances of the scheme, section 45 of the ITAA 1936 will not apply to treat the value of Ordinary Shares issued to you on Conversion as an unfrankable dividend.

Section 45A of the ITAA 1936

113. Section 45A of the ITAA 1936 applies in circumstances where a company streams the provision of capital benefits to certain shareholders who derive a greater benefit from the capital benefits (advantaged shareholders), and it is reasonable to assume that other shareholders (disadvantaged shareholders) have received, or will receive, dividends.

114. Both the issue of Ordinary Shares on Conversion and the Redemption of Suncorp Wholesale Capital Notes 1 will constitute the provision of a capital benefit to Suncorp Wholesale Capital Note 1 Holders (paragraph 45A(3)(a) of the ITAA 1936 for a Conversion and paragraph 45A(3)(b) of the ITAA 1936, as affected by subsection 45A(3A) of the ITAA 1936, for a Redemption).

115. However, the issue of Ordinary Shares on Conversion and the Redemption of Suncorp Wholesale Capital Notes 1 will not constitute the streaming of capital benefits because under a Conversion or Redemption, Suncorp will not selectively direct the flow of capital benefits to Suncorp Wholesale Capital Note 1 Holders who could most benefit from the receipt of capital. Accordingly, as this requirement does not apply to the Conversion or Redemption of Suncorp Wholesale Capital Notes 1, the Commissioner will not make a determination to treat the whole, or a part, of the capital benefit received by you as an unfranked dividend.

Section 45B of the ITAA 1936

116. Section 45B of the ITAA 1936 applies where certain capital benefits are provided to shareholders in substitution for dividends. Where the conditions are met, the Commissioner may make a determination under paragraph 45B(3)(b) of the ITAA 1936 that section 45C of the ITAA 1936 applies to the whole, or a part, of the capital benefit such that it will be treated as an unfranked dividend.

117. The issue of Ordinary Shares to Suncorp Wholesale Capital Note 1 Holders on Conversion and the Redemption of Suncorp Wholesale Capital Notes 1 will each constitute a scheme under which Suncorp Wholesale Capital Note 1 Holders are provided with a capital benefit by Suncorp (paragraphs 45B(5)(a) and (b) and subsection 45B(7) of the ITAA 1936). As a result, paragraph 45B(2)(a) of the ITAA 1936 will be satisfied.

118. At least some Suncorp Wholesale Capital Note 1 Holders will obtain a tax benefit as defined in subsection 45B(9) of the ITAA 1936 as a result of a Conversion or Redemption. As a result, paragraph 45B(2)(b) of the ITAA 1936 will be satisfied.

119. Therefore, whether section 45B of the ITAA 1936 will apply to a Conversion or Redemption turns on whether paragraph 45B(2)(c) of the ITAA 1936 will be satisfied. This involves considering the relevant circumstances, including but not limited to those listed in subsection 45B(8) of the ITAA 1936, of the Conversion and Redemption schemes to establish whether one of the persons who will enter into or carry out the schemes will do so for a more than incidental purpose of enabling a relevant taxpayer (Suncorp Wholesale Capital Note 1 Holder) to obtain a tax benefit.

120. Having regard to the relevant circumstances, it could not be concluded that the Conversion or Redemption of Suncorp Wholesale Capital Notes 1 will be entered into for a more than incidental purpose of enabling Suncorp Wholesale Capital Note 1 Holders to

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obtain a tax benefit. Accordingly, paragraph 45B(2)(c) of the ITAA 1936 would not be satisfied. Therefore, the Commissioner will not make a determination under paragraph 45B(3)(b) of the ITAA 1936 that section 45C of the ITAA 1936 applies to treat the whole, or a part, of the capital benefit provided to you on Conversion or Redemption as an unfranked dividend.

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 Income tax ~~ Capital management ~~ Hybrid capital raisings

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