

# Suncorp Group Limited ABN 66 145 290 124 Suncorp Bank APS330 as at 31 December 2015

Release date: 11 February 2016



## **Basis of preparation**

This document has been prepared by Suncorp Bank to meet the disclosure obligations under the Australian Prudential Regulation Authority (APRA) Australian Prudential Standard (APS) 330 *Public Disclosure*.

Suncorp Bank is represented by Suncorp-Metway Limited (SML) and its subsidiaries. SML is an authorised deposit-taking institution (ADI) and a wholly owned subsidiary of Suncorp Group Limited. Suncorp Group is represented by Suncorp Group Limited and its subsidiaries.

Other than statutory information required by a regulator (including APRA), all financial information is measured in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars and have been rounded to the nearest million.

This document has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with Suncorp Group's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards.

Figures relate to the quarter ended 31 December 2015 (unless otherwise stated) and should be read in conjunction with other information concerning Suncorp Group filed with the Australian Securities Exchange (ASX).

#### **Disclaimer**

This report contains general information which is current as at 11 February 2016. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to the Suncorp Group and Suncorp Bank or any product or service offered by its entities. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp Group's intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp Group's control, which may cause actual results to differ materially from those expressed or implied.

Suncorp Group and Suncorp Bank undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report (subject to ASX disclosure requirements).

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#### REGULATORY CAPITAL RECONCILIATION

The following table discloses the consolidated balance sheet of SML and its subsidiaries (Suncorp Bank), as published in its reviewed consolidated interim financial report, and the balance sheet under the Level 2 regulatory scope of consolidation pursuant to APS 111 *Capital Adequacy: Measurement of Capital*.

Each component of capital reported below in Table 1: Common Disclosures - Composition of Capital can

be reconciled to the balance sheets below using the reference letters included in both tables.

PREPUBLISHED   REVIEWED   REVIE	be reconciled to the balance sheets below using the refe		icluded in bo		
REVIEW   PRINCING   STATEMENTS   DEC'15   DEC'		BALANCE SHEET		BALANCE SHEET	
RINANCIAL STATEMENTS   DEC-15   DEC-1					
Assets					
DEC-15   D					
Second   S					REFERENCE
Assets   Cash and cash equivalents   765   - 765   Receivables due from other banks   464   - 464   - 464   Trading securities   1,119   - 1,119   Trading securities   663   - 663   - 663   Trading securities   65,520   - 5,520   Trading securities   5,520   - 5,520   Trading securities   5,520   - 5,520   Trading securities   7,520   Trading securities   7,520   - 7,520   Tradiana   7,52					
Cash and cash equivalents Receivables due from other banks Trading securities 1,119 1,119 1,1		\$IVI	\$M	\$M	
Receivables due from other banks		705		705	
Trading securities	<u> </u>				
Derivatives   663   -   663					
Investment securities   5,520   - 5,520					
Investment in regulatory non-consolidated subsidiaries   12   12   13   13   15   15   15   15   16   16   16   16					
Loans, advances and other receivables		5,520			/B
of which: eligible collective provision component of GRCL in tier 2 capital of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments of which: costs associated with debt raisings in CET1 regulatory adjustments adjustments and prokers in CET1 regulatory adjustments and brokers in CET1 regulatory		-			U)
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments  0 f which: costs associated with debt raisings in CET1 regulatory adjustments  2	Loans, advances and other receivables	52,941	(2,872)	50,069	
originators and b rokers in CET1 regulatory adjustments         192         (f)           of which: costs associated with debt raisings in CET1 regulatory adjustments         47         -         47           Deferred tax assets of which: arising from temporary differences included in CET1 regulatory adjustments         51         (e)           Other assets         191         (34)         157           Of which: loan and lease origination fees and commissions paid to mortgage originators and b rokers in CET1 regulatory adjustments         3         (h)           Goodwill and intangible assets         21         -         21         (d)           Total assets         61,731         (2,894)         58,837           Labilities         61,731         (2,894)         58,837           Payables due to other banks         (401)         -         (401)           Deposits and short-term borrowings         (44,022)         (13)         (44,035)           Derivatives         (38)         11         (347)           Securitisation derivatives in CET1 regulatory adjustments         (42)         9         (413)           Due to regulatory non-consolidated subsidiaries         (42)         9         (413)           Due to regulatory non-consolidated subsidiaries         (8,891)         -         (8,891)	of which: eligible collective provision component of GRCL in tier 2 capital			(93)	(o)
of which: costs associated with debt raisings in CET1 regulatory adjustments         47         -         47           Deferred tax assets         47         -         47           of which: arising from temporary differences included in CET1 regulatory adjustments         51         (e)           Other assets         191         (34)         157           of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments         21         -         21         (d)           Goodwill and intangible assets         21         -         21         (d)         (d)           Total assets         61,731         (2,894)         58,837         (d)         (d) <td< td=""><td>of which: loan and lease origination fees and commissions paid to mortgage</td><td></td><td></td><td></td><td></td></td<>	of which: loan and lease origination fees and commissions paid to mortgage				
Deferred tax assets	originators and brokers in CET1 regulatory adjustments			192	(f)
Deferred tax assets	of which: costs associated with debt raisings in CET1 regulatory adjustments			8	(a)
Content   Cont		47	-	47	(3)
Adjustments					
Other assets				51	(a)
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments         3         (h)           Goodwill and intangible assets         21         -         21         (d)           Total assets         61,731         (2,894)         58,837           Liabilities         -         (401)         -         (401)           Payables due to other banks         (401)         - <td>•</td> <td>40.4</td> <td>(0.4)</td> <td></td> <td>(6)</td>	•	40.4	(0.4)		(6)
Condition   CET1 regulatory adjustments   CET1 regulatory adjust		191	(34)	157	
Coodwill and intangible assets   21	, , , , , , , , , , , , , , , , , , , ,				
Total assets  Liabilities  Payables due to other banks Payables and short-term borrowings Payables and short-term borrowings Payables and other liabilities Payables and start-up costs in CET1 regulatory adjustments Payables and other liabilities Payables and other liabilities Payables and start-up costs in CET1 regulatory adjustments Payables and other liabilities Payables and other liabilities Payables and start-up costs in CET1 regulatory adjustments Payables and other liabilities Payables and other liabilities Payables and other liabilities Payables and other liabilities Payables and start-up costs in CET1 regulatory adjustments Payables and other liab	<u> </u>			3	(h)
Liabilities       (401)       -       (401)         Payables due to other banks       (401)       -       (401)         Deposits and short-term borrowings       (44,022)       (13)       (44,035)         Derivatives       (358)       11       (347)         Securitisation derivatives in CET1 regulatory adjustments       -       (4)       (4)       (q)         Payables and other liabilities       (422)       9       (413)         Due to regulatory non-consolidated subsidiaries       -       (44)       (44)         Securitisation liabilities       (3,154)       2,919       (235)         of which: securitisation start-up costs in CET1 regulatory adjustments       8       (i)         Debt issues       (8,891)       -       (8,891)         Total liabilities excluding loan capital       (57,248)       2,878       (54,370)         Loan capital       -       (742)       -       (742)         Of which: directly issued qualifying tier 2 instruments       (670)       (m)         of which: directly issued instruments subject to phase out from tier 2       -       -       -       -       (0)         Preference shares       -       -       -       -       (0)       (742)       -	Goodwill and intangible assets		-		(d)
Payables due to other banks	Total assets	61,731	(2,894)	58,837	
Deposits and short-term borrowings	Liabilities				
Derivatives   CET1 regulatory adjustments   CET1 regulatory non-consolidated subsidiaries   CET1 regulatory non-consolidated subsidiaries   CET1 regulatory adjustments   CET1 regulator	Payables due to other banks	(401)	-	(401)	
Securitisation derivatives in CET1 regulatory adjustments	Deposits and short-term borrowings	(44,022)	(13)	(44,035)	
Payables and other liabilities       (422)       9       (413)         Due to regulatory non-consolidated subsidiaries       -       (44)       (44)         Securitisation liabilities       (3,154)       2,919       (235)         of which: securitisation start-up costs in CET1 regulatory adjustments       8       (i)         Debt issues       (8,891)       -       (8,891)         Total liabilities excluding loan capital       (57,248)       2,878       (54,370)         Loan capital       -       (742)       -       (742)         Subordinated notes       (742)       -       (742)       -       (742)         of which: directly issued qualifying tier 2 instruments       (670)       (m)       (m)       (72)       (n)         Preference shares       -       -       -       -       (1)         Total loan capital       (742)       -       (742)         Total liabilities       (57,990)       2,878       (55,112)         Net assets       3,741       (16)       3,725	Derivatives	(358)	11	(347)	
Due to regulatory non-consolidated subsidiaries   - (44) (44)	Securitisation derivatives in CET1 regulatory adjustments	-	(4)	(4)	(q)
Securitisation liabilities	Payables and other liabilities	(422)	9	(413)	
of which: securitisation start-up costs in CET1 regulatory adjustments         8         (i)           Debt issues         (8,891)         -         (8,891)           Total liabilities excluding loan capital         (57,248)         2,878         (54,370)           Loan capital         -         -           Subordinated notes         (742)         -         (742)           of which: directly issued qualifying tier 2 instruments         (670)         (m)           of which: directly issued instruments subject to phase out from tier 2         (72)         (n)           Preference shares         -         -         -         (I)           Total loan capital         (742)         -         (742)           Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725	Due to regulatory non-consolidated subsidiaries	-	(44)	(44)	
Debt issues   (8,891)   - (8,891)   - (8,891)	Securitisation liabilities	(3,154)	2,919	(235)	
Total liabilities excluding loan capital   (57,248)   2,878   (54,370)	of which: securitisation start-up costs in CET1 regulatory adjustments			8	(i)
Councapital   Company	Debtissues	(8,891)	-	(8,891)	
Subordinated notes         (742)         -         (742)           of which: directly issued qualifying tier 2 instruments         (670)         (m)           of which: directly issued instruments subject to phase out from tier 2         (72)         (n)           Preference shares         -         -         -         (1)           Total loan capital         (742)         -         (742)           Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725           Equity         -	Total liabilities excluding loan capital	(57,248)	2,878	(54,370)	
of which: directly issued qualifying tier 2 instruments         (670)         (m)           of which: directly issued instruments subject to phase out from tier 2         (72)         (n)           Preference shares         -         -         -         (1)           Total loan capital         (742)         -         (742)           Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725           Equity         -	Loan capital		-		
of which: directly issued instruments subject to phase out from tier 2         (72)         (n)           Preference shares         -         -         -         (I)           Total loan capital         (742)         -         (742)           Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725           Equity         - <td>Subordinated notes</td> <td>(742)</td> <td>-</td> <td>, , ,</td> <td></td>	Subordinated notes	(742)	-	, , ,	
Preference shares         -         -         -         (1)           Total loan capital         (742)         -         (742)           Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725           Equity         -         -         -         -         -         -         (16)         -         -         -         -         -         -         -         -         -         -         (16)         -	of which: directly issued qualifying tier 2 instruments			(670)	(m)
Total loan capital         (742)         -         (742)           Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725           Equity         Equity         -	of which: directly issued instruments subject to phase out from tier 2			(72)	(n)
Total liabilities         (57,990)         2,878         (55,112)           Net assets         3,741         (16)         3,725           Equity	Preference shares	-	-	·	(I)
Net assets         3,741         (16)         3,725           Equity	Total loan capital	(742)	-	(742)	
Equity	Total liabilities	(57,990)	2,878	(55,112)	
	Net assets	3,741	(16)	3,725	
	Equity				
(E,010) (a)	Share capital	(2,648)	-	(2,648)	(a)
Capital notes (450) - (450) (k)	Capital notes	(450)	-	(450)	
Reserves 262 - 262	•		-	, , ,	. ,
of which: equity component of GRCL in tier 2 capital (96)	of which: equity component of GRCL in tier 2 capital			(96)	(p)
of which: AFS reserve (4) (c)				(4)	
Retained profits (905) 16 (889)	Retained profits	(905)	16		. ,
of which: included in CET1 (520) (b)	of which: included in CET1			(520)	(b)
Total equity (3,741) 16 (3,725)	Total equity	(3,741)	16	(3,725)	

#### **REGULATORY CAPITAL RECONCILIATION (continued)**

The Level 2 group for regulatory capital purposes consists of the parent entity, SML, and its eligible subsidiaries.

There are no entities included in the regulatory scope of consolidation which are excluded from the accounting scope of consolidation.

The following legal entities are included in the accounting scope of consolidation but are excluded from the regulatory scope of consolidation:

	TOTAL	TOTAL
	ASSETS	LIABILITIES
	DEC-15	DEC-15
	\$	\$
SPDEF#2 Pty Ltd	1	-

#### Principal activity:

The company acts as trustee for Suncorp Property Development Equity Fund #2 Unit Trust.

	DEC-15	DEC-15
	\$М	\$M
Suncorp Property Development Equity Fund #2 Unit Trust	29	(5)

#### Principal activity:

The Trust was established by the directors of SPDEF #2 Pty Ltd (the trustee) for the purpose of forming an unincorporated joint venture to develop land for the purpose of reselling as residential housing lots.

	DEC-15	DEC-15
Securitisation special purpose vehicles <sup>1</sup>	\$M	\$M
Apollo Series 2007-1E Trust	265	(265)
Apollo Series 2010-1 Trust	241	(241)
Apollo Series 2011-1 Trust	428	(428)
Apollo Series 2012-1 Trust	425	(425)
Apollo Series 2013-1 Trust	558	(558)
Apollo Series 2015-1 Trust	1,036	(1,036)

#### Principal activity:

The Trusts were established for the purpose of raising funds, via the issue of mortgage backed securities, to fund the purchase of mortgage loans by equitable assignment.

#### Note

 The Trusts qualify for regulatory capital relief under APS 120 and are therefore deconsolidated from the Level 2 regulatory group. The assets of the Trusts include the secured loans from SML, representing the outstanding balance of securitised mortgages and accrued interest, as well as cash and other receivables.

Any transfer of funds or regulatory capital within the Level 2 group can occur only after the relevant approvals from management and the Board of each affected entity, in line with the Suncorp Group's capital management policies. Any such transactions must be consistent with the Suncorp Group's capital management strategy objectives to ensure each entity in the Level 2 group has sufficient capital resources to maintain the business and operational requirements, retain sufficient capital to exceed externally imposed capital requirements, and ensure Suncorp Bank's ability to continue as a going concern.

#### **TABLE 1: CAPITAL DISCLOSURE TEMPLATE**

The disclosures below are presented using the post 1 January 2018 common disclosure template as, pursuant to APRA guidelines, SML and its eligible subsidiaries is applying, in full, the Basel III regulatory adjustments from 1 January 2013.

		DEC-15	SOURCE IN REGULATORY CAPITAL RECON- CILIATION
		\$М	
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	2,648	(a)
2	Retained earnings	520	(b)
3	Accumulated other comprehensive income (and other reserves)	4	(c)
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually- owned companies)	_	(-)
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	<u>-</u>	
6	Common Equity Tier 1 capital before regulatory adjustments	3,172	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	_	
8	Goodwill (net of related tax liability)	21	(d)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	_	( )
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	<u>-</u>	
11	Cash-flow hedge reserve	_	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit superannuation fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	<u>-</u>	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	_	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	<u>-</u>	
20	Mortgage service rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	

## **TABLE 1: CAPITAL DISCLOSURE TEMPLATE (continued)**

National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)  of which: reasury shares susued by the ADI continuous of which: desired fae income APRA requirements of which: undercapitalised on of a non-consolidated subsidiary of which: undercapitalisation of a non-consolidated subsidiary  Additional Tier 1 Capitalisation of a non-consolidated subsidiary  of which: desired fae gouly under applicable accounting standards  Directly issued qualifying Additional Tier 1 instruments  Directly issued qualifying Additional Tier 1 instruments of which: classified as is equity under applicable accounting standards  Directly issued capital instruments subject to phase out from Additional Tier 1 instruments subject to phase out  Additional Tier 1 Capital regulatory adjustments  Additional Tier 1 Capital regulatory adjustments  Investments in own Additional Tier 1 instruments  National specific regulatory adjustments  Investments in which the desired of the national financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount ab		BEET, CATTIAL DISCLOSURE TEMPLATE	(COIICIII	SOURCEIN
National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26c, 26f, 26				REGULATORY
National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26e, 26f, 26i, 26i and 26j) 26a of which: reasury shares 26b of which: seasury shares 26c of which: deferred that the dividends are used to purchase new ordinary shares 26c of which: deferred fee income 26d of which: deferred tee income 26d of which: deferred tax assets not reported in rows 10, 21 and 25 26 of which: deferred tax assets not reported in rows 10, 21 and 25 26 of which: deferred tax assets not reported in rows 10, 21 and 25 26 of which: capitalised expenses 26d of which: capitalised expenses 26d of which: capitalised expenses 26d of which: capitalised by the ADI 27d Regulatory adjustments in commercial (non-financial) entities that are deducted under APRA requirements 26e of which: undercapitalisation of a non-consolidated subsidiary 26i of which: undercapitalisation of a non-consolidated subsidiary 26i of which: undercapitalisation of a non-consolidated subsidiary 26i of which: undercapitalisation of a non-consolidated subsidiary 27d Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 27d Regulatory adjustments to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 28d Total regulatory adjustments to Common Equity Tier 1 ago 1 to 1				CAPITAL
National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26f, 26f, 26f, 26f, 26f, 26f, 26f			DEC-15	
National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j) 26g, 26h, 26i and 26j) 26a of which: treasury shares of which: which with the dividends are used to purchase new ordinary shares issued by the ADI 26c of which: deferred fee income of which: deferred fee income of which: equity investments in financial institutions not reported in rows 18, 19 and 23 of which: capitalised expenses of which: copitalised expenses of which: copitalised expenses of which: investments in commercial (non-financial) entities that are deducted under APRA regularements of which: covered bonds in excess of asset cover in pools of which: order advantage and an				CILIATION
26g, 26h, 26i and 26j) 28a of which: treasury shares 28b of which: deferred test of dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI 26c of which: deferred fee income 26d of which: deglar instruments in financial institutions not reported in rows 18, 19 and 23 26e of which: deferred tax assets not reported in rows 10, 21 and 25 26f of which: deglar instruments in financial institutions not reported in rows 18, 19 and 23 26f of which: deglar instruments of the APRA requirements 26f of which: investments in commercial (non-financial) entities that are deducted under APRA requirements 26f of which: undercapitalisation of a non-consolidated subsidiary 26f of which: undercapitalisation of a non-consolidated subsidiary 27f Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 28 Total regulatory adjustments to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 28 Total regulatory adjustments to Common Equity Tier 1 299 Common Equity Tier 1 Capital (CETT) 287 Additional Tier 1 Capital (CETT) 288 Total regulatory adjustments to Common Equity Tier 1 299 Common Equity Tier 1 Capital (CETT) 290 Common Equity Tier 1 Capital (CETT) 291 Common Equity Tier 1 Capital (CETT) 292 Common Equity Tier 1 Capital (CETT) 293 Common Equity Tier 1 Capital (CETT) 294 Additional Tier 1 Capital instruments and standards 30 Directly issued capital instruments under the supplicable accounting standards 31 Of which: classified as equity under applicable accounting standards 32 Of which: classified as equity under applicable accounting standards 33 Directly issued capital instruments under the supplication and the supplication a	26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f.	<b>4101</b>	
of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI of which: deferred fee income of which: equity investments in financial institutions not reported in rows 18, 19 and 23 of which: equity investments in financial institutions not reported in rows 18, 19 and 23 of which: deferred ax assets not reported in rows 10, 21 and 25 of which: investments in commercial (non-financial) entities that are deducted under APRA requirements of which: covered bonds in excess of asset cover in pools of which: undercapitalisation of a non-consolidated subsidiary of which: other national specific regulatory adjustments not reported in rows 26a to 26i of which: undercapitalisation of a non-consolidated subsidiary of which: other national specific regulatory adjustments not reported in rows 26a to 26i of which: undercapitalisation of a non-consolidated subsidiary of which: other national specific regulatory adjustments not reported in rows 26a to 26i of which: undercapitalisation of a non-consolidated subsidiary of which: undercapitalisation of a non-consolidated subsidiary of which: undercapitalisation of a non-consolidated subsidiary and the regulatory adjustments to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions  Total regulatory adjustments to Common Equity Tier 1 299  Common Equity Tier 1 Capital (CET1) 2,873  Additional Tier 1 Capitaling Additional Tier 1 instruments  Directly issued qualifying Additional Tier 1 instruments  Of which: classified as equity under applicable accounting standards  of which: classified as liabilities under applicable accounting standards  of which: classified as liabilities under applicable accounting standards  of which: classified as liabilities under applicable accounting standards  of which: classified as liabilities under applicable accounting standards  of which: classified as liabilities under applicable accounting standards  of w			278	
the extent that the dividends are used to purchase new ordinary shares issued by the ADI  of which: deferred fee income of which: deferred tax assets not reported in rows 10, 21 and 25 of which: deferred tax assets not reported in rows 10, 21 and 25 of which: capitalised expenses of which: capitalised expenses of which: capitalised expenses of which: undercapitalisation of a non-consolidated subsidiary of which: undercapitalisation of a non-consolidated subsidiary of which: other national specific regulatory adjustments not reported in rows 26a to 26i  regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions  Total regulatory adjustments to Common Equity Tier 1  additional Tier 1 Capital: instruments  Directly issued qualifying Additional Tier 1 instruments of which: classified as equity under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilities under applicable accounting standards of which: classified as liabilit	26a	of which: treasury shares	-	
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subsidiaries and held by third parties (amount allowed in group AT1)  of which: instruments issued by subsidiaries subject to phase out  Additional Tier 1 Capital: regulatory adjustments  Additional Tier 1 Capital: regulatory adjustments  Investments in own Additional Tier 1 instruments  Reciprocal cross-holdings in Additional Tier 1 instruments  Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)				(1)
Additional Tier 1 Capital: regulatory adjustments  Additional Tier 1 Capital: regulatory adjustments  Investments in own Additional Tier 1 instruments  Reciprocal cross-holdings in Additional Tier 1 instruments  Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members  on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  450	•		-	
Additional Tier 1 Capital: regulatory adjustments  Investments in own Additional Tier 1 instruments  Reciprocal cross-holdings in Additional Tier 1 instruments  Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)	35	of which: instruments issued by subsidiaries subject to phase out	<u>-</u>	
Investments in own Additional Tier 1 instruments  Reciprocal cross-holdings in Additional Tier 1 instruments  Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)	36	Additional Tier 1 Capital before regulatory adjustments	450	
Investments in own Additional Tier 1 instruments  Reciprocal cross-holdings in Additional Tier 1 instruments  Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)		A LUCY CONTRACTOR OF THE CONTR		
Reciprocal cross-holdings in Additional Tier 1 instruments  Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)	0.7			
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)			-	
the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)  40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  41 National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  41a of which: holdings of capital instruments in group members by other group members  41b of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  41c of which: other national specific regulatory adjustments not reported in rows 41a & 41b  42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  43 Total regulatory adjustments to Additional Tier 1 capital  44 Additional Tier 1 capital (AT1)  450			<del>-</del>	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)	39	the scope of regulatory consolidation, net of eligible short positions, where the ADI does		
are outside the scope of regulatory consolidation (net of eligible short positions)  1 National specific regulatory adjustments (sum of rows 41a, 41b and 41c)  41a of which: holdings of capital instruments in group members by other group members  41b of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  41c of which: other national specific regulatory adjustments not reported in rows 41a & 41b  42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  43 Total regulatory adjustments to Additional Tier 1 capital  44 Additional Tier 1 capital (AT1)  450	40			
of which: holdings of capital instruments in group members by other group members on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)			-	
on behalf of third parties  of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)	41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	-	
regulatory consolidations not reported in rows 39 and 40  of which: other national specific regulatory adjustments not reported in rows 41a & 41b  Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)	41a		<u>-</u>	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions  Total regulatory adjustments to Additional Tier 1 capital  Additional Tier 1 capital (AT1)  Additional Tier 1 capital (AT1)	41b	, , , , , , , , , , , , , , , , , , ,	-	
deductions -  Total regulatory adjustments to Additional Tier 1 capital -  Additional Tier 1 capital (AT1) 450	41c	of which: other national specific regulatory adjustments not reported in rows 41a & 41b	-	
Additional Tier 1 capital (AT1) 450	42	• , ,	-	
	43	Total regulatory adjustments to Additional Tier 1 capital	-	
45 Tier 1 Capital (T1=CET1+AT1)	44	Additional Tier 1 capital (AT1)	450	
3,323	45	Tier 1 Capital (T1=CET1+AT1)	3,323	

**TABLE 1: CAPITAL DISCLOSURE TEMPLATE (continued)** 

A	BLE 1: CAPITAL DISCLOSURE TEMPLATI	E (Cont	SOURCE REGULATOR CAPITA RECOI
		DEC-15	CILIATIO
		\$M	
	Tier 2 Capital: instruments and provisions		
6	Directly issued qualifying Tier 2 instruments	670	(m)
7	Directly issued capital instruments subject to phase out from Tier 2	72	(n)
8	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued		
_	by subsidiaries and held by third parties (amount allowed in group T2)	-	
9	of which: instruments issued by subsidiaries subject to phase out	-	
0	Provisions  The Committee of the Committ	189	(o)+(p)
1	Tier 2 Capital before regulatory adjustments	931	
	Tier 2 Capital: regulatory adjustments		
2	Investments in own Tier 2 instruments	-	
3	Reciprocal cross-holdings in Tier 2 instruments	-	
1	Investments in the Tier 2 capital of banking, financial and insurance entities that are		
	outside the scope of regulatory consolidation, net of eligible short positions, where the		
	ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
5	Significant investments in the Tier 2 capital of banking, financial and insurance entities	-	
	that are outside the scope of regulatory consolidation, net of eligible short positions	-	
6	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	-	
ia	of which: holdings of capital instruments in group members by other group members on behalf of third parties	<u>-</u>	
3b	of which: investments in the capital of financial institutions that are outside the scope		
	of regulatory consolidation not reported in rows 54 and 55	-	
ic ,	of which: other national specific regulatory adjustments not reported in rows 56a & 56b  Total regulatory adjustments to Tier 2 capital	-	
3	Tier 2 capital (T2)	-	
9	Total capital (TC=T1+T2)	931	
)	Total risk-weighted assets based on APRA standards	4,254 30,539	
	. Commission of the commission	30,339	
	Capital ratios and buffers		
	Common Equity Tier 1 (as a percentage of risk-weighted assets)	9.41%	
	Tier 1 (as a percentage of risk-weighted assets)	10.88%	
	Total capital (as a percentage of risk-weighted assets)	13.93%	
	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation		
	buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.00%	
	of which: capital conservation buffer requirement	2.50%	
	of which: ADI-specific countercyclical buffer requirements	2.5070	
	of which: G-SIB buffer requirement (not applicable)		
	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted		
	assets)	9.41%	
	National minima (if different from Basel III)		
)	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
)	National Tier 1 minimum ratio (if different from Basel III minimum)		
	National total capital minimum ratio (if different from Basel III minimum)		
	Amount below thresholds for deductions (not risk-weighted)		
	Non-significant investments in the capital of other financial entities	-	
;	Significant investments in the ordinary shares of financial entities	-	
	Mortgage servicing rights (net of related tax liability)	-	
5	Deferred tax assets arising from temporary differences (net of related tax liability)	51	(e)

## **TABLE 1: CAPITAL DISCLOSURE TEMPLATE (continued)**

	DLE I. CAI ITAL DISCLOSURE I EMI LATE	(COIICIII	ucu
			SOURCE IN
			REGULATORY
			CAPITAL
			RECON-
		DEC-15	CILIATION
		\$M	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to		
	standardised approach (prior to application of cap)	189	(o)+(p)
77	Cap on inclusion of provisions in Tier 2 under standardised approach	339	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal		
	ratings-based approach (prior to application of cap)	n/a	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	n/a	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	<u>-</u>	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	· -	
82	Current cap on AT1 instruments subject to phase out arrangements	536	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	<u>-</u>	
84	Current cap on T2 instruments subject to phase out arrangements	132	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

#### **TABLE 2: MAIN FEATURES OF CAPITAL INSTRUMENTS**

Attachment B of APS330 details the continuous disclosure requirements for the main features of all capital instruments included in Suncorp Bank's regulatory capital.

The Suncorp Group's main features of capital instruments are updated on an ongoing basis and are available at <a href="https://www.suncorpgroup.com.au/investors/regulatory-disclosures">www.suncorpgroup.com.au/investors/regulatory-disclosures</a>.

The full terms and conditions of all of Suncorp Group's regulatory capital instruments are available at <a href="https://www.suncorpgroup.com.au/investors/securities">www.suncorpgroup.com.au/investors/securities</a>.

#### Note

The published full terms and conditions represent the comparable capital instruments issued by Suncorp Group Limited to
external investors. The terms of these instruments may differ slightly to those instruments issued by the regulatory Level 2
group.

## **TABLE 3: CAPITAL ADEQUACY**

			AVG RISK			
	CARRYIN	G VALUE	WEIGHT	RISK-WEIGH	ITED ASSETS	
	DEC-15	SEP-15	DEC-15	DEC-15	SEP-15	
	\$M	\$M	%	\$M	\$M	
On-balance sheet credit risk-weighted assets						
Cash items	495	668	1	5	8	
Claims on Australian and foreign governments	2,314	2,497	-	-	-	
Claims on central banks, international banking agencies,						
regional development banks, ADIs and overseas banks	3,044	3,180	21	627	654	
Claims on securitisation exposures	848	955	20	170	191	
Claims secured against eligible residential mortgages	40,595	40,393	38	15,455	15,446	
Past due claims	493	499	92	452	460	
Other retail assets	454	491	80	361	393	
Corporate	8,310	8,371	100	8,295	8,351	
Other assets and claims	250	238	99	248	237	
Total on-balance sheet credit risk-weighted assets	56,803	57,292	45	25,613	25,740	

	NOTIONAL	CREDIT	AVG RISK		
	AMOUNT DEC-15	EQUIVALENT DEC-15	WEIGHT DEC-15	RISK-WEIGHT DEC-15	SEP-15
	\$M	\$M	% %	\$M	SEF-15 \$M
Off-balance sheet positions	Ψιτι	Ψινι	70	ΨΙΝΙ	Ψινι
Guarantees entered into in the normal course of business	263	262	68	177	188
Commitments to provide loans and advances	7,943	1,989	55	1,099	1,050
Foreign exchange contracts	5,668	185	27	50	42
Interest rate contracts	56,661	94	43	40	38
Securitisation exposures	2,592	39	85	33	36
CVA capital charge	-	-	-	87	112
Total off-balance sheet positions	73,127	2,569	58	1,486	1,466
Market risk capital charge				136	128
Operational risk capital charge				3,304	3,278
Total off-balance sheet positions				1,486	1,466
Total on-balance sheet credit risk-weighted assets				25,613	25,740
Total assessed risk				30,539	30,612
Risk-weighted capital ratios				%	%
Common Equity Tier 1				9.41	8.86
Tier 1				10.88	10.33
Tier 2				3.05	3.22
Total risk-weighted capital ratio				13.93	13.55

#### **TABLE 4: CREDIT RISK**

Table 4A: Credit risk by gross credit exposure – outstanding as at 31 December 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COM MITM ENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IM PAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IM PAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,827	202	-	4,029	103	28	3,898	21
Construction &											
development	-	-	-	480	124	-	604	1	-	603	1
Financial services	464	1,119	4,672	375	231	279	7,140	-	-	7,140	-
Hospitality	-	-	-	870	33	-	903	12	5	886	6
Manufacturing	-	-	-	263	16	-	279	2	2	275	1
Professional services	-	-	-	238	9	-	247	9	1	237	9
Property investment	-	-	-	1,977	88	-	2,065	4	12	2,049	4
Real estate - Mortgage	-	-	-	40,174	1,413	-	41,587	17	296	41,274	3
Personal	-	-	-	345	8	-	353	8	8	337	5
Government/public											
authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial &											
industrial	-	-	-	1,699	127	-	1,826	20	29	1,777	10
Total gross credit risk	464	1,119	4,672	50,248	2,251	279	59,033	176	381	58,476	60
Securitisation			0.40	2.072	28	11	2.750			2.750	
exposures (1)	-	•	848	2,872	20	11	3,759	•	•	3,759	-
Total including											
Securitisation	464	1,119	5,520	53,120	2,279	290	62,792	176	381	62,235	60
exposures											
Impairment provision							(179)	(60)	(26)	(93)	
TOTAL							62,613	116	355	62,142	

The securitisation exposures of \$2,872 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

<sup>(2)</sup> Receivables due from other banks include collateral deposits provided to derivative counterparties.

<sup>(3)</sup> Total loans, advances and other receivables include receivables due from related parties.

<sup>(4) &</sup>quot;Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

Table 4A: Credit risk by gross credit exposure – outstanding as at 30 September 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IM PAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,909	182	-	4,091	112	31	3,948	25
Construction &											
development	-	-	-	480	125	-	605	10	-	595	3
Financial services	619	1,908	5,170	351	168	373	8,589	-	-	8,589	-
Hospitality	-	-	-	899	32	-	931	27	5	899	17
Manufacturing	-	-	-	277	19	-	296	1	-	295	-
Professional services	-	-	-	230	11	-	241	7	1	233	3
Property investment	-	-	-	1,983	78	-	2,061	2	5	2,054	3
Real estate - Mortgage	-	-	-	39,954	1,607	-	41,561	21	289	41,251	5
Personal	-	-	-	365	8	-	373	-	8	365	-
Government/public											
authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial &											
industrial	-	-	-	1,704	108	-	1,812	22	28	1,762	9
Total gross credit risk	619	1,908	5,170	50,152	2,338	373	60,560	202	367	59,991	65
Securitisation	_	_	955	3,070	29	13	4,067	_	_	4,067	_
exposures (1)	_	_	933	3,070	29	13	4,007	_	_	4,007	_
Total including											
Securitisation	619	1,908	6,125	53,222	2,367	386	64,627	202	367	64,058	65
exposures											
Impairment provision							(191)	(65)	(29)	(97)	
TOTAL						•	64,436	137	338	63,961	

The securitisation exposures of \$3,070 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

Receivables due from other banks include collateral deposits provided to derivative counterparties.

<sup>(3)</sup> Total loans, advances and other receivables include receivables due from related parties.

<sup>(4) &</sup>quot;Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 October to 31 December 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IM PAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IM PAIRED	SPECIFIC PROVISIONS
	\$M	\$М	\$M	\$M	\$M	\$М	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,868	192	-	4,060	108	30	3,922	22
Construction &											
development	-	-	-	480	125	-	605	6	-	599	1
Financial services	542	1,514	4,921	363	200	326	7,866	-	-	7,866	-
Hospitality	-	-	-	885	33	-	918	20	5	893	12
Manufacturing	-	-	-	270	18	-	288	2	1	285	1
Professional services	-	-	-	234	10	-	244	8	1	235	6
Property investment	-	-	-	1,980	83	-	2,063	3	9	2,051	4
Real estate - Mortgage	-	-	-	40,064	1,510	-	41,574	19	293	41,262	4
Personal	-	-	-	355	8	-	363	4	8	351	3
Government/public											
authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial &											
industrial	-	-	-	1,702	118	-	1,820	21	29	1,770	10
Total gross credit risk	542	1,514	4,921	50,201	2,297	326	59,801	191	376	59,234	63
Securitisation	_	_	902	2,971	29	12	3,914	_	_	3,914	_
exposures (1)			302	2,971	23	12	3,314			3,914	
Total including											
Securitisation	542	1,514	5,823	53,172	2,326	338	63,715	191	376	63,148	63
exposures											
Impairment provision							(186)	(63)	(28)	(95)	
TOTAL							63,529	128	348	63,053	

The securitisation exposures of \$2,971 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

<sup>(2)</sup> Receivables due from other banks include collateral deposits provided to derivative counterparties.

<sup>(3)</sup> Total loans, advances and other receivables include receivables due from related parties.

<sup>(4) &</sup>quot;Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 July to 30 September 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IM PAIR ED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IM PAIRED	SPECIFIC PROVISIONS
	\$M	\$М	\$М	\$M	\$M	\$M	\$М	\$M	\$М	\$M	\$M
Agribusiness	-	-	-	3,946	178	-	4,124	112	26	3,986	25
Construction &											
development	-	-	-	485	140	-	625	13	-	612	5
Financial services	607	1,646	5,184	342	192	365	8,336	-	-	8,336	-
Hospitality	-	-	-	906	40	-	946	26	4	916	17
Manufacturing	-	-	-	298	20	-	318	8	1	309	6
Professional services	-	-	-	232	11	-	243	7	1	235	3
Property investment	-	-	-	1,990	79	-	2,069	3	6	2,060	3
Real estate - Mortgage	-	-	-	39,231	1,753	-	40,984	21	306	40,657	5
Personal	-	-	-	373	9	-	382	-	7	375	_
Government/public											
authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial &											
industrial	-	-	-	1,713	109	-	1,822	22	31	1,769	10
Total gross credit risk	607	1,646	5,184	49,516	2,531	365	59,849	212	382	59,255	74
Securitisation	_	_	1,001	3,182	31	14	4,228	_	_	4,228	_
exposures (1)	-	-	1,001	3,102	31	14	4,220	-	-	4,220	-
Total including											
Securitisation	607	1,646	6,185	52,698	2,562	379	64,077	212	382	63,483	74
exposures											
Impairment provision						_	(200)	(74)	(28)	(98)	
TOTAL						•	63,877	138	354	63,385	

The securitisation exposures of \$3,182 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

<sup>(2)</sup> Receivables due from other banks include collateral deposits provided to derivative counterparties.

Total loans, advances and other receivables include receivables due from related parties.

<sup>(4) &</sup>quot;Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

Table 4B: Credit risk by portfolio – 31 December 2015

	GROSS CREDIT RISK	AVERAGE GROSS	IMPAIRED	PAST DUE NOT IMPAIRED >	SPECIFIC	
	EXPOSURE	EXPOSURE	ASSETS	90 DAYS	PROVISIONS	OFFS
	\$M	\$M	\$M	\$M	\$M	\$M
Claims secured against eligible residential						
mortgages	41,587	41,574	17	296	3	-
Other retail	353	363	8	8	5	5
Financial services	7,140	7,866	-	-	-	-
Government and public authorities	-	-	-	-	-	-
Corporate and other claims	9,953	9,998	151	77	52	6
Total	59,033	59,801	176	381	60	11

Table 4B: Credit risk by portfolio – 30 September 2015

	GROSS CREDIT RISK EXPOSURE	AVERAGE GROSS EXPOSURE	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	\$M	\$M	\$M	\$M	\$M	\$M
Claims secured against eligible residential						
mortgages	41,561	40,984	21	289	5	1
Other retail	373	382	-	8	-	1
Financial services	8,589	8,336	-	-	-	-
Government and public authorities	-	_	-	-	-	-
Corporate and other claims	10,037	10,147	181	70	60	4
Total	60,560	59,849	202	367	65	6

Table 4C: General reserves for credit losses

	DEC-15	SEP-15
	\$M	\$M
Collective provision for impairment	119	126
Ineligible collective provisions on Past Due not Impaired	(26)	(29)
Eligible collective provisions	93	97
Equity reserve for credit losses	96	145
General reserve for credit losses	189	242

#### **TABLE 5: SECURITISATION EXPOSURES**

#### Table 5A: Summary of securitisation activity for the period

	EVDOSLIDES	SECURITISED	RECOGNISED GAIN (	OR (LOSS) ON SALE
				·
	DEC-15	SEP-15	DEC-15	SEP-15
	\$M	\$M	\$М	\$M
Residential mortgages	-	-	-	-
Total exposures securitised during the period	-	-		-

#### Table 5B(i): Aggregate of on-balance sheet securitisation exposures by exposure type

	EXPOSURE	EXPOSURE
	DEC-15	SEP-15
Exposure type	\$M	\$M
Debt securities	848	955
Total on-balance sheet securitisation exposures	848	955

#### Table 5B(ii): Aggregate of off-balance sheet securitisation exposures by exposure type

	PRINCIPAL OR NOTIONAL EXPOSURE	NOTIONAL
	DEC-15	SEP-15
Exposure type	\$M	\$M
Liquidity facilities	55	59
Derivative exposures	2,537	2,716
Total off-balance sheet securitisation exposures	2,592	2,775

#### **TABLE 20: LIQUIDITY COVERAGE RATIO DISCLOSURE**

		TOTAL UNWEIGHTED	TOTAL WEIGHTED
		VALUE (AVERAGE)	VALUE (AVERAGE)
		DEC-15	DEC-15
	I tourist accounts of subtable	\$M	\$M
4	Liquid assets, of which: High-quality liquid assets (HQLA)		
1	<u> </u>		3,676
2	Alternative liquid assets (ALA)		4,332
3	Reserve Bank of New Zealand (RBNZ) securities		-
	Cash outflows		
4	Retail deposits and deposits from small business customers, of which:	17,891	1,506
5	stable deposits	13,564	698
6	less stable deposits	4,326	808
7	Unsecured wholesale funding, of which:	4,918	3,440
8	operational deposits (all counterparties) and deposits in networks for cooperative	-	
9	non-operational deposits (all counterparties)	4,112	2,633
10	unsecured debt	806	806
11	Secured wholesale funding		15
12	Additional requirements, of which	3,015	1,555
13	outflows related to derivatives exposures and other collateral requirements	1,396	1,396
14	outflows related to loss of funding on debt products	72	72
15	credit and liquidity facilities	1,546	87
16	Other contractual funding obligations	947	602
17	Other contingent funding obligations	8,427	669
18	Total cash outflows		7,786
	Cash inflows		
19	Secured lending (e.g. reverse repos)	_	
20	Inflows from fully performing exposures	 1,165	819
21	Other cash inflows	1,705	1,216
22	Total cash inflows	2,381	2,036
		2,301	TOTAL ADJUSTED
			VALUE
23	Total liquid assets		8,008
24	Total net cash outflows		5,751
25	Liquidity Coverage Ratio (%)		139

The Liquidity Coverage Ratio (LCR) requires sufficient qualifying HQLA to be maintained to meet expected net cash outflows under an APRA-prescribed 30 calendar day stress scenario.

SML has a tiered management limit structure for the LCR to ensure that there is always an adequate buffer to the APRA Prudential Limit of 100% and calculates the LCR position against these limits on a daily basis. The amount of liquid assets held considers the amount needed to meet prudential and internal requirements (including a variety of internal stress scenarios as part of the risk management framework) and a suitable buffer reflecting management's preference.

APRA has allowed locally-incorporated ADI's to establish a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). SML received approval from APRA for a CLF of \$4.2 billion for the 2016 calendar year (\$4.8 billion for the 2015 calendar year). The \$4.3 billion disclosed as 'Alternative liquid assets' reflects the required 'open-repo' of internal self-securitised Residential Mortgage Backed Securities (RMBS) with the RBA, which is considered a utilisation of the CLF and increases the HQLA.

The main contributors to net cash outflows were modelled outflows associated deposits and unsecured wholesale funding, offset by inflows from maturing loans. The net cash outflow is sought to be minimised by targeting funding with lower LCR runoff rates and managing the maturity profile of wholesale liabilities.

SML has been compliant with the LCR prudential requirements at all times since it was introduced in January 2015. The daily average LCR for the quarter ended 31 December 2015 was 139%. This was higher than the typical operating range in light of a decision to run liquidity conservatively given global market volatility, the issuance of \$750 million domestic senior unsecured notes in October and the accumulation of additional HQLA in readiness for the lower CLF from 1 January 2016.

## **Appendix – Definitions**

Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA
Common Equity Tier 1	Common Equity Tier 1 Capital (CET1) comprises accounting equity plus adjustments for intangible assets and regulatory reserves
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by total assessed risk
Credit Value Adjustment (CVA)	A capital charge that covers the risk of mark-to-market losses on the counterparty credit risk
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
General Reserve Credit Loss (GRCL)	The general reserve for credit losses is a reserve that covers credit losses prudently estimated but not certain to arise over the full life of all the individual facilities based on guidance provided by APRA
Liquidity coverage ratio	Liquid assets divided by the forecast net cash outflows during a 30-day similated severe stressesd liquidity scenario
Past due loans	Loans outstanding for more than 90 days
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Total assessed risk	Credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA
•	