SUNCORP GROUP LIMITED ABN 66 145 290 124

SUNCORP BANK
APS 330

as at 30 June 2017

RELEASE DATE: 3 AUGUST 2017

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 30 June 2017 (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 3 August 2017. 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).

Registered Office

Level 28, 266 George Street,
Brisbane Queensland 4000
Telephone: (07) 3362 1222
www.suncorpgroup.com.au

Investor Relations

Andrew Dempster
Acting Head of Investor Relations
Telephone: (02) 8121 9206
Andrew.dempster@suncorp.com.au

Table of Contents

Basis of preparation 2
Regulatory capital reconciliation 4
Table 1: Capital disclosure template 6
Table 2: Main features of capital instruments 10
Table 3: Capital adequacy 11
Table 4: Credit risk 12
Table 5: Securitisation exposures 17
Table 18: Remuneration disclosures 18
Table 20: Liquidity coverage ratio disclosure 19
Appendix – Definitions 21

Regulatory Capital Reconciliation

The following table discloses the consolidated balance sheet of SML and its subsidiaries (Suncorp Bank), as published in its audited financial statements, 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.

	Balance Sheet per published reviewed Financial Statements JUN-17 $M	Adjustments JUN-17 $M	Balance Sheet under Regulatory Scope of Consolidation JUN-17 $M	Reference
Assets				
Cash and cash equivalents	903	-	903	
Receivables due from other banks	567	-	567	
Trading securities	1,520	-	1,520	
Derivatives	138	-	138	
Investment securities	4,560	-	4,560	
Investment in regulatory non-consolidated subsidiaries	-	1	1	**(j)**
Loans, advances and other receivables	55,197	(2,925)	52,272	
of which: eligible collective provision component of GRCL in tier 2 capital	-	-	*(73)*	**(o)**
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments	-	-	*207*	**(f)**
of which: costs associated with debt raisings in CET1 regulatory adjustments	-	-	*12*	**(g)**
Due from related parties	316	-	316	
Deferred tax assets	51	-	51	
of which: arising from temporary differences included in CET1 regulatory adjustments	-	-	*38*	**(e)**
Other assets	148	(20)	128	
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments	-	-	*1*	**(h)**
Goodwill and intangible assets	21	-	21	**(d)**
TOTAL ASSETS	**63,421**	**(2,944)**	**60,477**	
Liabilities				
Payables due to other banks	(50)	-	(50)	
Deposits and short-term borrowings	(45,427)	(14)	(45,441)	
Derivatives	(354)	-	(354)	
Securitisation derivatives in CET1 regulatory adjustments	-	-	-	**(q)**
Payables and other liabilities	(357)	5	(352)	
Due to related parties	(63)	-	(63)	
Due to regulatory non-consolidated subsidiaries	-	(41)	(41)	
Securitisation liabilities	(3,088)	2,978	(110)	
of which: securitisation start-up costs in CET1 regulatory adjustments	-	-	*5*	**(i)**
Debt issues	(9,216)	-	(9,216)	
Total liabilities excluding loan capital	**(58,555)**	**2,928**	**(55,627)**	
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)**
Total loan capital	**(742)**	**-**	**(742)**	
TOTAL LIABILITIES	**(59,297)**	**2,928**	**(56,369)**	
NET ASSETS	**4,124**	**(16)**	**4,108**	
Equity				
Share capital	(2,648)	-	(2,648)	**(a)**
Capital notes	(825)	-	(825)	**(k)**
Reserves	307	-	307	
of which: equity component of GRCL in tier 2 capital	-	-	*(82)*	**(p)**
of which: AFS reserve	-	-	*(14)*	**(c)**
of which: cash flow hedge reserve	-	-	*30*	**(r)**
Retained profits	(958)	16	(942)	
of which: included in CET1	-	-	*(570)*	**(b)**
TOTAL EQUITY	**(4,124)**	**16**	**(4,108)**	

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 Assets	Total Liabilities
	JUN-17	JUN-17
	$	$
SPDEF #2 Pty Ltd	1	-

Principal activity:

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

	JUN-17	JUN-17
	$M	$M
Suncorp Property Development Equity Fund #2 Unit Trust	18	(1)

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.

	JUN-17	JUN-17
Securitisation special purpose vehicles[1]	$M	$M
Apollo Series 2010-1 Trust	168	(168)
Apollo Series 2011-1 Trust	293	(293)
Apollo Series 2012-1 Trust	293	(293)
Apollo Series 2013-1 Trust	385	(385)
Apollo Series 2015-1 Trust	701	(701)
Apollo Series 2017-1 Trust	1,164	(1,164)

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

1. 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.

		JUN-17 $M	Source in Regulatory Capital Reconciliation
	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	570	**(b)**
3	Accumulated other comprehensive income (and other reserves)	(16)	**(c)+(r)**
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)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**3,202**	
	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)	-	
11	Cash-flow hedge reserve	(30)	**(r)**
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)	-	
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)	-	
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)

		JUN-17 $M	Source in Regulatory Capital Reconciliation
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	264	
26a	*of which: treasury shares*	-	
26b	*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*	-	
26c	*of which: deferred fee income*	-	
26d	*of which: equity investments 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*	*38*	**(e)**
26f	*of which: capitalised expenses*	*225*	**(f)+(g)+(h)+(i)**
26g	*of which: investments in commercial (non-financial) entities that are deducted under APRA requirements*	-	
26h	*of which: covered bonds in excess of asset cover in pools*	-	
26i	*of which: undercapitalisation of a non-consolidated subsidiary*	-	
26j	*of which: other national specific regulatory adjustments not reported in rows 26a to 26i*	*1*	**(j)-(q)**
27	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**	**255**	
29	**Common Equity Tier 1 Capital (CET1)**	**2,947**	
	Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	825	**(k)**
31	*of which: classified as equity under applicable accounting standards*	*825*	**(k)**
32	*of which: classified as liabilities under applicable accounting standards*	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 Capital before regulatory adjustments**	**825**	
	Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	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)	-	
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 . on behalf of third parties*	-	
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)**	**825**	
45	**Tier 1 Capital (T1=CET1+AT1)**	**3,772**	

Table 1: Capital Disclosure Template (continued)

		JUN-17 $M	Source in Regulatory Capital Reconciliation
	Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	670	**(m)**
47	Directly issued capital instruments subject to phase out from Tier 2	72	**(n)**
48	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)	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Provisions	155	**(o)+(p)**
51	**Tier 2 Capital before regulatory adjustments**	**897**	
	Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	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)	-	
55	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	-	
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	-	
56a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*	-	
56b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55*	-	
56c	*of which: other national specific regulatory adjustments not reported in rows 56a & 56b*	-	
57	**Total regulatory adjustments to Tier 2 capital**	**-**	
58	**Tier 2 capital (T2)**	**897**	
59	**Total capital (TC=T1+T2)**	**4,669**	
60	**Total risk-weighted assets based on APRA standards**	**32,107**	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	9.18%	
62	Tier 1 (as a percentage of risk-weighted assets)	11.75%	
63	Total capital (as a percentage of risk-weighted assets)	14.54%	
64	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%	
65	*of which: capital conservation buffer requirement*	*2.50%*	
66	*of which: ADI-specific countercyclical buffer requirements*	-	
67	*of which: G-SIB buffer requirement (not applicable)*		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	9.18%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
70	National Tier 1 minimum ratio (if different from Basel III minimum)		
71	National total capital minimum ratio (if different from Basel III minimum)		
	Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the ordinary shares of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	38	**(e)**

Table 1: Capital Disclosure Template (continued)

		JUN-17 $M	Source in Regulatory Capital Reconciliation
	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)	155	**(o)+(p)**
77	Cap on inclusion of provisions in Tier 2 under standardised approach	358	
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*	-	
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*	-	
83	*Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on T2 instruments subject to phase out arrangements*	*113*	
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 APS 330 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 www.suncorpgroup.com.au/investors/regulatory-disclosures.

The full terms and conditions of all of Suncorp Group's regulatory capital instruments are available at www.suncorpgroup.com.au/investors/securities [1].

Note

1. 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

	CARRYING VALUE		AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	JUN-17	MAR-17	JUN-17	JUN-17	MAR-17
	$M	$M	%	$M	$M
On-balance sheet credit risk-weighted assets					
Cash items	469	421	2	8	5
Claims on Australian and foreign governments	2,913	2,850	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	1,351	1,699	27	362	367
Claims on securitisation exposures	1,294	1,153	20	259	231
Claims secured against eligible residential mortgages	42,333	41,619	38	15,875	15,552
Past due claims	556	503	88	488	451
Other retail assets	389	357	83	322	285
Corporate	8,947	8,604	100	8,935	8,593
Other assets and claims	294	274	100	294	274
Total banking assets	**58,546**	**57,480**	**45**	**26,543**	**25,758**

	NOTIONAL AMOUNT	CREDIT EQUIVALENT	AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	JUN-17	JUN-17	JUN-17	JUN-17	MAR-17
	$M	$M	%	$M	$M
Off-balance sheet positions					
Guarantees entered into in the normal course of business	271	259	68	175	172
Commitments to provide loans and advances	9,356	3,086	56	1,735	1,328
Foreign exchange contracts	5,706	52	23	12	54
Interest rate contracts	51,154	86	33	28	31
Securitisation exposures	3,018	79	67	53	64
CVA capital charge	-	-	-	75	108
Total off-balance sheet positions	**69,505**	**3,562**	**58**	**2,078**	**1,757**

	JUN-17	MAR-17
Market risk capital charge	62	122
Operational risk capital charge	3,424	3,391
Total off-balance sheet positions	2,078	1,757
Total on-balance sheet credit risk-weighted assets	26,543	25,758
Total assessed risk	**32,107**	**31,028**
Risk-weighted capital ratios	%	%
Common Equity Tier 1	9.18	9.19
Tier 1	11.75	10.64
Tier 2	2.79	2.91
Total risk-weighted capital ratio	**14.54**	**13.55**

Table 4: Credit Risk

Table 4A: Credit risk by gross credit exposure – outstanding as at 30 June 2017

	Receivables due from other Banks (2)	Trading Securities	Investment Securities	Loans and Advances	Credit Commitments (3)	Derivative Instruments (3)	Total Credit Risk	Gross Impaired 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	-	-	-	3,966	283	-	4,249	71	8	4,170	12
Construction & development	-	-	-	578	252	-	830	3	-	827	1
Financial services	567	-	1,002	99	207	138	2,013	-	-	2,013	-
Hospitality	-	-	-	948	64	-	1,012	40	-	972	13
Manufacturing	-	-	-	274	24	-	298	2	-	296	-
Professional services	-	-	-	274	21	-	295	7	1	287	4
Property investment	-	-	-	2,080	146	-	2,226	5	2	2,219	3
Real estate - Mortgage	-	-	-	41,916	2,161	-	44,077	34	362	43,681	6
Personal	-	-	-	259	4	-	263	-	7	256	-
Government/public authorities	-	1,520	2,260	-	-	-	3,780	-	-	3,780	-
Other commercial & industrial	-	-	-	2,018	183	-	2,201	11	29	2,161	5
Total gross credit risk	567	1,520	3,262	52,412	3,345	138	61,244	173	409	60,662	44
Securitisation exposures [1]	-	-	1,294	2,925	28	51	4,298	-	17	4,281	-
Total including Securitisation exposures	567	1,520	4,556	55,337	3,373	189	65,542	173	426	64,943	44
Impairment provision							(140)	(44)	(23)	(73)	
TOTAL							**65,402**	**129**	**403**	**64,870**	

(1) The securitisation exposures of $2,925 million included under “Loans and advances” 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.

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

(3) “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 4: Credit Risk (continued)

Table 4A: Credit risk by gross credit exposure – outstanding as at 31 March 2017

	Receivables due from other Banks (2)	Trading Securities	Investment Securities	Loans and Advances	Credit Commitments (3)	Derivative Instruments (3)	Total Credit Risk	Gross Impaired 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	-	-	-	3,824	271	-	4,095	80	6	4,009	12
Construction & development	-	-	-	529	176	-	705	3	1	701	1
Financial services	550	-	1,089	103	249	219	2,210	-	-	2,210	-
Hospitality	-	-	-	951	68	-	1,019	32	-	987	15
Manufacturing	-	-	-	264	19	-	283	-	-	283	-
Professional services	-	-	-	264	15	-	279	6	1	272	4
Property investment	-	-	-	1,907	130	-	2,037	6	2	2,029	3
Real estate - Mortgage	-	-	-	41,152	1,374	-	42,526	30	321	42,175	5
Personal	-	-	-	263	5	-	268	2	6	260	2
Government/public authorities	-	1,518	2,373	-	-	-	3,891	-	-	3,891	-
Other commercial & industrial	-	-	-	1,992	158	-	2,150	10	24	2,116	4
Total gross credit risk	**550**	**1,518**	**3,462**	**51,249**	**2,465**	**219**	**59,463**	**169**	**361**	**58,933**	**46**
Securitisation Exposures [1]	-	-	1,153	3,103	30	68	4,354	-	14	4,340	-
Total including Securitisation Exposures	**550**	**1,518**	**4,615**	**54,352**	**2,495**	**287**	**63,817**	**169**	**375**	**63,273**	**46**
Impairment provision							(148)	(46)	(22)	(80)	
TOTAL							**63,669**	**123**	**353**	**63,193**	

(1) The securitisation exposures of $3,103 million included under “Loans and advances” 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.

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

(3) “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 4: Credit Risk (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 April to 30 June 2017

	Receivables due from other Banks (2)	Trading Securities	Investment Securities	Loans and Advances	Credit Commitments (3)	Derivative Instruments (3)	Total Credit Risk
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,895	277	-	4,172
Construction & development	-	-	-	554	214	-	768
Financial services	559	-	1,046	101	228	179	2,113
Hospitality	-	-	-	950	66	-	1,016
Manufacturing	-	-	-	269	22	-	291
Professional services	-	-	-	269	18	-	287
Property investment	-	-	-	1,994	138	-	2,132
Real estate - Mortgage	-	-	-	41,534	1,768	-	43,302
Personal	-	-	-	261	5	-	266
Government/public authorities	-	1,519	2,317	-	-	-	3,836
Other commercial & industrial	-	-	-	2,005	171	-	2,176
Total gross credit risk	559	1,519	3,363	51,832	2,907	179	60,359
Securitisation exposures [1]	-	-	1,224	3,014	29	60	4,327
Total including Securitisation exposures	559	1,519	4,587	54,846	2,936	239	64,686
Impairment provision							(144)
TOTAL							**64,542**

(1) The securitisation exposures of $3,014 million included under "Loans and advances" 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.

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

(3) "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 4: Credit Risk (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 January to 31 March 2017

	Receivables due from other Banks (2)	Trading Securities	Investment Securities	Loans and Advances	Credit Commitments (3)	Derivative Instruments (3)	Total Credit Risk
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,879	247	-	4,126
Construction & development	-	-	-	525	151	-	676
Financial services	512	35	1,537	98	245	235	2,662
Hospitality	-	-	-	927	60	-	987
Manufacturing	-	-	-	257	19	-	276
Professional services	-	-	-	252	13	-	265
Property investment	-	-	-	1,975	114	-	2,089
Real estate - Mortgage	-	-	-	41,611	1,579	-	43,190
Personal	-	-	-	268	5	-	273
Government/public authorities	-	1,523	2,299	1	-	-	3,823
Other commercial & industrial	-	-	-	1,928	160	-	2,088
Total gross credit risk	**512**	**1,558**	**3,836**	**51,721**	**2,593**	**235**	**60,455**
Securitisation Exposures (1)	-	-	1,124	2,556	25	53	3,758
Total including Securitisation Exposures	**512**	**1,558**	**4,960**	**54,277**	**2,618**	**288**	**64,213**
Impairment provision							(148)
TOTAL							**64,065**

(1) The securitisation exposures of $2,556 million included under “Loans and advances” 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.

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

(3) “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 4: Credit Risk (continued)

Table 4B: Credit risk by portfolio – 30 June 2017

	Gross Credit Risk Exposure $M	Average Gross Exposure $M	Impaired Assets $M	Past Due Not Impaired > 90 days $M	Specific Provisions $M	Charges for Specific Provisions & Write Offs $M
Claims secured against eligible residential mortgages [1]	48,375	47,629	34	379	6	2
Other retail	263	266	-	7	-	1
Financial services	2,013	2,113	-	-	-	-
Government and public authorities	3,780	3,836	-	-	-	-
Corporate and other claims	11,111	10,842	139	40	38	3
Total	65,542	64,686	173	426	44	6

[1] $4,298 million, $4,327 million and $17 million has been included in Gross Credit Risk Exposure, Average Gross Exposure and Past due not impaired > 90 days respectively to include securitisation exposures.

Table 4B: Credit risk by portfolio – 31 March 2017

	Gross Credit Risk Exposure $M	Average Gross Exposure $M	Impaired Assets $M	Past Due Not Impaired > 90 days $M	Specific Provisions $M	Charges for Specific Provisions & Write Offs $M
Claims secured against eligible residential mortgages [1]	46,880	46,948	30	335	5	2
Other retail	268	273	2	6	2	3
Financial services	2,210	2,662	-	-	-	-
Government and public authorities	3,891	3,823	-	-	-	-
Corporate and other claims	10,568	10,507	137	34	39	1
Total	63,817	64,213	169	375	46	6

[1] $4,354 million, $3,758 million and $14 million has been included in Gross Credit Risk Exposure, Average Gross Exposure and Past due not impaired > 90 days respectively to include securitisation exposures.

Table 4C: General reserves for credit losses

	JUN-17 $M	MAR-17 $M
Collective provision for impairment	96	102
Ineligible collective provisions on Past Due not Impaired	(23)	(22)
Eligible collective provisions	73	80
Equity reserve for credit losses	82	80
General reserve for credit losses	**155**	**160**

Table 5: Securitisation Exposures

Table 5A: Summary of securitisation activity for the period

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	JUN-17	MAR-17	JUN-17	MAR-17
	$M	$M	$M	$M
Residential mortgages	-	1,250	-	-
Total exposures securitised during the period	**-**	**1,250**	**-**	**-**

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

	JUN-17	MAR-17
Exposure type	$M	$M
Debt securities	1,294	1,153
Total on-balance sheet securitisation exposures	**1,294**	**1,153**

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

	JUN-17	MAR-17
Exposure type	$M	$M
Liquidity facilities	28	30
Derivative exposures	51	68
Total off-balance sheet securitisation exposures	**79**	**98**

Table 18: Remuneration Disclosures

Table 18: Remuneration disclosures for the year ended 30 June 2017 will be included with the Group's prudential disclosures for the quarter ended 30 September 2017, in accordance with the requirements of APS 330.

Table 20: Liquidity Coverage Ratio Disclosure

		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
		JUN-17	JUN-17	MAR-17	MAR-17	DEC-16	DEC-16
		$M	$M	$M	$M	$M	$M
	Liquid assets, of which:						
1	High-quality liquid assets (HQLA)		4,670		4,834		4,677
2	Alternative liquid assets (ALA)		3,496		3,496		3,896
3	Reserve Bank of New Zealand (RBNZ) securities		-		-		-
	Cash outflows						
4	Retail deposits and deposits from small business customers, of which:	19,429	1,645	18,418	1,459	19,127	1,492
5	*stable deposits*	*13,908*	*695*	*14,293*	*715*	*14,808*	*740*
6	*less stable deposits*	*5,521*	*950*	*4,125*	*744*	*4,319*	*752*
7	Unsecured wholesale funding, of which:	4,553	2,988	5,220	3,714	4,396	2,794
8	*operational deposits (all counterparties) and deposits in networks for cooperative*	-	-	-	-	-	-
9	*non-operational deposits (all counterparties)*	*3,015*	*1,450*	*3,173*	*1,667*	*3,952*	*2,350*
10	*unsecured debt*	*1,538*	*1,538*	*2,047*	*2,047*	*444*	*444*
11	Secured wholesale funding		8		5		384
12	Additional requirements, of which	7,845	1,698	7,065	2,145	2,860	1,414
13	*outflows related to derivatives exposures and other collateral requirements*	*1,270*	*1,270*	*1,814*	*1,813*	*1,271*	*1,271*
14	*outflows related to loss of funding on debt products*	*81*	*81*	*55*	*55*	*52*	*52*
15	*credit and liquidity facilities*	*6,494*	*347*	*5,196*	*276*	*1,536*	*91*
16	Other contractual funding obligations	929	642	959	668	1,216	912
17	Other contingent funding obligations	8,417	663	9,898	906	10,696	812
18	**Total cash outflows**		**7,644**		**8,897**		**7,808**
	Cash inflows						
19	Secured lending (e.g. reverse repos)	(436)	-	(506)	-	(482)	-
20	Inflows from fully performing exposures	839	552	1,147	856	937	633
21	Other cash inflows	845	845	1,364	1,364	732	732
22	**Total cash inflows**	**1,248**	**1,397**	**2,005**	**2,220**	**1,187**	**1,365**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
23	**Total liquid assets**		**8,166**		**8,331**		**8,573**
24	**Total net cash outflows**		**6,247**		**6,676**		**6,443**
25	**Liquidity Coverage Ratio (%)**		**131**		**125**		**133**

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.

Liquid assets included in the LCR comprise HQLA (cash, Australian Semi-government and Commonwealth Government securities) and alternative liquid assets covered by the Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). SML received approval from APRA for a CLF of $3.8bn for the 2017 calendar year (2016 calendar year: $4.2 billion). Assets eligible for the CLF include senior unsecured bank paper, covered bonds and residential mortgage backed securities that are repo-eligible with the RBA.

The main contributors to net cash outflows were modelled outflows associated with 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.

The daily average LCR increased over the June 2017 quarter to 131% (125% for the March 2017 quarter). The table provides detailed information of the average LCR for the preceding two quarters.

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 risk weighted assets, as defined by APRA
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 stressed 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