SUNCORP

ASX announcement

2 November 2017

Suncorp Bank APS330 Update

Suncorp today provided its quarterly update as at 30 September 2017, as required under Australian Prudential Standard 330.

Total lending grew 2.4% over the quarter, primarily due to strong home lending supported by improved capability, simplified processes and improved retention.

Suncorp Banking and Wealth CEO David Carter said the result reflects the Group’s strategy to deliver greater value for customers, and Banking’s commitment to driving sustainable, profitable growth.

“Providing simple, innovative and relevant product offerings, complemented by fast and consistent service propositions is making it easier for new and existing customers to connect with banking solutions that meet their needs,” Mr Carter said.

“Simplifying our processes and improving customer retention has helped deliver home lending growth of $1.1 billion and growth across business lending, primarily within the commercial and small business portfolios.

“A focus on growing savings and transaction banking solutions through better engagement with our customers and integrated customer offers has also been successful, with strong levels of new account openings.

“This has been achieved while maintaining our commitment to responsible and sustainable lending practices. We remain well placed within macro-prudential measures with year-on-year investor lending growth of 7.6% and new interest-only lending of 29% achieved for the quarter.”

Credit quality performance remains strong with impairment losses of $5 million, or 4 basis points of gross loans and advances (annualised). Higher arrears reported in the second half of the 2017 financial year relating to changes in hardship operational practices and processes are stabilising, as the temporary impacts of the revisions have normalised.

The Bank has maintained its measured approach to managing funding and liquidity risk ensuring a strong and sustainable funding profile that supports balance sheet growth.

This includes the successful issuing of a $1.5 billion capital effective Residential Mortgage-Backed Security (RMBS) transaction, which further supports stability as reflected in the Net Stable Funding Ratio (NSFR) position, estimated to be 113% as at 30 September 2017.

Following the payment of the final 2017 financial year dividend to Suncorp Group, Banking’s Common Equity Tier 1 ratio of 8.77% reflects a sound capital position within the operating range of 8.5% to 9.0%.

Ends

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SUNCORP GROUP LIMITED ABN 66 145 290 124

SUNCORP APS 330

for the quarter ended 30 September 2017

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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 September 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 2 November 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).

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OVERVIEW

Banking continues to benefit from increased focus on customers and the Marketplace strategy, as evidenced by the robust performance this quarter. Focus on growing savings and transaction banking solutions through improved digital capability and integrated customer offers has been successful with strong levels of new account openings in the quarter.

Suncorp has maintained its commitment to responsible and sustainable lending practices amidst the ongoing economic, political and regulatory pressures that continue to characterise the industry. Banking remains well placed within macro-prudential measures with year-on-year investor lending growth of 7.6% and new interest-only lending of 29% achieved for the quarter.

Total lending grew $1.3 billion or 2.4% over the quarter. The home lending portfolio grew by $1.1 billion reflecting the benefits of accelerated investment in the Marketplace, through improved capabilities to meet customer needs, simplified processes and improved customer retention. Growth was also achieved in business lending portfolio, primarily within the commercial and small business portfolios. Lending to inner-city apartment developments and customers affected by downstream impacts from the resources industry slowdown continues to be well controlled and closely monitored.

Credit quality performance was strong over the quarter. Impairment losses of $5 million, representing 4 basis points of gross loans and advances (annualised), remained below the expected operating range of 10 to 20 basis points. Gross impaired assets decreased by $10 million to $163 million, as business lending customers benefited from improved trading and seasonal conditions.

The higher arrears reported in the second half of the 2017 financial year relating to changes in Banking's hardship operational practices and processes are now stabilising as the temporary impacts of the revisions have normalised.

Banking has maintained its measured approach to managing funding and liquidity risk ensuring a strong and sustainable funding profile that supports balance sheet growth. Over the quarter, Banking successfully issued a $1.5 billion capital effective RMBS transaction which further supports Suncorp's funding stability as reflected in the NSFR which was estimated to be 113% as at 30 September 2017.

Following the payment of the final 2017 financial year dividend to Suncorp Group, Banking's Common Equity Tier 1 ratio of 8.77% reflects a sound capital position within the operating range of 8.5% to 9.0%.

OUTLOOK

Suncorp's Marketplace will support Banking's commitment to driving sustainable profitable growth and increasing resilience to volatility. Improving our core Banking business of providing simple, innovative and relevant product offerings, complemented by fast, simple and consistent service propositions will make it easier for new and existing customers to connect with Banking solutions according to their need.

A focus on deposit growth is enabling Banking to optimise its funding mix, and lending growth is expected to continue. Suncorp remains firm on robust risk management practices and is well positioned to respond to ongoing regulatory change. Performance against the expected operating ranges for impairment losses, growth, net interest margin and liquidity is expected to be maintained.

Throughout the 2018 financial year, Suncorp will assess the adequacy of Banking's capital targets under both an advanced regulatory basis as well an AASB 9 basis. Suncorp expects to incorporate the implementation of 'Unquestionably Strong' requirements into existing models, following their release later in 2017.

LOANS AND ADVANCES

	Quarter Ended			Sep-17	Sep-17
	Sep-17	Jun-17	Sep-16	vs Jun-17	vs Sep-16
	$M	$M	$M	%	%
Housing loans	38,473	38,722	37,487	(0.6)	2.6
Securitised housing loans and covered bonds	7,441	6,122	6,435	21.5	15.6
Total housing loans	45,914	44,844	43,922	2.4	4.5
Consumer loans	250	254	284	(1.6)	(12.0)
Retail loans	46,164	45,098	44,206	2.4	4.4
Commercial (SME)	6,036	5,729	5,455	5.4	10.7
Agribusiness	4,425	4,497	4,410	(1.6)	0.3
Total Business loans	10,461	10,226	9,865	2.3	6.0
Total lending	**56,625**	**55,324**	**54,071**	**2.4**	**4.7**
Other lending	19	13	9	46.2	111.1
Gross loans and advances	56,644	55,337	54,080	2.4	4.7
Provision for impairment	(140)	(140)	(164)	-	(14.6)
Total loans and advances	**56,504**	**55,197**	**53,916**	**2.4**	**4.8**
Credit-risk weighted assets	**26,579**	**26,543**	**26,369**	**0.1**	**0.8**
Geographical breakdown - Total lending					
Queensland	29,770	29,288	28,926	1.6	2.9
New South Wales	14,936	14,469	13,857	3.2	7.8
Victoria	5,869	5,684	5,496	3.3	6.8
Western Australia	3,737	3,683	3,714	1.5	0.6
South Australia and other	2,313	2,200	2,078	5.1	11.3
Outside of Queensland loans	26,855	26,036	25,145	3.1	6.8
Total lending	**56,625**	**55,324**	**54,071**	**2.4**	**4.7**

IMPAIRMENT LOSSES ON LOANS AND ADVANCES

	Quarter Ended			Sep-17	Sep-17
	Sep-17	Jun-17	Sep-16	vs Jun-17	vs Sep-16
	$M	$M	$M	%	%
Collective provision for impairment	1	(6)	(5)	n/a	n/a
Specific provision for impairment	3	5	11	(40.0)	(72.7)
Actual net write-offs	1	-	4	-	(75.0)
	5	**(1)**	**10**	**n/a**	**(50.0)**
Impairment losses to gross loans and advances (annualised)	**0.04%**	**0.00%**	**0.07%**		

IMPAIRED ASSETS

	Quarter Ended			Sep-17	Sep-17
	Sep-17	Jun-17	Sep-16	vs Jun-17	vs Sep-16
	$M	$M	$M	%	%
Retail lending	35	34	28	2.9	25.0
Agribusiness lending	73	79	122	(7.6)	(40.2)
Commercial/SME lending	55	60	70	(8.3)	(21.4)
Gross impaired assets	163	173	220	(5.5)	(25.9)
Specific provision for impairment	(43)	(44)	(61)	(1.6)	(29.5)
Net impaired assets	**120**	**129**	**159**	**(6.8)**	**(24.5)**
Gross impaired assets to gross loans and advances	**0.29%**	**0.31%**	**0.41%**		

NON-PERFORMING LOANS

	Quarter Ended			Sep-17	Sep-17
	Sep-17	Jun-17	Sep-16	vs Jun-17	vs Sep-16
	$M	$M	$M	%	%
Gross balances of individually impaired loans					
Gross impaired assets	163	173	220	(5.8)	(25.9)
Specific provision for impairment	(43)	(44)	(61)	(2.3)	(29.5)
Net impaired assets	120	129	159	(7.0)	(24.5)
Size of gross individually impaired assets					
Less than one million	38	38	29	-	31.0
Greater than one million but less than ten million	73	73	109	-	(33.0)
Greater than ten million	52	62	82	(16.1)	(36.6)
	163	173	220	(5.8)	(25.9)
Past due loans not shown as impaired assets	443	426	361	4.0	22.7
Gross non-performing loans	606	599	581	1.2	4.3
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	173	169	206	2.4	(16.0)
Recognition of new impaired assets	19	30	38	(36.7)	(50.0)
Increases in previously recognised impaired assets	1	1	2	-	(50.0)
Impaired assets written off/sold during the period	(3)	(6)	(4)	(50.0)	(25.0)
Impaired assets which have been reclassed as performing assets or repaid	(27)	(21)	(22)	28.6	22.7
Balance at the end of the period	**163**	**173**	**220**	**(5.5)**	**(25.9)**

PROVISION FOR IMPAIRMENT

	Quarter Ended			Sep-17	Sep-17
	Sep-17	Jun-17	Sep-16	vs Jun-17	vs Sep-16
	$M	$M	$M	%	%
Collective provision					
Balance at the beginning of the period	96	102	108	(5.9)	(11.1)
Charge against impairment losses	1	(6)	(5)	n/a	n/a
Balance at the end of the period	97	96	103	1.0	(5.8)
Specific provision					
Balance at the beginning of the period	44	46	56	(4.3)	(21.4)
Charge against impairment losses	3	5	11	(40.0)	(72.7)
Impairment provision written off	(3)	(6)	(4)	(50.0)	(25.0)
Unwind of discount	(1)	(1)	(2)	-	(50.0)
Balance at the end of the period	43	44	61	(2.3)	(29.5)
Total provision for impairment - Banking activities	140	140	164	-	(14.6)
Equity reserve for credit loss (ERCL)					
Balance at the beginning of the period	82	80	85	2.5	(3.5)
Transfer (to) from retained earnings	(1)	2	1	n/a	n/a
Balance at the end of the period	81	82	86	(1.2)	(5.8)
Pre-tax equivalent coverage	116	117	123	(0.9)	(5.7)
Total provision for impairment and equity reserve for credit loss - Banking activities	256	257	287	(0.4)	(10.8)

	%	%	%
Specific provision for impairment expressed as a percentage of gross impaired assets	26.4	25.4	27.7
Provision for impairment expressed as a percentage of gross loans and advances are as follows:			
Collective provision	0.17	0.17	0.19
Specific provision	0.08	0.08	0.11
Total provision	0.25	0.25	0.30
ERCL coverage	0.20	0.21	0.23
Total provision and ERCL coverage	0.45	0.46	0.53

GROSS NON-PERFORMING LOANS COVERAGE BY PORTFOLIO

Sep-17	Past due loans $M	Impaired assets $M	Specific provision $M	Collective provision $M	ERCL (pre-tax equivalent) $M	Total provision and ERCL coverage %
Retail lending	393	35	7	40	44	21%
Agribusiness lending	17	73	14	33	20	74%
Commercial/SME lending	33	55	22	24	52	111%
Total	**443**	**163**	**43**	**97**	**116**	**42%**

Jun-17	Past due loans $M	Impaired assets $M	Specific provision $M	Collective provision $M	ERCL (pre-tax equivalent) $M	Total provision and ERCL coverage %
Retail lending	386	34	7	41	44	22%
Agribusiness lending	13	79	15	31	22	74%
Commercial/SME lending	27	60	22	24	51	111%
Total	**426**	**173**	**44**	**96**	**117**	**43%**

APPENDIX 1 – APS 330 TABLES

- Table 1: Capital Disclosure Template – not applicable
- Table 2: Main Features of Capital Instruments
- Table 3: Capital Adequacy
- Table 4: Credit Risk
- Table 5: Securitisation Exposures
- Table 18: Remuneration Disclosures

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 http://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	
	Sep-17	Jun-17	Sep-17	Sep-17	Jun-17
	$M	$M	%	$M	$M
On-balance sheet credit risk-weighted assets					
Cash items	412	469	1	4	8
Claims on Australian and foreign governments	3,872	2,913	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	1,311	1,351	23	303	362
Claims on securitisation exposures	1,380	1,294	20	276	259
Claims secured against eligible residential mortgages	42,100	42,333	37	15,669	15,875
Past due claims	583	556	86	504	488
Other retail assets	384	389	84	321	322
Corporate	9,150	8,947	100	9,136	8,935
Other assets and claims	367	294	100	366	294
Total banking assets	**59,559**	**58,546**	**45**	**26,579**	**26,543**

	NOTIONAL AMOUNT	CREDIT EQUIVALENT	AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	Sep-17	Sep-17	Sep-17	Sep-17	Jun-17
	$M	$M	%	$M	$M
Off-balance sheet positions					
Guarantees entered into in the normal course of business	262	260	67	174	175
Commitments to provide loans and advances	9,914	3,575	54	1,937	1,735
Foreign exchange contracts	5,588	66	26	17	12
Interest rate contracts	50,822	94	32	30	28
Securitisation exposures	2,870	96	70	67	53
CVA capital charge	-	-	-	80	75
Total off-balance sheet positions	**69,456**	**4,091**	**56**	**2,305**	**2,078**

	Sep-17	Jun-17
Market risk capital charge	103	62
Operational risk capital charge	3,424	3,424
Total off-balance sheet positions	2,305	2,078
Total on-balance sheet credit risk-weighted assets	26,579	26,543
Total assessed risk	**32,411**	**32,107**

Risk-weighted capital ratios	%	%
Common Equity Tier 1	8.77	9.18
Tier 1	11.31	11.75
Tier 2	2.76	2.79
Total risk-weighted capital ratio	**14.07**	**14.54**

TABLE 4: CREDIT RISK

Table 4A: Credit risk by gross credit exposure – outstanding as at 30 September 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	-	-	-	3,900	256	-	4,156	65	15	4,076	12
Construction & development	-	-	-	669	261	-	930	2	1	927	1
Financial services	557	-	919	97	218	160	1,951	-	1	1,950	-
Hospitality	-	-	-	971	57	-	1,028	35	-	993	13
Manufacturing	-	-	-	265	22	-	287	2	1	284	-
Professional services	-	-	-	283	18	-	301	5	2	294	3
Property investment	-	-	-	2,208	146	-	2,354	5	3	2,346	3
Real estate - Mortgage	-	-	-	41,691	2,670	-	44,361	33	369	43,959	5
Personal	-	-	-	255	5	-	260	-	7	253	-
Government/public authorities	-	1,586	2,240	-	-	-	3,826	-	-	3,826	-
Other commercial & industrial	-	-	-	2,068	182	-	2,250	16	26	2,208	6
Total gross credit risk	557	1,586	3,159	52,407	3,835	160	61,704	163	425	61,116	43
Securitisation exposures (1)	-	-	1,380	4,237	38	58	5,713	-	18	5,695	-
Total including Securitisation exposures	557	1,586	4,539	56,644	3,873	218	67,417	163	443	66,811	43
Impairment provision							(140)	(43)	(25)	(72)	
TOTAL							**67,277**	**120**	**418**	**66,739**	

(1) The securitisation exposures of $4,237 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 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 – average gross exposure over period 1 July to 30 September 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	-	-	-	3,933	270	-	4,203
Construction & development	-	-	-	624	257	-	881
Financial services	562	-	961	98	213	149	1,983
Hospitality	-	-	-	960	61	-	1,021
Manufacturing	-	-	-	270	23	-	293
Professional services	-	-	-	279	20	-	299
Property investment	-	-	-	2,144	146	-	2,290
Real estate - Mortgage	-	-	-	41,804	2,416	-	44,220
Personal	-	-	-	257	5	-	262
Government/public authorities	-	1,553	2,250	-	-	-	3,803
Other commercial & industrial	-	-	-	2,043	183	-	2,226
Total gross credit risk	562	1,553	3,211	52,412	3,594	149	61,481
Securitisation exposures (1)	-	-	1,337	3,581	33	55	5,006
Total including Securitisation exposures	562	1,553	4,548	55,993	3,627	204	66,487
Impairment provision							(140)
TOTAL							**66,347**

(1) The securitisation exposures of $3,581 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 4B: Credit risk by portfolio – 30 September 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]	50,074	49,226	33	387	5	2
Other retail	260	262	-	7	-	-
Financial services	1,951	1,983	-	1	-	-
Government and public authorities	3,826	3,803	-	-	-	-
Corporate and other claims	11,306	11,213	130	48	38	2
Total	67,417	66,487	163	443	43	4

[1] $5,713 million, $5,006 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 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	-	-
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	5

[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 4C: General reserves for credit losses

	Sep-17 $M	Jun-17 $M
Collective provision for impairment	97	96
Ineligible collective provisions on Past Due not Impaired	(25)	(23)
Eligible collective provisions	72	73
Equity reserve for credit losses	81	82
General reserve for credit losses	**153**	**155**

TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Sep-17	Jun-17	Sep-17	Jun-17
	$M	$M	$M	$M
Residential mortgages	1,500	-	-	-
Total exposures securitised during the period	**1,500**	**-**	**-**	**-**

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

	Sep-17	Jun-17
Exposure type	$M	$M
Debt securities	1,380	1,294
Total on-balance sheet securitisation exposures	**1,380**	**1,294**

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

	Sep-17	Jun-17
Exposure type	$M	$M
Liquidity facilities	38	28
Derivative exposures	58	51
Total off-balance sheet securitisation exposures	**96**	**79**

TABLE 18: REMUNERATION DISCLOSURES AS AT 30 JUNE 2017

Basis of preparation

The Remuneration Disclosure has been prepared in accordance with the Australian Prudential Regulation Authority (APRA) Prudential Standard (APS) 330: Public Disclosure, effective as at 30 June 2017.

Remuneration Disclosure overview

This Remuneration Disclosure has been endorsed by the Remuneration Committee and approved by the Board.

The disclosure is structured as follows:

- Section 1: Explains the Suncorp Group Limited (the Group) Remuneration Policy and remuneration practices and outlines the linkages between remuneration and strategic objectives, both financial and non-financial. References are made to the Group's remuneration framework and governance as these define the remuneration arrangements for all employees relating to Suncorp Bank; and
- Section 2: Details the aggregated remuneration data for Senior Managers (KMP) and Senior Managers (Other) roles relating to Suncorp Bank during the financial year ended 30 June 2017 (FY17).

The table below identifies the definitions considered for the purpose of the Remuneration Disclosure requirements under APS 330.

Reference	Detail	Number of Individuals FY17[1]
Remuneration Disclosure completed on a Level 2 basis	Suncorp Bank is a core function of the Group and is represented by the legal entity Suncorp-Metway Limited (SML) and its subsidiaries. SML is an authorised deposit-taking institution and a wholly owned subsidiary of the Group. Therefore, this Remuneration Disclosure is completed on a Level 2[2] basis.	N/A
Senior Managers	All Responsible Persons included in the Group's Fit and Proper Policy. This includes: (1) The Key Management Personnel **(KMP):** The KMP roles (excluding the Non-Executive Directors) for the Group. These are also KMP for SML and its subsidiaries (2) **Other:** Executive General Managers (EGMs) and select employees below EGM level who are Responsible Persons for SML included in the Group's Fit and Proper Policy.	15 individuals (14 roles) 30 Individuals (26 roles) **Total 45 Individuals (40 roles)**

[1] The number of individuals is based on headcount. Where the individual held the disclosed role for a portion of the financial year their remuneration is pro-rated to reflect this in Section 2 of this report.

[2] Under Application Paragraph 3, 'where a locally incorporated ADI is a subsidiary of an authorised non-operating holding company (authorised NOHC), the authorised NOHC must ensure that the requirements under this Prudential Standard are met on a Level 2 basis' (APS 330, August 2015).

Material Risk-Taker (MRT)	All MRTs at Suncorp are covered under the Group's Fit & Proper Policy, from FY17 onwards this will be disclosed in the Senior Manager (2) category described above. Due to the re-categorisation of the MRT disclosure to Senior Managers, there are no MRTs in this year's APS 330 remuneration disclosure. On 28 June 2012, the Board approved the Group's definition of 'Material Risk-Taker' to align with the Responsible Persons' definition within the Group's Fit and Proper Policy as it applies to Australia.	-
All employees	Section 1 details the qualitative disclosure covering all employees of Suncorp Bank.	N/A

Section 1

i. Remuneration governance framework

The Remuneration Committee (Committee) leads remuneration matters at Suncorp. The Committee operates under its own Charter and reports to the Board. The Committee consists of independent Non-Executive Directors, and membership as at 30 June 2017 is as follows:

- Ms Christine McLoughlin (Chairman)
- Mr William Bartlett
- Mr Ewoud Kulk
- Dr Douglas McTaggart
- Dr Zygmunt Switkowski AO (Ex Officio Member)

The Committee met four times during FY17 and fully discharged its responsibilities in accordance with the Remuneration Committee Charter. The Remuneration Committee's Charter, which the Board reviews annually for appropriateness, was endorsed or approved in July 2017. This Charter is available on the Company's website at suncorpgroup.com.au/about-us/governance.

The Committee fee for FY17 for the Committee Chair was $50,000 and for Committee members as $25,000 (excluding superannuation).

The Group's remuneration governance framework, which meets the standards expected by the ASX *Corporate Governance Principles and Recommendations* (3rd Edition) is summarised below.

APPROVE

Board

Reviews, applies judgment and as appropriate, approves the Committee's recommendations

ENDORSE

Audit & Risk Committees

Endorse recommendations to the Remuneration Committee on clawback of deferred remuneration for the CEO & Managing Director and Senior Executive level employees

Remuneration Committee

Reviews, applies judgment and, as appropriate, endorses the recommendations made by the CEO & Managing Director and submits for Board approval. In addition, the Committee makes recommendations to the Board on:

- Individual remuneration arrangements, scorecard measures and assessment for the CEO & Managing Director
- Non-executive director remuneration arrangements
- Senior Executive remuneration arrangements for appointments, terminations and clawback of remuneration
- Remuneration Policy and frameworks for all employees

The Committee assesses the regulatory environment and provides guidance to the Board to ensure changes are aligned to our risk culture and have been recognised in the development of our remuneration framework

RECOMMEND

Chief Executive Officer & Managing Director

Makes recommendations to the Remuneration Committee on:

- The Group's annual funding for STI and fixed remuneration increases
- Scorecard measures and assessment for direct reports
- Remuneration Policy and frameworks for all employees
- Clawback of deferred remuneration for all employees
- Individual remuneration arrangements for:
  - Senior Executives
  - Persons whose activities, in the Board's opinion, affect the financial soundness of the Group
  - Any other person specified by APRA
  - Any other person that the Board determines

External Advisers

Provide advice to the Remuneration Committee on:

- Proposed changes to Remuneration Policy, structures and practices
- Legal and regulatory issues that impact on remuneration arrangements
- Benchmarking data and market practice
- Alternatives for STI and LTI plans

CONTRIBUTE

Remuneration Oversight Committee

Makes recommendations to the CEO & Managing Director on clawback of deferred remuneration for employees other than Senior Executives

During FY17 the Committee did not engage external advisers to provide remuneration recommendations or act as 'remuneration consultants' to the Group as defined in the *Corporations Act 2001*.

ii. Group Remuneration Policy and framework

The Group Remuneration Policy covers all directors and employees of the Group and provides, within the context of the Group's long-term financial soundness and risk management framework, the:

- reward objectives and principles underpinning remuneration; and
- framework for the governance, structure and operation of remuneration within the Group.

The Group Remuneration Policy was last endorsed by the Committee and approved by the Board in November 2016.

The reward framework is comprised of a mix of fixed and at-risk remuneration.

Fixed remuneration

Fixed remuneration is comprised of base salary, salary sacrificed benefits, and other benefits plus superannuation[1]. Fixed remuneration is aligned to market and is determined based on a range of considerations including role size and complexity along with the individual's performance, skills and experience.

At-risk remuneration

At-risk components of remuneration must satisfy performance and risk-related requirements. They are explicitly linked to the short-term and long-term performance of the Group and moderated by prudent risk management. These components are subject to clawback in part or whole (See iii).

The target remuneration mix for each role is determined by a number of factors including accountability of the role, level of influence over business function or group results and relevant market practice. Actual remuneration mix is determined based on consideration of individual, business function and group performance.

Short-term incentives (STI)

Eligible employees participate in one of two types of STI plan:

- The Corporate Incentive Plan: As the Group's primary STI plan, it is designed to appropriately reward high performance and to encourage behavior that supports the long-term financial soundness of the Group.
- Non-Corporate Incentive Plans: Non-Corporate Incentive Plans are developed and applied under exceptional circumstances where market reward practices necessitate a business specific incentive plan. The plans must adhere to the Group Remuneration Policy and standards and are reviewed annually to ensure compliance with the policy and with any regulatory changes.

For FY17 a new equity-based deferral vehicle was introduced for STI to more effectively align executive[2] reward with the long term interest of stakeholders. All executives that receive an STI have a portion of their incentive deferred for two or three years (depending on role level).

Below EGM level employees may have a portion of their STI deferred for a period of two years, dependent upon the employee's level and the amount of incentive received.

The deferral periods are considered appropriate to identify, if any instances of significant adverse outcomes have occurred.

For further details refer to **Section iii Deferral and Clawback**.

[1] Superannuation is paid at a rate of 9.5% of base remuneration or the maximum contribution base, whichever is the lesser.

[2] Executives are defined as Senior Managers (KMP) and Senior Managers Other (EGMs).

Long-term Incentives (LTI)

Eligible employees participate in one of two types of LTI plans:

- Senior Managers (KMP) are eligible to receive performance rights granted under the Group's Equity Incentive Plan (EIP). These LTI awards are subject to a market-based performance hurdle being met and potential clawback.
- Select Senior Managers Other (below EGM level employees) are eligible to receive restricted shares granted under the Restricted Share Plan (RSP), consistent with comparable roles across the Group. The shares will vest subject to a time-based hurdle being met and potential clawback.

From FY17, Senior Managers Other (EGMs) no longer participate in the EIP.

Reward Principles and Framework

The remuneration strategy, which is derived from linking the reward philosophy with business strategy and risk tolerance, ensures that the principles that determine remuneration are focused on driving the appropriate performance and behaviors. The following table demonstrates the link between the reward principles and the remuneration framework.

OBJECTIVE

Offer rewards that are sufficiently competitive to motivate executives to deliver superior and sustainable returns to shareholders and support alignment with Suncorp Group's strategic priorities

REWARD PRINCIPLES

Align reward with sustainable performance	Align effective risk management with reward	Balance stakeholder interests
Deliver a competitive advantage	Ensure gender pay equality	Support Suncorp's Our Compass behaviours (Think Big, Show You Care, Kick Goals, Be Your Best)

COMPONENTS OF REWARD

Fixed Remuneration	At-Risk Remuneration
Reflects individual's skills and experience, role scope and regulatory requirements	Enables the Board to recognise performance while flexibly maintaining cost base and responding effectively to market and regulatory circumstances The awards are at risk subject to the achievement of robust performance requirements that also provide an incentive for the delivery of higher levels of performance within our risk appetite

PERFORMANCE AND RISK

Fixed Remuneration	STI (Corporate Incentive Plan and Non Corporate Incentive Plan)	LTI (EIP or RSP)
• Reviewed annually as part of performance assessment • Increases reflect change in role, individual performance and contribution to Suncorp Group taking into consideration market competitiveness	• Incentivise the achievement of Suncorp Group, business function and individual outcomes • Deferral and clawback encourage a longer-term focus • The Board's determination of Suncorp Group's STI pool includes consideration of risk management through a variety of financial and non-financial measures	• Reward participants for their contribution to the creation of long-term shareholder value by way of equity in the Group • Subject to performance or time-based hurdles • The performance hurdle for the EIP is determined by achievement of Relative TSR which is an external, objective and relative performance measure • Clawback enables the Board to exercise its judgment to reduce LTI if, in the Board's judgment, such an adjustment should occur • Prohibition on hedging equity instruments that are unvested or subject to restrictions
	Executives are prohibited from hedging equity instruments that are unvested or subject to restrictions	

Performance Assessment

The Balanced Scorecard is adopted to assess performance for all employees of the Group and is one of several initiatives in place to promote a culture of prudent risk-taking in accordance with Group policies and values. To embed a culture of prudent risk-taking, risk based performance measures at all organisational levels are integrated with the Group's risk management framework.

The various performance measures in the Balanced Scorecard are broadly categorised as:

- profit and financials;
- risk;
- people;
- customer; and
- other measures – which includes individual measures.

Both STI plan types measure performance against both financial and non-financial objectives.

Performance outcomes are measured based on a challenging and robust assessment of achievement relative to pre-determined targets. Performance against goals is the basis to calculate incentive payments. Governance protocols include:

- goals are reviewed at least annually to ensure that they are aligned with the business function's strategy;
- funding for the plans is assessed against the achievement of strategic business objectives of the business function to ensure it delivers the long-term strategy; and
- deferral mechanisms are used in accordance with APRA Guidelines and Associated Standards and Group policies.

iii. Remuneration aligns with risk management

A rigorous approach to effective risk management is embedded throughout the Suncorp Group.

The Enterprise Risk Management Framework (**ERMF)** is the foundation for all risk management processes across the Group. The ERMF helps ensure the integration of effective risk management across the Group and incorporates Suncorp's policies (which include risk management policies and the Group Remuneration Policy).

The Board sets the risk appetite for the Group and has ultimate responsibility for the effectiveness of the Group's risk management practices.

In addition, the Chairman of the Remuneration Committee is a member of the Risk Committee, and similarly the Chairman of the Risk Committee is a member of the Remuneration Committee.

Business function leaders develop their business strategy and risk tolerance with an understanding of the Group's risk appetite and also what is happening in the market in which the Group operates. Financial returns delivered to the Group are commensurate with the risks the Group is willing to take in pursuit of the achievement of business objectives. Additionally, risk is embedded in the way performance is measured for all employees across Suncorp.

In determining 'at-risk' remuneration, the Board ensures risk management is considered through the following:

- Separately weighted risk measures in the Group scorecard and adherence to the agreed risk appetite by the Group, business function and individuals as assessed by the Risk Committee.
- Individual adherence to risk management policies is assessed to ensure that the CEO & Managing Director, Senior Executives and other employees adhere to the ERMF, demonstrating performance that is aligned to expected ethical standards.
- An assessment based on behavioral and cultural measures, which considers compliance with the Suncorp Group Risk Appetite Statement. This is a significant consideration of overall performance to deliver an organisation-wide focus on prudent management of the risks the Group faces.
- The Group scorecard is subject to the Board's application of a judgment overlay, with risk management considered as a key component of the overall performance outcome.

In determining performance and remuneration outcomes, the Remuneration Committee considers all factors to demonstrate alignment with the Group's risk appetite and adherence to effective risk management practices to ensure that long-term financial soundness of outcomes is determined, before the Board makes its final determination of the overall STI pool.

The table below provides the key risks and the measures for Suncorp Bank which are updated periodically to ensure that they comply with the legislative standards (note: these risks have not changed over the past year:

Key Risks	Key measures	Review of the measures
Financial risks (credit risk, market risk, liquidity risks)	Metrics embedded within Scorecard KPI's include compliance with Board delegated limits for key credit, liquidity and market risk. Other measures used to evaluate Financial risk: • Stress testing, including sensitivity and scenario analysis • Concentrations and large exposures • Funding, cashflow, liquidity	Compliance with credit risk appetite monitored and reported monthly. Liquidity and market risk limits are monitored continuously and part of monthly reporting
Operational risks	A number of measures are used to evaluate Operational risk including: • Data Governance and remediation embedded within process control • Key Risk Indicators across customers, operational systems, including data • Manager Risk Assessment Ratings and Incident Reporting • Internal and External Audit Findings	• Monthly Key Risk Indicators Monitoring • Manager Risk Assessment Ratings performance is assessed Monthly and Quarterly • Internal and External Audits are performed in accordance with the Annual Audit Program
Compliance risks	A number of measures are used to evaluate Compliance Risk, including: • Internal and External Audit Findings • Incident Management • Banking & Wealth Assurance Program Rating • Scorecard KPI incorporation of acceptable behaviours • Completion of Annual Mandatory Compliance Training Program	Compliance measures are reviewed on a quarterly, half yearly and annual cycle. Or earlier if required

- Compliance reviews including:
  - deep dives;
  - light touch; and
  - desktop
- Review of customer complaints
- Compliance risk assessment
- Monitoring regulatory change

Deferral and clawback

Deferred STI and unvested LTI are both subject to potential clawback based on the Board's judgment, as summarised below.

Purpose	Clawback enables the Board to adjust performance-based remuneration (including deferred STI and unvested LTI) downwards (including to zero), to protect the Group's financial soundness and ability to respond to unforeseen significant issues.
Criteria	Clawback will be applied if prior to the date of release, it is determined that: – there was, during the performance year in respect of which the incentive was awarded, a failure to comply with Suncorp's risk management policies and practices – the employee was aware of the abovementioned failure, or should reasonably have been aware of that failure, when the incentive was awarded – the matters referred to above, if known at the time, would have resulted in materially different assumptions being applied when determining the incentive to be awarded to the employee. In exercising its discretion, the Board will consider whether the awards are appropriate, given later individual or business performance and other reasonable considerations. Individual and business performance considerations include, but are not limited to, significant adverse outcomes that reflect on the original assessment of performance and incentive decisions and allocations that are determined to have been made based on materially inaccurate information.
Approval process	**Senior Managers - KMP** The Chief Risk Officer (**CRO**) and Chief Financial Officer (**CFO**) produce a report on relevant matters to be considered for clawback and release of deferred incentives and unvested LTI awards for the CEO & Managing Director and Senior Executives. The Chairmen of the Remuneration, Risk and Audit Committees verify the report information and confirm that all relevant matters have been considered. Based on this report: – the CEO & Managing Director makes a recommendation to the Board via the Remuneration Committee, for approval of the release (and/or clawback where appropriate) of deferred incentives and unvested LTI awards for the Senior Executives – the Chairmen of the Remuneration, Risk and Audit Committees make a recommendation to the Board, for approval of the release (and/or clawback where appropriate) of deferred incentives and unvested LTI awards for the CEO & Managing Director. **All other employees** A Remuneration Oversight Committee (ROC) comprising the CRO, CFO and Chief People Experience Officer has been established to provide recommendations to the CEO & Managing Director on matters to be considered for the clawback and release of deferred incentives and equity awards. The ROC meet quarterly and may recommend the full or partial clawback of any deferred incentive or equity award for relevant employees across the Group.

The proportion of STI that is deferred varies by level. The more senior the role, the larger the proportion deferred given the greater amount of influence senior roles have to influence the long-term future of the Group. From FY17, a new equity-based deferral has been introduced for KMPs and EGMs.

The deferral arrangements by level are summarised as follows:

Level	STI Deferral Proportion	Deferral Vehicle and Period
CEO & Managing Director	50% of the STI award for the CEO & Managing Director	From FY17, deferred into equity for two years with 50% vesting on the 1st anniversary and 50% on the 2nd anniversary*
Senior Managers (KMP)	35% of the STI award for Senior Managers is deferred into equity	
Senior Managers (EGMs only)	30% of the STI award for EGMs is deferred into equity	Deferred into equity for three years with 1/3 vesting on the 1st, 2nd and 3rd anniversary*
Below EGM level employees	The deferral threshold is the lower of 30% of fixed salary or $100,000 in STI award, of which 40% will be deferred into cash (with a minimum deferral amount of $10,000 before deferral is triggered)	Deferred into cash with vesting at the end of the 2-year period

*Note 'cash-based' deferral remains operative in respect of deferred STI awarded in FY16.

Risk and financial control personnel

Separate performance and remuneration review processes govern remuneration decisions concerning employees working in the areas of risk and financial control.

In these roles, performance measures are set and assessed by leaders within the CRO and CFO functions, independent of their business function, with oversight from the CRO or CFO as appropriate.

In addition, employees working in risk roles across the Group typically have a comparatively higher percentage of risk-based measures in their scorecard.

Material Risk-Taker roles

The Board approved definition of MRT roles aligns with the Responsible Persons' definition in the Fit and Proper Policy, as it applies to Australia.

All new appointments for these roles, and changes to remuneration arrangements requires approval by the Board. Within pre-defined parameters, delegated authority has been granted by the Board to the CEO & Managing Director to approve appointments or changes to remuneration and terms of employment.

The Board has final oversight and reviews the remuneration arrangements of all MRT roles on an annual basis.

For the purpose of this report, given the alignment of MRTs and Responsible Persons at Suncorp, EGMs and other specified senior roles that meet the definition of Responsible Person in relation to Suncorp Bank are disclosed as Senior Manager (Other) from FY17 onwards (refer to above "Remuneration Overview").

Due to the re-categorisation of the MRT disclosure to Senior Managers, there are no MRTs in Section 2 of this year's APS 330 remuneration disclosure.

Section 2: Quantitative disclosure requirements

The table below contains aggregated remuneration details for Senior Managers (KMP) and Senior Managers (Other) as calculated in accordance with Australian Accounting Standards, as required under paragraph (j) of Table 21:

	FY16				FY17			
	Senior Managers (KMP)[3]		Senior Manager (Other)		Senior Managers (KMP)		Senior Manager (Other)	
$000	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration								
Cash-based[4]	11,185	-	4,787	-	10,787	-	6,546	-
Other[5]	1,248	-	356		1,091	-	330	
Variable remuneration								
Cash-based[6]	4,011	2,783	1,256	561	5,803	158	2,743	40
Share linked instruments[7][8]	-	5,779	-	296	-	8,010	-	2,187

3 To be consistent with other disclosures, KMP for SGL (excluding non-executive directors) are considered as Senior Managers for the purpose of APS Remuneration Disclosures requirements.

4 Represents actual fixed remuneration received, including salary sacrificed benefits and employer superannuation.

5 Represents non-monetary benefits including airfares and insurances paid on behalf of the employee and the net annual leave and long service leave accrual for the financial year.

6 Cash incentives earned during the financial year. The deferred cash portion awarded includes interest accrued on prior year deferred STI's and is subject to potential clawback during the deferral period. The deferred equity portion of the FY17 STI is now shown in Share based instruments – Deferred.

7 Equity-settled performance rights issued under the STI Deferral plan, Restricted Share Plan and Long-Term Incentive plan are expensed to the profit or loss based on their fair value at grant date over the period from grant date to vesting date. The fair value is assessed using a Monte-Carlo model and reflects the fact that an individual's entitlement to the shares is dependent on relative TSR performance. The values realised in subsequent years may differ to the accounting expense reported, depending on the extent to which the performance hurdles are met.

8 Refer to the Suncorp Group Limited Annual Financial Report for the year ended 30 June 2017 and 30 June 2016 for details regarding employee share plans and associated remuneration strategies to drive long-term strategic behaviour.

During FY17 12 Senior Managers (KMP) and 25 Senior Managers (Other) received a variable remuneration award and in FY16 10 Senior Managers and 20 MRT received a variable remuneration award. No guaranteed bonus or sign-on awards were made to the disclosed individuals during FY17.

The table below summarises the termination payments made/granted to Senior Managers (KMP) and Senior Managers (Other) in FY17 and FY16.

	FY16				FY17			
	Senior Managers (KMP)[9]		Senior Manager (Other)		Senior Managers (KMP)		Senior Manager (Other)	
	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000
Termination payments[10]	2	2,207	2	222	2	1,724	2	312

9 To be consistent with other disclosures, KMP for SGL (excluding non-executive directors) are considered as Senior Managers for the purpose of APS Remuneration Disclosures requirements.
10 Termination payments are paid in accordance with contractual commitments.

The following table summarises the requirements under paragraphs (i), (j) and (k) of table 21 for Senior Managers KMP and Senior Managers Other.

$000	FY16		FY17	
	Senior Managers (KMP)[11]	Senior Manager (Other)	Senior Managers (KMP)	Senior Manager (Other)
Total outstanding deferred remuneration[12]	**40,172**	**5,405**	**36,217**	**8,327**
Cash-based[13]	12,183	2,383	5,069	1,711
Shares and share-linked instruments[14]	27,989	3,022	31,148	6,616
Total paid during the year[15]	**12,595**	**1,147**	**3,569**	**735**
Total reductions due to explicit adjustments[16]	**6,301**	**335**	**3,428**	**569**
Total reductions due to implicit adjustments[17]	**(408)**	**(185)**	**(19)**	**0**

11 To be consistent with other disclosures, KMP for SGL (excluding non-executive directors) are considered as Senior Managers (KMP) for the purpose of APS Remuneration Disclosures requirements.

12 Includes the total outstanding deferred cash and equity awards as at 30 June. Outstanding deferred remuneration is exposed to ex post explicit and implicit adjustments. All deferred remuneration outstanding for an employee in the position of Senior Managers (KMP) or Senior Managers (Other) at 30 June has been included, even where that award was earned in a different capacity within the Group. The deferred balance has been excluded where the Senior Managers (KMP) or Senior Managers (Other) is no longer employed in that capacity at 30 June.

13 Deferred cash-based remuneration represents the deferred portion of STI's awarded in 2015 and 2016 financial years (2016: 2014, 2015 and 2016 financial years), together with the interest accrued on outstanding deferral, for all Senior Managers (KMP) and Senior Managers (Other) employed within that capacity as at 30 June. Deferred cash may have been accrued whilst employed in non Senior Managers (KMP) or Senior Managers (Other) positions.

14 Deferred equity represents the market value as at 30 June, calculated by the number of performance rights or restricted shares granted multiplied by the closing share price as traded on the ASX on 30 June. The balance consists of all offers up to and including 30 June, that are still to vest for Senior Managers (KMP) and Senior Managers (Other) employed in that capacity as at 30 June.

15 Consists of all deferred cash incentives from prior years and associated interest paid during the financial year, received whilst employed in the capacity of Senior Managers (KMP) or Senior Managers (Other). The value also includes any deferred equity vested during the financial year.

16 Represents the market value at grant date of performance rights or restricted shares forfeited during the financial year.

17 Represents any reduction in the market value at grant date compared to market value at 30 June, for performance rights or restricted shares yet to vest, or reduction in the market value at grant date compared to market value at vesting date during the period. Note increases may have occurred during the period, however, only reductions have been disclosed in accordance with the requirements of APS330.

APPENDIX 2

Total lending portfolio

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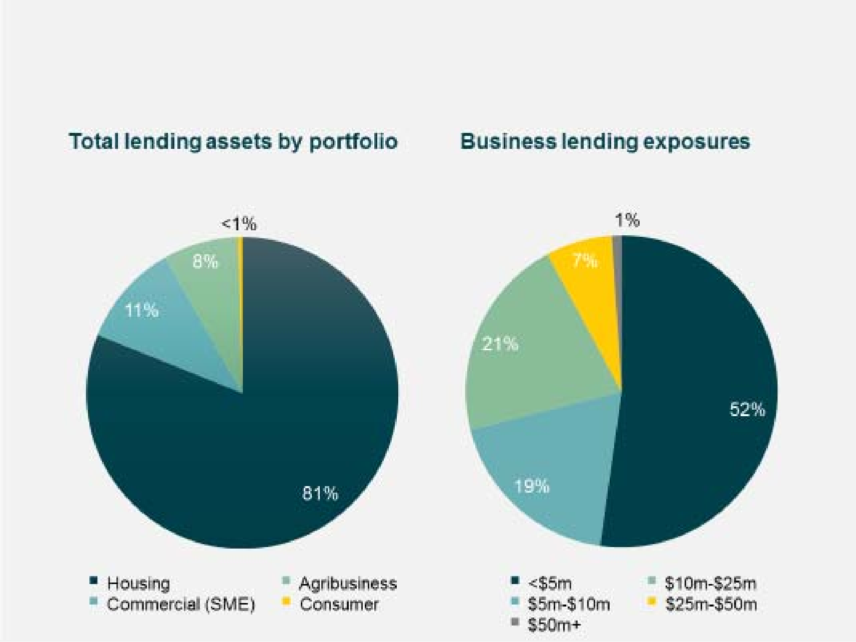
- Total lending assets of $56.6 billion
- 71% of business lending exposures <$10 million
- Well placed within APRA's investor and interest only supervisory measures



SUNCORP APS330 for the quarter ended 30 September 2017 1

Home lending portfolio

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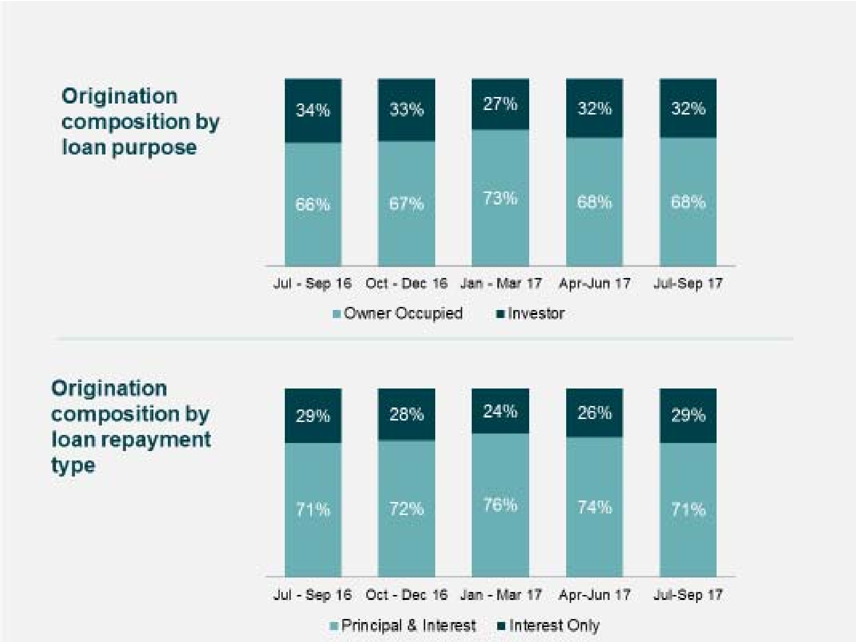
- Significant growth over the quarter with a continued focus on a high quality lending portfolio including serviceability, credit quality and loan to value ratios
- Home lending portfolio balance split of 68% owner occupied vs 32% investor
- Investor year-on-year lending growth of 7.6% well within APRA's supervisory measure of 10%
- New business payment type split of 71% principle & interest vs 29% interest only

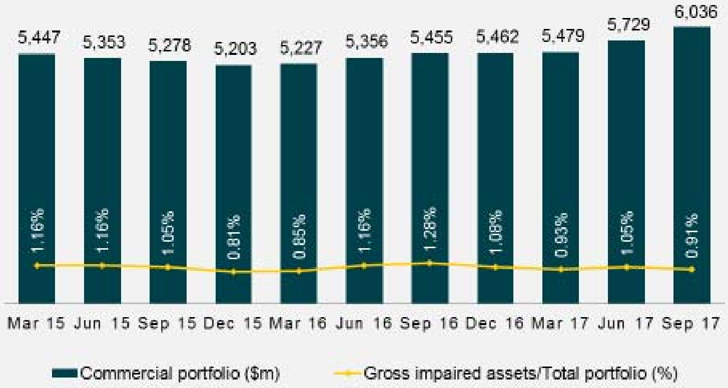


SUNCORP APS330 for the quarter ended 30 September 2017 2

Commercial (SME) portfolio

—

- Portfolio grew 5.4% to $6.0 billion
- 52% of the exposures within the commercial (SME) portfolio are less than $5 million
- The Bank continues to write well secured business lending within risk appetite, and targeted industry sectors

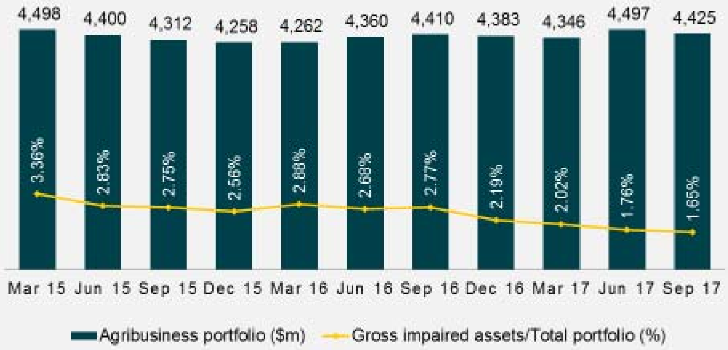


SUNCORP APS330 for the quarter ended 30 September 2017 3

Agribusiness portfolio

—

- Portfolio contracted 1.6% to $4.4 billion during the quarter
- 51% of the exposures within the agribusiness portfolio are less than $5 million
- Improvement in impaired assets over the period from favourable seasonal conditions, strong agricultural commodity prices for beef and legumes and the lower Australian dollar in FY17



SUNCORP APS330 for the quarter ended 30 September 2017 4

Capital

—

- Strong capital levels maintained to support growth in Banking
- Well positioned for regulatory change

CET1 ratio vs peers

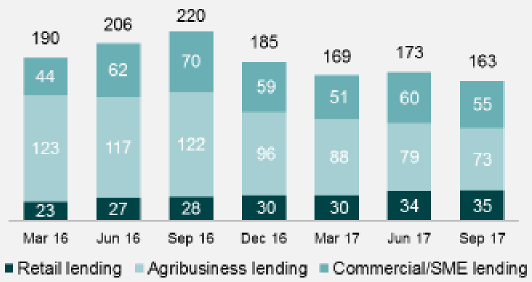
Residential mortgages risk weight %

Credit quality

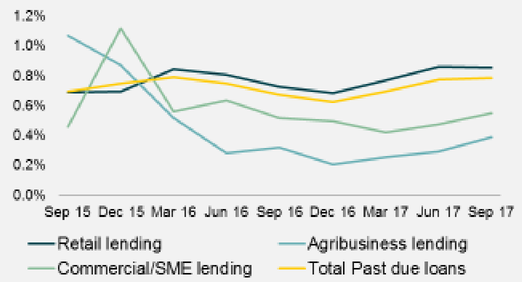
—

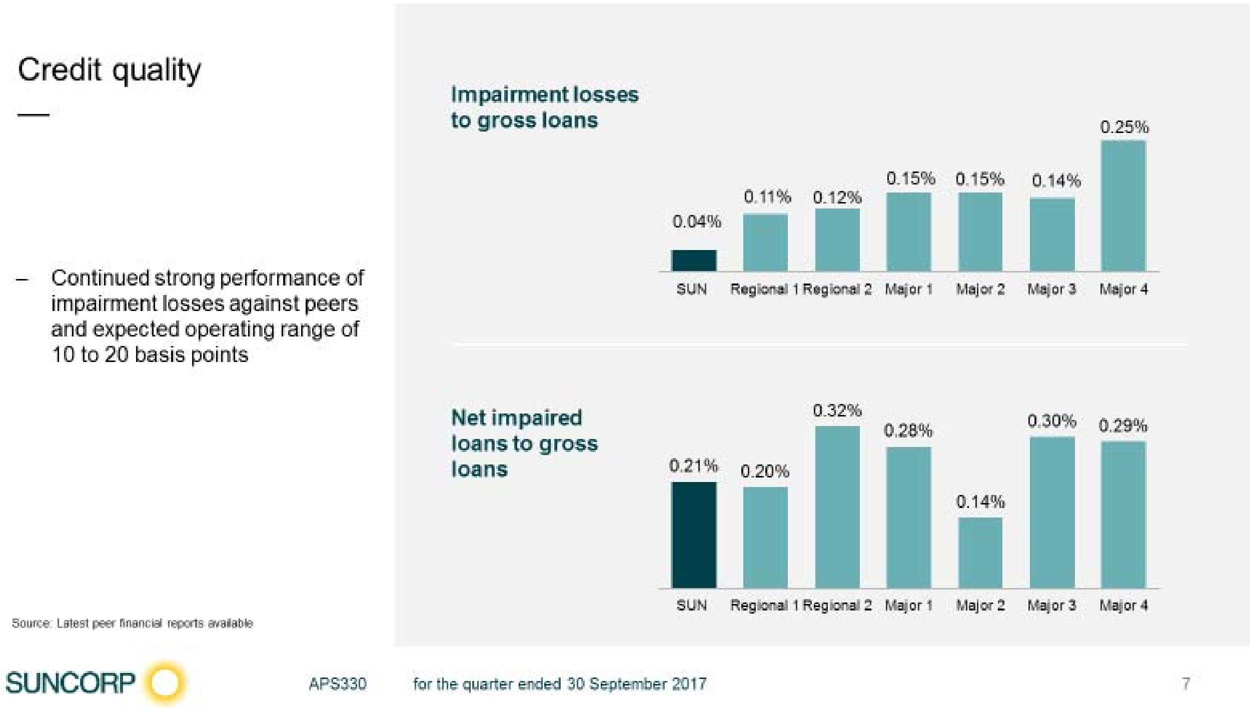
- Improvement in gross impaired loans in Commercial and Agribusiness portfolios
- Retail lending past due loans grew by $7 million over the quarter reflecting slightly higher home lending past due loans in QLD and NSW
- Past due loans under Hardship status reduced during the quarter, in line with expectations

Gross impaired loans by segment ($m)



Past due loans by segment (% of segment GLA)




Credit quality
– Continued strong performance of impairment losses against peers and expected operating range of 10 to 20 basis points
Impairment losses to gross loans
0.04%
0.11%
0.12%
0.15%
0.15%
0.14%
0.25%
SUN
Regional 1
Regional 2
Major 1
Major 2
Major 3
Major 4
Net impaired loans to gross loans
0.21%
0.20%
0.32%
0.28%
0.14%
0.30%
0.29%
SUN
Regional 1
Regional 2
Major 1
Major 2
Major 3
Major 4
Source: Latest peer financial reports available
SUNCORP
APS330
for the quarter ended 30 September 2017
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APPENDIX 3 - DEFINITIONS

ADI	Authorised Deposit-taking Institution
APRA	Australian Prudential Regulatory Authority
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
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
Net Stable Funding Ratio (NSFR)	NSFR is a measure announced as part of the Basel III liquidity reforms that will apply from January 2018. The ratio establishes a minimum acceptable amount of stable funding (the portion of those types and amounts of equity and liability financing expected to be reliable sources of funds over a one-year time horizon under conditions of extended stress) based on the liquidity characteristics of an ADI's assets and activities over a one-year horizon.
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	Bank credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA