SUNCORP GROUP LIMITED

SUNCORP BANK

APS 330

FOR THE QUARTER ENDED 30 JUNE 2018

RELEASE DATE: 9 AUGUST 2018

Suncorp Group Limited
ABN 66 145 290 124

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 2018 (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 9 August 2018. 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 consider the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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

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

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REGULATORY CAPITAL RECONCILIATION

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

	Per table 1 Capital Disclosure	Statutory Jun-18 $M	Adjustments Jun-18 $M	Regulatory Jun-18 $M
Assets				
Cash and cash equivalents		506	(3)	503
Receivables due from other banks		474	-	474
Trading securities		1,639	-	1,639
Derivatives		224	-	224
Investment securities		4,058	-	4,058
Investment in regulatory non-consolidated subsidiaries	(i)	-	1	1
Loans and advances		58,598	(4,728)	53,870
of which: eligible collective provision component of GRCL in tier 2 capital	(o)	-	-	70
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments	(f)	-	-	219
of which: costs associated with debt raisings in CET1 regulatory adjustments	(g)	-	-	11
Due from related parties		362	-	362
Deferred tax assets		45	-	45
of which: arising from temporary differences included in CET1 regulatory adjustments	(e)	-	-	*37*
Goodwill	(d)	21	-	21
Other assets		178	(24)	154
Total assets		**66,105**	**(4,754)**	**61,351**
Liabilities				
Payables due to other banks		148	-	148
Deposits and short-term borrowings		46,043	14	46,057
Derivatives		158	-	158
Payables and other liabilities		423	(10)	413
Due to related parties		20	-	20
Due to regulatory non-consolidated subsidiaries		-	77	77
Securitisation liabilities		4,848	(4,818)	30
of which: securitisation start-up costs in CET1 regulatory adjustments	(h)	-	-	*8*
Debt issues		9,854	-	9,854
Subordinated notes		742	-	742
of which: directly issued qualifying tier 2 instruments	(k)	-	-	*670*
of which: directly issued instruments subject to phase out from tier 2	(l)	-	-	*72*
Total liabilities		**62,236**	**(4,737)**	**57,499**
Net assets		**3,869**	**(17)**	**3,852**
Equity				
Share capital	(a)	2,648	-	2,648
Capital notes	(j)	550	-	550
Reserves		(298)	-	(298)
of which: equity component of GRCL in tier 2 capital	(m)	-	-	*88*
of which: AFS reserve	(c)	-	-	*6*
of which: cash flow hedge reserve	(n)	-	-	*(20)*
Retained profits		969	(17)	952
of which: included in CET1	(b)	-	-	*580*
Total equity attributable to owners of the Company		**3,869**	**(17)**	**3,852**

REGULATORY CAPITAL RECONCILIATION (CONTINUED)

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

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

	Total assets Jun-18 $	Total liabilities Jun-18 $
SPDEF #2 Pty Ltd	1	-

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

	Total assets Jun-18 $M	Total liabilities Jun-18 $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.

	Total assets Jun-18 $M	Total liabilities Jun-18 $M
Securitisation special purpose vehicles (1)		
Apollo Series 2010-1 Trust	136	136
Apollo Series 2011-1 Trust	228	228
Apollo Series 2012-1 Trust	233	233
Apollo Series 2013-1 Trust	310	310
Apollo Series 2015-1 Trust	553	553
Apollo Series 2017-1 Trust	891	891
Apollo Series 2017-2 Trust	1,253	1,253
Apollo Series 2018-1 Trust	1,219	1,219

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.

(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 are applying, in full, the Basel III regulatory adjustments from 1 January 2013.

		Per Regulatory Capital Reconciliation	Jun-18 $M
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities)	(a)	2,648
2	Retained earnings	(b)	580
3	Accumulated other comprehensive income (and other reserves)	(c)+(n)	(14)
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**		**3,214**
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	(d)	21
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	(n)	(20)
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		
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*		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)		278
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*	(e)	37
26f	*of which: capitalised expenses*	(f)+(g)+(h)	238
26g	*of which: investments in commercial (non-financial) entities that are deducted under APRA requirements*	(i)	1
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*		3
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**		**279**
29	**Common Equity Tier 1 Capital (CET1)**		**2,935**

		Per Regulatory Capital Reconciliation	Jun-18 $M
	Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments		550
31	*of which: classified as equity under applicable accounting standards*	(j)	550
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**		**550**
	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*		
41b	*of which: investments in the capital of financial institutions that are outside the scope*		
41c	*of which: other national specific regulatory adjustments not reported in rows 41a &*		
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)**		**550**
45	**Tier 1 Capital (T1=CET1+AT1)**		**3,485**
	Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	(k)	670
47	Directly issued capital instruments subject to phase out from Tier 2	(l)	72
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	(m)+(o)	158
51	**Tier 2 Capital before regulatory adjustments**		**900**
	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)**		**900**
59	**Total capital (TC=T1+T2)**		**4,384**
60	**Total risk-weighted assets based on APRA standards**		**32,563**

		Per Regulatory Capital Reconciliation	Jun-18 $M
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)		*9.01%*
62	Tier 1 (as a percentage of risk-weighted assets)		*10.70%*
63	Total capital (as a percentage of risk-weighted assets)		*13.46%*
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)		*9.01%*
	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)	(e)	37
	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)	(m)+(o)	158
77	Cap on inclusion of provisions in Tier 2 under standardised approach		363
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
	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*		76
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 http://www.suncorpgroup.com.au/investors/reports.

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].

[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 Jun-18 $M	Mar-18 $M	Avg risk weight Jun-18 %	Risk Weighted Assets Jun-18 $M	Mar-18 $M
On-balance sheet credit risk-weighted assets					
Cash items	479	463	2	8	6
Claims on Australian and foreign governments	2,365	2,286	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	933	1,094	25	233	226
Claims on securitisation exposures	1,242	1,292	20	246	259
Claims secured against eligible residential mortgages	43,343	44,077	37	16,039	16,315
Past due claims	623	544	82	511	459
Other retail assets	268	348	97	259	285
Corporate	9,571	9,429	100	9,559	9,420
Other assets and claims	379	290	100	379	290
Total banking assets	**59,203**	**59,823**		**27,234**	**27,260**

	Notional amount Jun-18 $M	Credit equivalent Jun-18 $M	Avg risk weight Jun-18 %	Risk Weighted Assets Jun-18 $M	Mar-18 $M
Off-balance sheet positions					
Guarantees entered into in the normal course of business	271	270	68	184	177
Commitments to provide loans and advances	8,619	2,305	59	1,363	1,311
Foreign exchange contracts	5,386	113	27	31	32
Interest rate contracts	49,132	89	29	26	26
Securitisation exposures	4,660	181	20	36	41
CVA capital charge	-	-	-	128	152
Total off-balance sheet positions	**68,068**	**2,958**		**1,768**	**1,739**
Market risk capital charge				88	130
Operational risk capital charge				3,473	3,441
Total off-balance sheet positions				1,768	1,739
Total on-balance sheet credit risk-weighted assets				27,234	27,260
Total assessed risk				**32,563**	**32,570**

Risk-weighted capital ratios	%	%
Common Equity Tier 1	9.01	8.80
Tier 1	10.70	10.49
Tier 2	2.76	2.76
Total risk-weighted capital ratio	**13.46**	**13.25**

TABLE 4: CREDIT RISK

Table 4A: Credit risk by gross credit exposure – outstanding as at 30 June 2018

	Receivables due from other Banks [2] $M	Trading Securities $M	Derivatives [3] $M	Investment Securities $M	Loans and Advances $M	Off-balance sheet exposures (credit equivalent amount) [3] $M	Total Credit Risk [4] $M	Gross Impaired Assets $M	Past due not impaired > 90 days $M	Total not past due or impaired $M	Specific Provisions [5] $M
Agribusiness	-	-		-	4,014	197	4,211	48	25	4,138	17
Construction & development	-	-		-	732	251	983	1	1	981	1
Financial services	474	-	202	691	92	172	1,631	-	-	1,631	-
Hospitality	-	-		-	986	96	1,082	26	1	1,055	6
Manufacturing	-	-		-	234	24	258	2	2	254	-
Professional services	-	-		-	278	17	295	1	2	292	1
Property investment	-	-		-	2,448	121	2,569	8	3	2,558	3
Real estate - Mortgage	-	-		-	42,883	1,484	44,367	38	450	43,879	5
Personal	-	-		-	182	5	187	-	5	182	-
Government/public authorities	-	1,639		2,125	-	-	3,764	-	-	3,764	-
Other commercial & industrial [6]	-	-		-	2,151	208	2,359	20	22	2,317	6
Total gross credit risk	**474**	**1,639**	**202**	**2,816**	**54,000**	**2,575**	**61,706**	**144**	**511**	**61,051**	**39**
Securitisation exposures [1]	-	-	99	1,242	4,728	82	6,151		30	6,121	
Total including securitisation exposures	**474**	**1,639**	**301**	**4,058**	**58,728**	**2,657**	**67,857**	**144**	**541**	**67,172**	**39**
Impairment provision							(130)	(39)	(21)	(70)	
Total							**67,727**	**105**	**520**	**67,102**	

(1) The securitisation exposures of $4,728 million included under Loans and advances qualify for regulatory capital relief under APS 120 *Securitisation* 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 *Securitisation*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

(5) In accordance with APS 220 *Credit Quality*, regulatory specific provisions represent $39 million specific provisions for accounting purposes plus $21 million ineligible collective provision.

(6) Includes a portion of small business loans, with limits below $1 million, that are not classified.

TABLE 4: CREDIT RISK (CONTINUED)

Table 4A: Credit risk by gross credit exposure – outstanding as at 31 March 2018

	Receivables due from other Banks [2] $M	Trading Securities $M	Derivatives $M	Investment Securities $M	Loans and Advances $M	Off-balance sheet exposures (credit equivalent amount) [3] $M	Total Credit Risk [4] $M	Gross Impaired Assets $M	Past due not impaired > 90 days $M	Total not past due or impaired $M	Specific Provisions [5] $M
Agribusiness	-	-	-	-	3,933	231	4,164	45	17	4,102	15
Construction & development	-	-	-	-	730	203	933	-	1	932	-
Financial services	542	-	138	704	95	379	1,858	-	1	1,857	-
Hospitality	-	-	-	-	972	68	1,040	25	1	1,014	5
Manufacturing	-	-	-	-	253	21	274	2	3	269	-
Professional services	-	-	-	-	273	19	292	4	3	285	3
Property investment	-	-	-	-	2,365	182	2,547	5	4	2,538	3
Real estate - Mortgage	-	-	-	-	43,559	1,400	44,959	41	364	44,554	6
Personal	-	-	-	-	258	5	263	-	8	255	-
Government/public authorities	-	1,607	-	2,051	-	-	3,658	-	-	3,658	-
Other commercial & industrial [6]	-	-	-	-	2,142	182	2,324	18	30	2,276	6
Total gross credit risk	**542**	**1,607**	**138**	**2,755**	**54,580**	**2,690**	**62,312**	**140**	**432**	**61,740**	**38**
Securitisation Exposures [1]	-	-	-	1,292	3,739	207	5,238	-	21	5,217	-
Total including securitisation exposures	**542**	**1,607**	**138**	**4,047**	**58,319**	**2,897**	**67,550**	**140**	**453**	**66,957**	**38**
Impairment provision							(131)	(38)	(20)	(73)	
Total							**67,419**	**102**	**433**	**66,884**	

(1) The securitisation exposures of $3,739 million included under Loans and advances qualify for regulatory capital relief under APS 120 *Securitisation* 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 *Securitisation*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

(5) In accordance with APS 220 *Credit Quality*, regulatory specific provisions represent $38 million specific provisions for accounting purposes plus $20 million ineligible collective provision.

(6) Includes a portion of small business loans, with limits below $1 million, that are not classified.

TABLE 4: CREDIT RISK (CONTINUED)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 April to 30 June 2018

	Receivables due from other Banks [2]	Trading Securities	Derivatives [3]	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount) [3]	Total Credit Risk [4]
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	3,974	214	4,188
Construction & development	-	-	-	-	731	227	958
Financial services	508	-	170	698	94	275	1,745
Hospitality	-	-	-	-	979	82	1,061
Manufacturing	-	-	-	-	244	23	267
Professional services	-	-	-	-	276	18	294
Property investment	-	-	-	-	2,407	151	2,558
Real estate - Mortgage	-	-	-	-	43,221	1,442	44,663
Personal	-	-	-	-	220	5	225
Government/public authorities	-	1,623	-	2,088	-	-	3,711
Other commercial & industrial	-	-	-	-	2,147	195	2,342
Total gross credit risk	**508**	**1,623**	**170**	**2,786**	**54,293**	**2,632**	**62,012**
Securitisation exposures [1]	-	-	50	1,267	4,234	144	5,695
Total including securitisation exposures	**508**	**1,623**	**220**	**4,053**	**58,527**	**2,776**	**67,707**
Impairment provision							(131)
Total							**67,576**

(1) The securitisation exposures of $4,234 million included under Loans and advances qualify for regulatory capital relief under APS 120 *Securitisation* 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 *Securitisation*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

TABLE 4: CREDIT RISK (CONTINUED)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 January to 31 March 2018

	Receivables due from other Banks [2]	Trading Securities	Derivatives	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount) [3]	Total Credit Risk [4]
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	3,905	241	4,146
Construction & development	-	-	-	-	725	223	948
Financial services	506	-	128	805	97	378	1,914
Hospitality	-	-	-	-	973	60	1,033
Manufacturing	-	-	-	-	256	22	278
Professional services	-	-	-	-	277	20	297
Property investment	-	-	-	-	2,320	170	2,490
Real estate - Mortgage	-	-	-	-	43,258	1,633	44,891
Personal	-	-	-	-	259	5	264
Government/public authorities	-	1,560	-	2,189	-	-	3,749
Other commercial & industrial	-	-	-	-	2,118	241	2,359
Total gross credit risk	**506**	**1,560**	**128**	**2,994**	**54,188**	**2,993**	**62,369**
Securitisation Exposures [1]	-	-	-	1,319	3,858	138	5,315
Total including securitisation exposures	**506**	**1,560**	**128**	**4,313**	**58,046**	**3,131**	**67,684**
Impairment provision							(131)
Total							**67,553**

(1) The securitisation exposures of $3,858 million included under Loans and advances qualify for regulatory capital relief under APS 120 *Securitisation* 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 *Securitisation*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

TABLE 4: CREDIT RISK (CONTINUED)

Table 4B: Credit risk by portfolio as at 30 June 2018

	Gross Credit Risk Exposure	Average Gross Exposure	Impaired Assets	Past due Not Impaired > 90 days	Specific Provisions [(2)]	Charges for Specific Provisions & Write Offs
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages [(1)]	50,518	50,358	38	480	5	2
Other retail	187	225	-	5	-	6
Financial services	1,631	1,745	-	-	-	-
Government and public authorities	3,764	3,711	-	-	-	-
Corporate and other claims	11,757	11,668	106	56	34	6
Total	**67,857**	**67,707**	**144**	**541**	**39**	**14**

(1) $6,151 million, $5,695 million and $30 million has been included in gross credit risk exposure, average gross exposure and past due not impaired greater than 90 days respectively to include securitisation exposures.

(2) The specific provisions of $39 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $21 million which in accordance with APS220 are regulatory specific provisions. The regulatory specific provisions under APS220 are $60 million.

Table 4B: Credit risk by portfolio as at 31 March 2018

	Gross Credit Risk Exposure [(3)]	Average Gross Exposure	Impaired Assets	Past due Not Impaired > 90 days	Specific Provisions [(2)]	Charges for Specific Provisions & Write Offs
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages [(1)]	50,197	50,206	41	385	6	3
Other retail	263	264	-	8	-	-
Financial services	1,858	1,914	-	1	-	-
Government and public authorities	3,658	3,749	-	-	-	-
Corporate and other claims	11,574	11,551	99	59	32	-
Total	**67,550**	**67,684**	**140**	**453**	**38**	**3**

(1) $5,238 million, $5,315 million and $21 million has been included in gross credit risk exposure, average gross exposure and past due not impaired greater than 90 days respectively to include securitisation exposures.

(2) The specific provisions of $38 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $20 million which in accordance with APS220 are regulatory specific provisions. The regulatory specific provisions under APS220 are $58 million.

(3) Total “Gross Credit Risk Exposure” originally reported as $67,483 million in the March 2018 APS 330. This number has been updated to reflect the correct gross credit risk exposure.

TABLE 4: CREDIT RISK (CONTINUED)

Table 4C: General reserves for credit losses

	Jun-18 $M	Mar-18 $M
Collective provision for impairment	91	93
Ineligible collective provisions on past due not impaired	(21)	(20)
Eligible collective provisions	70	73
Equity reserve for credit losses	88	83
General reserve for credit losses	**158**	**156**

TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

Securitisation activity during the quarter ending 30 June 2018 (quarter ending 31 March 2018: nil).

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Jun-18	Mar-18	Jun-18	Mar-18
	$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-18	Mar-18
Exposure type	$M	$M
Debt securities	1,242	1,292
Total on-balance sheet securitisation exposures	**1,242**	**1,292**

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

	Jun-18	Mar-18
Exposure type	$M	$M
Liquidity facilities	82	67
Derivative exposures	99	140
Total off-balance sheet securitisation exposures	**181**	**207**

TABLE 18: REMUNERATION DISCLOSURES

Table 18: Remuneration disclosures for the year ended 30 June 2018 will be included with the Group's prudential disclosures for the quarter ended 30 September 2018, in accordance with the requirements of APS 330.

TABLE 20: LIQUIDITY COVERAGE RATIO DISCLOSURE

	Total Unweighted Value (Average) Jun-18 $M	Total Weighted Value (Average) Jun-18 $M	Total Unweighted Value (Average) Mar-18 $M	Total Weighted Value (Average) Mar-18 $M	Total Unweighted Value (Average) Dec-17 $M	Total Weighted Value (Average) Dec-17 $M
Liquid assets, of which:						
High-quality liquid assets (**HQLA**)		4,306		4,176		5,274
Alternative liquid assets (**ALA**)		4,400		4,398		3,498
Cash outflows		-		-		
Retail deposits and deposits from small business customers, of which:	20,820	1,810	20,180	1,743	20,248	1,684
stable deposits	*14,245*	*712*	*14,049*	*702*	*14,704*	*735*
less stable deposits	*6,575*	*1,098*	*6,131*	*1,041*	*5,544*	*949*
Unsecured wholesale funding, of which:	4,764	3,407	4,853	3,435	4,349	3,043
operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
non-operational deposits (all counterparties)	*3,128*	*1,771*	*3,041*	*1,623*	*2,812*	*1,506*
unsecured debt	*1,636*	*1,636*	*1,812*	*1,812*	*1,537*	*1,537*
Secured wholesale funding	-	4	-	11	-	218
Additional requirements, of which:	8,049	1,654	8,687	1,863	9,446	1,839
outflows related to derivatives exposures and other collateral requirements	*1,298*	*1,298*	*1,479*	*1,479*	*1,406*	*1,406*
outflows related to loss of funding on debt products	-	-	-	-	-	-
credit and liquidity facilities	*6,751*	*356*	*7,208*	*384*	*8,040*	*433*
Other contractual funding obligations	774	503	744	443	902	614
Other contingent funding obligations	8,321	654	8,610	803	8,881	826
Total cash outflows	**-**	**8,032**	**-**	**8,298**	**-**	**8,224**
Cash inflows						
Secured lending (e.g. reverse repos)	252	-	143	-	938	-
Inflows from fully performing exposures	800	529	802	502	758	470
Other cash inflows	617	617	920	920	736	736
Total cash inflows	**1,669**	**1,146**	**1,865**	**1,422**	**2,432**	**1,206**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
Total liquid assets		**8,705**		**8,574**		**8,772**
Total net cash outflows		**6,886**		**6,876**		**7,018**
Liquidity Coverage Ratio (%)		**126**		**125**		**125**

The Liquidity Coverage Ratio (**LCR**) requires sufficient qualifying High Quality Liquid Assets (**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 $4.7 billion for the 2018 calendar year (2017 calendar year: $3.8 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 2018 quarter to 126% (125% for the March 2018 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 simulated 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