SUNCORP

Suncorp Group Limited

ABN 66 145 290 124

Suncorp Bank APS 330: Quarter ended 31 December 2023

Release date 26 February 2024

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 and SML's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards.

Figures relate to the quarter ended 31 December 2023 (unless otherwise stated) and should be read in conjunction with other information concerning Suncorp Group filed with the Australian Securities Exchange (ASX).

This document is prepared in accordance with Basel III Prudential Capital requirements effective for reporting periods beginning on or after 1 January 2023.

On 18 July 2022, following a comprehensive strategic review, Suncorp Group announced it had signed a share sale and purchase agreement (SPA) with Australia and New Zealand Banking Group Limited (ANZ) to sell the Company's immediate parent entity, SBGH Limited.

On 4 August 2023, the Australian Competition and Consumer Commission (ACCC) announced it would deny authorisation of the planned sale. On 25 August 2023 ANZ announced it had filed an application for Australian Competition Tribunal (the Tribunal) review of the decision by the ACCC not to grant authorisation for ANZ's proposed acquisition of SBGH Limited and Suncorp Group would support ANZ during the process.

On 20 February 2024, the Tribunal granted authorisation of the planned sale of SBGH Limited to ANZ. The sale remains subject to the amendment of the *State Financial Institutions and Metway Merger Act 1996 (Qld)* and approval from the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998*. Subject to all approvals being received, Suncorp Group expects the sale to complete around the middle of the 2024 calendar year. The sale does not impact the measurement of the assets and liabilities of the Group as of the date of this report.

Disclaimer

This report contains general information which is current as at 26 February 2024. 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, or intended to be relied upon as advice.

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 and undertakes no obligation to update any forward-looking statements. 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.

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Table of contents

Regulatory Capital Reconciliation

The following table discloses the consolidated balance sheet of SML and its subsidiaries (Suncorp Bank), as published in its 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 Dec-23 $M	Adjustments Dec-23 $M	Regulatory Dec-23 $M
Assets				
Cash and cash equivalents		2,079	(7)	2,072
Receivables due from other banks		848	-	848
Trading securities		3,351	-	3,351
Derivatives		357	-	357
Investment securities		6,914	-	6,914
Investment in regulatory non-consolidated subsidiaries		-	-	-
Loans and advances		68,310	(2,252)	66,058
of which: eligible collective provision component of GRCL in tier 2 capital	(o)	-	-	*139*
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments	(f)	-	-	*313*
Due from related parties		199	-	199
Deferred tax assets		77	-	77
of which: arising from temporary differences included in CET1 regulatory adjustments	(e)	-	-	*70*
Goodwill	(d)	21	-	21
Other assets		217	(6)	211
Total assets		82,373	(2,265)	80,108
Liabilities				
Payables due to other banks		106	-	106
Deposits		52,535	-	52,535
Derivatives		447	-	447
of which: securitisation derivatives in CET1 regulatory adjustments	(i)	-	-	*5*
Payables and other liabilities		531	(8)	523
Due to related parties		51	45	96
Borrowings		23,619	(2,301)	21,318
of which: costs associated with debt raisings in CET1 regulatory adjustments	(g)	-	-	*14*
of which: securitisation start-up costs in CET1 regulatory adjustments	(h)	-	-	*3*
Subordinated notes		600	-	600
of which: directly issued qualifying tier 2 instruments	(k)	-	-	*600*
of which: directly issued instruments subject to phase out from tier 2	(l)	-	-	-
Total liabilities		77,889	(2,264)	75,625
Net assets		4,484	(1)	4,483
Equity				
Share capital	(a)	2,754	-	2,754
Capital notes	(j)	560	-	560
Reserves		32	-	32
of which: equity component of GRCL in tier 2 capital	(m)	-	-	*76*
of which: FVOCI reserve	(c)	-	-	*(26)*
of which: cash flow hedge reserve	(n)	-	-	*(18)*
Retained profits		1,138	(1)	1,137
of which: included in CET1	(b)	-	-	*1,137*
Total equity attributable to owners of the Company		4,484	(1)	4,483

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 Dec-23 $	Total liabilities Dec-23 $
SPDEF #2 Pty Ltd	1	-

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

	Total assets Dec-23 $M	Total liabilities Dec-23 $M
Suncorp Property Development Equity Fund #2 Unit Trust	1	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 Dec-23 $M	Total liabilities Dec-23 $M
Securitisation special purpose vehicles [1]		
Apollo Series 2015-1 Trust	158	158
Apollo Series 2017-1 Trust	236	236
Apollo Series 2017-2 Trust	306	306
Apollo Series 2018-1 Trust	273	273
Apollo Series 2022-1 Trust	509	509
Apollo Series 2023-1 Trust	826	826

(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.

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.

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

SML and its eligible subsidiaries are applying, in full, the Basel III regulatory adjustments as implemented by APRA. The capital disclosures below are presented using the Common Disclosure template in accordance with Basel III Prudential Capital requirements effective from 1 January 2023.

		Per Regulatory Capital Reconciliation	Dec-23 $M
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities)	(a)	2,754
2	Retained earnings	(b)	1,137
3	Accumulated other comprehensive income (and other reserves)	(c)+(n)	(44)
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**		3,847
	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)	(18)
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined benefit superannuation fund net assets		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage service rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	*of which: significant investments in the ordinary shares of financial entities*		
24	*of which: mortgage servicing rights*		
25	*of which: deferred tax assets arising from temporary differences*		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)		405
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*		
26e	*of which: deferred tax assets not reported in rows 10, 21 and 25*	(e)	70
26f	*of which: capitalised expenses*	(f)+(g)+(h)	330
26g	*of which: investments in commercial (non-financial) entities that are deducted under APRA requirements*		-
26h	*of which: covered bonds in excess of asset cover in pools*		
26i	*of which: undercapitalisation of a non-consolidated subsidiary*		
26j	*of which: other national specific regulatory adjustments not reported in rows 26a to 26i*	(i)	5
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**		408
29	**Common Equity Tier 1 Capital (CET1)**		3,439

		Per Regulatory Capital Reconciliation	Dec-23 $M
	Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments		560
31	*of which: classified as equity under applicable accounting standards*	(j)	560
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**		560
	Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)		
41a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*		
41b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40*		
41c	*of which: other national specific regulatory adjustments not reported in rows 41a and 41b*		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**		-
44	**Additional Tier 1 capital (AT1)**		560
45	**Tier 1 Capital (T1=CET1+AT1)**		3,999
	Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	(k)	600
47	Directly issued capital instruments subject to phase out from Tier 2	(l)	-
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)	215
51	**Tier 2 Capital before regulatory adjustments**		815
	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 and 56b*		
57	**Total regulatory adjustments to Tier 2 capital**		-
58	**Tier 2 capital (T2)**		815
59	**Total capital (TC=T1+T2)**		4,814
60	**Total risk-weighted assets based on APRA standards**		32,913

		Per Regulatory Capital Reconciliation	Dec-23 $M
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)		*10.45%*
62	Tier 1 (as a percentage of risk-weighted assets)		*12.15%*
63	Total capital (as a percentage of risk-weighted assets)		*14.63%*
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)		*8.00%*
65	*of which: capital conservation buffer requirement*		*2.50%*
66	*of which: ADI-specific countercyclical buffer requirements*		*1.00%*
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)		*5.95%*
	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)	70
	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)	215
77	Cap on inclusion of provisions in Tier 2 under standardised approach		411
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*	(l)	-
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 Prudential Standard 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 https://www.suncorpgroup.com.au/investors/regulatory-disclosures-current.

The full terms and conditions of all of Suncorp Group's regulatory capital instruments are available at https://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

	Risk Weighted Assets	
	Dec-23 $M	Sep-23 $M
On-balance sheet credit risk-weighted assets		
Claims secured by residential mortgage	18,740	18,095
Other retail	90	102
Bank	48	98
Government	-	-
Corporates[1]	8,654	8,553
Securisation	15	17
All other exposures	137	126
Total on-balance sheet assets	27,684	26,991
Off-balance sheet exposures		
Non-market related off-balance sheet exposures	2,440	2,567
Market related off-balance sheet exposures	91	73
Securitisation	5	5
Total off-balance sheet exposures	2,536	2,645
Total on-balance sheet assets and off-balance sheet positions	30,220	29,636
Market risk capital charge	181	173
Operational risk capital charge	2,512	2,512
Total risk-weighted assets	32,913	32,321

[1] Includes commercial property and land acquisition, development, and construction exposures.

	Capital Ratios	
	Dec-23 %	Sep-23 %
Common Equity Tier 1	10.45	10.38
Tier 1	12.15	12.11
Tier 2	2.48	2.52
Total risk-weighted capital ratio	14.63	14.63

Table 4: Credit Risk

Table 4A: Credit risk by gross credit exposure

Exposure Type	Gross Credit Exposure[1]		Average Gross Credit Exposure[1]	
	Dec-23 $M	Sep-23 $M	Dec-23 $M	Sep-23 $M
Reverse repurchase agreements	1,975	643	1,309	1,734
Receivables[2]	848	890	869	1,339
Trading Securities	3,351	2,895	3,123	2,557
Derivatives[3]	122	95	109	86
Investment Securities	6,838	7,671	7,255	6,994
Loans and Advances	66,268	64,738	65,503	64,729
Off-balance sheet exposures[3]	5,717	5,817	5,767	5,903
Total gross credit risk[4]	**85,119**	**82,749**	**83,935**	**83,342**
Securitisation exposures[5]	2,634	2,801	2,718	2,923
Total including securitisation exposures	**87,753**	**85,550**	**86,653**	**86,265**
Impairment provision	(210)	(212)	(211)	(216)
Total	**87,543**	**85,338**	**86,442**	**86,049**

Portfolios Subject to the Standardised Approach	Gross Credit Exposure[1]		Average Gross Credit Exposure[1]	
	Dec-23 $M	Sep-23 $M	Dec-23 $M	Sep-23 $M
Claims secured by residential mortgage	59,152	57,714	58,433	57,683
Other retail assets	113	125	119	126
Bank	2,126	1,127	1,626	2,027
Government	10,827	10,988	10,908	10,567
Corporates[6]	12,685	12,696	12,691	12,809
All other exposures	217	98	158	130
Total gross credit risk[4]	**85,119**	**82,749**	**83,935**	**83,342**
Securitisation exposures[5]	2,634	2,801	2,718	2,923
Total including securitisation exposures	**87,753**	**85,550**	**86,653**	**86,265**
Impairment provision	(210)	(212)	(211)	(216)
Total	**87,543**	**85,338**	**86,442**	**86,049**

Notes:

[1] Gross credit exposures and Average gross credit exposures reflect on balance sheet exposures and credit equivalent amounts for off balance sheet exposures.

[2] Receivables due from other Banks include collateral deposits provided to derivative counterparties.

[3] Off-balance sheet exposures represent the credit equivalent amount in accordance with APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*.

[4] Total credit risk excludes cash at bank and other money market placements.

[5] Securitisation exposures for December 2023 include $2,252 million in Loans and advances, $76 million in Investment Securities, $16 million in Derivatives and $290 million in Off-balance sheet exposures. The securitisation exposures for 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*.

[6] Includes commercial property and land acquisition, development, and construction exposures.

Table 4: Credit Risk (Continued)

Table 4B: Credit risk by portfolio

Portfolios Subject to the Standardised Approach	Non-performing loans Dec-23 $M	Specific Provisions[1] Dec-23 $M	Charges for Specific Provisions & Write Offs Dec-23 $M
Claims secured by residential mortgage	551	6	(2)
Other retail assets	5	2	-
Bank	-	-	-
Government	-	-	-
Corporates[2]	166	12	(1)
All other exposures	-	-	-
Total gross credit risk	722	20	(3)
Securitisation exposures	20	-	
Total including securitisation exposures	742	20	
Impairment provision	(17)	-	
Total	725	20	

(1) The specific provisions of $20 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $51 million which in accordance with APS 220 Credit Risk Management are regulatory specific provisions. The regulatory specific provisions under APS 220 Credit Risk Management are $71 million.
(2) Includes commercial property and land acquisition, development, and construction exposures.

Portfolios Subject to the Standardised Approach	Non-performing loans Sep-23 $M	Specific Provisions[1] Sep-23 $M	Charges for Specific Provisions & Write Offs Sep-23 $M
Claims secured by residential mortgage	509	5	-
Other retail assets	5	2	(1)
Bank	-	-	-
Government	-	-	-
Corporates[2]	171	15	3
All other exposures	-	-	-
Total gross credit risk	685	22	2
Securitisation exposures	18	-	
Total including securitisation exposures	703	22	
Impairment provision	(20)	-	
Total	683	22	

(1) The specific provisions of $22 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $52 million which in accordance with APS 220 Credit Risk Management are regulatory specific provisions. The regulatory specific provisions under APS 220 Credit Risk Management are $74 million.
(2) Includes commercial property and land acquisition, development, and construction exposures.

Table 4: Credit Risk (Continued)

Table 4C: Provisions eligible for inclusion in Tier 2 capital [1]

	Dec-23 $M	Sep-23 $M
Collective provision for impairment	190	190
Ineligible collective provisions[2]	(51)	(52)
Eligible collective provisions	139	138
General equity reserve[3]	76	76
Provisions eligible for inclusion in Tier 2 capital (Standardised approach)	**215**	**214**

[1] Provisions held against performing exposures that represent a purely forward-looking amount for future losses that are presently unidentified.

[2] Ineligible collective provisions represent the collective provision for impairment on Stage 3 ECL loans and advances and Stage 2 ECL loans and advances with any level of arrears. Ineligible collective provision is considered a specific provision for regulatory purposes under APS 220 *Credit Risk Management*.

[3] Following removal of the ERCL (equity reserve for credit losses) requirement in APS 220 *Credit Risk Management* from 1 January 2022, the general equity reserve has been established in its place. The general equity reserve will be maintained at this level ($76 million) pending further consideration of its future treatment.

Table 5: Securitisation Exposures

Table 5A: Summary of securitisation activity for the period

There was no new securitisation activity undertaken during the quarter ending 31 December 2023 (quarter ending 30 September 2023: Nil).

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Dec-23 $M	Sep-23 $M	Dec-23 $M	Sep-23 $M
Residential mortgages	-	-	-	-
Total exposures securitised during the period	-	-	-	-

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

Exposure type	Dec-23 $M	Sep-23 $M
Debt securities	76	83
Total on-balance sheet securitisation exposures	76	83

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

Exposure type	Dec-23 $M	Sep-23 $M
Liquidity facilities	14	15
Derivative exposures	16	18
Total off-balance sheet securitisation exposures	30	33

Table 20: Liquidity Coverage Ratio Disclosure

	Total unweighted value (average) Dec-23 $M	Total weighted value (average) Dec-23 $M	Total unweighted value (average) Sep-23 $M	Total weighted value (average) Sep-23 $M	Total unweighted value (average) Jun-23 $M	Total weighted value (average) Jun-23 $M
Liquid assets, of which:						
High-quality liquid assets (HQLA)		12,173		12,864		12,898
Alternative liquid assets (ALA)		-		-		-
Cash outflows						
Retail deposits and deposits from small business customers, of which:	35,923	3,542	35,746	3,522	35,422	3,510
stable deposits	*22,833*	*1,142*	*22,698*	*1,135*	*22,250*	*1,112*
less stable deposits	*13,090*	*2,400*	*13,048*	*2,387*	*13,172*	*2,398*
Unsecured wholesale funding, of which:	4,650	2,826	5,019	3,206	5,572	3,573
operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
non-operational deposits (all counterparties)	*3,580*	*1,756*	*3,483*	*1,670*	*3,908*	*1,909*
unsecured debt	*1,070*	*1,070*	*1,536*	*1,536*	*1,664*	*1,664*
Secured wholesale funding		334		544		278
Additional requirements, of which:	9,429	1,392	9,269	1,209	9,466	1,547
outflows related to derivatives exposures and other collateral requirements	*957*	*957*	*769*	*769*	*1,108*	*1,108*
outflows related to loss of funding on debt products	-	-	-	-	-	-
credit and liquidity facilities	*8,472*	*435*	*8,500*	*440*	*8,358*	*439*
Other contractual funding obligations	1,348	1,067	1,154	884	1,544	1,279
Other contingent funding obligations	7,438	854	6,742	748	6,491	548
Total cash outflows		10,015		10,113		10,735
Cash inflows						
Secured lending (e.g. reverse repos)	927	-	2,065	-	2,569	-
Inflows from fully performing exposures	598	317	580	310	574	308
Other cash inflows	969	969	653	653	978	978
Total cash inflows	2,494	1,286	3,298	963	4,121	1,286
		Total adjusted value		**Total adjusted value**		**Total adjusted value**
Total liquid assets		12,173		12,864		12,898
Total net cash outflows		8,729		9,150		9,449
Liquidity Coverage Ratio (%)		139		141		137
Number of data points used		63		65		62

Overview

The Liquidity Coverage Ratio (**LCR**) promotes shorter-term resilience by requiring ADIs to maintain sufficient qualifying High Quality Liquid Assets (**HQLA**) to meet expected net cash outflows (**NCO**) under an APRA prescribed 30 calendar day stress scenario. SML manages its LCR on a daily basis and maintains a buffer over the regulatory minimum of 100%.

Liquidity and Funding Risk Management Framework

The Suncorp Board is responsible for the sound and prudent management of liquidity risk across the Group, with authority delegated to the Board Risk Committee.

Executive management of liquidity and funding risk is overseen through the Suncorp Bank Asset and Liability Committee (**SBALCO**) which reviews risk measures and limits, endorses and monitors funding and liquidity strategies and ensures stress tests, the Contingency Funding Plan and holdings of high-quality liquid assets are effective and appropriate. Operational management of liquidity risk is delegated to the Bank Treasury division.

The Group Asset and Liability Committee's (**ALCO**) also oversees asset and liability management, liquidity and funding policies and strategies and monitoring compliance with those policies across the Group, including Suncorp Bank.

Liquidity and Funding Management

The quantum 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 suitable buffers as appropriate.

Liquid assets included in the LCR consist of HQLA (such as cash, Australian Semi-Government and Commonwealth Government securities).

Other contractual funding obligations and other net inflows represent gross flows not included elsewhere in the LCR. Over time, key balances in these categories can be material to the Bank's net cash outflow.

During the quarter, the material balances of net other cashflows were due to forecast loan disbursements, regulatory liquidity held against the NCD portfolio as well as settlement periods for liquid assets and funding transactions (such as $1.15b senior transaction in November).

Contingency Funding Plan

Suncorp Bank maintains a Contingency Funding Plan (**CFP**) which details how it would respond to a liquidity stress event. The CFP sets out roles and responsibilities including the committee of responsible executives, early warning indicators and trigger events. The CFP is reviewed and oversighted regularly. It contains details of potential funding actions that could be taken to manage Suncorp Bank's liquidity position.

Liquidity Coverage Ratio

Suncorp Bank calculates its LCR position on a daily basis, ensuring a buffer is maintained over the regulatory requirement of 100% and the Board's risk appetite. The daily average LCR was 139% over the December 2023 quarter, slightly lower than the average of 141% over the September quarter.

The term funding maturities totalling $700m (**TFF**) in November were replaced by a $1.15b senior transaction, which also settled in November. The net of these transactions had a positive impact on the average LCR over the quarter.

During the quarter, the lowest point of the LCR was 119% on 10th October which coincided with the TFF maturity entering the NCO window. The LCR reached a high point of 165% on 22nd December and finished the quarter at 157% on 31st December.

Table 21: Net Stable Funding Ratio Disclosure

	Dec-23 Unweighted value by residual maturity ($M) No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Dec-23 Weighted value ($M)	Sep-23 Unweighted value by residual maturity ($M) No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Sep-23 Weighted value ($M)
Available Stable Funding (ASF) Item										
Capital	4,062	-	-	950	5,012	3,901	-	-	350	4,251
Regulatory capital	*4,062*	-	-	*950*	*5,012*	*3,901*	-	-	*350*	*4,251*
Other capital instruments	-	-	-	-	-	-	-	-	-	-
Retail deposits and deposits from small business customers	-	41,747	2	-	38,860	-	41,409	-	-	38,546
Stable deposits	-	*25,728*	-	-	*24,441*	-	*25,562*	-	-	*24,284*
Less stable deposits	-	*16,019*	*2*	-	*14,419*	-	*15,847*	-	-	*14,262*
Wholesale funding	-	19,511	2,847	9,750	15,401	-	16,624	4,352	8,807	15,256
Operational deposits	-	-	-	-	-	-	-	-	-	-
Other wholesale funding	-	*19,511*	*2,847*	*9,750*	*15,401*	-	*16,624*	*4,352*	*8,807*	*15,256*
Liabilities with matching interdependent assets		-	-	-	-		-	-	-	-
Other liabilities	671	227	-	-	-	1,048	617	210	-	105
NSFR derivative liabilities			*17*					*17*		
All other liabilities and equity not included in the above categories	*671*	*210*	-	-	-	*1,048*	*600*	*210*	-	105
Total ASF					59,273					58,158
Required Stable Funding (RSF) Item										
Total NSFR (HQLA)					509					511
ALA					231					320
RBNZ securities					-					-
Deposits held at other financial institutions for operational purposes		29	-	-	14		29	-	-	15
Performing loans and securities		3,556	1,234	60,194	44,976		2,328	944	58,374	43,661
Performing loans to financial institutions secured by Level 1 HQLA		*1,975*	-	-	*197*		*643*	-	-	*64*
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		-	-	-	-		-	-	-	-
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:		*1,156*	*1,190*	*15,969*	*14,701*		*1,242*	*879*	*16,105*	*14,708*
With a risk weight of less than or equal to 35% under APS 112		54	9	423	307		54	6	410	297
Performing residential mortgages, of which:		*425*	*44*	*44,113*	*29,983*		*443*	*65*	*41,788*	*28,480*
With a risk weight equal to 35% under APS 112		*425*	*44*	*44,113*	*29,983*		*443*	*65*	*41,788*	*28,480*
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		-	-	*112*	*95*		-	-	*481*	*409*
Assets with matching interdependent liabilities		-	-	-	-		-	-	-	-
Other assets:	868	339	2	592	1,649	862	208	3	552	1,563
Physical traded commodities, including gold	-				-	-				
Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)			*2*		*2*			*1*		*1*
NSFR derivative assets			*20*		*20*			*-*		*-*
NSFR derivative liabilities before deduction of variation margin posted			*189*		*38*			*77*		*15*
All other assets not included in the above categories	*868*	*128*	*2*	*592*	*1,589*	*862*	*130*	*3*	*552*	*1,547*
Off-balance sheet items			11,561		537			11,400		534
Total RSF					47,916					46,604
Net Stable Funding Ratio (%)					124%					125%

Overview

The Net Stable Funding Ratio (NSFR) promotes longer-term funding resilience by requiring ADIs to fund their activities with sufficiently stable sources of funding on an ongoing basis.

The NSFR requires that an ADI has sufficient Available Stable Funding (ASF), the portion of capital and liabilities expected to be a reliable source of funds over a one-year time frame, to cover its Required Stable Funding (RSF), which is based on the liquidity characteristics and residual maturities of an ADIs assets and off-balance sheet exposures. SML manages its NSFR on a daily basis and maintains a buffer over the regulatory minimum of 100%.

The daily average NSFR was 124% over the December 2023 quarter, in line with the September quarter average of 125%. The overall NSFR has remained very stable since the June quarter as the impact of the TFF repayments on the available stable funding reduces.

Appendix 1 - Definitions

AASB 9	AASB 9 *Financial Instruments* was issued in December 2014. It addresses recognition and measurement requirements for financial assets and financial liabilities, impairment requirements that introduce a forward-looking expected credit loss impairment model, and general hedge accounting requirements which more closely align with risk management activities undertaken when hedging financial and non-financial risks. This standard became mandatory for the annual reporting period from 1 July 2018.
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA.
Collective provision	A collective provision is established to determine expected credit losses (see also Expected Credit Losses definition below) for loan exposures which are not specifically provisioned and can be in the performing or non-performing portfolios. For business banking exposures, a ratings-based approach is applied using estimates of probability of default and loss given default, at a customer level. For portfolio managed exposures, the portfolios are split into pools with homogenous risk profiles and pool estimates of probability of default and loss given default are used to calculate the collective provision.
Common Equity Tier 1 (**CET1**)	Common Equity Tier 1 capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves.
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by total 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.
Eligible collective provisions	Primarily represents the collective provision for impairment on loans and advances in Stage 1 (performing and/or newly originated assets). Provisions for loans and advances in Stage 1 are established to provide for expected credit losses (**ECL**) for a period of 12 months. Forward-looking provisions for future, presently unidentified losses are also included within the Eligible collective provision balance.
Expected credit losses (**ECL**)	Expected credit losses (**ECL**) are calculated as the probability of default (**PD**) x loss given default (**LGD**) x exposure at default. The credit models are calibrated to reflect PD and LGD estimates based on historical observed experience, as well as reflecting unbiased forward-looking views of macroeconomic conditions, through macroeconomic variables that influence credit losses, for example unemployment rates and changes in house prices.
Ineligible collective provisions	Represents the collective provision for impairment on loans and advances in Stage 2 or Stage 3. Stage 2 assets include assets that have experienced a significant increase in credit risk (**SICR**) since origination (under-performing loans). Stage 3 assets within ineligible collective provisions include 'past due but not impaired' and 'impaired assets' (non-performing loans, other than those for which a specific provision is held under AASB 9). Collective provisions for loans and advances in Stage 2 and Stage 3 are established to provide for ECL for the remaining term of the loans and advances (lifetime ECL). Ineligible collective provision is considered as specific provision for regulatory purposes under APS 220 *Credit Risk Management*.
Liquidity coverage ratio (**LCR**)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent of a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario.
Loan-to-value ratio (**LVR**)	Ratio of a loan to the value of the asset purchased.
Non-performing exposure	An exposure that is in default. A default is considered to have occurred with regard to a particular borrower when either, or both, of the events in sub-paragraphs (i) or (ii) have taken place: (i) the ADI considers that the borrower is unlikely to pay its credit obligations to the ADI in full, without recourse by the ADI to actions such as realising available security; (ii) the borrower is 90 days or more past-due on a credit obligation to the ADI or, in the case of subsidiaries in jurisdictions where a different number of days past-due is set for exposures to individuals (i.e. natural persons) or public sector entities by the national regulator, the borrower is past-due by the number of days (or more) specified by that national regulator.
Past due loans	An exposure for which any amount due under a contract (interest, principal, fee or other amount) has not been paid in full at the date when it was due. An exposure is considered past-due from the first day of missed payment.
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA.
Specific provision	A specific provision for impairment is recognised where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. The present value of the expected future cash flows is compared to the carrying amount of the loan to determine the specific provision required.
Term Funding Facility (**TFF**)	On 19 March 2020, the RBA announced the Term Funding Facility (**TFF**) to support lending to Australian businesses as part of a package of measures to support the Australian economy. Under the TFF, Authorised Deposit-taking Institutions (**ADIs**) could access three-year funding through repurchase agreements at a fixed interest rate equivalent to the official cash rate at the time of drawdown.
Total assessed risk	Credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA.