SUNCORP

ASX announcement

10 May 2024

Suncorp Bank APS 330 31 March 2024

Suncorp (ASX: SUN | ADR: SNMCY) today released its Bank quarterly update as at 31 March 2024 as required under the Australian Prudential Standard 330. The report is attached.

Authorised for lodgement with the ASX by the Suncorp Audit Committee.

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Suncorp Group Limited

ABN 66 145 290 124

Suncorp Bank APS 330: Quarter ended 31 March 2024

Release date 10 May 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 March 2024 (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 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 10 May 2023. 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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Overview

Suncorp Bank's home lending portfolio grew above system through the March quarter, increasing $803 million or 1.4% (5.8% annualised). The continued growth was driven by a positive net refinance rate, improved conversion rate and strong service levels, including turnaround times and continual improvements in customer and broker experiences. The Bank remains focused on balancing growth and margins while optimising risk-adjusted returns. The Bank maintains a high-quality and conservatively positioned home lending portfolio, weighted towards owner occupiers, on principal and interest repayment terms and loans with a loan-to-valuation ratio (**LVR**) below 80%.

Business lending grew $69 million or 0.6% (2.2% annualised). The agribusiness portfolio grew $152 million supported by seasonal conditions, with strong disbursements outpacing runoffs. This was partly offset by a contraction in the commercial real estate portfolio of $83 million, predominantly due to heightened external refinances in the beginning of the quarter, from intense competition in the sector given the low system credit growth. The small and medium enterprise (**SME**) portfolio remained relatively flat, reflecting lower new business volumes.

The Bank grew both retail term deposits (34.8% annualised) and savings account balances (3.9% annualised), partly offset by a contraction in the transaction portfolio of 3.5% (annualised). Household deposits saw a period of intense competition, as customers became increasingly responsive to higher interest products.

Net impairment expense of $1 million for the quarter reflects benign credit experience, minimal write-offs and an unchanged collective provision. Gross impaired assets decreased $3 million to $68 million or 10 basis points of gross loans and advances (**GLA**), with decreases across all lending portfolios except the SME portfolio.

Total 90+ days past due loans, increased $85 million to $510 million or 73 basis points of GLA, up 11 basis points of GLA in the previous quarter. This was primarily driven by a $54 million increase within the home lending portfolio, and $31 million increase across all business lending portfolios, reflecting the impact of rising interest rates and inflationary pressures.

The Liquidity Coverage Ratio (**LCR**) was maintained at an elevated level above the target operating range, averaging 158% over the quarter in preparation for the upcoming Term Funding Facility maturities. The Net Stable Funding Ratio (**NSFR**) ended the period at 124%, demonstrating the continued strength of Suncorp's funding and liquidity position. The Bank's capital levels remain sound, with a Common Equity Tier 1 ratio of 10.27% (Dec 2023: 10.45%), within the target operating range of 10.00% to 10.50%.

Loans and advances

	Mar-24 $M	Dec-23 $M	Mar-23 $M	Mar-24 vs Dec-23 %	Mar-24 vs Mar-23 %
Housing loans - term	50,938	49,975	47,583	1.9	7.1
Housing line of credit	413	435	583	(5.1)	(29.2)
Securitised housing loans and covered bonds	5,449	5,587	4,832	(2.5)	12.8
Total housing loans	**56,800**	55,997	52,998	**1.4**	**7.2**
Personal loans	22	25	42	(12.0)	(47.6)
Retail loans	**56,822**	56,022	53,040	**1.4**	**7.1**
SME	2,636	2,636	2,620	-	0.6
Commercial	5,323	5,406	5,245	(1.5)	1.5
Agribusiness	4,608	4,456	4,299	3.4	7.2
Total business loans	**12,567**	12,498	12,164	**0.6**	**3.3**
Total lending	**69,389**	68,520	65,204	**1.3**	**6.4**
Provision for impairment	(209)	(210)	(207)	(0.5)	1.0
Total loans and advances	**69,180**	68,310	64,997	**1.3**	**6.4**
Geographical breakdown - Total lending					
Queensland	30,970	30,687	29,742	0.9	4.1
New South Wales	20,210	19,834	18,609	1.9	8.6
Victoria	10,138	10,080	9,396	0.6	7.9
Western Australia	4,532	4,474	4,214	1.3	7.5
South Australia and other	3,539	3,445	3,243	2.7	9.1
Outside of Queensland loans	38,419	37,833	35,462	1.5	8.3
Total lending	**69,389**	68,520	65,204	**1.3**	**6.4**

Impairment (losses)/releases on loans and advances

	Quarter Ended Mar-24 $M	Dec-23 $M	Mar-23 $M	Mar-24 vs Dec-23 %	Mar-24 vs Mar-23 %
Collective provision for impairment	-	-	-	n/a	n/a
Specific provision for impairment	-	(3)	2	(100.0)	(100.0)
Actual net write-offs	(1)	-	(3)	n/a	(66.7)
Impairment releases/(losses)	**(1)**	**(3)**	**(1)**	**(66.7)**	**n/a**
Impairment releases/(losses) to gross loans and advances	(0.00%)	(0.00%)	(0.00%)		

Impaired assets and 90+ days past due loans

	Quarter Ended Mar-24 $M	Dec-23 $M	Mar-23 $M	Mar-24 vs Dec-23 %	Mar-24 vs Mar-23 %
Gross balances of individually impaired loans					
Retail lending	27	29	33	(6.9)	(18.2)
Agribusiness lending	16	17	17	(5.9)	(5.9)
Commercial lending	19	18	34	5.6	(44.1)
SME lending	6	7	14	(14.3)	(57.1)
Gross impaired assets	**68**	**71**	**98**	**(4.2)**	**(30.6)**
Impairment provision	(20)	(21)	(29)	(4.8)	(31.0)
Net impaired assets	**48**	**50**	**69**	**(4.0)**	**(30.4)**
Impairment provisions expressed as a percentage of gross impaired assets	**29%**	**30%**	**30%**		
Size of gross individually impaired assets					
Less than one million	20	21	26	(4.8)	(23.1)
Greater than one million but less than ten million	48	39	59	23.1	(18.6)
Greater than ten million	-	11	13	(100.0)	(100.0)
Gross impaired assets	**68**	**71**	**98**	**(4.2)**	**(30.6)**
90+ days past due loans not shown as impaired assets	**510**	**425**	**324**	**20.0**	**57.4**
Gross non-performing loans[(1)]	**578**	**496**	**422**	**16.5**	**37.0**
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	71	76	99	(6.6)	(28.3)
Recognition of new impaired assets	-	10	11	(100.0)	(100.0)
Other movements in impaired assets[(2)]	1	(4)	-	(125.0)	n/a
Impaired assets which have been reclassed as performing assets or repaid	(4)	(11)	(12)	(63.6)	(66.7)
Balance at the end of the period	**68**	**71**	**98**	**(4.2)**	**(30.6)**

(1) Gross non-performing loans in the above table excludes loans that meet additional requirements under the revised APS 220 *Credit Risk Management*.

(2) Net of increases in previously recognised impaired assets and impaired assets written off.

Provision for impairment

	Mar-24 $M	Dec-23 $M	Mar-23 $M	Mar-24 vs Dec-23 %	Mar-24 vs Mar-23 %
Collective provision					
Balance at the beginning of the period	190	190	180	-	5.6
(Release)/charge against impairment losses	-	-	-	n/a	n/a
Balance at the end of the period	190	190	180	-	5.6
Specific provision					
Balance at the beginning of the period	20	22	31	(9.1)	(35.5)
(Release)/charge against impairment losses	-	3	(2)	(100.0)	(100.0)
Impairment provision written off [1]	(1)	(5)	(2)	(80.0)	(50.0)
Balance at the end of the period	19	20	27	(5.0)	(29.6)
Total provision for impairment - Banking activities	209	210	207	(0.5)	1.0

[1] Includes immaterial unwind of discount.

Provision for impairment expressed as a percentage of gross loans and advances are as follows:	%	%	%
Collective provision	0.27	0.28	0.28
Specific provision	0.03	0.03	0.04
Total provision	0.30	0.31	0.32

Gross non-performing loans coverage by portfolio

	Mar-24 $M	Dec-23 $M	Mar-23 $M	Mar-24 vs Dec-23 %	Mar-24 vs Mar-23 %
Retail Lending					
Past due loans[1]	375	321	260	16.8	44.2
Impaired assets	27	29	33	(6.9)	(18.2)
Specific provision	6	6	5	-	20.0
Collective provision[2]	10	10	9	-	11.1
Total provision coverage[3]	4.0%	4.6%	4.8%	(0.6)	(0.8)
Agribusiness Lending					
Past due loans[1]	42	31	39	35.5	7.7
Impaired assets	16	17	17	(5.9)	(5.9)
Specific provision	4	4	3	-	33.3
Collective provision[2]	6	3	6	100.0	-
Total provision coverage[3]	17.2%	14.6%	16.1%	2.7	1.2
Commercial Lending					
Past due loans[1]	57	47	5	21.3	1,040.0
Impaired assets	19	18	34	5.6	(44.1)
Specific provision	7	8	14	(12.5)	(50.0)
Collective provision[2]	8	11	1	(27.3)	700.0
Total provision coverage[3]	19.7%	29.2%	38.5%	(9.5)	(18.7)
SME Lending					
Past due loans[1]	36	26	20	38.5	80.0
Impaired assets	6	7	14	(14.3)	(57.1)
Specific provision	2	2	5	-	(60.0)
Collective provision[2]	7	6	3	16.7	133.3
Total provision coverage[3]	21.4%	24.2%	23.5%	(2.8)	(2.1)

[1] Excludes loans which are less than 90 days past due.
[2] The collective provision presented in the table above is the provision held for non-performing loans i.e. loans in Stage 3 only.
[3] Calculated as: (Specific provision + Collective provision Stage 3) / (Past due loans + Impaired assets).

Appendix 1 – APS 330 Tables

- Table 1: Capital disclosure template – not applicable for this reporting period. This table was disclosed in the December 2023 reporting period.
- Table 2: Main features of capital instruments
- Table 3: Capital adequacy
- Table 4: Credit risk
- Table 5: Securitisation exposures
- Table 20: Liquidity Coverage Ratio Disclosure

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	
	Mar-24 $M	Dec-23 $M
On-balance sheet credit risk-weighted assets		
Claims secured by residential mortgage	18,949	18,740
Other retail	84	90
Bank	85	48
Government	-	-
Corporates[1]	8,728	8,654
Securisation	14	15
All other exposures	146	137
Total on-balance sheet assets	**28,006**	**27,684**
Off-balance sheet exposures		
Non-market related off-balance sheet exposures	2,375	2,440
Market related off-balance sheet exposures	60	91
Securitisation	9	5
Total off-balance sheet exposures	**2,444**	**2,536**
Total on-balance sheet assets and off-balance sheet positions	**30,450**	**30,220**
Market risk capital charge	**179**	**181**
Operational risk capital charge	**2,512**	**2,512**
Total risk-weighted assets	**33,141**	**32,913**

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

	Capital Ratios	
	Mar-24 %	Dec-23 %
Common Equity Tier 1	10.27	10.45
Tier 1	11.96	12.15
Tier 2	2.45	2.48
Total risk-weighted capital ratio	**14.41**	**14.63**

Table 4: Credit Risk

Table 4A: Credit risk by gross credit exposure

Exposure Type	Gross Credit Exposure[1] Mar-24 $M	Gross Credit Exposure[1] Dec-23 $M	Average Gross Credit Exposure[1] Mar-24 $M	Average Gross Credit Exposure[1] Dec-23 $M
Reverse repurchase agreements	1,623	1,975	1,799	1,309
Receivables[2]	815	848	832	869
Trading Securities	2,991	3,351	3,171	3,123
Derivatives[3]	85	122	104	109
Investment Securities	10,150	6,838	8,494	7,255
Loans and Advances	67,279	66,268	66,774	65,503
Off-balance sheet exposures[3]	5,602	5,717	5,659	5,767
Total gross credit risk[4]	**88,545**	**85,119**	**86,833**	**83,935**
Securitisation exposures[5]	2,500	2,634	2,567	2,718
Total including securitisation exposures	**91,045**	**87,753**	**89,400**	**86,653**
Impairment provision	(209)	(210)	(210)	(211)
Total	**90,836**	**87,543**	**89,190**	**86,442**

Portfolios Subject to the Standardised Approach	Gross Credit Exposure[1] Mar-24 $M	Gross Credit Exposure[1] Dec-23 $M	Average Gross Credit Exposure[1] Mar-24 $M	Average Gross Credit Exposure[1] Dec-23 $M
Claims secured by residential mortgage	60,068	59,152	59,610	58,433
Other retail assets	104	113	109	119
Bank	1,813	2,126	1,969	1,626
Government	13,744	10,827	12,286	10,908
Corporates[6]	12,684	12,685	12,684	12,691
All other exposures	132	217	175	158
Total gross credit risk[4]	**88,545**	**85,119**	**86,833**	**83,935**
Securitisation exposures[5]	2,500	2,634	2,567	2,718
Total including securitisation exposures	**91,045**	**87,753**	**89,400**	**86,653**
Impairment provision	(209)	(210)	(210)	(211)
Total	**90,836**	**87,543**	**89,190**	**86,442**

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 March 2024 include $2,110 million in Loans and advances, $71 million in Investment Securities, $33 million in Derivatives and $286 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 Mar-24 $M	Specific Provisions[1] Mar-24 $M	Charges for Specific Provisions & Write Offs Mar-24 $M
Claims secured by residential mortgage	613	6	(1)
Other retail assets	5	2	-
Bank	-	-	-
Government	-	-	-
Corporates[2]	184	11	-
All other exposures	-	-	-
Total gross credit risk	**802**	**19**	**(1)**
Securitisation exposures	23	-	
Total including securitisation exposures	**825**	**19**	
Impairment provision	(17)	-	
Total	**808**	**19**	

[1] The specific provisions of $19 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 $71 million.
[2] Includes commercial property and land acquisition, development, and construction exposures.

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.

Table 4: Credit Risk (Continued)

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

	Mar-24 $M	Dec-23 $M
Collective provision for impairment	190	190
Ineligible collective provisions [2]	(52)	(51)
Eligible collective provisions	138	139
General equity reserve [3]	76	76
Provisions eligible for inclusion in Tier 2 capital (Standardised approach)	**214**	**215**

[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 March 2024 (quarter ending 31 December 2023: Nil).

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Mar-24 $M	Dec-23 $M	Mar-24 $M	Dec-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	Mar-24 $M	Dec-23 $M
Debt securities	71	76
Total on-balance sheet securitisation exposures	71	76

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

Exposure type	Mar-24 $M	Dec-23 $M
Liquidity facilities	13	14
Derivative exposures	33	16
Total off-balance sheet securitisation exposures	46	30

Table 20: Liquidity Coverage Ratio Disclosure

	Total unweighted value (average) Mar-24 $M	Total weighted value (average) Mar-24 $M	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
Liquid assets, of which:						
High-quality liquid assets (HQLA)		13,964		12,173		12,864
Alternative liquid assets (ALA)		-		-		-
Cash outflows						
Retail deposits and deposits from small business customers, of which:	36,005	3,565	35,923	3,542	35,746	3,522
stable deposits	*22,807*	*1,140*	*22,833*	*1,142*	*22,698*	*1,135*
less stable deposits	*13,198*	*2,425*	*13,090*	*2,400*	*13,048*	*2,387*
Unsecured wholesale funding, of which:	5,148	3,291	4,650	2,826	5,019	3,206
operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
non-operational deposits (all counterparties)	*3,712*	*1,855*	*3,580*	*1,756*	*3,483*	*1,670*
unsecured debt	*1,436*	*1,436*	*1,070*	*1,070*	*1,536*	*1,536*
Secured wholesale funding		208		334		544
Additional requirements, of which:	9,467	1,280	9,429	1,392	9,269	1,209
outflows related to derivatives exposures and other collateral requirements	*836*	*836*	*957*	*957*	*769*	*769*
outflows related to loss of funding on debt products	-	-	-	-	-	-
credit and liquidity facilities	*8,631*	*444*	*8,472*	*435*	*8,500*	*440*
Other contractual funding obligations	1,117	818	1,348	1,067	1,154	884
Other contingent funding obligations	7,675	695	7,438	854	6,742	748
Total cash outflows		9,857		10,015		10,113
Cash inflows						
Secured lending (e.g. reverse repos)	1,448	-	927	-	2,065	-
Inflows from fully performing exposures	651	352	598	317	580	310
Other cash inflows	673	673	969	969	653	653
Total cash inflows	2,772	1,025	2,494	1,286	3,298	963
		Total adjusted value		**Total adjusted value**		**Total adjusted value**
Total liquid assets		13,964		12,173		12,864
Total net cash outflows		8,832		8,729		9,150
Liquidity Coverage Ratio (%)		158		139		141
Number of data points used		62		63		65

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 Bank, 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 a centralised function in the Bank Treasury division.

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 the $1.25bn senior transaction in March).

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 158% over the March 2024 quarter, higher than the average of 139% over the December quarter.

There were no term maturities during the March quarter, however, approximately $1.4bn of term maturities entered the NCO (consisting of a $750m TFF repayment and AUD $702m Offshore Senior transaction). A total of $1.65bn in new term funding was completed in the March quarter (consisting of a $400m Private Placement and a $1.25bn AUD Senior Unsecured transaction). The combination of these had a positive impact on the average LCR over the quarter.

The USD Senior transaction maturing in the June quarter entered the NCO during the March quarter. This increased the offshore debt securities NCO exposure during the quarter as well as absolute derivatives cash flow exposure. Net derivatives exposure remained immaterial over the quarter.

During the quarter, the lowest point of the LCR was 140% on 26th March which coincided with a large number of wholesale maturities entering the NCO window. The LCR finished the quarter at 146% on 28th March.

Appendix 2 - 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.