



Suncorp Group Limited ABN 66 145 290 124

Suncorp Bank APS330

as at 31 December 2015

Release date: 11 February 2016

One Company
Many Brands



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 31 December 2015 (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 11 February 2016. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to the Suncorp Group and Suncorp Bank or any product or service offered by its entities. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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

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

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REGULATORY CAPITAL RECONCILIATION

The following table discloses the consolidated balance sheet of SML and its subsidiaries (Suncorp Bank), as published in its reviewed consolidated interim financial report, and the balance sheet under the Level 2 regulatory scope of consolidation pursuant to APS 111 *Capital Adequacy: Measurement of Capital*.

Each component of capital reported below in *Table 1: Common Disclosures – Composition of Capital* can be reconciled to the balance sheets below using the reference letters included in both tables.

	BALANCE SHEET PER PUBLISHED REVIEWED FINANCIAL STATEMENTS	ADJUSTMENTS	BALANCE SHEET UNDER REGULATORY SCOPE OF CONSOLIDATION	REFERENCE
	DEC-15 \$M	DEC-15 \$M	DEC-15 \$M	
Assets				
Cash and cash equivalents	765	-	765	
Receivables due from other banks	464	-	464	
Trading securities	1,119	-	1,119	
Derivatives	663	-	663	
Investment securities	5,520	-	5,520	
Investment in regulatory non-consolidated subsidiaries	-	12	12	(j)
Loans, advances and other receivables	52,941	(2,872)	50,069	
<i>of which: eligible collective provision component of GRCL in tier 2 capital</i>			(93)	(o)
<i>of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments</i>			192	(f)
<i>of which: costs associated with debt raisings in CET1 regulatory adjustments</i>			8	(g)
Deferred tax assets	47	-	47	
<i>of which: arising from temporary differences included in CET1 regulatory adjustments</i>			51	(e)
Other assets	191	(34)	157	
<i>of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments</i>			3	(h)
Goodwill and intangible assets	21	-	21	(d)
Total assets	61,731	(2,894)	58,837	
Liabilities				
Payables due to other banks	(401)	-	(401)	
Deposits and short-term borrowings	(44,022)	(13)	(44,035)	
Derivatives	(358)	11	(347)	
Securitisation derivatives in CET1 regulatory adjustments	-	(4)	(4)	(q)
Payables and other liabilities	(422)	9	(413)	
Due to regulatory non-consolidated subsidiaries	-	(44)	(44)	
Securitisation liabilities	(3,154)	2,919	(235)	
<i>of which: securitisation start-up costs in CET1 regulatory adjustments</i>			8	(i)
Debt issues	(8,891)	-	(8,891)	
Total liabilities excluding loan capital	(57,248)	2,878	(54,370)	
Loan capital				
Subordinated notes	(742)	-	(742)	
<i>of which: directly issued qualifying tier 2 instruments</i>			(670)	(m)
<i>of which: directly issued instruments subject to phase out from tier 2</i>			(72)	(n)
Preference shares	-	-	-	(l)
Total loan capital	(742)	-	(742)	
Total liabilities	(57,990)	2,878	(55,112)	
Net assets	3,741	(16)	3,725	
Equity				
Share capital	(2,648)	-	(2,648)	(a)
Capital notes	(450)	-	(450)	(k)
Reserves	262	-	262	
<i>of which: equity component of GRCL in tier 2 capital</i>			(96)	(p)
<i>of which: AFS reserve</i>			(4)	(c)
Retained profits	(905)	16	(889)	
<i>of which: included in CET1</i>			(520)	(b)
Total equity	(3,741)	16	(3,725)	

REGULATORY CAPITAL RECONCILIATION (continued)

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

There are no entities included in the regulatory scope of consolidation which are excluded from the accounting scope of consolidation.

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

	TOTAL ASSETS	TOTAL LIABILITIES
	DEC-15	DEC-15
	\$	\$
SPDEF #2 Pty Ltd	1	-
Principal activity:		
<i>The company acts as trustee for Suncorp Property Development Equity Fund #2 Unit Trust.</i>		
	DEC-15	DEC-15
	\$M	\$M
Suncorp Property Development Equity Fund #2 Unit Trust	29	(5)
Principal activity:		
<i>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.</i>		
	DEC-15	DEC-15
	\$M	\$M
Securitisation special purpose vehicles¹		
Apollo Series 2007-1E Trust	265	(265)
Apollo Series 2010-1 Trust	241	(241)
Apollo Series 2011-1 Trust	428	(428)
Apollo Series 2012-1 Trust	425	(425)
Apollo Series 2013-1 Trust	558	(558)
Apollo Series 2015-1 Trust	1,036	(1,036)
Principal activity:		
<i>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.</i>		

Note

- 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 (continued)

	DEC-15	SOURCE IN REGULATORY CAPITAL RECONCILIATION
	\$M	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	278
26a	<i>of which: treasury shares</i>	-
26b	<i>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</i>	-
26c	<i>of which: deferred fee income</i>	-
26d	<i>of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	-
26e	<i>of which: deferred tax assets not reported in rows 10, 21 and 25</i>	51 (e)
26f	<i>of which: capitalised expenses</i>	211 (f)+(g)+(h)+(i)
26g	<i>of which: investments in commercial (non-financial) entities that are deducted under APRA requirements</i>	-
26h	<i>of which: covered bonds in excess of asset cover in pools</i>	-
26i	<i>of which: undercapitalisation of a non-consolidated subsidiary</i>	-
26j	<i>of which: other national specific regulatory adjustments not reported in rows 26a to 26i</i>	16 (j)-(q)
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common Equity Tier 1	299
29	Common Equity Tier 1 Capital (CET1)	2,873
	Additional Tier 1 Capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments	450 (k)
31	<i>of which: classified as equity under applicable accounting standards</i>	450 (k)
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
36	Additional Tier 1 Capital before regulatory adjustments	450
	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	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	-
41b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40</i>	-
41c	<i>of which: other national specific regulatory adjustments not reported in rows 41a & 41b</i>	-
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)	450
45	Tier 1 Capital (T1=CET1+AT1)	3,323

TABLE 1: CAPITAL DISCLOSURE TEMPLATE (continued)

		DEC-15	SOURCE IN REGULATORY CAPITAL RECONCILIATION
		\$M	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	670	(m)
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	72	(n)
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	-	
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
50	Provisions	189	(o)+(p)
51	Tier 2 Capital before regulatory adjustments	931	
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	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	-	
56b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55</i>	-	
56c	<i>of which: other national specific regulatory adjustments not reported in rows 56a & 56b</i>	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	931	
59	Total capital (TC=T1+T2)	4,254	
60	Total risk-weighted assets based on APRA standards	30,539	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	9.41%	
62	Tier 1 (as a percentage of risk-weighted assets)	10.88%	
63	Total capital (as a percentage of risk-weighted assets)	13.93%	
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	<i>of which: capital conservation buffer requirement</i>	2.50%	
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	-	
67	<i>of which: G-SIB buffer requirement (not applicable)</i>	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	9.41%	
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)	51	(e)

TABLE 1: CAPITAL DISCLOSURE TEMPLATE (continued)

		DEC-15	SOURCE IN REGULATORY CAPITAL RECONCILIATION
		\$M	
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)	189	(o)+(p)
77	Cap on inclusion of provisions in Tier 2 under standardised approach	339	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	n/a	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	n/a	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	536	
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	132	
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 APS330 details the continuous disclosure requirements for the main features of all capital instruments included in Suncorp Bank's regulatory capital.

The Suncorp Group's main features of capital instruments are updated on an ongoing basis and are available at www.suncorpgroup.com.au/investors/regulatory-disclosures.

The full terms and conditions of all of Suncorp Group's regulatory capital instruments are available at www.suncorpgroup.com.au/investors/securities¹.

Note

1. The published full terms and conditions represent the comparable capital instruments issued by Suncorp Group Limited to external investors. The terms of these instruments may differ slightly to those instruments issued by the regulatory Level 2 group.

TABLE 3: CAPITAL ADEQUACY

	CARRYING VALUE		AVG RISK WEIGHT	RISK-WEIGHTED ASSETS		
	DEC-15	SEP-15	DEC-15	DEC-15	SEP-15	
	\$M	\$M	%	\$M	\$M	
On-balance sheet credit risk-weighted assets						
Cash items	495	668	1	5	8	
Claims on Australian and foreign governments	2,314	2,497	-	-	-	
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	3,044	3,180	21	627	654	
Claims on securitisation exposures	848	955	20	170	191	
Claims secured against eligible residential mortgages	40,595	40,393	38	15,455	15,446	
Past due claims	493	499	92	452	460	
Other retail assets	454	491	80	361	393	
Corporate	8,310	8,371	100	8,295	8,351	
Other assets and claims	250	238	99	248	237	
Total on-balance sheet credit risk-weighted assets	56,803	57,292	45	25,613	25,740	
	NOTIONAL AMOUNT	CREDIT EQUIVALENT	AVG RISK WEIGHT	RISK-WEIGHTED ASSETS		
	DEC-15	DEC-15	DEC-15	DEC-15	SEP-15	
	\$M	\$M	%	\$M	\$M	
Off-balance sheet positions						
Guarantees entered into in the normal course of business	263	262	68	177	188	
Commitments to provide loans and advances	7,943	1,989	55	1,099	1,050	
Foreign exchange contracts	5,668	185	27	50	42	
Interest rate contracts	56,661	94	43	40	38	
Securitisation exposures	2,592	39	85	33	36	
CVA capital charge	-	-	-	87	112	
Total off-balance sheet positions	73,127	2,569	58	1,486	1,466	
Market risk capital charge				136	128	
Operational risk capital charge				3,304	3,278	
Total off-balance sheet positions				1,486	1,466	
Total on-balance sheet credit risk-weighted assets				25,613	25,740	
Total assessed risk				30,539	30,612	
				%	%	
Risk-weighted capital ratios						
Common Equity Tier 1					9.41	8.86
Tier 1					10.88	10.33
Tier 2					3.05	3.22
Total risk-weighted capital ratio					13.93	13.55

TABLE 4: CREDIT RISK

Table 4A: Credit risk by gross credit exposure – outstanding as at 31 December 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,827	202	-	4,029	103	28	3,898	21
Construction & development	-	-	-	480	124	-	604	1	-	603	1
Financial services	464	1,119	4,672	375	231	279	7,140	-	-	7,140	-
Hospitality	-	-	-	870	33	-	903	12	5	886	6
Manufacturing	-	-	-	263	16	-	279	2	2	275	1
Professional services	-	-	-	238	9	-	247	9	1	237	9
Property investment	-	-	-	1,977	88	-	2,065	4	12	2,049	4
Real estate - Mortgage	-	-	-	40,174	1,413	-	41,587	17	296	41,274	3
Personal	-	-	-	345	8	-	353	8	8	337	5
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,699	127	-	1,826	20	29	1,777	10
Total gross credit risk	464	1,119	4,672	50,248	2,251	279	59,033	176	381	58,476	60
Securitisation exposures ⁽¹⁾	-	-	848	2,872	28	11	3,759	-	-	3,759	-
Total including Securitisation exposures	464	1,119	5,520	53,120	2,279	290	62,792	176	381	62,235	60
Impairment provision							(179)	(60)	(26)	(93)	
TOTAL							62,613	116	355	62,142	

⁽¹⁾ The securitisation exposures of \$2,872 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

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

⁽³⁾ Total loans, advances and other receivables include receivables due from related parties.

⁽⁴⁾ "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

TABLE 4: CREDIT RISK (continued)

Table 4A: Credit risk by gross credit exposure – outstanding as at 30 September 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,909	182	-	4,091	112	31	3,948	25
Construction & development	-	-	-	480	125	-	605	10	-	595	3
Financial services	619	1,908	5,170	351	168	373	8,589	-	-	8,589	-
Hospitality	-	-	-	899	32	-	931	27	5	899	17
Manufacturing	-	-	-	277	19	-	296	1	-	295	-
Professional services	-	-	-	230	11	-	241	7	1	233	3
Property investment	-	-	-	1,983	78	-	2,061	2	5	2,054	3
Real estate - Mortgage	-	-	-	39,954	1,607	-	41,561	21	289	41,251	5
Personal	-	-	-	365	8	-	373	-	8	365	-
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,704	108	-	1,812	22	28	1,762	9
Total gross credit risk	619	1,908	5,170	50,152	2,338	373	60,560	202	367	59,991	65
Securitisation exposures ⁽¹⁾	-	-	955	3,070	29	13	4,067	-	-	4,067	-
Total including Securitisation exposures	619	1,908	6,125	53,222	2,367	386	64,627	202	367	64,058	65
Impairment provision							(191)	(65)	(29)	(97)	
TOTAL							64,436	137	338	63,961	

⁽¹⁾ The securitisation exposures of \$3,070 million included under “Loans, advances and other receivables” qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank’s Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

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

⁽³⁾ Total loans, advances and other receivables include receivables due from related parties.

⁽⁴⁾ “Credit commitments” and “Derivative instruments” represent the credit equivalent amount of the Bank’s off-balance sheet exposures calculated in accordance with APS 112.

TABLE 4: CREDIT RISK (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 October to 31 December 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,868	192	-	4,060	108	30	3,922	22
Construction & development	-	-	-	480	125	-	605	6	-	599	1
Financial services	542	1,514	4,921	363	200	326	7,866	-	-	7,866	-
Hospitality	-	-	-	885	33	-	918	20	5	893	12
Manufacturing	-	-	-	270	18	-	288	2	1	285	1
Professional services	-	-	-	234	10	-	244	8	1	235	6
Property investment	-	-	-	1,980	83	-	2,063	3	9	2,051	4
Real estate - Mortgage	-	-	-	40,064	1,510	-	41,574	19	293	41,262	4
Personal	-	-	-	355	8	-	363	4	8	351	3
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,702	118	-	1,820	21	29	1,770	10
Total gross credit risk	542	1,514	4,921	50,201	2,297	326	59,801	191	376	59,234	63
Securitisation exposures ⁽¹⁾	-	-	902	2,971	29	12	3,914	-	-	3,914	-
Total including Securitisation exposures	542	1,514	5,823	53,172	2,326	338	63,715	191	376	63,148	63
Impairment provision							(186)	(63)	(28)	(95)	
TOTAL							63,529	128	348	63,053	

⁽¹⁾ The securitisation exposures of \$2,971 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

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

⁽³⁾ Total loans, advances and other receivables include receivables due from related parties.

⁽⁴⁾ "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

TABLE 4: CREDIT RISK (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 July to 30 September 2015

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,946	178	-	4,124	112	26	3,986	25
Construction & development	-	-	-	485	140	-	625	13	-	612	5
Financial services	607	1,646	5,184	342	192	365	8,336	-	-	8,336	-
Hospitality	-	-	-	906	40	-	946	26	4	916	17
Manufacturing	-	-	-	298	20	-	318	8	1	309	6
Professional services	-	-	-	232	11	-	243	7	1	235	3
Property investment	-	-	-	1,990	79	-	2,069	3	6	2,060	3
Real estate - Mortgage	-	-	-	39,231	1,753	-	40,984	21	306	40,657	5
Personal	-	-	-	373	9	-	382	-	7	375	-
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,713	109	-	1,822	22	31	1,769	10
Total gross credit risk	607	1,646	5,184	49,516	2,531	365	59,849	212	382	59,255	74
Securitisation exposures ⁽¹⁾	-	-	1,001	3,182	31	14	4,228	-	-	4,228	-
Total including Securitisation exposures	607	1,646	6,185	52,698	2,562	379	64,077	212	382	63,483	74
Impairment provision							(200)	(74)	(28)	(98)	
TOTAL							63,877	138	354	63,385	

⁽¹⁾ The securitisation exposures of \$3,182 million included under "Loans, advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk.

The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

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

⁽³⁾ Total loans, advances and other receivables include receivables due from related parties.

⁽⁴⁾ "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

TABLE 4: CREDIT RISK (continued)

Table 4B: Credit risk by portfolio – 31 December 2015

	GROSS CREDIT RISK EXPOSURE	AVERAGE GROSS EXPOSURE	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	\$M	\$M	\$M	\$M	\$M	\$M
Claims secured against eligible residential mortgages	41,587	41,574	17	296	3	-
Other retail	353	363	8	8	5	5
Financial services	7,140	7,866	-	-	-	-
Government and public authorities	-	-	-	-	-	-
Corporate and other claims	9,953	9,998	151	77	52	6
Total	59,033	59,801	176	381	60	11

Table 4B: Credit risk by portfolio – 30 September 2015

	GROSS CREDIT RISK EXPOSURE	AVERAGE GROSS EXPOSURE	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	\$M	\$M	\$M	\$M	\$M	\$M
Claims secured against eligible residential mortgages	41,561	40,984	21	289	5	1
Other retail	373	382	-	8	-	1
Financial services	8,589	8,336	-	-	-	-
Government and public authorities	-	-	-	-	-	-
Corporate and other claims	10,037	10,147	181	70	60	4
Total	60,560	59,849	202	367	65	6

Table 4C: General reserves for credit losses

	DEC-15	SEP-15
	\$M	\$M
Collective provision for impairment	119	126
Ineligible collective provisions on Past Due not Impaired	(26)	(29)
Eligible collective provisions	93	97
Equity reserve for credit losses	96	145
General reserve for credit losses	189	242

TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

	EXPOSURES SECURITISED		RECOGNISED GAIN OR (LOSS) ON SALE	
	DEC-15	SEP-15	DEC-15	SEP-15
	\$M	\$M	\$M	\$M
Residential mortgages	-	-	-	-
Total exposures securitised during the period	-	-	-	-

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

Exposure type	EXPOSURE	
	DEC-15	SEP-15
	\$M	\$M
Debt securities	848	955
Total on-balance sheet securitisation exposures	848	955

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

Exposure type	PRINCIPAL OR NOTIONAL EXPOSURE	
	DEC-15	SEP-15
	\$M	\$M
Liquidity facilities	55	59
Derivative exposures	2,537	2,716
Total off-balance sheet securitisation exposures	2,592	2,775

TABLE 20: LIQUIDITY COVERAGE RATIO DISCLOSURE

		TOTAL UNWEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
		DEC-15	DEC-15
		\$M	\$M
Liquid assets, of which:			
1	High-quality liquid assets (HQLA)		3,676
2	Alternative liquid assets (ALA)		4,332
3	Reserve Bank of New Zealand (RBNZ) securities		-
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	17,891	1,506
5	<i>stable deposits</i>	13,564	698
6	<i>less stable deposits</i>	4,326	808
7	Unsecured wholesale funding, of which:	4,918	3,440
8	<i>operational deposits (all counterparties) and deposits in networks for cooperative</i>	-	-
9	<i>non-operational deposits (all counterparties)</i>	4,112	2,633
10	<i>unsecured debt</i>	806	806
11	Secured wholesale funding		15
12	Additional requirements, of which	3,015	1,555
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	1,396	1,396
14	<i>outflows related to loss of funding on debt products</i>	72	72
15	<i>credit and liquidity facilities</i>	1,546	87
16	Other contractual funding obligations	947	602
17	Other contingent funding obligations	8,427	669
18	Total cash outflows		7,786
Cash inflows			
19	Secured lending (e.g. reverse repos)	-	-
20	Inflows from fully performing exposures	1,165	819
21	Other cash inflows	1,216	1,216
22	Total cash inflows	2,381	2,036
			TOTAL ADJUSTED VALUE
23	Total liquid assets		8,008
24	Total net cash outflows		5,751
25	Liquidity Coverage Ratio (%)		139

The Liquidity Coverage Ratio (LCR) requires sufficient qualifying HQLA to be maintained to meet expected net cash outflows under an APRA-prescribed 30 calendar day stress scenario.

SML has a tiered management limit structure for the LCR to ensure that there is always an adequate buffer to the APRA Prudential Limit of 100% and calculates the LCR position against these limits on a daily basis. The amount of liquid assets held considers the amount needed to meet prudential and internal requirements (including a variety of internal stress scenarios as part of the risk management framework) and a suitable buffer reflecting management's preference.

APRA has allowed locally-incorporated ADI's to establish a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). SML received approval from APRA for a CLF of \$4.2 billion for the 2016 calendar year (\$4.8 billion for the 2015 calendar year). The \$4.3 billion disclosed as 'Alternative liquid assets' reflects the required 'open-repo' of internal self-securitised Residential Mortgage Backed Securities (RMBS) with the RBA, which is considered a utilisation of the CLF and increases the HQLA.

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

SML has been compliant with the LCR prudential requirements at all times since it was introduced in January 2015. The daily average LCR for the quarter ended 31 December 2015 was 139%. This was higher than the typical operating range in light of a decision to run liquidity conservatively given global market volatility, the issuance of \$750 million domestic senior unsecured notes in October and the accumulation of additional HQLA in readiness for the lower CLF from 1 January 2016.

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 total assessed risk
Credit Value Adjustment (CVA)	A capital charge that covers the risk of mark-to-market losses on the counterparty credit risk
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
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