



**Suncorp Group Limited** ABN 66 145 290 124

# **Suncorp Bank APS330**

for the quarter ended 31 March 2015

**Release date: 8 May 2015**

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## Basis of preparation

This document has been prepared by Suncorp Bank to meet the disclosure obligations under the Australian Prudential Regulation Authority (APRA) Australian Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information.

Suncorp Bank is represented by Suncorp-Metway Limited and its subsidiaries. Suncorp-Metway Limited is an authorised deposit-taking institution 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 March 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 8 May 2015. It is information given in summary form and does not purport to be complete.

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

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

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

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## Overview

Suncorp Bank's March quarter delivered improved credit quality and lending growth. This reflects strengthened risk management processes combined with lending momentum following a successful marketing campaign in late 2014.

Total lending assets grew \$1.7 billion in the quarter to \$52.0 billion, an increase of 3.3%. Retail lending grew 4.6% to \$42.0 billion. Business lending declined 1.8% to \$9.9 billion, predominantly driven by the Bank exiting a small number of commercial (SME) exposures.

Despite strong lending growth, the Bank's capital position remains robust with the Common Equity Tier 1 (CET1) ratio increasing to 8.82% at 31 March. The CET1 ratio sits comfortably within the Bank's target range of 8.50% - 9.00%, which increased by 50 basis points (bps) during the December quarter.

The deposit to lending ratio of 66% remains within the target range of 60% - 70%. The Bank has successfully implemented the Liquidity Coverage ratio as per Basel III requirements. Recent funding transactions include a capital eligible RMBS trade for \$1,250 million and an US144a trade of \$777 million. The diversified funding program continues to demonstrate the Bank's enhanced capability with respect to capital and liquidity.

Ongoing cost discipline and the expected benefits of the Bank's new platform (Project Ignite) has ensured the cost to income ratio remains on track towards the Bank's ambition to be below 50% in the medium-term.

Credit quality continues to improve. Gross impaired assets decreased 3.8% to \$252 million. Gross impaired assets represent 48 bps of gross loans and advances. Impairment losses of \$16 million during the quarter represent 13 bps (annualised) of gross loans and advances, comfortably within the Bank's target range of 10 bps - 20 bps. The Bank believes its provision coverage remains at an appropriate level.

## Outlook

The Bank's balance sheet remains conservatively managed and appropriately provisioned for the current operating environment. It is well placed to maintain disciplined growth across portfolios consistent with the Bank's medium-term targets.

With sound risk management structures embedded, the Bank remains on track to deliver against its medium-term operating targets:

- net interest margin of 1.75% to 1.85%;
- disciplined cost management and ongoing investment in strategic programs to support a cost to income ratio of sub-50%;
- sustainable retail lending growth of 1 to 1.3 times system;
- retail deposit to lending ratio of 60% to 70% supported by the Bank's ability to leverage its A+/A1 credit rating to raise diverse wholesale funding; and
- return on CET1 of 12.5% to 15%.

## Loans, advances and other receivables

	QUARTER ENDED			MAR-15	MAR-15
	MAR-15	DEC-14	MAR-14	vs DEC-14	vs MAR-14
	\$M	\$M	\$M	%	%
Housing loans	34,188	33,152	32,017	3.1	6.8
Securitised and covered bond housing loans	7,438	6,618	6,688	12.4	11.2
Total housing loans	41,626	39,770	38,705	4.7	7.5
Consumer loans	391	403	446	(3.0)	(12.3)
Retail loans	42,017	40,173	39,151	4.6	7.3
Commercial (SME)	5,447	5,593	5,993	(2.6)	(9.1)
Agribusiness	4,498	4,534	4,560	(0.8)	(1.4)
Total Business lending	9,945	10,127	10,553	(1.8)	(5.8)
<b>Total lending</b>	<b>51,962</b>	<b>50,300</b>	<b>49,704</b>	<b>3.3</b>	<b>4.5</b>
Other receivables	26	44	50	(40.9)	(48.0)
<b>Gross banking loans, advances and other receivables</b>	<b>51,988</b>	<b>50,344</b>	<b>49,754</b>	<b>3.3</b>	<b>4.5</b>
Provision for impairment	(231)	(233)	(219)	(0.9)	5.5
<b>Loans, advances and other receivables</b>	<b>51,757</b>	<b>50,111</b>	<b>49,535</b>	<b>3.3</b>	<b>4.5</b>
<b>Credit risk weighted assets</b>	<b>25,553</b>	<b>25,532</b>	<b>25,979</b>	<b>0.1</b>	<b>(1.6)</b>
<b>Geographical breakdown - Total lending</b>					
Queensland	28,777	28,565	28,632	0.7	0.5
New South Wales	12,862	12,168	12,021	5.7	7.0
Victoria	5,047	4,665	4,393	8.2	14.9
Western Australia	3,455	3,252	3,153	6.2	9.6
South Australia and other	1,821	1,650	1,505	10.4	21.0
Outside of Queensland loans	23,185	21,735	21,072	6.7	10.0
<b>Total lending</b>	<b>51,962</b>	<b>50,300</b>	<b>49,704</b>	<b>3.3</b>	<b>4.5</b>

## Retail Lending

The home lending portfolio grew 4.7% to \$41.6 billion during the quarter. Growth momentum from the successful home lending campaign continued through the quarter.

The intermediated channel remains integral to customer acquisition and portfolio diversification, supporting growth in targeted areas outside of Queensland. The Bank has maintained discipline in its approach to lending with strengthened serviceability standards and improved credit security and scoring.

## Business Lending

### Commercial (SME)

The commercial (SME) portfolio contracted 2.6% to \$5.4 billion during the quarter. The portfolio continues to be impacted by subdued business confidence and the deliberate exit of exposures that are outside of risk appetite. Notwithstanding this, the Bank continues to pursue diversified growth within target market segments.

## Agribusiness

The agribusiness portfolio reduced 0.8% to \$4.5 billion during the quarter. The portfolio contracted due to active portfolio management and the targeted rebalancing of portfolio concentrations. The Bank continues to exercise care and caution with its approach to risk selection in this sector.

## Impairment losses on loans and advances

	QUARTER ENDED			MAR- 15	MAR- 15
	MAR- 15	DEC- 14	SEP-14	vs DEC- 14	vs SEP-14
	\$M	\$M	\$M	%	%
Collective provision for impairment	8	7	2	14.3	300.0
Specific provision for impairment	6	14	18	(57.1)	(66.7)
Actual net write-offs	2	2	-	-	n/a
	<b>16</b>	<b>23</b>	<b>20</b>	<b>(30.4)</b>	<b>(20.0)</b>
<b>Impairment losses to gross loans and advances (annualised)</b>	<b>0.13%</b>	<b>0.18%</b>	<b>0.16%</b>		

Impairment losses were \$16 million and 13 bps (annualised) of gross loans and advances, at the lower end of the Bank's target range of 10 bps to 20 bps. The reduction in specific provision charges during the quarter reflects the moderate level of impairment across the Bank's lending portfolio.

## Impaired assets

	QUARTER ENDED			MAR- 15	MAR- 15
	MAR- 15	DEC- 14	SEP-14	vs DEC- 14	vs SEP-14
	\$M	\$M	\$M	%	%
Retail lending	38	33	28	15.2	35.7
Agribusiness lending	151	162	163	(6.8)	(7.4)
Commercial/SME lending	63	67	90	(6.0)	(30.0)
<b>Gross impaired assets</b>	<b>252</b>	<b>262</b>	<b>281</b>	<b>(3.8)</b>	<b>(10.3)</b>
Specific provision for impairment	(94)	(104)	(102)	(9.6)	(7.8)
<b>Net impaired assets</b>	<b>158</b>	<b>158</b>	<b>179</b>	<b>-</b>	<b>(11.7)</b>
<b>Gross impaired assets to gross loans and advances</b>	<b>0.48%</b>	<b>0.52%</b>	<b>0.56%</b>		

Gross impaired assets decreased \$10 million, 3.8%, to \$252 million during the quarter. This represents 0.48% of gross loans and advances.

Agribusiness impaired assets continue to reduce with a 6.8% decrease in the quarter. This includes the resolution of a small number of impaired loans. The Bank continues to monitor emerging issues on an individual exposure basis.

The increase in retail impaired assets is mainly due to seasonal factors. The Bank's actual loss experience in retail lending is historically very low.

## Non-performing loans

	QUARTER ENDED			MAR- 15	MAR- 15
	MAR- 15	DEC- 14	SEP-14	vs DEC- 14	vs SEP-14
	\$M	\$M	\$M	%	%
<b>Gross balances of Individually impaired loans</b>					
Gross impaired assets	252	262	281	(3.8)	(10.3)
Specific provision for impairment	(94)	(104)	(102)	(9.6)	(7.8)
<b>Net impaired assets</b>	<b>158</b>	<b>158</b>	<b>179</b>	<b>-</b>	<b>(11.7)</b>
<b>Size of gross individually impaired assets</b>					
Less than one million	23	29	25	(20.7)	(8.0)
Greater than one million but less than ten million	132	137	160	(3.6)	(17.5)
Greater than ten million	97	96	96	1.0	1.0
	252	262	281	(3.8)	(10.3)
<b>Past due loans not shown as impaired assets</b>	<b>399</b>	<b>394</b>	<b>423</b>	<b>1.3</b>	<b>(5.7)</b>
<b>Gross non-performing loans</b>	<b>651</b>	<b>656</b>	<b>704</b>	<b>(0.8)</b>	<b>(7.5)</b>
<b>Analysis of movements in gross individually impaired assets</b>					
Balance at the beginning of the period	262	281	333	(6.8)	(21.3)
Recognition of new impaired assets	33	38	26	(13.2)	26.9
Increases in previously recognised impaired assets	3	2	2	50.0	50.0
Impaired assets written off/sold during the period	(14)	(10)	(19)	40.0	(26.3)
Impaired assets which have been reclassified as performing assets or repaid	(32)	(49)	(61)	(34.7)	(47.5)
<b>Balance at the end of the period</b>	<b>252</b>	<b>262</b>	<b>281</b>	<b>(3.8)</b>	<b>(10.3)</b>

Gross non-performing loans reduced 0.8% to \$651 million. Past due loans not shown as impaired assets increased 1.3% over the quarter. Offsetting this, past due loan balances decreased \$24 million for business lending, with the majority of the exposures going back to performing status.

## Provision for impairment

	QUARTER ENDED			MAR- 15	MAR- 15
	MAR- 15	DEC- 14	SEP-14	vs DEC- 14	vs SEP-14
	\$M	\$M	\$M	%	%
<b>Collective provision</b>					
Balance at the beginning of the period	129	122	120	5.7	7.5
Charge against contribution to profit	8	7	2	14.3	300.0
Balance at the end of the period	137	129	122	6.2	12.3
<b>Specific provision</b>					
Balance at the beginning of the period	104	102	106	2.0	(1.9)
Charge against impairment losses	6	14	18	(57.1)	(66.7)
Write-off of impaired assets	(14)	(10)	(19)	40.0	(26.3)
Unwind of interest	(2)	(2)	(3)	-	(33.3)
Balance at the end of the period	94	104	102	(9.6)	(7.8)
<b>Total provision for impairment - Banking activities</b>	231	233	224	(0.9)	3.1
<b>Equity reserve for credit loss</b>					
Balance at the beginning of the period	144	149	151	(3.4)	(4.6)
Transfer to retained earnings	(2)	(5)	(2)	(60.0)	-
Balance at the end of the period	142	144	149	(1.4)	(4.7)
Pre-tax equivalent coverage	203	206	213	(1.5)	(4.7)
<b>Total provision for impairment and equity reserve for credit loss - Banking activities</b>	434	439	437	(1.1)	(0.7)
	%	%	%		
<b>Provision for impairment expressed as a percentage of gross loans and advances</b>					
Collective provision	0.26	0.26	0.25		
Specific provision	0.18	0.21	0.21		
Total provision	0.44	0.47	0.46		
Equity reserve for credit loss coverage	0.39	0.41	0.43		
Total provision and equity reserve for credit loss coverage	0.83	0.88	0.89		
<b>Specific provision expressed as a percentage of gross impaired assets</b>	37.3	39.7	36.3		

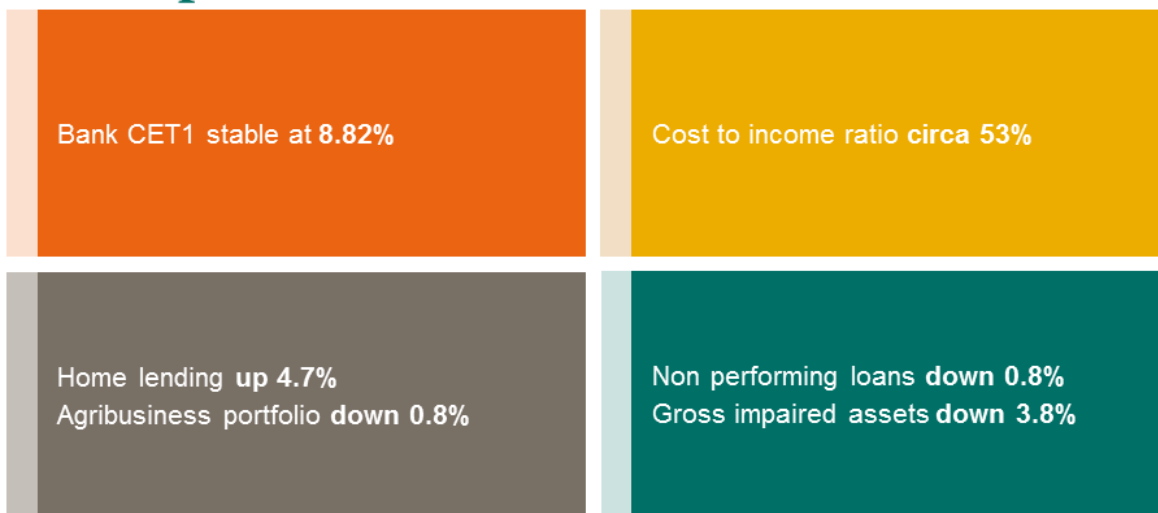
Provision coverage remains conservative and includes the drought overlay introduced in June 2014.

MAR- 15	Past due loans	Impaired assets	Specific provision	Collective provision	Equity reserve for credit loss (pre-tax equivalent)	Total provision coverage to gross non-performing loans
	\$M	\$M	\$M	\$M	\$M	%
Retail lending	328	38	5	32	49	23.5
Agribusiness lending	32	151	56	59	75	103.8
Commercial/SME lending	39	63	33	46	79	154.9
<b>Total</b>	<b>399</b>	<b>252</b>	<b>94</b>	<b>137</b>	<b>203</b>	<b>66.7</b>



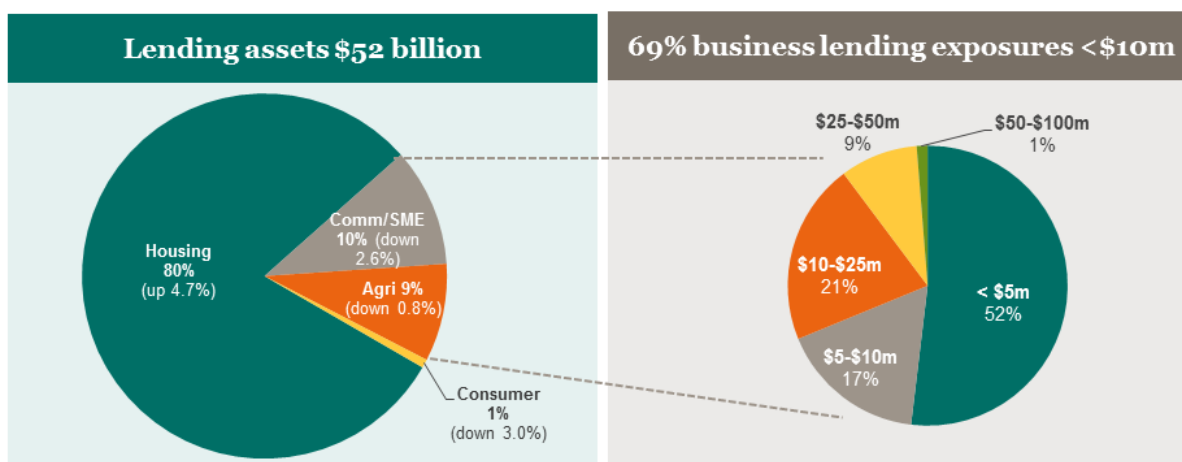
## Appendix 1 – Suncorp Bank updated slide information

### Suncorp Bank overview



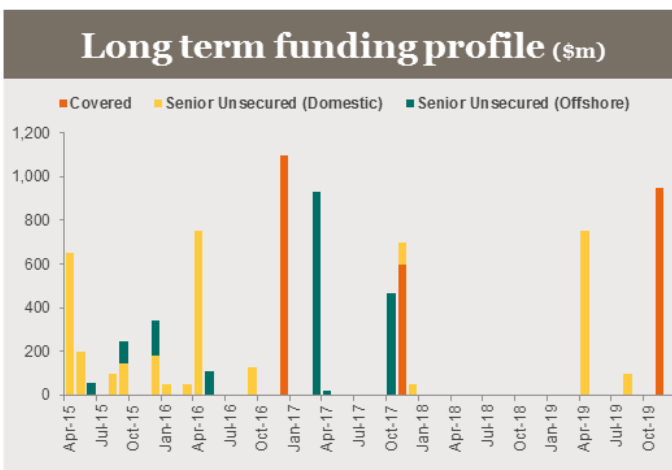
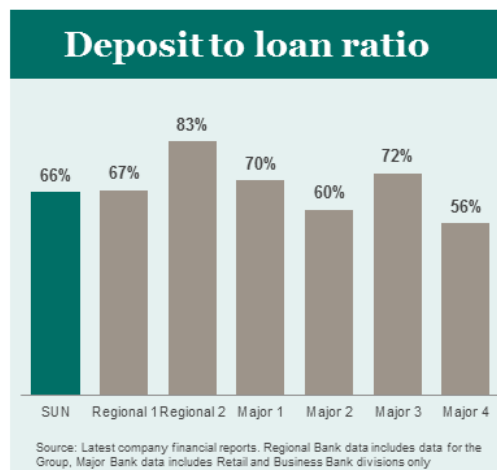
### Suncorp Bank lending portfolio

80% mortgage lending



## Funding and liquidity

### Conservative balance sheet

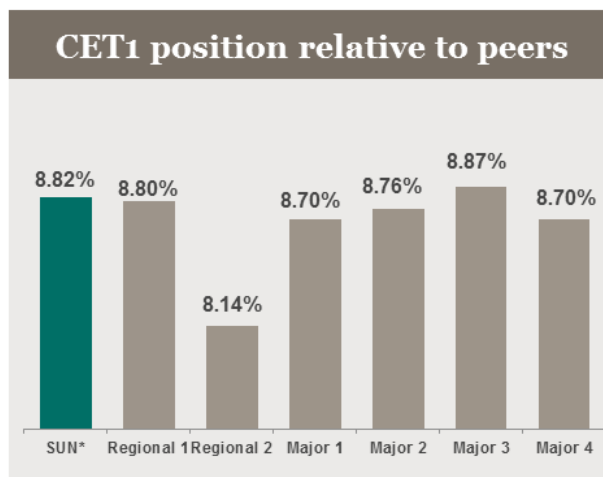
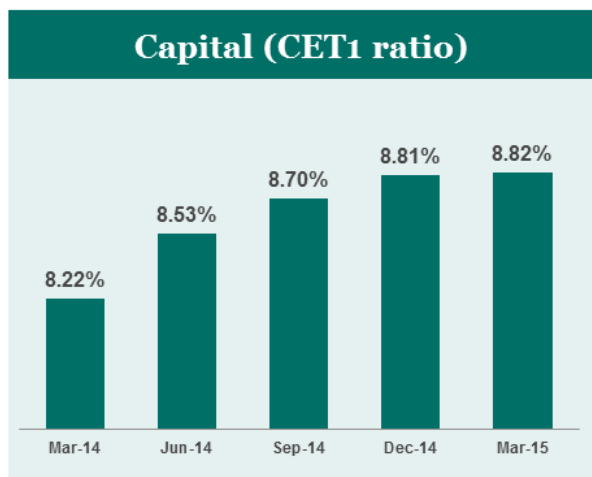


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## Capital

### Strong capital position



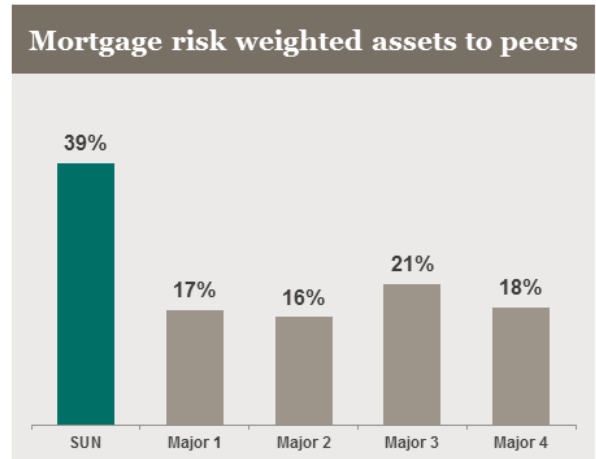
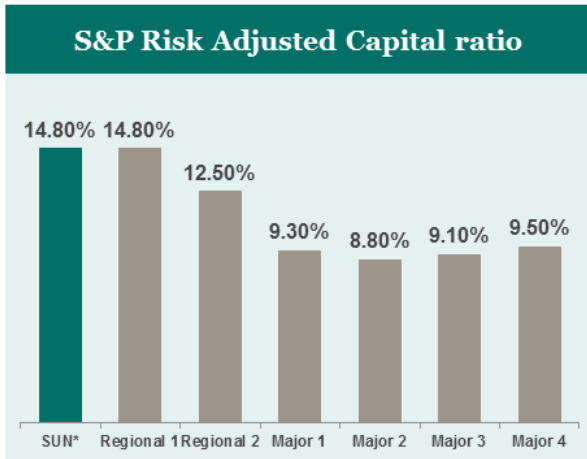
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Source: Latest company reports.



## Bank Capital

### Strong capital position



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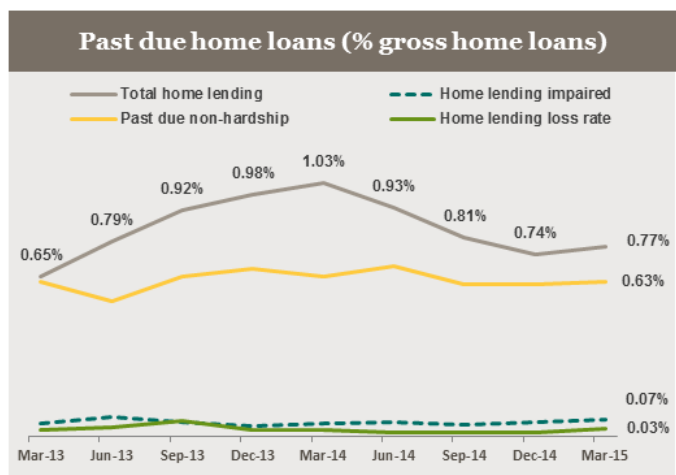
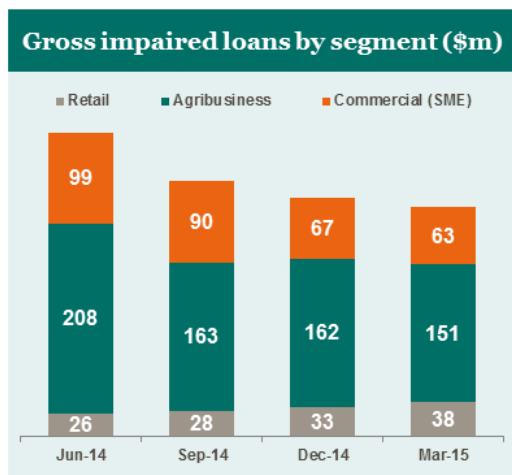
Source: Latest company reports.  
\*SUN S&P RAC based on Suncorp estimate at Dec 2014.

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## Credit quality

### Gross impaired and past due home loans



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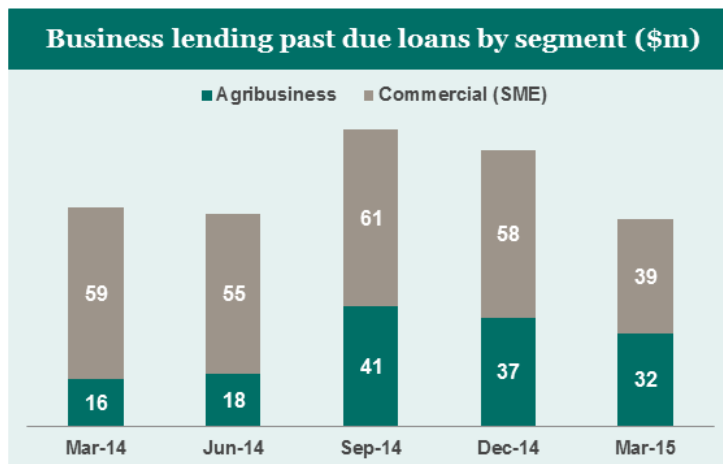
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## Credit quality

### Past due loans Business Lending

- Past due loans decreased \$24 million for Business Lending
- Agribusiness lending past dues were \$32 million, \$5 million lower over the quarter
- Commercial / SME lending past dues decreased \$19 million to \$39 million
- Both portfolios remain closely monitored

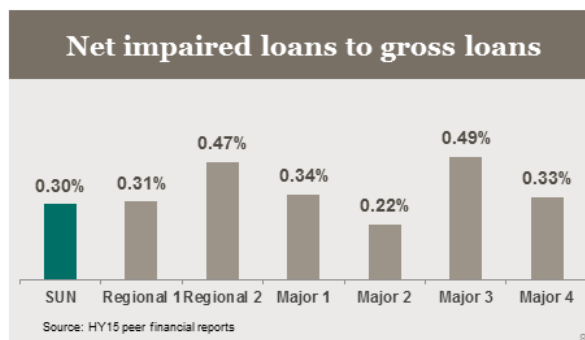
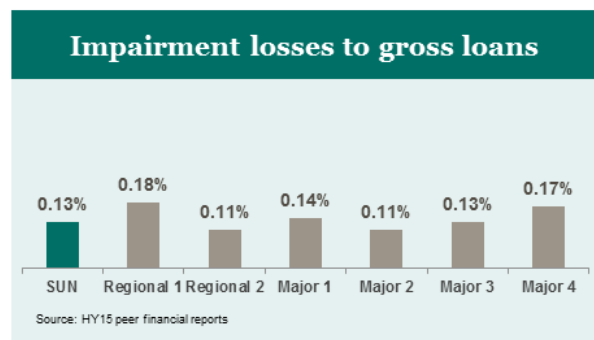


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## Risk position

### Credit quality

- Impairment losses of \$16 million reflect appropriate provisioning for stress across the Agribusiness and Commercial (SME) segments
- Credit impairment losses are 13 bps of gross loans and advances (annualised) and within industry range

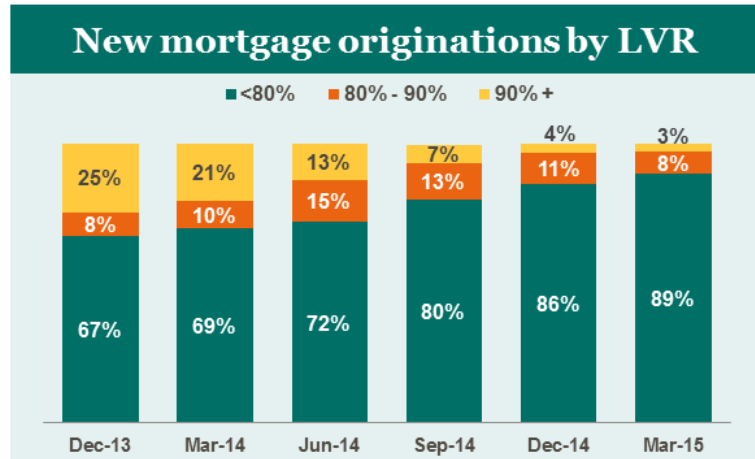


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## Risk position

### Improved LVR mix

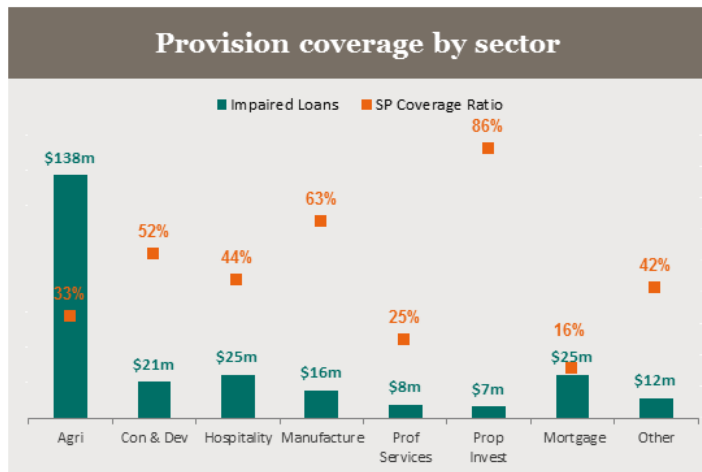
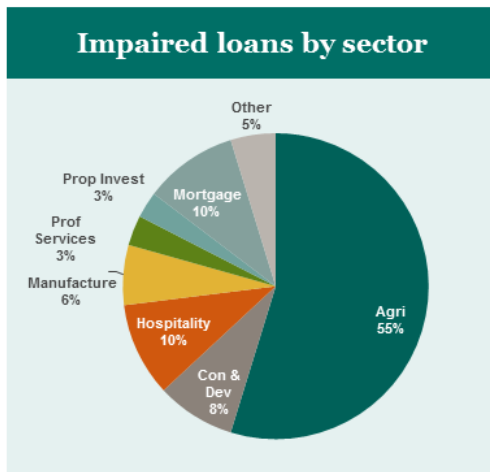
- Ongoing improvement in quality of new home lending
- 89% of new loans written over the quarter were at or below 80% LVR
- Portfolio LVR mix has shifted notably toward sub-80% lending
- Loss experience consistent at 0.03%



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## Credit quality

### Gross impaired loans by portfolio & sector

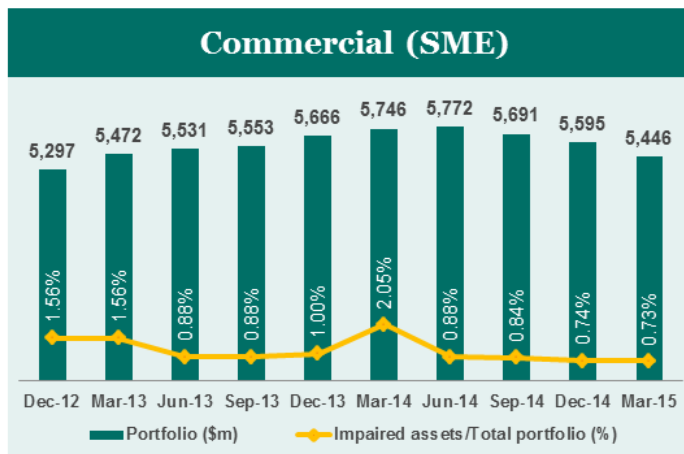


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## Risk position

### Commercial (SME) portfolio and credit quality

- Portfolio contracted 2.6% to \$5.4 billion
- Credit quality is within risk tolerances with impaired assets declining 6%
- The Bank continues to write low-risk, well secured business lending within its target market
- Portfolio is heavily weighted towards less than \$5 million lending

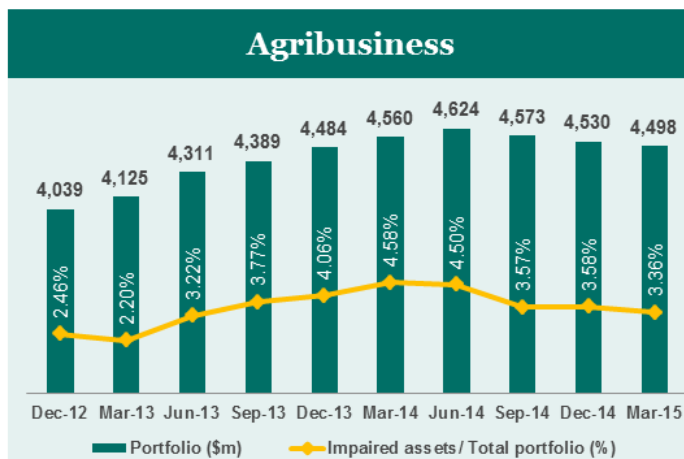


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## Risk position

### Agribusiness portfolio and credit quality

- Portfolio contracted 0.8% to \$4.5 billion
- Credit quality is within risk tolerances with impaired assets declining 6.8%
- The Bank continues exercise care and caution with its approach to risk selection in the agribusiness sector
- Average loan size is circa \$1.6 million



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## Suncorp Bank

### Contributing sustainable earnings to the Group

#### Key targets

NIM **1.75%** to **1.85%**

Retail deposit to lending ratio **60%** to **70%**

Disciplined cost management driving down **cost to income ratio**

Sustainable retail lending growth of **1** to **1.3** times system

#### Australia's leading regional bank

Basel II **Advanced Accreditation**

New banking platform – **Project Ignite**

**A+/A1** credit rating

Excellent customer **satisfaction**

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## Appendix 2 - APS 330 tables

### TABLE 3: CAPITAL ADEQUACY

	CARRYING VALUE		AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	MAR-15	DEC-14	MAR-15	MAR-15	DEC-14
	\$M	\$M	%	\$M	\$M
<b>On-balance sheet credit risk-weighted assets</b>					
Cash Items	523	613	1	4	-
Claims on Australian and foreign Governments	2,676	2,638	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	3,987	3,358	20	798	722
Claims on securitisation exposures	1,040	1,054	20	208	211
Claims secured against eligible residential mortgages	38,586	37,870	39	14,983	14,841
Past due claims	573	570	94	537	559
Other retail assets	520	547	80	418	444
Corporate	8,602	8,732	100	8,581	8,714
Other assets and claims	181	133	99	179	131
<b>Total Banking assets<sup>(1)</sup></b>	<b>56,688</b>	<b>55,515</b>	<b>45</b>	<b>25,708</b>	<b>25,622</b>

<sup>(1)</sup> Total Banking assets differ from Banking segment assets due to the adoption of APRA classification of intangible assets, deferred tax, incorporation of trading book in the market risk capital charge and general reserve for credit losses for capital adequacy purposes.

	NOTIONAL AMOUNT	CREDIT EQUIVALENT	AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	MAR-15	MAR-15	MAR-15	MAR-15	DEC-14
	\$M	\$M	%	\$M	\$M
<b>Off-balance sheet positions</b>					
Guarantees entered into in the normal course of business	281	279	69	192	204
Commitments to provide loans and advances	7,752	2,183	51	1,104	1,545
Foreign exchange contracts	5,564	312	24	76	66
Interest rate contracts	65,361	151	40	60	61
Securitisation exposures	3,164	52	83	43	28
CVA capital charge	-	-	-	150	134
<b>Total off-balance sheet positions</b>	<b>82,122</b>	<b>2,977</b>	<b>55</b>	<b>1,625</b>	<b>2,038</b>
Market risk capital charge				299	284
Operational risk capital charge				3,282	3,282
Total on-balance sheet credit risk-weighted assets				25,708	25,622
<b>Total Assessed Risk</b>				<b>30,914</b>	<b>31,226</b>
<b>Risk-weighted capital ratios</b>				%	%
Common Equity Tier 1				8.82	8.81
Tier 1				10.27	10.25
Tier 2				3.20	3.15
<b>Total risk-weighted capital ratio</b>				<b>13.47</b>	<b>13.40</b>



**TABLE 4: CREDIT RISK**

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

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	TOTAL CREDIT RISK	IM PAIRED 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	-	-	-	4,052	148	-	4,200	138	26	4,036	45
Construction & development	-	-	-	528	138	-	666	21	-	645	11
Financial services	565	2,121	5,530	248	203	463	9,130	-	-	9,130	-
Hospitality	-	-	-	949	52	-	1,001	25	1	975	11
Manufacturing	-	-	-	336	16	-	352	16	12	324	10
Professional services	-	-	-	247	9	-	256	8	1	247	2
Property investment	-	-	-	1,911	72	-	1,983	7	2	1,974	6
Real estate - Mortgage	-	-	-	38,110	1,714	-	39,824	25	321	39,478	4
Personal	-	-	-	391	10	-	401	-	7	394	-
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,825	100	-	1,925	12	29	1,884	5
<b>Total gross credit risk</b>	<b>565</b>	<b>2,121</b>	<b>5,530</b>	<b>48,597</b>	<b>2,462</b>	<b>463</b>	<b>59,738</b>	<b>252</b>	<b>399</b>	<b>59,087</b>	<b>94</b>
Securitisation Exposures <sup>(1)</sup>	-	-	1,040	3,537	34	18	4,629	-	-	4,629	-
<b>Total including Securitisation Exposures</b>	<b>565</b>	<b>2,121</b>	<b>6,570</b>	<b>52,134</b>	<b>2,496</b>	<b>481</b>	<b>64,367</b>	<b>252</b>	<b>399</b>	<b>63,716</b>	<b>94</b>
Impairment provision							(231)	(94)	(30)	(107)	
<b>TOTAL</b>							<b>64,136</b>	<b>158</b>	<b>369</b>	<b>63,609</b>	

<sup>(1)</sup> The securitisation exposures of \$3,537 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.

<sup>(2)</sup> “Credit commitments” and “Derivative instruments” represent the credit equivalent amount of the Bank’s off-balance sheet exposures calculated in accordance with APS 112.

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

<sup>(4)</sup> Receivables due from other Banks include collateral deposits provided to derivative counterparties.

**TABLE 4: CREDIT RISK (continued)**

**Table 4A: Credit risk by gross credit exposure – outstanding as at 31 December 2014**

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	TOTAL CREDIT RISK	IM PAIRED ASSETS	PAST DUE NOT IM PAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IM PAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	4,103	185	-	4,288	155	25	4,108	52
Construction & development	-	-	-	582	148	-	730	17	3	710	10
Financial services	566	2,298	5,580	278	177	395	9,294	-	-	9,294	-
Hospitality	-	-	-	998	47	-	1,045	26	1	1,018	10
Manufacturing	-	-	-	363	21	-	384	13	13	358	10
Professional services	-	-	-	244	9	-	253	9	1	243	3
Property investment	-	-	-	1,911	87	-	1,998	8	21	1,969	7
Real estate - Mortgage	-	-	-	37,316	2,873	-	40,189	20	291	39,878	4
Personal	-	-	-	403	11	-	414	-	7	407	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,849	105	-	1,954	14	32	1,908	8
<b>Total gross credit risk</b>	<b>566</b>	<b>2,298</b>	<b>5,580</b>	<b>48,048</b>	<b>3,663</b>	<b>395</b>	<b>60,550</b>	<b>262</b>	<b>394</b>	<b>59,894</b>	<b>104</b>
Securitisation Exposures (1)	-	-	1,054	2,465	24	9	3,552	-	-	3,552	-
<b>Total including Securitisation Exposures</b>	<b>566</b>	<b>2,298</b>	<b>6,634</b>	<b>50,513</b>	<b>3,687</b>	<b>404</b>	<b>64,102</b>	<b>262</b>	<b>394</b>	<b>63,446</b>	<b>104</b>
Impairment provision							(233)	(104)	(30)	(99)	
<b>TOTAL</b>							<b>63,869</b>	<b>158</b>	<b>364</b>	<b>63,347</b>	

(1) The securitisation exposures of \$2,465 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) “Credit commitments” and “Derivative instruments” represent the credit equivalent amount of the Bank’s off-balance sheet exposures calculated in accordance with APS 112.

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

(4) Receivables due from other Banks include collateral deposits provided to derivative counterparties.

**TABLE 4: CREDIT RISK (continued)**

**Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 January to 31 March 2015**

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	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	-	-	-	4,078	167	-	4,245	147	26	4,072	48
Construction & development	-	-	-	555	143	-	698	19	2	677	10
Financial services	566	2,210	5,555	263	190	429	9,213	-	-	9,213	-
Hospitality	-	-	-	974	50	-	1,024	26	1	997	11
Manufacturing	-	-	-	350	19	-	369	15	13	341	10
Professional services	-	-	-	246	9	-	255	9	1	245	3
Property investment	-	-	-	1,911	80	-	1,991	8	12	1,971	7
Real estate - Mortgage	-	-	-	37,713	2,294	-	40,007	23	306	39,678	4
Personal	-	-	-	397	11	-	408	-	7	401	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,837	103	-	1,940	13	31	1,896	7
<b>Total gross credit risk</b>	<b>566</b>	<b>2,210</b>	<b>5,555</b>	<b>48,325</b>	<b>3,066</b>	<b>429</b>	<b>60,151</b>	<b>260</b>	<b>399</b>	<b>59,492</b>	<b>100</b>
Securitisation Exposures <sup>(1)</sup>	-	-	1,047	3,001	29	14	4,091	-	-	4,091	-
<b>Total including Securitisation Exposures</b>	<b>566</b>	<b>2,210</b>	<b>6,602</b>	<b>51,326</b>	<b>3,095</b>	<b>443</b>	<b>64,242</b>	<b>260</b>	<b>399</b>	<b>63,583</b>	<b>100</b>
Impairment provision							(232)	(99)	(30)	(103)	
<b>TOTAL</b>							<b>64,010</b>	<b>161</b>	<b>369</b>	<b>63,480</b>	

<sup>(1)</sup> The securitisation exposures of \$3,001 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.

<sup>(2)</sup> “Credit commitments” and “Derivative instruments” represent the credit equivalent amount of the Bank’s off-balance sheet exposures calculated in accordance with APS 112.

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

<sup>(4)</sup> Receivables due from other Banks include collateral deposits provided to derivative counterparties.

## TABLE 4: CREDIT RISK (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 October to 31 December 2014

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	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	-	-	-	4,174	193	-	4,367	155	25	4,187	49
Construction & development	-	-	-	625	158	-	783	23	4	756	10
Financial services	621	1,899	5,626	263	183	414	9,006	-	-	9,006	-
Hospitality	-	-	-	1,045	47	-	1,092	30	1	1,061	12
Manufacturing	-	-	-	381	25	-	406	13	14	379	10
Professional services	-	-	-	262	10	-	272	10	1	261	3
Property investment	-	-	-	1,658	83	-	1,741	5	18	1,718	4
Real estate - Mortgage	-	-	-	36,626	2,050	-	38,676	19	302	38,355	4
Personal	-	-	-	408	11	-	419	-	8	411	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,974	109	-	2,083	18	36	2,029	11
<b>Total gross credit risk</b>	<b>621</b>	<b>1,899</b>	<b>5,626</b>	<b>47,417</b>	<b>2,869</b>	<b>414</b>	<b>58,846</b>	<b>273</b>	<b>409</b>	<b>58,164</b>	<b>103</b>
Securitisation Exposures (1)	-	-	1,104	2,674	26	10	3,814	-	-	3,814	-
<b>Total including Securitisation Exposures</b>	<b>621</b>	<b>1,899</b>	<b>6,730</b>	<b>50,091</b>	<b>2,895</b>	<b>424</b>	<b>62,660</b>	<b>273</b>	<b>409</b>	<b>61,978</b>	<b>103</b>
Impairment provision							(229)	(103)	(31)	(95)	
<b>TOTAL</b>							<b>62,431</b>	<b>170</b>	<b>378</b>	<b>61,883</b>	

(1) The securitisation exposures of \$2,674 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) “Credit commitments” and “Derivative instruments” represent the credit equivalent amount of the Bank’s off-balance sheet exposures calculated in accordance with APS 112.

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

(4) Receivables due from other Banks include collateral deposits provided to derivative counterparties.

## TABLE 4: CREDIT RISK (continued)

Table 4B: Credit risk by portfolio – 31 March 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	39,824	40,007	25	321	4	3
Other retail	401	408	-	7	-	2
Financial services	9,130	9,213	-	-	-	-
Government and public authorities	-	1	-	-	-	-
Corporate and other claims	10,383	10,522	227	71	90	3
<b>Total</b>	<b>59,738</b>	<b>60,151</b>	<b>252</b>	<b>399</b>	<b>94</b>	<b>8</b>

Table 4B: Credit risk by portfolio – 31 December 2014

	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	40,189	38,676	20	291	4	1
Other retail	414	419	-	7	-	2
Financial services	9,294	9,006	-	-	-	-
Government and public authorities	1	1	-	-	-	-
Corporate and other claims	10,652	10,744	242	96	100	13
<b>Total</b>	<b>60,550</b>	<b>58,846</b>	<b>262</b>	<b>394</b>	<b>104</b>	<b>16</b>

Table 4C: General reserves for credit losses

	MAR-15	DEC-14
	\$M	\$M
Collective provision for impairment	137	129
Ineligible Collective Provisions on Past Due not Impaired	(30)	(30)
<b>Eligible Collective Provisions</b>	<b>107</b>	<b>99</b>
Equity Reserve for credit losses	142	144
<b>General Reserve for Credit losses</b>	<b>249</b>	<b>243</b>

## TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

	EXPOSURES SECURITISED		RECOGNISED GAIN OR (LOSS) ON SALE	
	MAR-15	DEC-14	MAR-15	DEC-14
	\$M	\$M	\$M	\$M
Residential mortgages	1,250	-	-	-
<b>Total exposures securitised during the period</b>	<b>1,250</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Exposure type	EXPOSURE	
	MAR-15	DEC-14
	\$M	\$M
Debt securities	1,040	1,054
<b>Total on-balance sheet securitisation exposures</b>	<b>1,040</b>	<b>1,054</b>

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

Exposure type	PRINCIPAL OR NOTIONAL EXPOSURE	
	MAR-15	DEC-14
	\$M	\$M
Liquidity facilities	68	48
Derivative exposures	3,096	2,515
<b>Total off-balance sheet securitisation exposures</b>	<b>3,164</b>	<b>2,563</b>

## Appendix 3 - Definitions

<b>Capital adequacy ratio</b>	Capital base divided by total assessed risk, as defined by APRA
<b>Common Equity Tier 1</b>	Common Equity Tier 1 includes ordinary shareholder equity and retained profits less tier 1 and tier 2 regulatory deductions
<b>Common Equity Tier 1 ratio</b>	Common Equity tier 1 divided by total assessed risk
<b>Deposit to loan ratio</b>	Total retail deposits divided by total loans and advances, excluding other receivables
<b>Equity reserve for credit losses</b>	The equity reserve for credit losses represents the difference between the collective provisions for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
<b>Gross non-performing loans</b>	Gross impaired assets plus past due loans
<b>Impairment losses to gross loans and advances</b>	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
<b>Impairment losses to risk weighted assets</b>	Impairment losses on loans and advances divided by risk weighted assets
<b>Past due</b>	Loans outstanding for more than 90 days
<b>Risk weighted assets</b>	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
<b>Total assessed risk</b>	Risk weighted assets, off balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA