BASEL III
PILLAR 3
DISCLOSURE

AS AT 30 SEPTEMBER 2024
APS 330: PUBLIC DISCLOSURE

SUNCORP BANK
(NORFINA LIMITED)

ABN 66 010 831 722

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 Norfina Limited (formerly Suncorp-Metway Limited) and its subsidiaries. Suncorp Bank is an authorised deposit-taking institution (**ADI**) and a wholly owned subsidiary of ANZ Group. It is represented by ANZ Group Holdings Limited (NOHC) 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.

Figures relate to the quarter ended 30 September 2024 (unless otherwise stated). This document has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with ANZ Group and Suncorp Bank's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards.

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

On 31 July 2024, Australia and New Zealand Banking Group Limited (**ANZ BGL**) announced the successful completion of the acquisition of 100% of the shares in SBGH Limited, the immediate holding company of Suncorp Bank (Norfina Limited).

Disclaimer

This report contains general information which is current as at 8 November 2024. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to Suncorp Bank and ANZ Group 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 Bank'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 Bank's control, which may cause actual results to differ materially from those expressed or implied.

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Table of contents

Basis of Preparation 2
Overview 4
Loans and advances 5
Impaired assets and 90+ days past due loans 6
Provision for impairment 7
Appendix 1 – APS 330 Tables 8
Appendix 2 - Definitions 16

Overview

Suncorp Bank's home lending portfolio grew $1.6 billion or 2.8% (11.2% annualised) through the September quarter. The continued growth was driven by an uptick in applications and an improved conversion rate, supported by strong service levels, including consistently low 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 contracted $69 million or 0.5% (2.1% annualised). The agribusiness portfolio contracted $76 million in line with seasonal trends, and due to heightened external refinances. The small and medium enterprise (**SME**) portfolio contracted $28 million, reflecting elevated repayment levels which exceeded new business volumes. This was partly offset by growth in the commercial real estate portfolio of $35 million, predominantly driven by growth in property finance.

The Bank grew household deposits across all portfolios, including retail transaction deposits (15.8% annualised), retail term deposits (15.6% annualised) and retail savings account balances (12.9% annualised). Competition remained strong as customers continued to shift toward higher interest products, albeit at a slower rate compared to pcp. The Bank continues to prioritise portfolio margin in favour of market share growth and the portfolio is strategically managed within funding requirements.

The total provision for impairment increased by $13 million to $227 million, reflecting an increase to the collective provision of $15 million, a $1 million recovery in the specific provision, and continued low levels of write offs.

Gross impaired assets decreased $10 million to $63 million, with decreases across all lending portfolios. Total 90+ days past due loans increased $4 million to $527 million or 74 basis points of GLA, down 1 basis point of GLA from the previous quarter.

The Liquidity Coverage Ratio (**LCR**) was maintained at an elevated level above the target operating range, averaging 145% over the quarter, 10% below the June quarterly average, reflecting the decrease in excess liquidity following the successful acquisition of Suncorp Bank by ANZ. The Net Stable Funding Ratio (**NSFR**) ended the period at 124%, demonstrating the continued strength of the Bank's funding and liquidity position. The Bank's capital levels remain sound, with a Common Equity Tier 1 ratio of 10.01% (Jun 2024: 10.33%), within the target operating range of 10.00% to 10.50%.

Loans and advances

	Sep-24 $M	Jun-24 $M	Sep-23 $M	Sep-24 vs Jun-24 %	Sep-24 vs Sep-23 %
Housing loans - term	52,021	50,117	48,542	3.8	7.2
Housing line of credit	359	401	473	(10.5)	(24.1)
Securitised housing loans and covered bonds	6,244	6,494	5,722	(3.8)	9.1
Total housing loans	**58,624**	57,012	54,737	**2.8**	**7.1**
Personal loans	17	19	30	(10.5)	(43.3)
Retail loans	**58,641**	57,031	54,767	**2.8**	**7.1**
SME	2,642	2,670	2,644	(1.0)	(0.1)
Commercial	5,466	5,431	5,377	0.6	1.7
Agribusiness	4,721	4,797	4,356	(1.6)	8.4
Total business loans	**12,829**	12,898	12,377	**(0.5)**	**3.7**
Total lending	**71,470**	69,929	67,144	**2.2**	**6.4**
Provision for impairment	(227)	(214)	(212)	6.1	7.1
Total loans and advances	**71,243**	69,715	66,932	**2.2**	**6.4**
Geographical breakdown - Total lending					
Queensland	31,701	31,171	30,283	1.7	4.7
New South Wales	21,168	20,500	19,316	3.3	9.6
Victoria	10,366	10,168	9,913	1.9	4.6
Western Australia	4,592	4,512	4,329	1.8	6.1
South Australia and other	3,643	3,578	3,303	1.8	10.3
Outside of Queensland loans	39,769	38,758	36,861	2.6	7.9
Total lending	**71,470**	69,929	67,144	**2.2**	**6.4**

Impaired assets and 90+ days past due loans

	Quarter Ended			Sep-24	Sep-24
	Sep-24	Jun-24	Sep-23	vs Jun-24	vs Sep-23
	$M	$M	$M	%	%
Gross balances of individually impaired loans					
Retail lending	27	30	27	(10.0)	-
Agribusiness lending	11	14	15	(21.4)	(26.7)
Commercial lending	22	24	27	(8.3)	(18.5)
SME lending	3	5	7	(40.0)	(57.1)
Gross impaired assets	**63**	**73**	**76**	**(13.7)**	**(17.1)**
Impairment provision	(13)	(15)	(24)	(13.3)	(45.8)
Net impaired assets	**50**	**58**	**52**	**(13.8)**	**(3.8)**
Impairment provisions expressed as a percentage of gross impaired assets	**21%**	**21%**	**32%**		
90+ days past due loans not shown as impaired assets	**527**	**523**	**380**	**0.8**	**38.7**
Gross non-performing loans[1]	**590**	**596**	**456**	**(1.0)**	**29.4**
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	73	68	101	7.9	(27.7)
Recognition of new impaired assets	2	23	2	(91.3)	-
Other movements in impaired assets[2]	-	(4)	(3)	(100.0)	(100.0)
Impaired assets which have been reclassed as performing assets or repaid	(12)	(14)	(24)	(14.3)	(50.0)
Balance at the end of the period	**63**	**73**	**76**	**(13.7)**	**(17.1)**

[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

	Quarter Ended			Sep-24	Sep-24
	Sep-24	Jun-24	Sep-23	vs Jun-24	vs Sep-23
	$M	$M	$M	%	%
Collective provision					
Balance at the beginning of the period	200	190	190	5.3	5.3
Charge against impairment losses	15	10	-	50.0	n/a
Balance at the end of the period	**215**	**200**	**190**	**7.5**	**13.2**
Specific provision					
Balance at the beginning of the period	14	19	29	(26.3)	(51.7)
(Release)/charge against impairment losses	(1)	1	(3)	(200.0)	(66.7)
Impairment provision written off (1)	(1)	(6)	(4)	(83.3)	(75.0)
Balance at the end of the period	**12**	**14**	**22**	**(14.3)**	**(45.5)**
Total provision for impairment - Banking activities	**227**	**214**	**212**	**6.1**	**7.1**

(1) Includes unwind of discount.

Provision for impairment expressed as a percentage of gross loans and advances are as follows:	%	%	%
Collective provision	0.30	0.29	0.28
Specific provision	0.02	0.02	0.03
Total provision	0.32	0.31	0.31

Appendix 1 – APS 330 Tables

- Table 1: Capital disclosure template – not applicable for this reporting period. This table was disclosed in the June 2024 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 Bank's main features of capital instruments are updated on an ongoing basis and are available at https://www.suncorpbank.com.au/about-us/investors/regulatory-disclosures-current.html.

Table 3: Capital Adequacy

	Risk Weighted Assets	
	Sep-24	Jun-24
	$M	$M
On-balance sheet credit risk-weighted assets		
Claims secured by residential mortgage	19,106	18,689
Other retail	79	81
Bank	80	46
Government	-	-
Corporates [1]	8,641	8,847
Securisation	6	13
All other exposures	242	163
Total on-balance sheet assets	**28,154**	**27,839**
Off-balance sheet exposures		
Non-market related off-balance sheet exposures	2,426	2,474
Market related off-balance sheet exposures	51	74
Securitisation	8	13
Total off-balance sheet exposures	**2,485**	**2,561**
Total on-balance sheet assets and off-balance sheet positions	**30,639**	**30,400**
Market risk capital charge	**95**	**158**
Operational risk capital charge	**2,688**	**2,688**
Total risk-weighted assets	**33,422**	**33,246**

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

	Capital Ratios	
	Sep-24	Jun-24
	%	%
Common Equity Tier 1	10.01	10.33
Tier 1	11.68	12.01
Tier 2	2.53	2.50
Total risk-weighted capital ratio	**14.21**	**14.51**

Table 4: Credit Risk

Table 4A: Credit risk by gross credit exposure

Exposure Type	Gross Credit Exposure[1] Sep-24 $M	Gross Credit Exposure[1] Jun-24 $M	Average Gross Credit Exposure[1] Sep-24 $M	Average Gross Credit Exposure[1] Jun-24 $M
Reverse repurchase agreements	1,300	1,631	1,466	1,627
Receivables due from other Banks[2]	909	739	824	777
Trading Securities	1,843	2,154	1,999	2,573
Derivatives[3]	63	95	79	90
Investment Securities	9,768	9,784	9,776	9,967
Loans and Advances	68,101	66,776	67,439	67,028
Off-balance sheet exposures[3]	5,961	5,806	5,883	5,703
Total gross credit risk[4]	**87,945**	**86,985**	**87,466**	**87,765**
Securitisation exposures[5]	3,314	3,602	3,458	3,051
Total including securitisation exposures	**91,259**	**90,587**	**90,924**	**90,816**
Impairment provision	(227)	(214)	(221)	(212)
Total	**91,032**	**90,373**	**90,703**	**90,604**

Portfolios Subject to the Standardised Approach	Gross Credit Exposure[1] Sep-24 $M	Gross Credit Exposure[1] Jun-24 $M	Average Gross Credit Exposure[1] Sep-24 $M	Average Gross Credit Exposure[1] Jun-24 $M
Claims secured by residential mortgage	60,965	59,456	60,211	59,762
Other retail assets	95	98	97	101
Bank	1,514	1,763	1,639	1,788
Government	12,184	12,530	12,357	13,137
Corporates[6]	12,976	12,996	12,986	12,840
All other exposures	211	142	176	137
Total gross credit risk[4]	**87,945**	**86,985**	**87,466**	**87,765**
Securitisation exposures[5]	3,314	3,602	3,458	3,051
Total including securitisation exposures	**91,259**	**90,587**	**90,924**	**90,816**
Impairment provision	(227)	(214)	(221)	(212)
Total	**91,032**	**90,373**	**90,703**	**90,604**

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 September 2024 include $2,922 million in Loans and advances, $29 million in Investment Securities, $28 million in Derivatives and $335 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 Sep-24 $M	Specific Provisions[1] Sep-24 $M	Charges/(Releases) for Specific Provisions & Write Offs Sep-24 $M
Claims secured by residential mortgage	622	5	-
Other retail assets	4	1	1
Bank	-	-	-
Government	-	-	-
Corporates[2]	157	6	(1)
All other exposures	-	-	-
Total gross credit risk	**783**	**12**	**-**
Securitisation exposures	22	-	
Total including securitisation exposures	**805**	**12**	
Impairment provision	(11)	-	
Total	**794**	**12**	

[1] The specific provisions of $12 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $46 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 $58 million.
[2] Includes commercial property and land acquisition, development, and construction exposures.

Portfolios Subject to the Standardised Approach	Non-performing loans Jun-24 $M	Specific Provisions[1] Jun-24 $M	Charges/(Releases) for Specific Provisions & Write Offs Jun-24 $M
Claims secured by residential mortgage	658	5	1
Other retail assets	5	1	1
Bank	-	-	-
Government	-	-	-
Corporates[2]	174	8	(1)
All other exposures	-	-	-
Total gross credit risk	**837**	**14**	**1**
Securitisation exposures	26	-	
Total including securitisation exposures	**863**	**14**	
Impairment provision	(12)	-	
Total	**851**	**14**	

[1] The specific provisions of $14 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $46 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 $60 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]

	Sep-24 $M	Jun-24 $M
Collective provision for impairment	215	200
Ineligible collective provisions[2]	(46)	(46)
Eligible collective provisions	169	154
General equity reserve[3]	76	76
Provisions eligible for inclusion in Tier 2 capital (Standardised approach)	**245**	**230**

(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 30 September 2024 (quarter ending 30 June 2024: $1,250M).

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Sep-24	Jun-24	Sep-24	Jun-24
	$M	$M	$M	$M
Residential mortgages	-	1,250	-	-
Total exposures securitised during the period	**-**	**1,250**	**-**	**-**

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

	Sep-24	Jun-24
Exposure type	$M	$M
Debt securities	29	65
Total on-balance sheet securitisation exposures	**29**	**65**

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

	Sep-24	Jun-24
Exposure type	$M	$M
Liquidity facilities	18	19
Derivative exposures	28	47
Total off-balance sheet securitisation exposures	**46**	**66**

Table 20: Liquidity Coverage Ratio Disclosure

	Total unweighted value (average) Sep-24 $M	Total weighted value (average) Sep-24 $M	Total unweighted value (average) Jun-24 $M	Total weighted value (average) Jun-24 $M	Total unweighted value (average) Mar-24 $M	Total weighted value (average) Mar-24 $M
Liquid assets, of which:						
High-quality liquid assets (**HQLA**)		13,037		13,874		13,964
Alternative liquid assets (**ALA**)		-		-		-
Cash outflows						
Retail deposits and deposits from small business customers, of which:	36,632	3,621	36,140	3,579	36,005	3,565
stable deposits	*23,216*	*1,161*	*22,919*	*1,146*	*22,807*	*1,140*
less stable deposits	*13,416*	*2,460*	*13,221*	*2,433*	*13,198*	*2,425*
Unsecured wholesale funding, of which:	4,796	3,132	5,132	3,298	5,148	3,291
operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
non-operational deposits (all counterparties)	*3,605*	*1,941*	*3,635*	*1,801*	*3,712*	*1,855*
unsecured debt	*1,191*	*1,191*	*1,497*	*1,497*	*1,436*	*1,436*
Secured wholesale funding		93		450		208
Additional requirements, of which:	9,577	1,288	9,815	1,607	9,467	1,280
outflows related to derivatives exposures and other collateral requirements	*841*	*841*	*1,164*	*1,164*	*836*	*836*
outflows related to loss of funding on debt products	-	-	-	-	-	-
credit and liquidity facilities	*8,736*	*447*	*8,651*	*443*	*8,631*	*444*
Other contractual funding obligations	1,372	1,064	1,107	797	1,117	818
Other contingent funding obligations	8,689	833	8,251	706	7,675	695
Total cash outflows		**10,031**		**10,437**		**9,857**
Cash inflows						
Secured lending (e.g. reverse repos)	768	-	754	-	1,448	-
Inflows from fully performing exposures	650	341	675	364	651	352
Other cash inflows	692	692	1,118	1,118	673	673
Total cash inflows	**2,110**	**1,033**	**2,547**	**1,482**	**2,772**	**1,025**
		Total adjusted value		Total adjusted value		Total adjusted value
Total liquid assets		**13,037**		**13,874**		**13,964**
Total net cash outflows		**8,998**		**8,955**		**8,832**
Liquidity Coverage Ratio (%)		**145**		**155**		**158**
Number of data points used		**66**		**63**		**62**

Overview

The Liquidity Coverage Ratio (**LCR**) promotes shorter-term resilience by requiring ADIs to maintain sufficient qualifying High Quality Liquid Assets (**HQLA**) to meet expected net cash outflows (**NCO**) under an APRA prescribed 30 calendar day stress scenario. Suncorp Bank 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 Bank (Norfina Limited) Board is responsible for the sound and prudent management of liquidity risk across the Bank, with authority delegated to the Suncorp Bank 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 $1.4bn Senior Unsecured transaction).

Contingency Funding Plan

Suncorp Bank maintains a Contingency Funding Plan (**CFP**) which outlines funding and management strategies to address liquidity shortfalls under stressed conditions. The CFP establishes clear lines of responsibility and provides a comprehensive list of liquidity options to enable swift, decisive action to support the mitigation of any potential liquidity risks.

Suncorp Bank also monitors several Early Warning Indicators that serve as metrics complementary to its other liquidity risk limits, to identify the emergence of increased risk or vulnerabilities and support in the decision-making around any activation of the CFP.

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 Liquidity Coverage Ratio (**LCR**) was maintained at an elevated level above the target operating range ahead of completion of the sale to ANZ, averaging 145% over the quarter. Excess liquidity levels normalised following the successful acquisition of Suncorp Bank by ANZ, with the quarterly average 10% below the June quarterly average.

There was approximately $900m in domestic term maturities across the September quarter. These were replaced by a $1.4bn Senior Unsecured transaction in late September with the issue of a 3 and 5-year floating rate note. On average, unsecured debt exposure was lower through the quarter driven by a reduction in US Commercial Paper in the LCR 30-day window. The Bank saw an increase in outflows related to derivatives exposures towards the end of the quarter as a number of offshore maturities entered the NCO.

No term maturities were present in the NCO window at quarter end, contributing to an LCR of 137% on 30th September 2024. During the quarter the lowest point of the LCR was 133% on 17th September with liquidity being reduced prior to the pricing of the $1.4bn Senior Unsecured transaction.

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.
Total assessed risk	Credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA.