



Suncorp Group Limited ABN 66 145 290 124

Suncorp Bank APS330

for the quarter ended 30 September
2015

Release date: 2 November 2015

**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 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 30 September 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 2 November 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).

Registered Office

Level 28, 266 George Street,
Brisbane Queensland 4000
Telephone: (07) 3362 1222
www.suncorpgroup.com.au

Investor Relations

Mark Ley
Head of Investor Relations
Telephone: (02) 8121 1221
mark.ley@suncorp.com.au

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Overview

The Bank continues to demonstrate strong credit quality performance with improvements in all metrics.

Total lending assets grew \$1.0 billion in the quarter to \$53.0 billion, an increase of 2.0%.

Retail lending grew 2.9% to \$43.4 billion. Strong geographic diversification outside the Bank's traditional Queensland market over the quarter was underpinned by the strengthening of the Bank's intermediated channel capability. The Bank continues its disciplined approach to investor lending and is well placed to meet its regulatory obligations in this portfolio.

Business lending declined 1.7% to \$9.6 billion. The portfolio continues to be conservatively managed with a reduction in beef and sugar exposures during the quarter.

The Bank remains focused on acquiring quality lending assets in a low-interest rate, low credit growth environment and continues to pursue diversified, high quality growth in target segments.

Gross impaired assets decreased 7.3% to \$202 million, representing 38 basis points (bps) of gross loans and advances. Impairment losses of \$6 million for the quarter represent 4 bps (annualised) of gross loans and advances.

The Bank is realising the benefits of significant investment in risk management capability, culture and technology under the Basel II Advanced Accreditation program through the continued strengthening of the balance sheet and ongoing improvements in credit experience. Provision coverage remains appropriate given improvements in the credit quality of lending assets on the balance sheet.

The Bank's Common Equity Tier 1 (CET1) ratio sits at 8.86%, comfortably within the 8.50% to 9.00% target range and appropriate given industry and regulatory developments. The Bank's CET1 ratio decreased marginally over the quarter following payment of the dividend from Suncorp Bank to Suncorp Group Limited.

Outlook

The Bank continues to conservatively manage the balance sheet and credit quality provisioning in light of continued market volatility and emerging economic and trading conditions.

Delivering superior customer satisfaction outcomes relative to major peers and leveraging the Ignite program to deliver outstanding customer experiences are key areas of focus. Ignite is an enabler for the Bank's strategic direction through the benefits it is providing in the areas of simplification, flexibility, automation, data quality, cost reduction and sustainability and remains on track for completion by the end of financial year 2016.

Engagement with APRA regarding Basel II Advanced Accreditation is ongoing. The Bank is operating as an Advanced Bank with models in use across the business.

The Bank remains on track to deliver against its medium-term operating targets:

- 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;
- net interest margin of 1.75% to 1.85%;
- impairment losses of 10 to 20 bps of gross loans and advances;
- disciplined cost management and ongoing investment in strategic programs to support a cost to income ratio of sub-50%; and
- return on CET1 of 12.5% to 15%.

Loans, advances and other receivables

	QUARTER ENDED			SEP-15	SEP-15
	SEP-15	JUN-15	SEP-14	vs JUN-15	vs SEP-14
	\$M	\$M	\$M	%	%
Housing loans	36,657	34,977	32,777	4.8	11.8
Securitised and covered bond housing loans	6,354	6,808	6,039	(6.7)	5.2
Total housing loans	43,011	41,785	38,816	2.9	10.8
Consumer loans	365	380	413	(3.9)	(11.6)
Retail loans	43,376	42,165	39,229	2.9	10.6
Commercial (SME)	5,277	5,353	5,692	(1.4)	(7.3)
Agribusiness	4,313	4,400	4,575	(2.0)	(5.7)
Total Business lending	9,590	9,753	10,267	(1.7)	(6.6)
Total lending	52,966	51,918	49,496	2.0	7.0
Other receivables	12	25	41	(52.0)	(70.7)
Gross banking loans, advances and other receivables	52,978	51,943	49,537	2.0	6.9
Provision for impairment	(191)	(208)	(224)	(8.2)	(14.7)
Loans, advances and other receivables	52,787	51,735	49,313	2.0	7.0
Credit risk weighted assets	25,740	25,487	25,625	1.0	0.4
Geographical breakdown - Total lending					
Queensland	28,828	28,792	28,362	0.1	1.6
New South Wales	13,231	12,773	11,958	3.6	10.6
Victoria	5,230	5,012	4,470	4.3	17.0
Western Australia	3,696	3,468	3,134	6.6	17.9
South Australia and other	1,981	1,873	1,572	5.8	26.0
Outside of Queensland loans	24,138	23,126	21,134	4.4	14.2
Total lending	52,966	51,918	49,496	2.0	7.0

Retail lending

The home lending portfolio grew 2.9% to \$43.0 billion during the quarter. The Bank continues to drive improvement in the quality of the mortgage portfolio underpinned by the introduction of strengthened customer serviceability criteria in response to the low interest rate environment. Further, 89% of new loans written over the quarter had a loan-to-valuation ratio of 80% or less.

The Bank's strong relationship with intermediaries remains integral to enhancing portfolio diversification outside of traditional Queensland markets. Over 75% of home lending portfolio growth during the quarter originated outside of Queensland.

Business lending

Commercial (SME)

The commercial (SME) portfolio contracted 1.4% to \$5.3 billion during the quarter. The result was a reflection of intense price competition within the Bank's target segments and risk selection informed by improved risk modelling capabilities. The Bank continues to pursue lending growth in target market segments.

Agribusiness

The agribusiness portfolio decreased 2.0% to \$4.3 billion during the quarter. Growth was impacted by seasonal cropping and livestock receipts. The Bank continues to exercise care and caution with its approach to risk selection in this sector. Ongoing drought conditions across Queensland and Northern NSW continue to be monitored closely.

Impairment losses on loans and advances

	QUARTER ENDED			SEP-15	SEP-15
	SEP-15	JUN-15	MAR-15	vs JUN-15	vs MAR-15
	\$M	\$M	\$M	%	%
Collective provision for impairment	-	(11) ⁽¹⁾	8	(100.0)	(100.0)
Specific provision for impairment	5	8 ⁽²⁾	6	(37.5)	(16.7)
Actual net write-offs	1	2	2	(50.0)	(50.0)
Total impairment losses	6	(1)	16	(700.0)	(62.5)
Impairment losses to gross loans and advances (annualised)	0.04%	0.11%	0.13%		

⁽¹⁾ Includes release of Agribusiness overlay provision of \$4 million.

⁽²⁾ Includes release of Agribusiness overlay provision of \$7 million.

Impairment losses of \$6 million for the quarter represents 4 bps (annualised) of gross loans and advances, well below the Bank's 10 to 20 bps target operating range.

Impairment losses were limited to a small number of individual exposures across portfolio segments.

Provision coverage remains conservative and includes \$8 million of the drought overlay originally introduced in June 2014.

Impaired assets

	QUARTER ENDED			SEP-15	SEP-15
	SEP-15	JUN-15	MAR-15	vs JUN-15	vs MAR-15
	\$M	\$M	\$M	%	%
Retail lending	28	31	38	(9.7)	(26.3)
Agribusiness lending	119	125	151	(4.8)	(21.2)
Commercial/SME lending	55	62	63	(11.3)	(12.7)
Gross impaired assets	202	218	252	(7.3)	(19.8)
Specific provision for impairment	(65)	(82)	(94)	(20.7)	(30.9)
Net impaired assets	137	136	158	0.7	(13.3)
Gross impaired assets to gross loans and advances	0.38%	0.42%	0.48%		

Gross impaired assets decreased \$16 million (7.3%) to \$202 million during the quarter with improvements realised across all segments. This represents 0.38% of gross loans and advances demonstrating the Bank's ongoing drive to improve credit quality across its lending portfolio.

Agribusiness impaired assets decreased \$6 million over the quarter as some businesses benefited from improved market prices flowing from the weaker Australian dollar and improved weather conditions in some areas. The Bank continues to monitor emerging issues on an individual exposure basis.

Non-performing loans

	QUARTER ENDED			SEP-15	SEP-15
	SEP-15	JUN-15	MAR-15	vs JUN-15	vs MAR-15
	\$M	\$M	\$M	%	%
Gross balances of individually impaired loans					
Gross impaired assets	202	218	252	(7.3)	(19.8)
Specific provision for impairment	(65)	(82)	(94)	(20.7)	(30.9)
Net impaired assets	137	136	158	0.7	(13.3)
Size of gross individually impaired assets					
Less than one million	21	21	23	-	(8.7)
Greater than one million but less than ten million	110	115	132	(4.3)	(16.7)
Greater than ten million	71	82	97	(13.4)	(26.8)
	202	218	252	(7.3)	(19.8)
Past due loans not shown as impaired assets	367	399	399	(8.0)	(8.0)
Gross non-performing loans	569	617	651	(7.8)	(12.6)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	218	252	262	(13.5)	(16.8)
Recognition of new impaired assets	23	26	33	(11.5)	(30.3)
Increases in previously recognised impaired assets	1	1	3	-	(66.7)
Impaired assets written off/sold during the period	(21)	(18)	(14)	16.7	50.0
Impaired assets which have been reclassified as performing assets or repaid	(19)	(43)	(32)	(55.8)	(40.6)
Balance at the end of the period	202	218	252	(7.3)	(19.8)

Gross non-performing loans decreased 7.8% to \$569 million, representing 1.07% of gross loans and advances, with improvements across all segments.

Past due loans not shown as impaired assets decreased 8.0% to \$367 million over the quarter, driven by a 10.3% decrease in the retail segment.

Provision for impairment

	QUARTER ENDED			SEP-15	SEP-15
	SEP-15	JUN-15	MAR-15	vs JUN-15	vs MAR-15
	\$M	\$M	\$M	%	%
Collective provision					
Balance at the beginning of the period	126	137	129	(8.0)	(2.3)
Charge against contribution to profit	-	(11)	8	(100.0)	(100.0)
Balance at the end of the period	126	126	137	-	(8.0)
Specific provision					
Balance at the beginning of the period	82	94	104	(12.8)	(21.2)
Charge against impairment losses	5	8	6	(37.5)	(16.7)
Write-off of impaired assets	(21)	(18)	(14)	16.7	50.0
Unwind of interest	(1)	(2)	(2)	(50.0)	(50.0)
Balance at the end of the period	65	82	94	(20.7)	(30.9)
Total provision for impairment	191	208	231	(8.2)	(17.3)
Equity reserve for credit loss					
Balance at the beginning of the period	146	142	144	2.8	1.4
Transfer to retained earnings	(1)	4	(2)	(125.0)	(50.0)
Balance at the end of the period	145	146	142	(0.7)	2.1
Pre-tax equivalent coverage	207	209	203	(1.0)	2.0
Total provision for impairment and equity reserve for credit loss	398	417	434	(4.6)	(8.3)
	%	%	%		
Provision for impairment expressed as a percentage of gross loans and advances					
Collective provision	0.24	0.24	0.26		
Specific provision	0.12	0.16	0.18		
Total provision	0.36	0.40	0.44		
Equity reserve for credit loss coverage	0.39	0.40	0.39		
Total provision and equity reserve for credit loss coverage	0.75	0.80	0.83		
Specific provision expressed as a percentage of gross impaired assets	32.2	37.6	37.3		

SEP-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	297	28	6	29	62	29.8
Agribusiness lending	46	119	26	52	75	92.7
Commercial/SME lending	24	55	33	45	70	187.3
Total	367	202	65	126	207	69.9

Consistent with operating as an Advanced Bank, a new collective provision model has been implemented inclusive of a new model overlay.

Appendix 1 – Suncorp Bank updated slide information

APS 330 Regulatory Disclosure

1

Suncorp Bank

Summary



Home lending up 2.9%
Business lending down 1.7%

Non performing loans down 7.8%

Bank CET1 8.86% comfortably within the 8.50%-9.00% target range

Gross impaired assets down 7.3%

Suncorp Bank
APS330 for the quarter ended 30 September 2015

APS 330 Regulatory Disclosure

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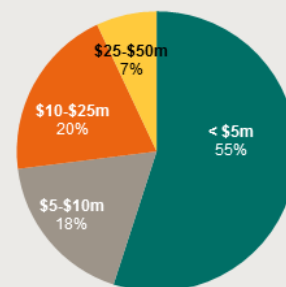
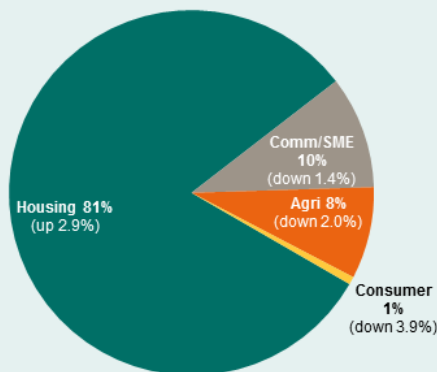
Suncorp Bank lending portfolio

Over 80% mortgage lending



Lending assets \$53 billion

73% business lending exposures <\$10m



Suncorp Bank
APS330 for the quarter ended 30 September 2015

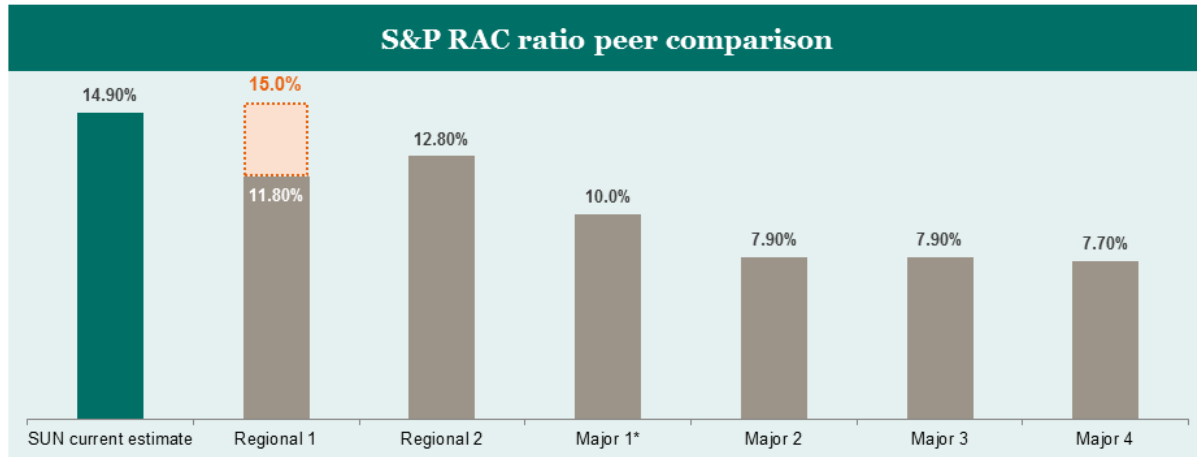
APS 330 Regulatory Disclosure

3

Capital



Strong position compared to peers applying consistent basis of calculation



S&P Risk Adjusted Capital (RAC) source: peer data per latest published S&P Reports (RAC before adjustments used). Major 1 RAC is estimated as not disclosed. Note: dashed line denotes Regional 1's commitment to raise and maintain RAC at 15.0% on ongoing basis.

Suncorp Bank

APS330 for the quarter ended 30 September 2015

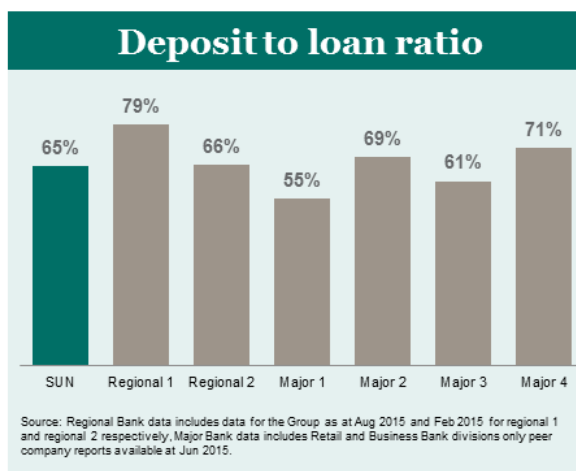
APS 330 Regulatory Disclosure

4

Funding and Liquidity



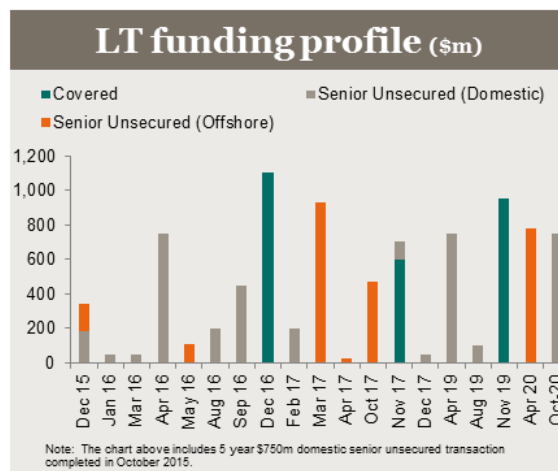
Conservative balance sheet



Source: Regional Bank data includes data for the Group as at Aug 2015 and Feb 2015 for regional 1 and regional 2 respectively. Major Bank data includes Retail and Business Bank divisions only peer company reports available at Jun 2015.

Suncorp Bank

APS330 for the quarter ended 30 September 2015



Note: The chart above includes 5 year \$750m domestic senior unsecured transaction completed in October 2015.

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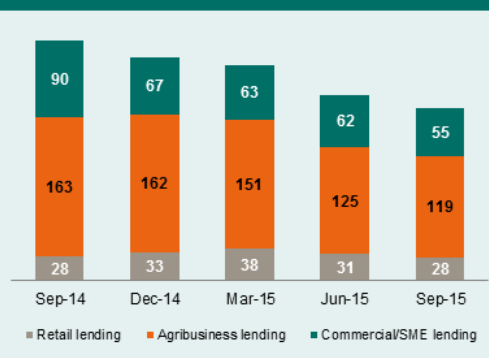
Credit quality

Gross impaired and past due home loans

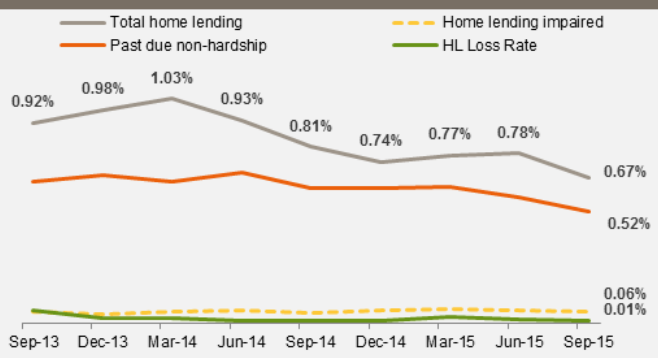
- » Realising benefits from sustained focus on improving lending asset quality underpinned by enhanced risk management capability



Gross impaired loans by segment (\$m)



Past due home loans (% gross home loans)



Suncorp Bank
APS330 for the quarter ended 30 September 2015

APS 330 Regulatory Disclosure

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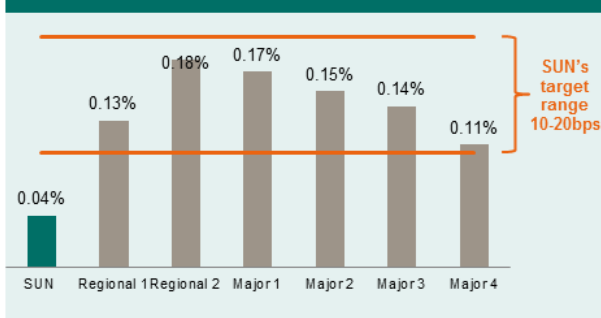
Credit quality

Impairments

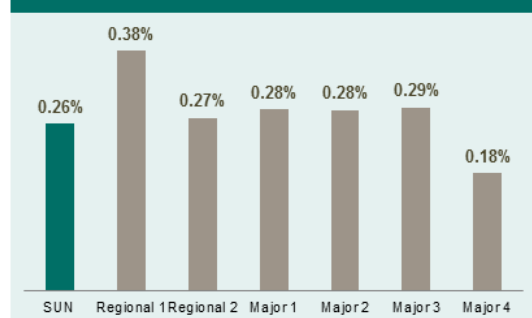
- » Impairment losses of \$6 million demonstrates Suncorp Bank's focus on risk management and improved credit quality
- » Credit impairment losses are 4 bps of gross loans and advances (annualised)



Impairment losses to gross loans



Net impaired loans to gross loans



Suncorp Bank
APS330 for the quarter ended 30 September 2015

Source: Latest peer financial reports

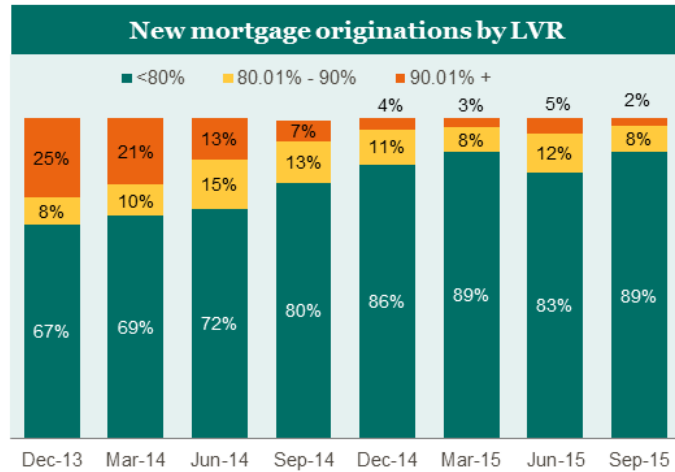
APS 330 Regulatory Disclosure

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Risk position

Improved LVR mix

- » Continued improvement in quality of new home lending
- » Significant improvement in risk grades at origination
- » Portfolio LVR mix continues to shift toward sub-80% lending



Suncorp Bank

APS330 for the quarter ended 30 September 2015

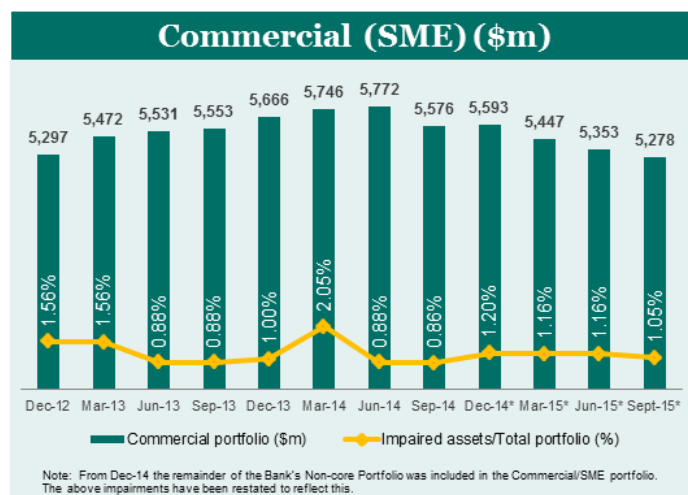
APS 330 Regulatory Disclosure

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Risk position

Commercial (SME) asset growth and credit quality

- » Portfolio contracted 1.4% to \$5.3 billion
- » Credit quality is within risk tolerances with impaired assets declining 12.7%
- » The Bank continues to write low-risk, well secured business lending within its target market
- » The portfolio is heavily weighted towards less than \$5 million lending, with 99% of customer groups within this range.
- » By value, more than 55% of the portfolio consists of customer groups with an average exposure of less than \$5 million.



Suncorp Bank

APS330 for the quarter ended 30 September 2015

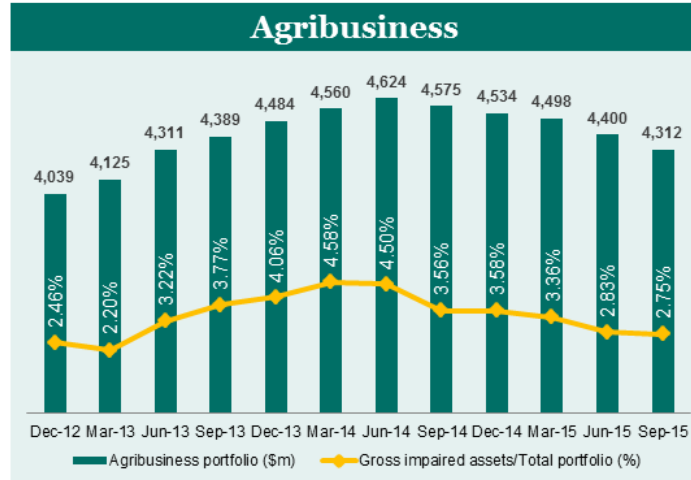
APS 330 Regulatory Disclosure

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Risk position

Agribusiness asset growth and credit quality

- » Portfolio contracted 2.0% to \$4.3 billion
- » Credit quality is within risk tolerances with impaired assets declining 21.2%
- » The Bank continues to exercise care and caution with its approach to risk selection in the agribusiness sector
- » The portfolio is heavily weighted towards less than \$5 million lending, with 93% of customer groups within this range.



Suncorp Bank
APS330 for the quarter ended 30 September 2015

APS 330 Regulatory Disclosure

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Outlook

Medium term focus

Key targets

- » NIM **1.75% to 1.85%**.
- » Retail deposit to loan ratio **60% to 70%**.
- » Drive the **cost to income ratio** below 50%.
- » Sustainable retail lending growth of **1 to 1.3 times** system.

Genuine alternative

- » Money Magazine's '**Bank of the year**'
- » Euromoney's '**Best Bank in Australia**'
- » Industry leading customer **satisfaction**
- » **A+/A1** credit rating
- » Basel II **Advanced Accreditation**
- » New banking platform – **Project Ignite**



Suncorp Bank
APS330 for the quarter ended 30 September 2015

Appendix 2 – APS 330 tables

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	
	SEP-15	JUN-15	SEP-15	SEP-15	JUN-15
	\$M	\$M	%	\$M	\$M
On-balance sheet credit risk-weighted assets					
Cash items	668	596	1	8	10
Claims on Australian and foreign governments	2,497	2,442	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	3,180	3,289	21	654	674
Claims on securitisation exposures	955	1,047	20	191	209
Claims secured against eligible residential mortgages	40,393	38,965	38	15,446	15,035
Past due claims	499	538	92	460	473
Other retail assets	491	511	80	393	412
Corporate	8,371	8,451	100	8,351	8,433
Other assets and claims	238	242	100	237	241
Total Banking assets	57,292	56,081	45	25,740	25,487
Off-balance sheet positions					
Guarantees entered into in the normal course of business	274	273	69	188	196
Commitments to provide loans and advances	7,828	2,065	51	1,050	1,229
Foreign exchange contracts	5,964	279	15	42	53
Interest rate contracts	50,656	94	40	38	48
Securitisation exposures	2,775	42	86	36	39
CVA capital charge	-	-	-	112	108
Total off-balance sheet positions	67,497	2,753	53	1,466	1,673
Market risk capital charge				128	172
Operational risk capital charge				3,278	3,278
Total off-balance sheet positions				1,466	1,673
Total on-balance sheet credit risk-weighted assets				25,740	25,487
Total assessed risk				30,612	30,610
Risk-weighted capital ratios				%	%
Common Equity Tier 1				8.86	9.13
Tier 1				10.33	10.60
Tier 2				3.22	3.23
Total risk-weighted capital ratio				13.55	13.83

TABLE 4: CREDIT RISK

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 – outstanding as at 30 June 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	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	-	-	-	3,983	173	-	4,156	111	21	4,024	27
Construction & development	-	-	-	489	155	-	644	15	-	629	8
Financial services	595	1,384	5,198	334	216	356	8,083	-	-	8,083	-
Hospitality	-	-	-	912	47	-	959	25	3	931	16
Manufacturing	-	-	-	319	20	-	339	14	3	322	11
Professional services	-	-	-	233	11	-	244	7	1	236	2
Property investment	-	-	-	1,997	80	-	2,077	3	6	2,068	3
Real estate - Mortgage	-	-	-	38,506	1,898	-	40,404	21	323	40,060	4
Personal	-	-	-	380	10	-	390	-	8	382	-
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,722	109	-	1,831	22	34	1,775	11
Total gross credit risk	595	1,384	5,198	48,875	2,719	356	59,127	218	399	58,510	82
Securitisation Exposures ⁽¹⁾	-	-	1,047	3,294	32	15	4,388	-	-	4,388	-
Total including Securitisation Exposures	595	1,384	6,245	52,169	2,751	371	63,515	218	399	62,898	82
Impairment provision							(208)	(82)	(27)	(99)	
TOTAL							63,307	136	372	62,799	

⁽¹⁾ The securitisation exposures of \$3,294 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	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	-	-	-	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 4A: Credit risk by gross credit exposure – average gross exposure over period 1 April to 30 June 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	-	-	-	4,018	161	-	4,179	125	24	4,030	35
Construction & development	-	-	-	509	147	-	656	18	-	638	9
Financial services	580	1,753	5,364	291	210	410	8,608	-	-	8,608	-
Hospitality	-	-	-	931	50	-	981	25	2	954	14
Manufacturing	-	-	-	328	18	-	346	15	7	324	11
Professional services	-	-	-	240	10	-	250	8	1	241	2
Property investment	-	-	-	1,954	76	-	2,030	5	4	2,021	5
Real estate - Mortgage	-	-	-	38,308	1,806	-	40,114	23	322	39,769	4
Personal	-	-	-	386	10	-	396	-	7	389	-
Government/public authorities	-	-	-	-	-	-	-	-	-	-	-
Other commercial & industrial	-	-	-	1,774	105	-	1,879	17	32	1,830	8
Total gross credit risk	580	1,753	5,364	48,739	2,593	410	59,439	236	399	58,804	88
Securitisation Exposures ⁽¹⁾	-	-	1,044	3,416	33	17	4,510	-	-	4,510	-
Total including Securitisation Exposures	580	1,753	6,408	52,155	2,626	427	63,949	236	399	63,314	88
Impairment provision							(220)	(88)	(29)	(103)	
TOTAL							63,729	148	370	63,211	

⁽¹⁾ The securitisation exposures of \$3,416 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 – 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 4B: Credit risk by portfolio – 30 June 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	40,405	40,115	21	323	4	2
Other retail	391	396	-	8	-	2
Financial services	8,081	8,607	-	-	-	-
Government and public authorities	-	-	-	-	-	-
Corporate and other claims	10,250	10,321	197	68	78	6
Total	59,127	59,439	218	399	82	10

Table 4C: General reserves for credit losses

	SEP-15 \$M	JUN-15 \$M
Collective provision for impairment	126	126
Ineligible collective provisions on past due not impaired	(29)	(27)
Eligible collective provisions	97	99
Equity reserve for credit losses	145	146
General reserve for credit losses	242	245

TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

	EXPOSURES SECURITISED		RECOGNISED GAIN OR (LOSS) ON SALE	
	SEP-15	JUN-15	SEP-15	JUN-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	
	SEP-15	JUN-15
	\$M	\$M
Debt securities	955	1,047
Total on-balance sheet securitisation exposures	955	1,047

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

Exposure type	PRINCIPAL OR NOTIONAL EXPOSURE	
	SEP-15	JUN-15
	\$M	\$M
Liquidity facilities	59	64
Derivative exposures	2,716	2,909
Total off-balance sheet securitisation exposures	2,775	2,973

TABLE 18: REMUNERATION DISCLOSURES

Table 18: Remuneration disclosures for the year ended 30 June 2015 are set out in a separate document “APS330 Disclosure (Remuneration) – September 2015” and included with the Group’s prudential disclosures for the quarter ended 30 September 2015.

Appendix 3 – 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
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
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
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	Bank credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA