SUNCORP

Suncorp Group Limited

ABN 66 145 290 124

Suncorp Bank APS 330: Quarter ended
30 June 2024

Approved on 29 July 2024

Basis of Preparation

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

Suncorp Bank is represented by Suncorp-Metway Limited (SML) and its subsidiaries. SML is an authorised deposit-taking institution (ADI) and a wholly owned subsidiary of Suncorp Group Limited. Suncorp Group is represented by Suncorp Group Limited and its subsidiaries.

Other than statutory information required by a regulator (including APRA), all financial information is measured in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars and have been rounded to the nearest million.

This document has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with Suncorp Group and SML's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards.

Figures relate to the quarter ended 30 June 2024 (unless otherwise stated) and should be read in conjunction with other information concerning Suncorp Group filed with the Australian Securities Exchange (ASX).

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

On 18 July 2022, following a comprehensive strategic review, Suncorp Group announced it had signed a share sale and purchase agreement (SPA) with Australia and New Zealand Banking Group Limited (ANZ) to sell the Company's immediate parent entity, SBGH Limited. On 20 February 2024, the Australian Competition Tribunal granted authorisation of the planned sale. On 14 June 2024, the *State Financial Institutions and Metway Merger Amendment Bill* (the Bill) was passed by the Queensland Parliament. The Bill, which will come into effect on proclamation at the time of completion of the sale of SBGH Limited to ANZ, will see the application of the *State Financial Institutions and Metway Merger Act* and its Queensland headquartering requirements shift from SML to SGL.

On 28 June 2024, approval from the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998* was received. While the sale remains subject to the commencement of the State Financial Institutions and Metway Merger Amendment Act, the Suncorp Group expects the sale to complete on 31 July 2024 (completion date).

Disclaimer

This report contains general information which is current as at 29 July 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 the Suncorp Group and Suncorp Bank or any product or service offered by its entities, or intended to be relied upon as advice.

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp Group's intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report and undertakes no obligation to update any forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp Group's control, which may cause actual results to differ materially from those expressed or implied.

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Regulatory Capital Reconciliation

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

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

	Per table 1 Capital Disclosure	Statutory Jun-24 $M	Adjustments Jun-24 $M	Regulatory Jun-24 $M
Assets				
Cash and cash equivalents		1,745	(8)	1,737
Receivables due from other banks		739	-	739
Trading securities		2,154	-	2,154
Derivatives		283	-	283
Investment securities		9,849	-	9,849
Investment in regulatory non-consolidated subsidiaries		-	-	-
Loans and advances		69,715	(3,153)	66,562
of which: eligible collective provision component of GRCL in tier 2 capital	(o)	-	-	*154*
of which: loan and lease origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory adjustments	(f)	-	-	*322*
Due from related parties		115	-	115
Deferred tax assets		108	-	108
of which: arising from temporary differences included in CET1 regulatory adjustments	(e)	-	-	*83*
Goodwill	(d)	21	-	21
Other assets		245	(6)	239
Total assets		84,974	(3,167)	81,807
Liabilities				
Payables due to other banks		118	-	118
Deposits		54,011	-	54,011
Derivatives		304	-	304
of which: securitisation derivatives in CET1 regulatory adjustments	(i)	-	-	*8*
Payables and other liabilities		632	(10)	622
Due to related parties		68	66	134
Borrowings		24,776	(3,222)	21,554
of which: costs associated with debt raisings in CET1 regulatory adjustments	(g)	-	-	*15*
of which: securitisation start-up costs in CET1 regulatory adjustment	(h)	-	-	*5*
Subordinated notes		600	-	600
of which: directly issued qualifying tier 2 instruments	(k)	-	-	*600*
of which: directly issued instruments subject to phase out from tier 2	(l)	-	-	-
Total liabilities		80,509	(3,166)	77,343
Net assets		4,465	(1)	4,464
Equity				
Share capital	(a)	2,754	-	2,754
Capital notes	(j)	560	-	560
Reserves		(28)	-	(28)
of which: equity component of GRCL in tier 2 capital	(m)	-	-	*76*
of which: FVOCI reserve	(c)	-	-	*(45)*
of which: cash flow hedge reserve	(n)	-	-	*(59)*
Retained profits		1,179	(1)	1,178
of which: included in CET1	(b)	-	-	*1,178*
Total equity attributable to owners of the Company		4,465	(1)	4,464

Regulatory Capital Reconciliation (Continued)

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

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

	Total assets Jun-24 $	Total liabilities Jun-24 $
SPDEF #2 Pty Ltd	1	-

Principal activity:
The company acts as trustee for Suncorp Property Development Equity Fund #2 Unit Trust.

	Total assets Jun-24 $M	Total liabilities Jun-24 $M
Suncorp Property Development Equity Fund #2 Unit Trust	2	1

Principal activity:
The Trust was established by the directors of SPDEF #2 Pty Ltd (the trustee) for the purpose of forming an unincorporated joint venture to develop land for the purpose of reselling as residential housing lots.

	Total assets Jun-24 $M	Total liabilities Jun-24 $M
Securitisation special purpose vehicles [1]		
Apollo Series 2015-1 Trust	138	138
Apollo Series 2017-1 Trust	206	206
Apollo Series 2017-2 Trust	271	271
Apollo Series 2018-1 Trust	247	247
Apollo Series 2022-1 Trust	438	438
Apollo Series 2023-1 Trust	722	722
Apollo Series 2024-1 Trust	1,207	1,207

(1) The Trusts qualify for regulatory capital relief under APS 120 and are therefore deconsolidated from the Level 2 regulatory group. The assets of the Trusts include the secured loans from SML, representing the outstanding balance of securitised mortgages and accrued interest, as well as cash and other receivables.

Principal activity:
The Trusts were established for the purpose of raising funds, via the issue of mortgage backed securities, to fund the purchase of mortgage loans by equitable assignment.

Any transfer of funds or regulatory capital within the Level 2 group can occur only after the relevant approvals from management and the Board of each affected entity, in line with the Suncorp Group's capital management policies. Any such transactions must be consistent with the Suncorp Group's capital management strategy objectives to ensure each entity in the Level 2 group has sufficient capital resources to maintain the business and operational requirements, retain sufficient capital to exceed externally imposed capital requirements, and ensure Suncorp Bank's ability to continue as a going concern.

Table 1: Capital Disclosure Template

SML and its eligible subsidiaries are applying, in full, the Basel III regulatory adjustments as implemented by APRA. The capital disclosures below are presented using the Common Disclosure template in accordance with Basel III Prudential Capital requirements effective from 1 January 2023.

		Per Regulatory Capital Reconciliation	Jun-24 $M
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities)	(a)	2,754
2	Retained earnings	(b)	1,178
3	Accumulated other comprehensive income (and other reserves)	(c)+(n)	(104)
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)		
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	**Common Equity Tier 1 capital before regulatory adjustments**		**3,828**
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	(d)	21
9	Other intangibles other than mortgage servicing rights (net of related tax liability)		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
11	Cash-flow hedge reserve	(n)	(59)
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined benefit superannuation fund net assets		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage service rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	*of which: significant investments in the ordinary shares of financial entities*		
24	*of which: mortgage servicing rights*		
25	*of which: deferred tax assets arising from temporary differences*		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)		433
26a	*of which: treasury shares*		
26b	*of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI*		
26c	*of which: deferred fee income*		
26d	*of which: equity investments in financial institutions not reported in rows 18, 19 and*		
26e	*of which: deferred tax assets not reported in rows 10, 21 and 25*	(e)	83
26f	*of which: capitalised expenses*	(f)+(g)+(h)	342
26g	*of which: investments in commercial (non-financial) entities that are deducted under APRA requirements*		-
26h	*of which: covered bonds in excess of asset cover in pools*		
26i	*of which: undercapitalisation of a non-consolidated subsidiary*		
26j	*of which: other national specific regulatory adjustments not reported in rows 26a to 26i*	(i)	8
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	**Total regulatory adjustments to Common Equity Tier 1**		**395**
29	**Common Equity Tier 1 Capital (CET1)**		**3,433**

		Per Regulatory Capital Reconciliation	Jun-24 $M
	Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments		560
31	*of which: classified as equity under applicable accounting standards*	(j)	560
32	*of which: classified as liabilities under applicable accounting standards*		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	*of which: instruments issued by subsidiaries subject to phase out*		
36	**Additional Tier 1 Capital before regulatory adjustments**		560
	Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)		
41a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*		
41b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40*		
41c	*of which: other national specific regulatory adjustments not reported in rows 41a and 41b*		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**		-
44	**Additional Tier 1 capital (AT1)**		560
45	**Tier 1 Capital (T1=CET1+AT1)**		3,993
	Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	(k)	600
47	Directly issued capital instruments subject to phase out from Tier 2	(l)	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)		
49	*of which: instruments issued by subsidiaries subject to phase out*		
50	Provisions	(m)+(o)	230
51	**Tier 2 Capital before regulatory adjustments**		830
	Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions		
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)		
56a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*		
56b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55*		
56c	*of which: other national specific regulatory adjustments not reported in rows 56a and 56b*		
57	**Total regulatory adjustments to Tier 2 capital**		-
58	**Tier 2 capital (T2)**		830
59	**Total capital (TC=T1+T2)**		4,823
60	**Total risk-weighted assets based on APRA standards**		33,246

		Per Regulatory Capital Reconciliation	Jun-24 $M
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)		*10.33%*
62	Tier 1 (as a percentage of risk-weighted assets)		*12.01%*
63	Total capital (as a percentage of risk-weighted assets)		*14.51%*
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)		*8.00%*
65	*of which: capital conservation buffer requirement*		*2.50%*
66	*of which: ADI-specific countercyclical buffer requirements*		*1.00%*
67	*of which: G-SIB buffer requirement (not applicable)*		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)		*5.83%*
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
70	National Tier 1 minimum ratio (if different from Basel III minimum)		
71	National total capital minimum ratio (if different from Basel III minimum)		
	Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the ordinary shares of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	(e)	83
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	(m)+(o)	230
77	Cap on inclusion of provisions in Tier 2 under standardised approach		416
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	*Current cap on CET1 instruments subject to phase out arrangements*		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*		
82	*Current cap on AT1 instruments subject to phase out arrangements*		
83	*Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)*		
84	*Current cap on T2 instruments subject to phase out arrangements*	(l)	-
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*		

Table 2: Main Features of Capital Instruments

Attachment B of Prudential Standard APS 330 details the continuous disclosure requirements for the main features of all capital instruments included in Suncorp Bank's regulatory capital.

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

The full terms and conditions of all of Suncorp Group's regulatory capital instruments are available at https://www.suncorpgroup.com.au/investors/securities[1].

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

Table 3: Capital Adequacy

	Risk Weighted Assets	
	Jun-24 $M	Mar-24 $M
On-balance sheet credit risk-weighted assets		
Claims secured by residential mortgage	18,689	18,949
Other retail	81	84
Bank	46	85
Government	-	-
Corporates[(1)]	8,847	8,728
Securisation	13	14
All other exposures	163	146
Total on-balance sheet assets	**27,839**	**28,006**
Off-balance sheet exposures		
Non-market related off-balance sheet exposures	2,474	2,375
Market related off-balance sheet exposures	74	60
Securitisation	13	9
Total off-balance sheet exposures	**2,561**	**2,444**
Total on-balance sheet assets and off-balance sheet positions	**30,400**	**30,450**
Market risk capital charge	**158**	**179**
Operational risk capital charge	**2,688**	**2,512**
Total risk-weighted assets	**33,246**	**33,141**

(1) Includes commercial property and land acquisition, development, and construction exposures.

	Capital Ratios	
	Jun-24 %	Mar-24 %
Common Equity Tier 1	10.33	10.27
Tier 1	12.01	11.96
Tier 2	2.50	2.45
Total risk-weighted capital ratio	**14.51**	**14.41**

Table 4: Credit Risk

Table 4A: Credit risk by gross credit exposure

Exposure Type	Gross Credit Exposure[1] Jun-24 $M	Gross Credit Exposure[1] Mar-24 $M	Average Gross Credit Exposure[1] Jun-24 $M	Average Gross Credit Exposure[1] Mar-24 $M
Reverse repurchase agreements	1,631	1,623	1,627	1,799
Receivables[2]	739	815	777	832
Trading Securities	2,154	2,991	2,573	3,171
Derivatives[3]	95	85	90	104
Investment Securities	9,784	10,150	9,967	8,494
Loans and Advances	66,776	67,279	67,028	66,774
Off-balance sheet exposures[3]	5,806	5,602	5,703	5,659
Total gross credit risk[4]	**86,985**	**88,545**	**87,765**	**86,833**
Securitisation exposures[5]	3,602	2,500	3,051	2,567
Total including securitisation exposures	**90,587**	**91,045**	**90,816**	**89,400**
Impairment provision	(214)	(209)	(212)	(210)
Total	**90,373**	**90,836**	**90,604**	**89,190**

Portfolios Subject to the Standardised Approach	Gross Credit Exposure[1] Jun-24 $M	Gross Credit Exposure[1] Mar-24 $M	Average Gross Credit Exposure[1] Jun-24 $M	Average Gross Credit Exposure[1] Mar-24 $M
Claims secured by residential mortgage	59,456	60,068	59,762	59,610
Other retail assets	98	104	101	109
Bank	1,763	1,813	1,788	1,969
Government	12,530	13,744	13,137	12,286
Corporates[6]	12,996	12,684	12,840	12,684
All other exposures	142	132	137	175
Total gross credit risk[4]	**86,985**	**88,545**	**87,765**	**86,833**
Securitisation exposures[5]	3,602	2,500	3,051	2,567
Total including securitisation exposures	**90,587**	**91,045**	**90,816**	**89,400**
Impairment provision	(214)	(209)	(212)	(210)
Total	**90,373**	**90,836**	**90,604**	**89,190**

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 June 2024 include $3,153 million in Loans and advances, $65 million in Investment Securities, $47 million in Derivatives and $337 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 Jun-24 $M	Specific Provisions[1] Jun-24 $M	Charges for Specific Provisions & Write Offs Jun-24 $M
Claims secured by residential mortgage	658	6	(1)
Other retail assets	5	1	(1)
Bank	-	-	-
Government	-	-	-
Corporates[2]	174	5	1
All other exposures	-	-	-
Total gross credit risk	**837**	**12**	**(1)**
Securitisation exposures	26	-	
Total including securitisation exposures	**863**	**12**	
Impairment provision	(12)	-	
Total	**851**	**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 Mar-24 $M	Specific Provisions[1] Mar-24 $M	Charges for Specific Provisions & Write Offs Mar-24 $M
Claims secured by residential mortgage	613	6	(1)
Other retail assets	5	2	-
Bank	-	-	-
Government	-	-	-
Corporates[2]	184	11	-
All other exposures	-	-	-
Total gross credit risk	**802**	**19**	**(1)**
Securitisation exposures	23	-	
Total including securitisation exposures	**825**	**19**	
Impairment provision	(17)	-	
Total	**808**	**19**	

[1] The specific provisions of $19 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $52 million which in accordance with APS 220 Credit Risk Management are regulatory specific provisions. The regulatory specific provisions under APS 220 Credit Risk Management are $71 million.
[2] Includes commercial property and land acquisition, development, and construction exposures.

Table 4: Credit Risk (Continued)

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

	Jun-24 $M	Mar-24 $M
Collective provision for impairment	200	190
Ineligible collective provisions [2]	(46)	(52)
Eligible collective provisions	154	138
General equity reserve [3]	76	76
Provisions eligible for inclusion in Tier 2 capital (Standardised approach)	**230**	**214**

[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

During the quarter ending 30 June 2024, new Securitisation Trust, Apollo Series 2024-1 Trust (Apollo 27) was established.

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Jun-24	Mar-24	Jun-24	Mar-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

	Jun-24	Mar-24
Exposure type	$M	$M
Debt securities	65	71
Total on-balance sheet securitisation exposures	65	71

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

	Jun-24	Mar-24
Exposure type	$M	$M
Liquidity facilities	19	13
Derivative exposures	47	33
Total off-balance sheet securitisation exposures	66	46

Table 20: Liquidity Coverage Ratio Disclosure

	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	Total unweighted value (average) Dec-23 $M	Total weighted value (average) Dec-23 $M
Liquid assets, of which:						
High-quality liquid assets (HQLA)		13,874		13,964		12,173
Alternative liquid assets (ALA)		-		-		-
Cash outflows						
Retail deposits and deposits from small business customers, of which:	36,140	3,579	36,005	3,565	35,923	3,542
stable deposits	*22,919*	*1,146*	*22,807*	*1,140*	*22,833*	*1,142*
less stable deposits	*13,221*	*2,433*	*13,198*	*2,425*	*13,090*	*2,400*
Unsecured wholesale funding, of which:	5,132	3,298	5,148	3,291	4,650	2,826
operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
non-operational deposits (all counterparties)	*3,635*	*1,801*	*3,712*	*1,855*	*3,580*	*1,756*
unsecured debt	*1,497*	*1,497*	*1,436*	*1,436*	*1,070*	*1,070*
Secured wholesale funding		450		208		334
Additional requirements, of which:	9,815	1,607	9,467	1,280	9,429	1,392
outflows related to derivatives exposures and other collateral requirements	*1,164*	*1,164*	*836*	*836*	*957*	*957*
outflows related to loss of funding on debt products	-	-	-	-	-	-
credit and liquidity facilities	*8,651*	*443*	*8,631*	*444*	*8,472*	*435*
Other contractual funding obligations	1,107	797	1,117	818	1,348	1,067
Other contingent funding obligations	8,251	706	7,675	695	7,438	854
Total cash outflows		10,437		9,857		10,015
Cash inflows						
Secured lending (e.g. reverse repos)	754	-	1,448	-	927	-
Inflows from fully performing exposures	675	364	651	352	598	317
Other cash inflows	1,118	1,118	673	673	969	969
Total cash inflows	2,547	1,482	2,772	1,025	2,494	1,286
		Total adjusted value		Total adjusted value		Total adjusted value
Total liquid assets		13,874		13,964		12,173
Total net cash outflows		8,955		8,832		8,729
Liquidity Coverage Ratio (%)		155		158		139
Number of data points used		63		62		63

Overview

The Liquidity Coverage Ratio (**LCR**) promotes shorter-term resilience by requiring ADIs to maintain sufficient qualifying High Quality Liquid Assets (**HQLA**) to meet expected net cash outflows (**NCO**) under an APRA prescribed 30 calendar day stress scenario. SML manages its LCR on a daily basis and maintains a buffer over the regulatory minimum of 100%.

Liquidity and Funding Risk Management Framework

The Suncorp Bank 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 $1.25bn in RMBS and $700m in Private Placement deals).

Contingency Funding Plan

Suncorp Bank maintains a Contingency Funding Plan (**CFP**) which details how it would respond to a liquidity stress event. The CFP sets out roles and responsibilities including the committee of responsible executives, early warning indicators and trigger events. The CFP is reviewed and oversighted regularly. It contains details of potential funding actions that could be taken to manage Suncorp Bank’s liquidity position.

Liquidity Coverage Ratio

Suncorp Bank calculates its LCR position on a daily basis, ensuring a buffer is maintained over the regulatory requirement of 100% and the Board’s risk appetite. The daily average LCR was 155% over the June 2024 quarter, in line with the average of 158% over the March quarter, as Suncorp Bank continued to hold elevated levels of liquidity coverage through the Bank sale process.

There was approximately $2.4bn in term maturities across the June quarter, including $1.69bn in TFF repayments and an AUD $702m Offshore Senior transaction. Suncorp Bank has now repaid the TFF in full. A total of $1.95bn in term funding was raised in the quarter, consisting of $700m in Private Placement deals and a $1.25bn RMBS deal under Apollo 2024-1 in late April.

The maturity of the Offshore Senior transaction during the quarter increased the average outflow related to derivatives exposure. Following this maturity, net derivatives exposure remained immaterial over the quarter. No term maturities were present in the NCO window at quarter end, contributing to an LCR of 168% on 28th June 2024. During the quarter the lowest point of the LCR was 140% on 8th April, which coincided with a large number of wholesale maturities entering the NCO window and an increase in Derivative Cash Outflows related to USCP issuance on that day.

Table 21: Net Stable Funding Ratio Disclosure

	Jun-24 Unweighted value by residual maturity ($M)				Jun-24	Mar-24 Unweighted value by residual maturity ($M)				Mar-24
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value ($M)	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value ($M)
Available Stable Funding (ASF) Item										
Capital	4,058	-	-	1,160	5,218	3,755	-	-	1,226	4,981
Regulatory capital	*4,058*	-	-	*1,160*	*5,218*	*3,755*	-	-	*1,226*	*4,981*
Other capital instruments	-	-	-	-	-	-	-	-	-	-
Retail deposits and deposits from small business	-	41,923	-	-	39,020	-	41,885	2	-	38,984
Stable deposits	-	*25,779*	-	-	*24,490*	-	*25,717*	-	-	*24,431*
Less stable deposits	-	*16,144*	-	-	*14,530*	-	*16,168*	*2*	-	*14,553*
Wholesale funding	-	19,099	3,571	10,887	16,642	-	20,923	3,153	11,340	16,864
Operational deposits	-	-	-	-	-	-	-	-	-	-
Other wholesale funding	-	*19,099*	*3,571*	*10,887*	*16,642*	-	*20,923*	*3,153*	*11,340*	*16,864*
Liabilities with matching interdependent assets		-	-	-	-		-	-	-	-
Other liabilities	1,050	-23	-	-	-	1,328	-30	-	-	-
NSFR derivative liabilities			*-23*					*-30*		
All other liabilities and equity not included in the above	*1,050*	-	-	-	-	*1,328*	-	-	-	-
Total ASF					60,880					60,829
Required Stable Funding (RSF) Item										
Total NSFR (HQLA)					598					650
ALA					-					231
RBNZ securities					-					-
Deposits held at other financial institutions for operational purposes		81	-	-	41		66	-	-	33
Performing loans and securities		3,643	1,300	62,396	46,520		3,333	1,182	61,290	45,714
Performing loans to financial institutions secured by Level 1		*1,631*	-	-	*163*		*1,471*	-	-	*147*
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		-	-	-	-		152	-	-	23
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:		*1,627*	*1,230*	*15,399*	*14,469*		*1,305*	*1,125*	*15,768*	*14,572*
With a risk weight of less than or equal to 35% under APS 112		65	22	406	308		50	14	405	295
Performing residential mortgages, of which:		*385*	*70*	*46,895*	*31,802*		*405*	*57*	*45,186*	*30,687*
With a risk weight equal to 35% under APS 112		*385*	*70*	*46,895*	*31,802*		*405*	*57*	*45,186*	*30,687*
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		-	-	*102*	*86*		-	-	*336*	*285*
Assets with matching interdependent liabilities		-	-	-	-		-	-	-	-
Other assets:	891	239	3	697	1,766	991	220	3	654	1,819
Physical traded commodities, including gold	-				-	-				-
Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)			*1*		1			*1*		1
NSFR derivative assets			*36*		36			*33*		33
NSFR derivative liabilities before deduction of variation margin			*79*		*16*			*61*		*12*
All other assets not included in the above categories	*891*	*123*	*3*	*697*	*1,713*	*991*	*125*	*3*	*654*	*1,773*
Off-balance sheet items			11,644		549			11,469		538
Total RSF					49,474					48,985
Net Stable Funding Ratio (%)					123%					124%

Overview

The Net Stable Funding Ratio (**NSFR**) promotes longer-term funding resilience by requiring ADIs to fund their activities with sufficiently stable sources of funding on an ongoing basis.

The NSFR requires that an ADI has sufficient Available Stable Funding (**ASF**), the portion of capital and liabilities expected to be a reliable source of funds over a one-year time frame, to cover its Required Stable Funding (**RSF**), which is based on the liquidity characteristics and residual maturities of an ADIs assets and off-balance sheet exposures. SML manages its NSFR on a daily basis and maintains a buffer over the regulatory minimum of 100%.

ASF for Suncorp Bank is composed of deposits from retail and SME customers (64%) and wholesale funding (27%). RSF is heavily driven by residential mortgages (64%) and lending to non-Financial Institution customers (29%).

The NSFR decreased from 124% to 123% over the June 2024 quarter. ASF remained relatively stable due to the refinancing completed for the final TFF repayments. RSF increased slightly over the quarter due to the impact of a higher RSF factor applied to residential mortgages no longer encumbered by the TFF.

Appendix 1 - Definitions

AASB 9	AASB 9 *Financial Instruments* was issued in December 2014. It addresses recognition and measurement requirements for financial assets and financial liabilities, impairment requirements that introduce a forward-looking expected credit loss impairment model, and general hedge accounting requirements which more closely align with risk management activities undertaken when hedging financial and non-financial risks. This standard became mandatory for the annual reporting period from 1 July 2018.
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA.
Collective provision	A collective provision is established to determine expected credit losses (see also Expected Credit Losses definition below) for loan exposures which are not specifically provisioned and can be in the performing or non-performing portfolios. For business banking exposures, a ratings-based approach is applied using estimates of probability of default and loss given default, at a customer level. For portfolio managed exposures, the portfolios are split into pools with homogenous risk profiles and pool estimates of probability of default and loss given default are used to calculate the collective provision.
Common Equity Tier 1 (**CET1**)	Common Equity Tier 1 capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves.
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by total risk weighted assets, as defined by APRA.
Credit value adjustment (**CVA**)	A capital charge that covers the risk of mark-to-market losses on the counterparty credit risk.
Eligible collective provisions	Primarily represents the collective provision for impairment on loans and advances in Stage 1 (performing and/or newly originated assets). Provisions for loans and advances in Stage 1 are established to provide for expected credit losses (**ECL**) for a period of 12 months. Forward-looking provisions for future, presently unidentified losses are also included within the Eligible collective provision balance.
Expected credit losses (**ECL**)	Expected credit losses (**ECL**) are calculated as the probability of default (**PD**) x loss given default (**LGD**) x exposure at default. The credit models are calibrated to reflect PD and LGD estimates based on historical observed experience, as well as reflecting unbiased forward-looking views of macroeconomic conditions, through macroeconomic variables that influence credit losses, for example unemployment rates and changes in house prices.
Ineligible collective provisions	Represents the collective provision for impairment on loans and advances in Stage 2 or Stage 3. Stage 2 assets include assets that have experienced a significant increase in credit risk (**SICR**) since origination (under-performing loans). Stage 3 assets within ineligible collective provisions include 'past due but not impaired' and 'impaired assets' (non-performing loans, other than those for which a specific provision is held under AASB 9). Collective provisions for loans and advances in Stage 2 and Stage 3 are established to provide for ECL for the remaining term of the loans and advances (lifetime ECL). Ineligible collective provision is considered as specific provision for regulatory purposes under APS 220 *Credit Risk Management*.
Liquidity coverage ratio (**LCR**)	An APRA requirement to maintain a sufficient level of qualifying high-quality liquid assets to meet liquidity needs under an APRA-defined significant stress event lasting for 30 calendar days. Absent of a situation of financial stress, the LCR must not be less than 100%. The LCR is calculated as the ratio of qualifying high-quality liquid assets relative to net cash outflows in a modelled APRA-defined 30-day stress scenario.
Loan-to-value ratio (**LVR**)	Ratio of a loan to the value of the asset purchased.
Non-performing exposure	An exposure that is in default. A default is considered to have occurred with regard to a particular borrower when either, or both, of the events in sub-paragraphs (i) or (ii) have taken place: (i) the ADI considers that the borrower is unlikely to pay its credit obligations to the ADI in full, without recourse by the ADI to actions such as realising available security; (ii) the borrower is 90 days or more past-due on a credit obligation to the ADI or, in the case of subsidiaries in jurisdictions where a different number of days past-due is set for exposures to individuals (i.e. natural persons) or public sector entities by the national regulator, the borrower is past-due by the number of days (or more) specified by that national regulator.
Past due loans	An exposure for which any amount due under a contract (interest, principal, fee or other amount) has not been paid in full at the date when it was due. An exposure is considered past-due from the first day of missed payment.
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA.
Specific provision	A specific provision for impairment is recognised where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. The present value of the expected future cash flows is compared to the carrying amount of the loan to determine the specific provision required.
Term Funding Facility (**TFF**)	On 19 March 2020, the RBA announced the Term Funding Facility (**TFF**) to support lending to Australian businesses as part of a package of measures to support the Australian economy. Under the TFF, Authorised Deposit-taking Institutions (**ADIs**) could access three-year funding through repurchase agreements at a fixed interest rate equivalent to the official cash rate at the time of drawdown.
Total assessed risk	Credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA.