

May 3, 2016



## **Suncorp-Metway Limited**

### **Recent Developments**

*The information set forth below is not complete and should be read in conjunction with the information contained on the “US Rule 144A Programme Investors” page of the U.S. investor website of Suncorp-Metway Limited (the “Bank”) at <http://www.suncorpbank.com.au/usinvestors> (the “U.S. Investor Website”). This “Recent Developments” release supplements and, to the extent inconsistent with any information previously included on the U.S. Investor Website, amends and supersedes such information.*

*This “Recent Developments” release contains certain forward-looking statements. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See “Special Note Regarding Forward-Looking Statements” in the Bank’s Disclosure Report (U.S. Version) for the Half Year ended December 31, 2015 included on the U.S. Investor Website.*

*References to “\$” are to Australian Dollars.*

### **Quarterly Update as at March 31, 2016 and APS 330 Report**

On May 3, 2016, the Bank provided a release which contained an update on its lending activities for the three months ended March 31, 2016 as well as its APS330 report as at March 31, 2016 (in accordance with APRA’s Australian Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information). Extracts of the Bank’s APS330 report are attached as Annex A hereto.

## ANNEX A



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

# **Extracts from Suncorp Bank APS 330**

for the quarter ended 31 March 2016

**Release date: 3 May 2016**

**One Company  
Many Brands**



## **Basis of preparation**

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

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

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

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

Figures relate to the quarter ended 31 March 2016 (unless otherwise stated).

## **Disclaimer**

This report contains general information which is current as at 3 May 2016. It is information given in summary form and does not purport to be complete.

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

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

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

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## Overview

The Bank continues to demonstrate strong capital and credit quality performance.

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 its target market segments.

Total lending assets remained broadly flat over the quarter across both retail and business lending at \$52.9 billion. The Bank has maintained conservative serviceability criteria and a disciplined approach to all lending, in a market that has been challenged by very competitive pricing. A return to growth is expected over the fourth quarter, underpinned by a successful home lending campaign launched in March 2016.

Gross impaired assets of \$190 million, representing 36 basis points (bps) of gross loans and advances, are low relative to historical performance and favourable to peers. Provision coverage remains appropriate given the improved credit quality of lending assets. Impairment losses of \$4 million for the quarter represents 3 bps (annualised) of gross loans and advances, significantly favourable to the Bank's 10 to 20 bps expected operating range.

A focus on better quality assets and a decline in the number of distressed agribusiness and commercial exposures has reduced the level of collective provisioning. Existing management overlays within the collective provision have been retained.

As disclosed in half year reporting as at 31 December 2015, implementation of the new collections system caused a temporary increase in home loan arrears, the residual impact of which is evident in an increase in past due home loans for the quarter. This outcome is in line with management expectations and the Bank is confident there is no material change to the underlying performance of the portfolio. An overlay continues to be held as a contingency for retail lending while the Bank embeds changes to systems and processes.

The Bank's capital Common Equity Tier 1 (CET1) ratio is 9.08%, slightly above the 8.50% to 9.00% target range.

Focus remains on progressing Basel II Advanced Accreditation and there is ongoing engagement with APRA regarding the program. The Bank is operating as an Advanced Bank with strong operational risk management as well as models in use across the business. The Bank's enhanced risk and capital management is improving decision making and the benefits of these capabilities continue to be realised through improved risk selection and business performance.

## Loans and advances

	QUARTER ENDED			MAR-16	MAR-16
	MAR-16	DEC-15	MAR-15	vs DEC-15	vs MAR-15
	\$M	\$M	\$M	%	%
Housing loans	36,750	36,691	34,188	0.2	7.5
Securitised and covered bond housing loans	6,290	6,355	7,438	(1.0)	(15.4)
<b>Total housing loans</b>	<b>43,040</b>	<b>43,046</b>	<b>41,626</b>	<b>0.0</b>	<b>3.4</b>
Consumer loans	331	345	391	(4.1)	(15.3)
Retail loans	43,371	43,391	42,017	0.0	3.2
Commercial (SME)	5,227	5,203	5,447	0.5	(4.0)
Agribusiness	4,262	4,258	4,498	0.1	(5.2)
<b>Total Business lending</b>	<b>9,489</b>	<b>9,461</b>	<b>9,945</b>	<b>0.3</b>	<b>(4.6)</b>
<b>Total lending</b>	<b>52,860</b>	<b>52,852</b>	<b>51,962</b>	<b>0.0</b>	<b>1.7</b>
Other receivables	11	-	26	n/a	(57.7)
<b>Gross banking loans and advances</b>	<b>52,871</b>	<b>52,852</b>	<b>51,988</b>	<b>0.0</b>	<b>1.7</b>
Provision for impairment	(167)	(179)	(231)	(6.7)	(27.7)
<b>Net loans and advances</b>	<b>52,704</b>	<b>52,673</b>	<b>51,757</b>	<b>0.1</b>	<b>1.8</b>
<b>Credit risk weighted assets</b>	<b>25,761</b>	<b>25,613</b>	<b>25,553</b>	<b>0.6</b>	<b>0.8</b>
<b>Geographical breakdown - Total lending</b>					
Queensland	28,701	28,735	28,777	(0.1)	(0.3)
New South Wales	13,171	13,162	12,862	0.1	2.4
Victoria	5,305	5,295	5,047	0.2	5.1
Western Australia	3,652	3,660	3,455	(0.2)	5.7
South Australia and other	2,031	2,000	1,821	1.6	11.5
Outside of Queensland	24,159	24,117	23,185	0.2	4.2
<b>Total lending</b>	<b>52,860</b>	<b>52,852</b>	<b>51,962</b>	<b>0.0</b>	<b>1.7</b>

## Retail lending

The home lending portfolio remained flat over the quarter. Mortgage portfolio asset quality continues to improve with a focus on responsible lending by ensuring robust serviceability exists across new loans. 87% of new loans written during the quarter had a loan to valuation ratio (LVR) of 80% or less.

Maintaining a strong relationship with intermediaries enables the Bank to achieve portfolio diversification outside of its traditional Queensland market.

## Business lending

### Commercial (SME)

The commercial (SME) portfolio increased 0.5% to \$5.23 billion during the quarter. This market remains highly competitive in terms of pricing and loan conditions. Risk selection is enhanced by the advanced risk modelling capabilities and ongoing training programs to enhance risk awareness.

### Agribusiness

The agribusiness portfolio was stable this quarter. Rainfall was widespread across Queensland but was of varying quantities and effectiveness. In addition, the Eastern seaboard of NSW and Victoria received favourable rainfall which extended into Central NSW. Ongoing drought conditions remain across Central Western Queensland and Northern NSW and the Bank continues to exercise care and caution with its approach to risk selection.

## Impairment losses on loans and advances

	QUARTER ENDED			MAR-16	MAR-16
	MAR-16	DEC-15	SEP-15	vs DEC-15	vs SEP-15
	\$M	\$M	\$M	%	%
Collective provision for impairment	(6)	(7)	-	(14.3)	n/a
Specific provision for impairment	8	11	5	(27.3)	60.0
Net write-offs	2	1	1	100.0	100.0
<b>Total impairment losses</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>(20.0)</b>	<b>(33.3)</b>
<b>Impairment losses to gross loans and advances (annualised)</b>	<b>0.03%</b>	<b>0.04%</b>	<b>0.04%</b>		

Impairment losses of \$4 million for the quarter, representing 3 bps (annualised) of gross loans and advances, is below the Bank's normal operating range but consistent with performance over the last 12 months.

Impairment losses were limited to a small number of individual exposures across portfolio segments. The Bank continues to be active in assessing exposures in geographic regions impacted by the mining slow down and recent high profile corporate collapses. The Bank is comfortable with the current level of provisioning for these regions.

Recent performance has benefited from the impact of Advanced Basel modelling and a focus on exiting higher risk exposures. Over the medium term the Bank expects to operate at the lower end of the range of 10 to 20 bps of gross loans and advances.

## Impaired assets

	QUARTER ENDED			MAR-16	MAR-16
	MAR-16	DEC-15	SEP-15	vs DEC-15	vs SEP-15
	\$M	\$M	\$M	%	%
Retail lending	23	25	28	(8.0)	(17.9)
Agribusiness lending	123	109	119	12.8	3.4
Commercial/SME lending	44	42	55	4.8	(20.0)
<b>Gross impaired assets</b>	<b>190</b>	<b>176</b>	<b>202</b>	<b>8.0</b>	<b>(5.9)</b>
Specific provision for impairment	(54)	(60)	(65)	(10.0)	(16.9)
<b>Net impaired assets</b>	<b>136</b>	<b>116</b>	<b>137</b>	<b>17.2</b>	<b>(0.7)</b>
<b>Gross impaired assets to gross loans and advances</b>	<b>0.36%</b>	<b>0.33%</b>	<b>0.38%</b>		

Gross impaired assets increased 8% to \$190 million during the quarter, representing 0.36% of gross loans and advances.

While the drought persists in many areas of QLD and NSW, pressure has eased for a number of the non-performing agribusiness exposures as a result of solid commodity prices assisting borrower's cash flow. Nevertheless, one mid-sized agribusiness exposure moved from collective to specific provision during the quarter and this accounts for the majority of the quarter-on-quarter increase.

## Non-performing loans

	QUARTER ENDED			MAR-16	MAR-16
	MAR-16	DEC-15	SEP-15	vs DEC-15	vs SEP-15
	\$M	\$M	\$M	%	%
<b>Gross balances of individually impaired loans</b>					
Gross impaired assets	190	176	202	8.0	(5.9)
Specific provision for impairment	(54)	(60)	(65)	(10.0)	(16.9)
<b>Net impaired assets</b>	<b>136</b>	<b>116</b>	<b>137</b>	<b>17.2</b>	<b>(0.7)</b>
<b>Size of gross individually impaired assets</b>					
Less than one million	19	20	21	(5.0)	(9.5)
Greater than one million but less than ten million	104	100	110	4.0	(5.5)
Greater than ten million	67	56	71	19.6	(5.6)
<b>Total gross impaired assets</b>	<b>190</b>	<b>176</b>	<b>202</b>	<b>8.0</b>	<b>(5.9)</b>
<b>Past due loans not shown as impaired assets</b>	<b>416</b>	<b>381</b>	<b>367</b>	<b>9.2</b>	<b>13.4</b>
<b>Gross non-performing loans</b>	<b>606</b>	<b>557</b>	<b>569</b>	<b>8.8</b>	<b>6.5</b>
<b>Analysis of movements in gross individually impaired assets</b>					
Balance at the beginning of the period	176	202	218	(12.9)	(19.3)
Recognition of new impaired assets	46	25	23	84.0	100.0
Increases in previously recognised impaired assets	3	1	1	200.0	200.0
Impaired assets written off/sold during the period	(13)	(14)	(21)	(7.1)	(38.1)
Impaired assets which have been reclassified as performing assets or repaid	(22)	(38)	(19)	(42.1)	15.8
<b>Balance at the end of the period</b>	<b>190</b>	<b>176</b>	<b>202</b>	<b>8.0</b>	<b>(5.9)</b>

Gross non-performing loans increased 8.8% to \$606 million, representing 1.1% of gross loans and advances.

Net impaired assets increased by \$20 million to \$136 million over the quarter. An increase in gross impaired assets was driven by three new mid-sized exposures, including one agribusiness exposure greater than \$10 million. Additional specific provisions booked during the period were offset by amounts written off, including two commercial exposures that accounted for a large proportion of the total.

The impacts of implementing the new loan collections system late in 2015 have, as expected, resulted in past due loans not shown as impaired assets increasing 9.2% to \$416 million over the quarter, primarily within the home loan portfolio. System remediation activities were completed during the quarter and underlying trends remain sound, with new arrears returning to trend.

Impaired assets reclassified as repaid comprised a large number of individually small amounts, together with one agribusiness exposure which accounted for 30% of the total amount of \$22 million.

## Provision for impairment

	QUARTER ENDED			MAR-16	MAR-16
	MAR-16	DEC-15	SEP-15	vs DEC-15	vs SEP-15
	\$M	\$M	\$M	%	%
<b>Collective provision</b>					
Balance at the beginning of the period	119	126	126	(5.6)	(5.6)
Charge against contribution to profit	(6)	(7)	-	(14.3)	n/a
Balance at the end of the period	113	119	126	(5.0)	(10.3)
<b>Specific provision</b>					
Balance at the beginning of the period	60	65	82	(7.7)	(26.8)
Charge against impairment losses	8	11	5	(27.3)	60.0
Write-off of impaired assets	(13)	(14)	(21)	(7.1)	(38.1)
Unwind of interest	(1)	(2)	(1)	(50.0)	-
Balance at the end of the period	54	60	65	(10.0)	(16.9)
<b>Total provision for impairment</b>	<b>167</b>	<b>179</b>	<b>191</b>	<b>(6.7)</b>	<b>(12.6)</b>
<b>Equity reserve for credit loss</b>					
Balance at the beginning of the period	96	145	146	(33.8)	(34.2)
Transfer to retained earnings	(4)	(49)	(1)	(91.8)	300.0
Balance at the end of the period	92	96	145	(4.2)	(36.6)
Pre-tax equivalent coverage	131	137	207	(4.4)	(36.7)
<b>Total provision for impairment and equity reserve for credit loss</b>	<b>298</b>	<b>316</b>	<b>398</b>	<b>(5.7)</b>	<b>(25.1)</b>
	%	%	%		
<b>Specific provision expressed as a percentage of gross impaired assets</b>	<b>28.4</b>	<b>34.1</b>	<b>32.2</b>		
<b>Provision for impairment expressed as a percentage of gross loans and advances</b>					
Collective provision	0.22	0.23	0.24		
Specific provision	0.10	0.11	0.12		
Total provision	0.32	0.34	0.36		
Equity reserve for credit loss coverage	0.25	0.26	0.39		
Total provision and equity reserve for credit loss coverage	0.57	0.60	0.75		

Provision coverage remains conservative and includes an \$8 million drought overlay originally introduced in June 2014, and a retail lending and collections system implementation overlay of \$2.5 million.

The Bank maintains a prudent outlook to provisioning with challenging weather and economic conditions supporting this approach.

## Gross non-performing loans coverage by portfolio

MAR-16	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	365	23	9	40	65
Agribusiness lending	22	123	25	39	20	57.9
Commercial/SME lending	29	44	20	34	46	137.0
<b>Total</b>	<b>416</b>	<b>190</b>	<b>54</b>	<b>113</b>	<b>131</b>	<b>49.2</b>

DEC-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	305	25	8	37	69
Agribusiness lending	40	109	22	44	19	57.0
Commercial/SME lending	36	42	30	38	49	150.0
<b>Total</b>	<b>381</b>	<b>176</b>	<b>60</b>	<b>119</b>	<b>137</b>	<b>56.7</b>

Retail past due loans increased by \$60 million to \$365 million over the quarter, driven by the changes relating to the lending and collections system and processes, which were implemented in late 2015 and disclosed with financial results as at 31 December 2015.

Delays in contacting customers experiencing early stage arrears resulted in home loan arrears increasing following the reporting date. A residual portion of these arrears have now progressed to being past due loans, as expected. Early stage arrears have now improved, again as expected.

The Bank has also undertaken detailed analysis by different segments of the portfolio, for example, mining, agricultural and areas affected by recent high profile corporate collapses. As a result, the Bank is confident there has been no material change to underlying arrears performance. An overlay continues to be held as a contingency whilst the Bank progresses systems implementation.

The decrease in past due loans for Agribusiness lending reflects stronger commodity prices which have favourably assisted some customers. The movement in impaired assets is well collateralised, resulting in minimal requirements for specific provision.

Regular reviews are conducted of all non-performing loans for evidence of impairment or loss. Additional work has been undertaken to ensure all exposures are assessed against recent, relevant, and objective data including valuations and time expected for resolution to ensure any requirement for a specific provision is accurate.

## **Appendix 1 – APS 330 tables**

- Table 2: Main Features of Capital Instruments
- Table 3: Capital Adequacy
- Table 4: Credit Risk
- Table 5: Securitisation Exposures

### **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.

## TABLE 3: CAPITAL ADEQUACY

	CARRYING VALUE		AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	MAR-16	DEC-15	MAR-16	MAR-16	DEC-15
	\$M	\$M	%	\$M	\$M
<b>On-balance sheet credit risk-weighted assets</b>					
Cash items	382	495	1	2	5
Claims on Australian and foreign governments	2,415	2,314	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	3,573	3,044	21	733	627
Claims on securitisation exposures	935	848	20	187	170
Claims secured against eligible residential mortgages	40,740	40,595	38	15,446	15,455
Past due claims	541	493	89	482	452
Other retail assets	453	454	80	361	361
Corporate	8,299	8,310	100	8,281	8,295
Other assets and claims	271	250	99	269	248
<b>Total Banking assets</b>	<b>57,609</b>	<b>56,803</b>	<b>45</b>	<b>25,761</b>	<b>25,613</b>
	NOTIONAL AMOUNT	CREDIT EQUIVALENT	AVG RISK WEIGHT	RISK-WEIGHTED ASSETS	
	MAR-16	MAR-16	MAR-16	MAR-16	DEC-15
	\$M	\$M	%	\$M	\$M
<b>Off-balance sheet positions</b>					
Guarantees entered into in the normal course of business	252	251	66	166	177
Commitments to provide loans and advances	8,036	2,120	54	1,139	1,099
Foreign exchange contracts	6,295	140	34	48	50
Interest rate contracts	52,031	101	43	43	40
Securitisation exposures	2,436	37	84	31	33
CVA capital charge	-	-	-	77	87
<b>Total off-balance sheet positions</b>	<b>69,050</b>	<b>2,649</b>	<b>57</b>	<b>1,504</b>	<b>1,486</b>
Market risk capital charge				152	136
Operational risk capital charge				3,304	3,304
Total off-balance sheet positions				1,504	1,486
Total on-balance sheet credit risk-weighted assets				25,761	25,613
<b>Total assessed risk</b>				<b>30,721</b>	<b>30,539</b>
<b>Risk-weighted capital ratios</b>				%	%
Common Equity Tier 1				9.08	9.41
Tier 1				10.54	10.88
Tier 2				3.00	3.05
<b>Total risk-weighted capital ratio</b>				<b>13.54</b>	<b>13.93</b>

**TABLE 4: CREDIT RISK**

**Table 4A: Credit risk by gross credit exposure – outstanding as at 31 March 2016**

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS AND ADVANCES (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	-	-	-	3,860	184	-	4,044	113	14	3,917	23
Construction & development	-	-	-	504	126	-	630	1	2	627	-
Financial services	537	289	2,386	484	200	241	4,137	-	-	4,137	-
Hospitality	-	-	-	836	50	-	886	10	2	874	1
Manufacturing	-	-	-	260	15	-	275	1	2	272	1
Professional services	-	-	-	224	10	-	234	7	1	226	4
Property investment	-	-	-	2,011	95	-	2,106	16	1	2,089	4
Real estate - Mortgage	-	-	-	40,345	1,555	-	41,900	15	338	41,547	4
Personal	-	-	-	375	7	-	382	8	10	364	5
Government/public authorities	-	1,053	2,469	-	-	-	3,522	-	-	3,522	-
Other commercial & industrial	-	-	-	1,655	129	-	1,784	19	29	1,736	12
<b>Total gross credit risk</b>	<b>537</b>	<b>1,342</b>	<b>4,855</b>	<b>50,554</b>	<b>2,371</b>	<b>241</b>	<b>59,900</b>	<b>190</b>	<b>399</b>	<b>59,311</b>	<b>54</b>
Securitisation Exposures <sup>(1)</sup>	-	-	935	2,700	26	11	3,672	-	17	3,655	-
<b>Total including Securitisation Exposures</b>	<b>537</b>	<b>1,342</b>	<b>5,790</b>	<b>53,254</b>	<b>2,397</b>	<b>252</b>	<b>63,572</b>	<b>190</b>	<b>416</b>	<b>62,966</b>	<b>54</b>
Impairment provision							(167)	(54)	(26)	(87)	
<b>TOTAL</b>							<b>63,405</b>	<b>136</b>	<b>390</b>	<b>62,879</b>	

<sup>(1)</sup> The securitisation exposures of \$2,700 million included under "Loans and advances" qualify for regulatory capital relief under APS 120 and therefore do not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

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

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

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

## TABLE 4: CREDIT RISK (continued)

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

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES (3)	INVESTMENT SECURITIES (3)	LOANS AND ADVANCES (4)	CREDIT COMMITMENTS (5)	DERIVATIVE INSTRUMENTS (5)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,827	202	-	4,029	103	28	3,898	21
Construction & development	-	-	-	480	124	-	604	1	-	603	1
Financial services	464	149	2,308	375	231	279	3,806	-	-	3,806	-
Hospitality	-	-	-	870	33	-	903	12	5	886	6
Manufacturing	-	-	-	263	16	-	279	2	2	275	1
Professional services	-	-	-	238	9	-	247	9	1	237	9
Property investment	-	-	-	1,977	88	-	2,065	4	12	2,049	4
Real estate - Mortgage	-	-	-	40,174	1,413	-	41,587	17	281	41,289	3
Personal	-	-	-	345	8	-	353	8	8	337	5
Government/public authorities	-	970	2,364	-	-	-	3,334	-	-	3,334	-
Other commercial & industrial	-	-	-	1,699	127	-	1,826	20	29	1,777	10
<b>Total gross credit risk</b>	<b>464</b>	<b>1,119</b>	<b>4,672</b>	<b>50,248</b>	<b>2,251</b>	<b>279</b>	<b>59,033</b>	<b>176</b>	<b>366</b>	<b>58,491</b>	<b>60</b>
Securitisation Exposures <sup>(1)</sup>	-	-	848	2,872	28	11	3,759	-	15	3,744	-
<b>Total including Securitisation Exposures</b>	<b>464</b>	<b>1,119</b>	<b>5,520</b>	<b>53,120</b>	<b>2,279</b>	<b>290</b>	<b>62,792</b>	<b>176</b>	<b>381</b>	<b>62,235</b>	<b>60</b>
Impairment provision							(179)	(60)	(26)	(93)	
<b>TOTAL</b>							<b>62,613</b>	<b>116</b>	<b>355</b>	<b>62,142</b>	

(1) The securitisation exposures of \$2,872 million included under "Loans and advances" 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) \$970 million has been reclassified from 'Financial Services' to 'Government/public authorities'.

(4) \$2,364 million has been reclassified from 'Financial Services' to 'Government/public authorities'.

(5) Total loans and advances include receivables due from related parties.

(6) "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 January to 31 March 2016**

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS AND ADVANCES (3)	CREDIT COMMITMENTS (4)	DERIVATIVE INSTRUMENTS (4)	TOTAL CREDIT RISK
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,844	193	-	4,037
Construction & development	-	-	-	492	125	-	617
Financial services	501	219	2,347	430	216	260	3,973
Hospitality	-	-	-	853	42	-	895
Manufacturing	-	-	-	262	16	-	278
Professional services	-	-	-	231	10	-	241
Property investment	-	-	-	1,994	92	-	2,086
Real estate - Mortgage	-	-	-	40,260	1,484	-	41,744
Personal	-	-	-	360	8	-	368
Government/public authorities	-	1,012	2,417	-	-	-	3,429
Other commercial & industrial	-	-	-	1,677	128	-	1,805
<b>Total gross credit risk</b>	<b>501</b>	<b>1,231</b>	<b>4,764</b>	<b>50,403</b>	<b>2,314</b>	<b>260</b>	<b>59,473</b>
Securitisation Exposures <sup>(1)</sup>	-	-	892	2,786	27	11	3,716
<b>Total including Securitisation Exposures</b>	<b>501</b>	<b>1,231</b>	<b>5,656</b>	<b>53,189</b>	<b>2,341</b>	<b>271</b>	<b>63,189</b>
Impairment provision							(173)
<b>TOTAL</b>							<b>63,016</b>

(1) The securitisation exposures of \$2,786 million included under "Loans and advances" 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 and advances include receivables due from related parties.

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

## TABLE 4: CREDIT RISK (continued)

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

	RECEIVABLES DUE FROM OTHER BANKS (2)	TRADING SECURITIES (3)	INVESTMENT SECURITIES (4)	LOANS AND ADVANCES (5)	CREDIT COMMITMENTS (6)	DERIVATIVE INSTRUMENTS (6)	TOTAL CREDIT RISK
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Agribusiness	-	-	-	3,868	192	-	4,060
Construction & development	-	-	-	480	125	-	605
Financial services	542	751	2,459	363	200	326	4,641
Hospitality	-	-	-	885	33	-	918
Manufacturing	-	-	-	270	18	-	288
Professional services	-	-	-	234	10	-	244
Property investment	-	-	-	1,980	83	-	2,063
Real estate - Mortgage	-	-	-	40,064	1,510	-	41,574
Personal	-	-	-	355	8	-	363
Government/public authorities	-	763	2,463	-	-	-	3,226
Other commercial & industrial	-	-	-	1,702	118	-	1,820
<b>Total gross credit risk</b>	<b>542</b>	<b>1,514</b>	<b>4,922</b>	<b>50,201</b>	<b>2,297</b>	<b>326</b>	<b>59,802</b>
Securitisation Exposures <sup>(1)</sup>	-	-	902	2,971	29	12	3,914
<b>Total including Securitisation Exposures</b>	<b>542</b>	<b>1,514</b>	<b>5,824</b>	<b>53,172</b>	<b>2,326</b>	<b>338</b>	<b>63,716</b>
Impairment provision							(186)
<b>TOTAL</b>							<b>63,530</b>

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

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

<sup>(3)</sup> \$763 million has been reclassified from 'Financial Services' to 'Government/public authorities'

<sup>(4)</sup> \$2,463 million has been reclassified from 'Financial Services' to 'Government/public authorities'

<sup>(5)</sup> Total loans and advances include receivables due from related parties.

<sup>(6)</sup> "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

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

**Table 4B: Credit risk by portfolio – 31 March 2016**

	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	41,900	41,744	15	355	4	2
Other retail	382	368	8	10	5	1
Financial services	4,137	3,973	-	-	-	-
Government and public authorities	3,522	3,429	-	-	-	-
Corporate and other claims	9,959	9,959	167	51	45	7
<b>Total</b>	<b>59,900</b>	<b>59,473</b>	<b>190</b>	<b>416</b>	<b>54</b>	<b>10</b>

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

	GROSS CREDIT RISK EXPOSURE (1)	AVERAGE GROSS EXPOSURE (2)	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	\$M	\$M	\$M	\$M	\$M	\$M
Claims secured against eligible residential mortgages	41,587	41,574	17	296	3	-
Other retail	353	363	8	8	5	5
Financial services	3,806	4,641	-	-	-	-
Government and public authorities	3,334	3,226	-	-	-	-
Corporate and other claims	9,953	9,998	151	77	52	6
<b>Total</b>	<b>59,033</b>	<b>59,802</b>	<b>176</b>	<b>381</b>	<b>60</b>	<b>11</b>

(1) \$3,334 million has been reclassified from 'Financial Services' to 'Government and public authorities'.

(2) \$3,226 million has been reclassified from 'Financial Services' to 'Government and public authorities'.

**Table 4C: General reserves for credit losses**

	MAR-16	DEC-15
	\$M	\$M
Collective provision for impairment	113	119
Ineligible collective provisions on past due not impaired	(26)	(26)
<b>Eligible collective provisions</b>	<b>87</b>	<b>93</b>
Equity reserve for credit losses	92	96
<b>General reserve for credit losses</b>	<b>179</b>	<b>189</b>

## TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

	EXPOSURES SECURITISED		RECOGNISED GAIN OR (LOSS) ON SALE	
	MAR-16	DEC-15	MAR-16	DEC-15
	\$M	\$M	\$M	\$M
Residential mortgages	-	-	-	-
<b>Total exposures securitised during the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Exposure type	EXPOSURE	
	MAR-16	DEC-15
	\$M	\$M
Debt securities	935	848
<b>Total on-balance sheet securitisation exposures</b>	<b>935</b>	<b>848</b>

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

Exposure type	PRINCIPAL OR NOTIONAL EXPOSURE	
	MAR-16	DEC-15
	\$M	\$M
Liquidity facilities	53	55
Derivative exposures	2,383	2,537
<b>Total off-balance sheet securitisation exposures</b>	<b>2,436</b>	<b>2,592</b>

**Appendix 2 – [This appendix intentionally left blank]**

## Appendix 3 – Definitions

<b>Capital adequacy ratio</b>	Capital base divided by total assessed risk, as defined by APRA
<b>Common Equity Tier 1</b>	Common Equity Tier 1 Capital (CET1) comprises accounting equity plus adjustments for intangible assets and regulatory reserves
<b>Common Equity Tier 1 ratio</b>	Common Equity Tier 1 divided by risk weighted assets, as defined by APRA
<b>Credit Value Adjustment (CVA)</b>	A capital charge that covers the risk of mark-to-market losses on the counterparty credit risk
<b>Equity reserve for credit losses</b>	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
<b>Gross non-performing loans</b>	Gross impaired assets plus past due loans
<b>Impairment losses to gross loans and advances</b>	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
<b>Past due loans</b>	Loans outstanding for more than 90 days
<b>Risk weighted assets</b>	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
<b>Total assessed risk</b>	Bank credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA