SUNCORP GROUP LIMITED ABN 66 145 290 124

SUNCORP BANK

APS 330

for the quarter ended 31 MARCH 2018

RELEASE DATE: 1 MAY 2018

SUNCORP

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 2018 (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 1 May 2018. 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 consider the investment objectives, financial situation or needs of any 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

During the March quarter, Suncorp maintained its commitment to responsible and sustainable lending. Lending growth moderated over the quarter with total lending increasing by $546 million or 0.9%, contributing to financial year-to-date growth of 5.4%. The home lending portfolio grew by $361 million, up 0.8%, with intense price competition during the period impacting growth. The portfolio remains comfortably within macroprudential limit settings as Suncorp continues to target conservative market segments, support first home owners and maintain strong broker partnerships to enable further geographic diversification. Growth was also achieved in business lending, primarily within the commercial and small business portfolios. Lending to higher risk market segments, such as inner-city apartment developments, continues to be restricted and closely monitored. The Agribusiness portfolio returned to growth towards the end of the quarter as seasonal repayments moderated.

Suncorp continues to maintain disciplined lending practices with sound credit quality over the quarter. Impairment losses of $2 million, representing 1 basis point of gross loans and advances (annualised), remained below the expected through-the-cycle operating range of 10 to 20 basis points. Gross impaired assets of $140 million remained broadly stable over the quarter. Past due loans increased $42 million to $453 million over the quarter driven by an expected seasonal increase in retail arrears and two mid to large commercial banking customers moving to past due.

Suncorp has maintained a measured approach to managing funding and liquidity risk ensuring a strong and sustainable funding profile that supports balance sheet growth. Suncorp's wholesale funding costs are being impacted by the increase in credit spreads predominately driven by international factors. Suncorp's long-term funding profile assists in mitigating this increase and supports funding stability over time. Suncorp's Net Stable Funding Ratio (**NSFR**) was estimated to be 112% as at 31 March 2018.

Following payment of the 2018 financial year interim dividend to Suncorp Group, Banking's Common Equity Tier 1 **(CET1)** ratio of 8.80% reflects a sound capital position towards the upper end of the operating range of 8.5% to 9.0%.

Outlook

Suncorp remains committed to maintaining confidence and stability in the Australian banking system and supports measures that deliver improved outcomes for customers. Suncorp will continue to maintain robust risk management practices, while delivering sustainable profitable growth. Suncorp expects lending growth to remain above system growth for the 2018 financial year, albeit moderating from the 1.75x system growth in housing lending as reported in the first half.

Wholesale funding costs widened significantly over the quarter and remain elevated. Suncorp continues to manage its exposure to changes in interest rates within prescribed risk tolerances, via hedging instruments and customer pricing of loans and deposits. Subsequent to the end of the March quarter Suncorp announced a $1.25 billion Residential Mortgage-backed Security **(RMBS)** transaction. The transaction is expected to benefit CET1 by approximately 13 basis points. Following this issue Suncorp expects net interest margin to be around the mid-point of the 1.80% to 1.90% target range for the full year.

While the continuing benign credit environment will support ongoing low impairment losses, potential impacts from low wage growth and the inherent volatility in agricultural conditions could impact the level of future impairments, which Suncorp continues to monitor closely. Suncorp continues to prepare for the introduction of Australian Accounting Standards Board **(AASB)** 9 and notes the potential for increased volatility in provisions and impairments, in the short term, as banks move to an expected credit loss provision model.

Suncorp is well placed to accommodate industry-wide prudential changes related to APRA's implementation of Unquestionably Strong capital and Basel III revisions.

Loans and advances

	Quarter Ended Mar-18 $M	Dec-17 $M	Mar-17 $M	Mar-18 vs Dec-17 %	Mar-18 vs Mar-17 %
Housing loans	40,929	40,164	37,881	1.90	8.0
Securitised housing loans and covered	6,372	6,776	6,376	(6.0)	(0.1)
Total housing loans	47,301	46,940	44,257	0.8	6.9
Consumer loans	251	250	259	0.4	(3.1)
Retail loans	47,552	47,190	44,516	0.8	6.8
Commercial (SME)	6,300	6,160	5,479	2.3	15.0
Agribusiness	4,453	4,409	4,346	1.0	2.5
Total business loans	10,753	10,569	9,825	1.7	9.4
Total lending	**58,305**	**57,759**	**54,341**	**0.9**	7.3
Other lending	13	7	11	85.7	18.2
Gross loans and advances	58,318	57,766	54,352	1.0	7.3
Provision for impairment	(131)	(131)	(148)	-	(11.5)
Total loans and advances	**58,187**	**57,635**	**54,204**	**1.0**	**7.3**
Credit-risk weighted assets	**27,259**	**26,935**	**25,758**	**1.2**	**5.8**
Geographical breakdown					
Queensland	30,550	30,170	28,869	1.3	5.8
New South Wales	15,533	15,372	14,046	1.0	10.6
Victoria	6,119	6,071	5,608	0.8	9.1
Western Australia	3,662	3,740	3,680	(2.1)	(0.5)
South Australia and other	2,441	2,406	2,138	1.5	14.2
Outside of Queensland loans	27,755	27,589	25,472	0.6	9.0
Total lending	**58,305**	**57,759**	**54,341**	**0.9**	**7.3**

Impairment losses on loans and advances

	Quarter Ended			Mar-18	Mar-18
	Mar-18	Dec-17	Mar-17	vs Dec-17	vs Mar-17
	$M	$M	$M	%	%
Collective provision for impairment	(1)	(3)	-	(66.7)	n/a
Specific provision for impairment	3	9	4	(66.7)	(25.0)
Actual net write-offs	-	2	3	(100.0)	(100.0)
	2	**8**	**7**	**(75.0)**	**14.3**
Impairment losses to gross loans and advances (annualised)	**0.01%**	**0.05%**	**0.05%**		

Impaired assets

	Quarter Ended			Mar-18	Mar-18
	Mar-18	Dec-17	Mar-17	vs Dec-17	vs Mar-17
	$M	$M	$M	%	%
Retail lending	49	47	30	4.3	63.3
Agribusiness lending	50	50	88	-	(43.2)
Commercial/SME lending	41	39	51	5.1	(19.6)
Gross impaired assets	140	136	169	2.9	(17.2)
Specific provision for impairment	(38)	(37)	(46)	2.7	(17.4)
Net impaired assets	**102**	**99**	**123**	**3.0**	**(17.1)**
Gross impaired assets to gross loans and advances	**0.24%**	**0.24%**	**0.37%**		

Non-performing loans

	Quarter Ended			Mar-18	Mar-18
	Mar-18	Dec-17	Mar-17	vs Dec-17	vs Mar-17
	$M	$M	$M	%	%
Gross balances of individually impaired loans					
Gross impaired assets	140	136	169	2.9	(17.2)
Specific provision for impairment	(38)	(37)	(46)	2.7	(17.4)
Net impaired assets	102	99	123	3.0	(17.1)
Size of gross individually impaired assets					
Less than one million	47	46	30	2.2	56.7
Greater than one million but less than ten million	77	74	94	4.1	(18.1)
Greater than ten million	16	16	45	-	(64.4)
	140	136	169	2.9	(17.2)
Past due loans not shown as impaired assets	453	411	375	10.2	20.8
Gross non-performing loans	593	547	544	8.4	9.0
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	136	163	185	(16.6)	(26.5)
Recognition of new impaired assets	22	34	10	(35.3)	120.0
Increases in previously recognised impaired assets	1	1	1	-	-
Impaired assets written off/sold during the period	(1)	(14)	(3)	(92.9)	(66.7)
Impaired assets which have been reclassed as performing assets or repaid	(18)	(48)	(24)	(62.5)	(25.0)
Balance at the end of the period	**140**	**136**	**169**	**2.9**	**(17.2)**

Provision for impairment

	Quarter Ended Mar-18 $M	Dec-17 $M	Mar-17 $M	Mar-18 vs Dec-17 %	Mar-18 vs Mar-17 %
Collective provision					
Balance at the beginning of the period	94	97	102	(3.1)	(7.8)
Charge against impairment losses	(1)	(3)	-	(66.7)	-
Balance at the end of the period	93	94	102	(1.1)	(8.8)
Specific provision					
Balance at the beginning of the period	37	43	46	(14.0)	(19.6)
Charge against impairment losses	3	9	4	(66.7)	(25.0)
Impairment provision written off	(1)	(14)	(3)	(92.9)	(66.7)
Unwind of discount	(1)	(1)	(1)	-	-
Balance at the end of the period	38	37	46	2.7	(17.4)
Total provision for impairment	131	131	148	-	(11.5)
Equity reserve for credit loss (ERCL)					
Balance at the beginning of the period	84	81	85	3.7	(1.2)
Transfer (to) from retained earnings	(1)	3	(5)	(133.3)	(80.0)
Balance at the end of the period	83	84	80	(1.2)	3.8
Pre-tax equivalent coverage	119	120	114	(0.8)	4.4
Total provision for impairment and equity reserve for credit loss	250	251	262	(0.4)	(4.6)

	%	%	%
Specific provision for impairment expressed as a percentage of gross impaired assets	27.1	27.2	27.2
Provision for impairment expressed as a percentage of gross loans and advances are as follows:			
Collective provision	0.16	0.16	0.19
Specific provision	0.07	0.06	0.08
Total provision	0.23	0.22	0.27
ERCL coverage	0.20	0.21	0.21
Total provision and ERCL coverage	0.43	0.43	0.48

Gross non-performing loans coverage by portfolio

Mar-18	Past due loans $M	Impaired assets $M	Specific provision $M	Collective provision $M	ERCL (pre-tax) equivalent $M	Total provision and ERCL coverage %
Retail lending	392	49	10	37	51	22
Agribusiness lending	17	50	16	28	19	94
Commercial/SME lending	44	41	12	28	49	105
Total	**453**	**140**	**38**	**93**	**119**	**42**

Dec-17	Past due loans $M	Impaired assets $M	Specific provision $M	Collective provision $M	ERCL (pre-tax) equivalent $M	Total provision and ERCL coverage %
Retail lending	360	47	8	35	51	23
Agribusiness lending	20	50	16	33	19	97
Commercial/SME lending	31	39	13	26	50	127
Total	**411**	**136**	**37**	**94**	**120**	**46**

Appendix 1 – APS 330 tables

- Table 1: Capital disclosure template – not applicable for this reporting period. This table will be disclosed in the June 2018 reporting period.
- 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 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 http://www.suncorpgroup.com.au/investors/reports.

The full terms and conditions of all of Suncorp Group's regulatory capital instruments are available at http://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

	Carrying value Mar-18 $M	Dec-17 $M	Avg risk weight Mar-18 %	Risk Weighted Assets Mar-18 $M	Dec-17 $M
On-balance sheet credit risk-weighted assets					
Cash items	463	399	1	6	1
Claims on Australian and foreign governments	2,286	2,426	0	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	1,094	1,222	21	226	259
Claims on securitisation exposures	1,292	1,345	20	259	268
Claims secured against eligible residential mortgages	44,077	43,462	37	16,315	16,109
Past due claims	544	504	84	459	422
Other retail assets	348	359	82	285	295
Corporate	9,429	9,293	100	9,420	9,285
Other assets and claims	290	296	100	290	296
Total banking assets	**59,823**	**59,306**		**27,260**	**26,935**

	Notional amount Mar-18 $M	Credit equivalent Mar-18 $M	Avg risk weight Mar-18 %	Risk Weighted Assets Mar-18 $M	Dec-17 $M
Off-balance sheet positions					
Guarantees entered into in the normal course of business	264	262	68	177	188
Commitments to provide loans and advances	8,627	2,236	59	1,311	1,652
Foreign exchange contracts	5,729	101	32	32	16
Interest rate contracts	53,068	91	29	26	26
Securitisation exposures	3,873	207	20	41	85
CVA capital charge	-	-	-	152	117
Total off-balance sheet positions	**71,561**	**2,897**		**1,739**	**2,084**

Market risk capital charge	130	70
Operational risk capital charge	3,441	3,441
Total off-balance sheet positions	1,739	2,084
Total on-balance sheet credit risk-weighted assets	27,260	26,935
Total assessed risk	**32,570**	**32,530**

Risk-weighted capital ratios	%	%
Common Equity Tier 1	8.80	8.96
Tier 1	10.49	10.65
Tier 2	2.76	2.77
Total risk-weighted capital ratio	**13.25**	**13.42**

Table 4: Credit risk

Table 4A: Credit risk by gross credit exposure – outstanding as at 31 March 2018

	Receivables due from other Banks[2]	Trading securities	Derivatives	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount)	Total Credit risk [4]	Gross impaired Assets	Past due not impaired > 90 days	Total not past due or impaired	Specific provisions [5]
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	3,933	231	4,164	45	17	4,102	15
Construction & development	-	-	-	-	730	203	933	-	1	932	-
Financial services	542	-	138	704	95	379	1,858	-	1	1,857	-
Hospitality	-	-	-	-	972	68	1,040	25	1	1,014	5
Manufacturing	-	-	-	-	253	21	274	2	3	269	-
Professional services	-	-	-	-	273	19	292	4	3	285	3
Property investment	-	-	-	-	2,365	182	2,547	5	4	2,538	3
Real estate - Mortgage	-	-	-	-	43,559	1,400	44,959	41	364	44,554	6
Personal	-	-	-	-	258	5	263	-	8	255	-
Government/public authorities	-	1,607	-	2,051	-	-	3,658	-	-	3,658	-
Other commercial & industrial	-	-	-	-	2,142	182	2,324	18	30	2,276	6
Total gross credit risk	**542**	**1,607**	**138**	**2,755**	**54,580**	**2,690**	**62,312**	**140**	**432**	**61,740**	**38**
Securitisation exposures [1]	-	-	-	1,292	3,739	207	5,238	-	21	5,217	-
Total including Securitisation exposures	**542**	**1,607**	**138**	**4,047**	**58,319**	**2,897**	**67,550**	**140**	**453**	**66,957**	**38**
Impairment provision							(131)	(38)	(20)	(73)	
TOTAL							**67,419**	**102**	**433**	**66,884**	

(1) The securitisation exposures of $3,739 million included under 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*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

(5) In accordance with APS 220 *Credit Quality*, regulatory specific provisions represent $38 million specific provisions for accounting purposes plus $20 million ineligible collective provision.

(6) Includes a portion of small business loans, with limits below $1 million, that are not classified.

Table 4: Credit risk (continued)

Table 4A: Credit risk by gross credit exposure – outstanding as at 31 December 2017

	Receivables due from other Banks [2]	Trading Securities	Derivatives	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount)	Total Credit Risk [4]	Gross Impaired Assets	Past due not impaired > 90 days	Total not past due or impaired	Specific Provisions [5]
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	3,876	250	4,126	44	19	4,063	15
Construction & development	-	-	-	-	719	243	962	-	-	962	-
Financial services	470	-	117	905	98	377	1,967	-	1	1,966	-
Hospitality	-	-	-	-	973	51	1,024	21	-	1,003	4
Manufacturing	-	-	-	-	259	22	281	2	-	279	-
Professional services	-	-	-	-	280	21	301	3	3	295	3
Property investment	-	-	-	-	2,275	159	2,434	5	2	2,427	3
Real estate - Mortgage	-	-	-	-	42,958	1,867	44,825	40	338	44,447	5
Personal	-	-	-	-	259	5	264	-	7	257	-
Government/public authorities	-	1,512	-	2,326	-	-	3,838	-	-	3,838	-
Other commercial & industrial	-	-	-	-	2,093	300	2,393	21	24	2,348	7
Total gross credit risk	**470**	**1,512**	**117**	**3,231**	**53,790**	**3,295**	**62,415**	**136**	**394**	**61,885**	**37**
Securitisation Exposures [1]				1,345	3,976	135	5,456	-	17	5,439	-
Total including securitisation exposures	**470**	**1,512**	**117**	**4,576**	**57,766**	**3,430**	**67,871**	**136**	**411**	**67,324**	**37**
Impairment provision							(131)	(37)	(19)	(75)	
TOTAL							**67,740**	**99**	**392**	**67,249**	

(1) The securitisation exposures of $3,976 million included under 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*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

(5) In accordance with APS 220 *Credit Quality*, regulatory specific provisions represent $37 million specific provisions for accounting purposes plus $19 million ineligible collective provision.

(6) Includes a portion of small business loans, with limits below $1 million, that are not classified.

Table 4: Credit risk (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 January to 31 March 2018

	Receivables due from other Banks [(2)]	Trading Securities	Derivatives	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount)	Total Credit Risk [(4)]
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	3,905	241	4,146
Construction & development	-	-	-	-	725	223	948
Financial services	506	-	128	805	97	378	1,914
Hospitality	-	-	-	-	973	60	1,033
Manufacturing	-	-	-	-	256	22	278
Professional services	-	-	-	-	277	20	297
Property investment	-	-	-	-	2,320	170	2,490
Real estate - Mortgage	-	-	-	-	43,258	1,633	44,891
Personal	-	-	-	-	259	5	264
Government/public authorities	-	1,560	-	2,189	-	-	3,749
Other commercial & industrial	-	-	-	-	2,118	241	2,359
Total gross credit risk	**506**	**1,560**	**128**	**2,994**	**54,188**	**2,993**	**62,369**
Securitisation exposures [(1)]	-	-	-	1,319	3,858	138	5,315
Total including securitisation exposures	**506**	**1,560**	**128**	**4,313**	**58,046**	**3,131**	**67,684**
Impairment provision							(131)
TOTAL							**67,553**

(1) The securitisation exposures of $3,858 million included under 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*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

Table 4: Credit risk (continued)

Table 4A: Credit risk by gross credit exposure – average gross exposure over period 1 October to 31 December 2017

	Receivables due from other Banks [(2)]	Trading Securities	Derivatives	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount)	Total Credit Risk [(4)]
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	3,888	253	4,141
Construction & development	-	-	-	-	694	252	946
Financial services	514	-	133	912	98	378	2,035
Hospitality	-	-	-	-	972	54	1,026
Manufacturing	-	-	-	-	262	22	284
Professional services	-	-	-	-	282	20	302
Property investment	-	-	-	-	2,242	153	2,395
Real estate - Mortgage	-	-	-	-	42,325	2,269	44,594
Personal	-	-	-	-	257	5	262
Government/public authorities	-	1,549	-	2,283	-	-	3,832
Other commercial & industrial	-	-	-	-	2,081	241	2,322
Total gross credit risk	**514**	**1,549**	**133**	**3,195**	**53,101**	**3,647**	**62,139**
Securitisation Exposures [(1)]	-	-	-	1,363	4,107	116	5,586
Total including securitisation exposures	**514**	**1,549**	**133**	**4,558**	**57,208**	**3,763**	**67,725**
Impairment provision							(136)
TOTAL							**67,589**

(1) The securitisation exposures of $4,107 million included under 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*.

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

(3) Represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112 *Capital Adequacy*.

(4) Total credit risk excludes cash and cash equivalents, including any reverse repurchase agreements held by the ADI.

Table 4: Credit risk (continued)

Table 4B: Credit risk by portfolio as at 31 March 2018

	Gross Credit Risk Exposure $M	Average Gross Exposure $M	Impaired Assets $M	Past due Not Impaired > 90 days $M	Specific Provisions (2) $M	Charges for Specific Provisions & Write Offs $M
Claims secured against eligible residential mortgages	50,130	50,206	41	385	6	3
Other retail	263	264	-	8	-	-
Financial services	1,858	1,914	-	1	-	-
Government and public	3,658	3,749	-	-	-	-
Corporate and other claims	11,574	11,551	99	59	32	-
Total	**67,483**	**67,684**	**140**	**453**	**38**	**3**

(1) $5,171 million, $5,315 million and $21 million has been included in gross credit risk exposure, average gross exposure and past due not impaired greater than 90 days respectively to include securitisation exposures.

(2) In accordance with APS 220, regulatory specific provisions represent $38 million specific provisions for accounting purposes plus $20 million ineligible collective provision.

Table 4B: Credit risk by portfolio as at 31 December 2017

	Gross Credit Risk Exposure $M	Average Gross Exposure $M	Impaired Assets $M	Past due Not Impaired > 90 days $M	Specific Provisions (2) $M	Charges for Specific Provisions & Write Offs $M
Claims secured against eligible residential mortgages (1)	50,296	50,187	40	355	5	4
Other retail	264	262	-	7	-	-
Financial services	1,967	2,035	-	1	-	-
Government and public	3,838	3,832	-	-	-	-
Corporate and other claims	11,521	11,416	96	48	32	7
Total	**67,886**	**67,732**	**136**	**411**	**37**	**11**

(1) $5,466 million, $5,590 million and $17 million has been included in gross credit risk exposure, average gross exposure and past due not impaired greater than 90 days respectively to include securitisation exposures.

(2) In accordance with APS 220, regulatory specific provisions represent $37 million specific provisions for accounting purposes plus $19 million ineligible collective provision.

Table 4: Credit risk (continued)

Table 4C: General reserves for credit losses

	Mar-18 $M	Dec-17 $M
Collective provision for impairment	93	94
Ineligible collective provisions on past due not impaired	(20)	(19)
Eligible collective provisions	73	75
Equity reserve for credit losses	83	84
General reserve for credit losses	**156**	**159**

Table 5: Securitisation exposures

Table 5A: Summary of securitisation activity for the period

During the quarter ending 31 March 2018, there was no securitisation activity (quarter ending 31 December 2017: nil).

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

Exposure type	Mar-18 $M	Dec-17 $M
Debt securities	1,292	1,345
Total on-balance sheet securitisation exposures	**1,292**	**1,345**

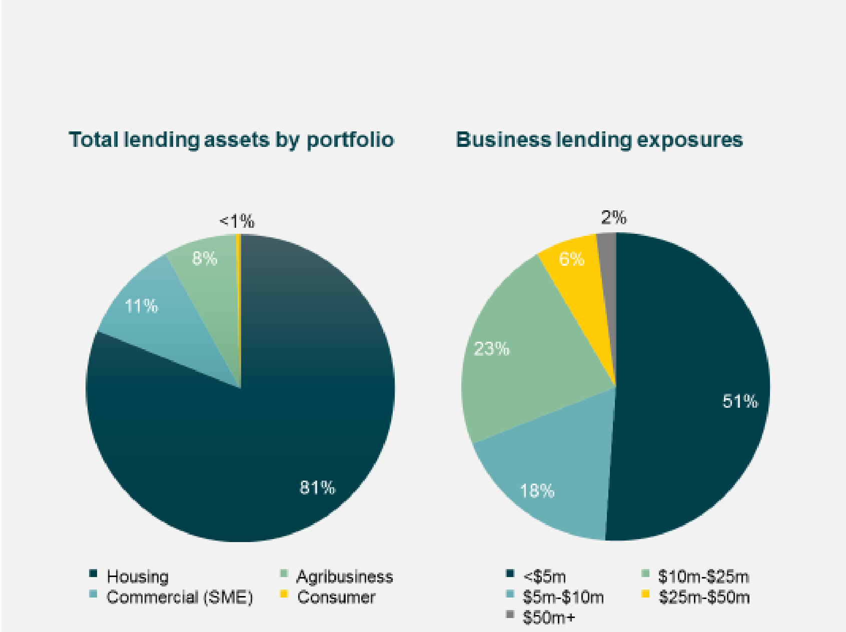
Table 5B(ii): Aggregate of off-balance sheet securitisation exposures by exposure type

Exposure type	Mar-18 $M	Dec-17 $M
Liquidity facilities	67	50
Derivative exposures	140	100
Total off-balance sheet securitisation exposures	**207**	**150**

Appendix 2 – Slide Pack

Total lending portfolio

- Total lending assets grew $546 million to $58.3 billion over the quarter.
- 69% of business lending exposures are less than $10 million.

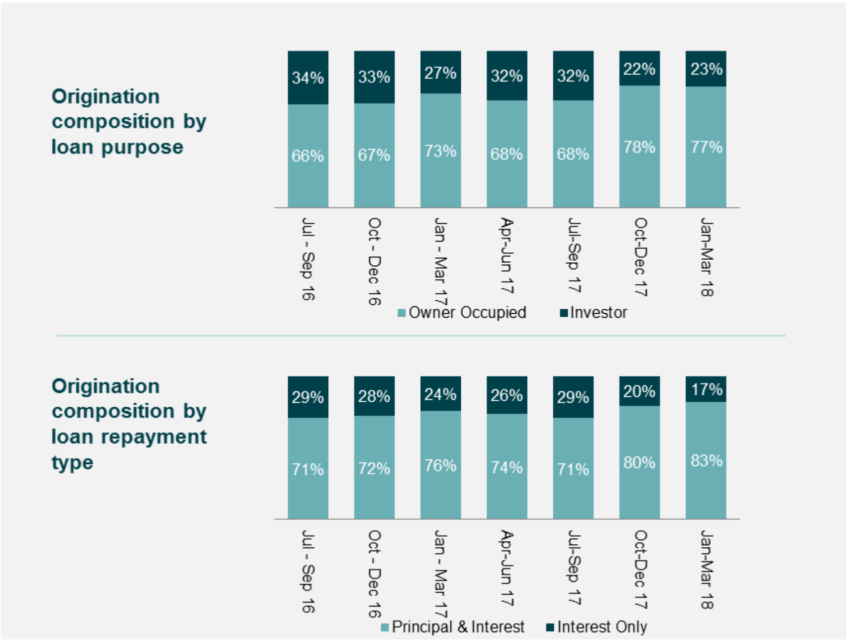


SUNCORP APS330 for the quarter ended 31 March 2018 1

Home lending portfolio

- Home lending grew $361 million over the quarter to $47.3 billion, with a sustained focus on high quality lending.
- 77% of new business home lending during the quarter was to owner occupiers.
- Annual investor lending growth of 6.6%[1] and new business interest-only lending of 17% over the quarter place the Bank within APRA's supervisory measures.

[1]As at 31 March 2018

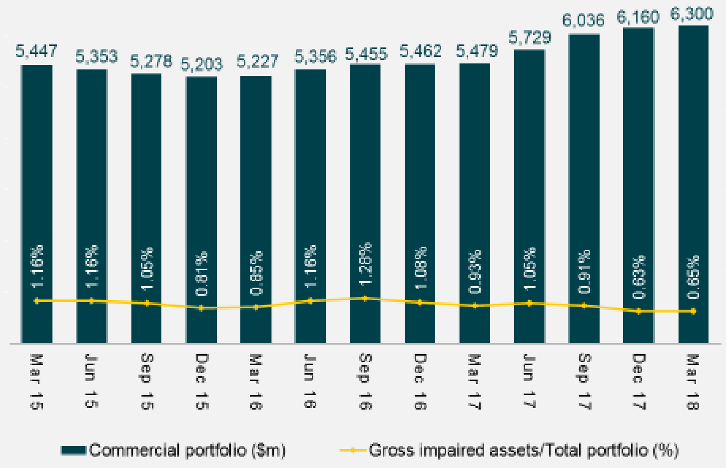


SUNCORP APS330 for the quarter ended 31 March 2018 2

Commercial (SME) portfolio

—

- Portfolio growth of $140 million to $6.3 billion over the quarter.
- Impaired assets continue to track below historical levels.

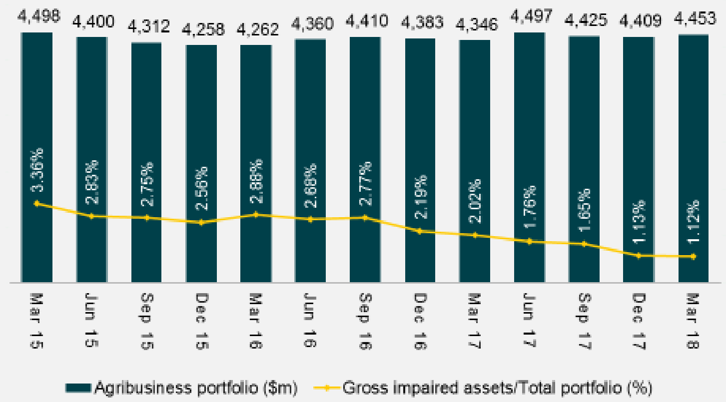


SUNCORP APS330 for the quarter ended 31 March 2018 3

Agribusiness portfolio

—

- Portfolio growth of $44 million to $4.5 billion over the quarter.
- Impaired assets continue to be low. Recent widespread rainfall in many parts of Qld and NSW has resulted in an optimistic outlook for forthcoming winter crops and pasture regrowth.



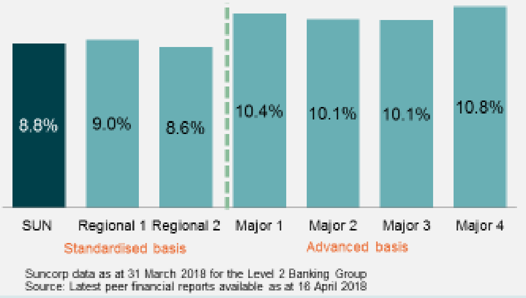
SUNCORP APS330 for the quarter ended 31 March 2018 4

Capital

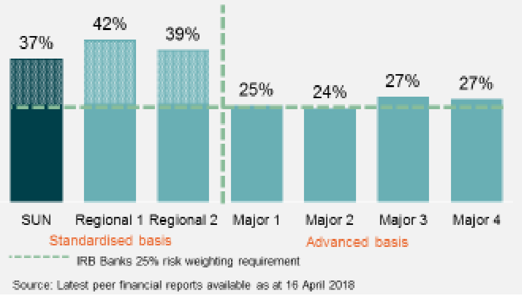
—

- Robust capital levels maintained to support growth.
- Well positioned for Basel III and 'Unquestionably Strong' regulatory changes.

CET1 ratio vs peers



Residential mortgages risk weight %

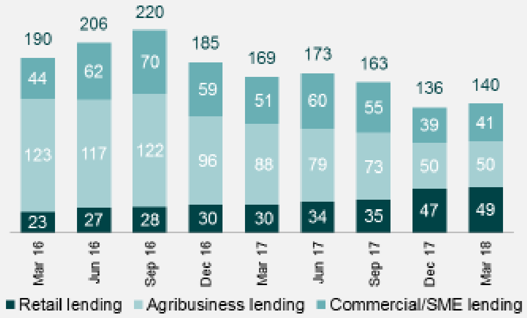


Credit quality

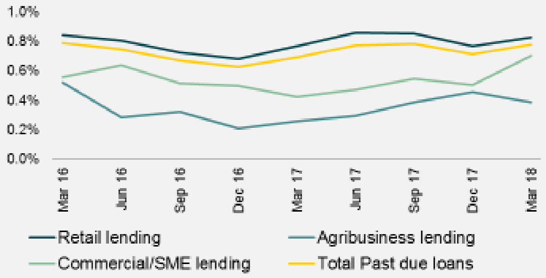
—

- Gross impaired assets for agribusiness and commercial/SME lending were stable over the quarter following material reductions in aged impaired exposures over the last 12-18 months.
- Past due loans increased during the quarter from the expected seasonal post-Christmas increase in retail arrears, and two mid to large commercial banking customers moving to past due.

Gross impaired loans by segment ($m)



Past due loans by segment (% of segment GLA)

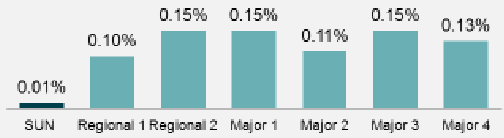


Credit quality

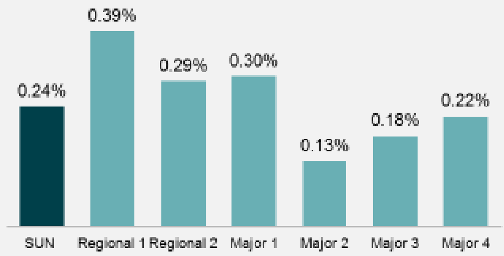
—

- Impairment losses remain below peers and the through-the-cycle operating range of 10 to 20 basis points of gross loans & advances.

Impairment losses to gross loans



Net impaired loans to gross loans



Source: Latest peer financial reports available

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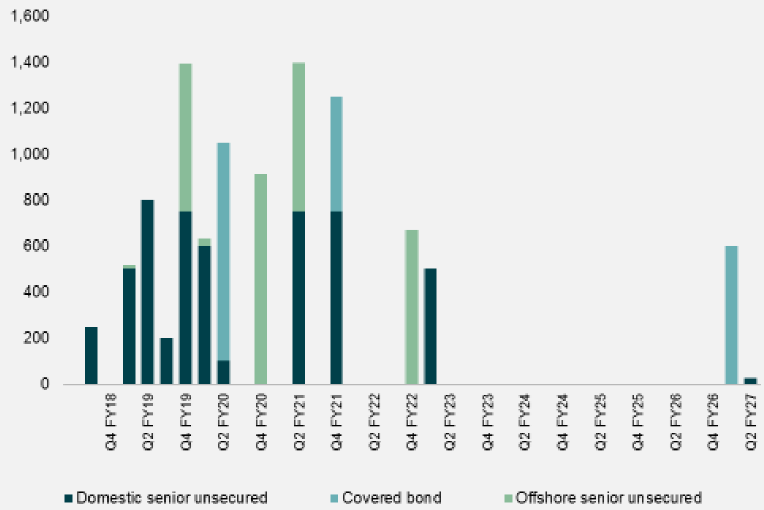
Long-term funding profile ($m)

—

- Executed $4.2 billion in term wholesale issuance over financial year to-date at a weighted average term of 3.3 years. This included issuance under domestic and offshore senior unsecured, covered bond and RMBS programs.
- The weighted average term remaining of Banking's long-term wholesale portfolio is 2.7 years.



Maturity profile shown on a quarterly basis.

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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 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
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
General reserve credit loss (**GRCL**)	The general reserve for credit losses is a reserve that covers credit losses prudently estimated but not certain to arise over the full life of all the individual facilities based on guidance provided by APRA
Liquidity coverage ratio	Liquid assets divided by the forecast net cash outflows during a 30-day simulated severe stressed liquidity scenario
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	Credit risk-weighted assets, off-balance sheet positions, market risk capital charge and operational risk charge, as defined by APRA