ASX announcement

10 November 2021

Suncorp Bank APS330 30 September 2021

Suncorp Group (ASX: SUN | ADR: SNMCY) today released its Bank quarterly update as at 30 September 2021 as required under the Australian Prudential Standard 330. The report is attached.

ENDS

Authorised for lodgement with the ASX by Suncorp Audit Committee.

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SUNCORP GROUP LIMITED

SUNCORP BANK

APS 330

FOR THE QUARTER ENDED 30 SEPTEMBER 2021

RELEASE DATE: 10 NOVEMBER 2021

Suncorp Group Limited
ABN 66 145 290 124

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 30 September 2021 (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 10 November 2021. 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 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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TABLE OF CONTENTS

OVERVIEW

Suncorp Bank's home lending portfolio continued to build through the September quarter, increasing $446 million or 1.0% (3.9% annualised). The momentum in home lending lodgements continued, with total lodgements 40% higher than 1Q21 and up 18% on the June quarter. The increase in home lending lodgements was driven by the Bank's consistent competitive offerings, improved turnaround times, and enhanced credit assessment efficiency. Home lending growth was supported by a positive net refinance rate, the continued delivery of its targeted program of work to improve customer and broker experiences and simplification of its origination process. The Bank maintains a high-quality and conservatively positioned home lending portfolio, remaining weighted towards owner occupiers, principal and interest repayments and loans with a loan-to-valuation ratio (LVR) below 80%.

Business lending contracted $60 million or 0.5% (2.1% annualised) due to a reduction in the commercial loan portfolio partially offset by growth in agribusiness lending. The contraction in commercial lending was driven by investment project completions and large customer-initiated property sales taking advantage of appreciating property values. Modest agribusiness growth was driven by restocking, property purchases and summer crop planting, partially offset by repayments from commodity sales including initial harvest proceeds from winter crops.

Household deposit growth was broadly in line with the strong system growth experienced during the quarter, assisted by a reduction in household spending due to lockdowns in NSW and Victoria. The Bank's at-call deposit growth was predominantly driven by growth in transaction account and mortgage offset balances supported by customer-focused initiatives including zero account-keeping fees, competitive rates, campaigns and ongoing development of digital banking functionality.

The Bank has continued to focus on increasing its digital enablement and capabilities. The number of digitally active Bank customers increased 4% (annualised) through the quarter. The average number of monthly Suncorp App logins per user has continued to grow, increasing to 22.9 by September 2021 (September 2020: 18.6). This increasing digital engagement remains a key focus, including the migration of mobile banking app customers to the flagship Suncorp app. At 30 September 2021, 32% of personal customers were using the Suncorp app, up from 23% at 30 June 2021.

Total impairment charges for the quarter was a net release of $1 million. This reflects an unchanged collective provision and a small specific provision release for a commercial lending group due to improved performance. The collective provision will be reviewed again as part of finalising the 31 December half year financial position.

Gross impaired assets decreased $11 million over the quarter to $169 million or 29 basis points of gross loans and advances (GLA). This was mainly driven by a $7 million reduction in gross impaired home loans, underpinned by the strong housing market supporting asset sales by borrowers, coupled with strong clearance rates for properties brought to auction.

Total past due loans not impaired decreased by $99 million over the quarter to $451 million or 78 basis points of GLA, predominantly driven by a $91 million decrease in home lending arrears. The improved arrears position is attributable to the cohort of customers exiting hardship arrangements and returning to performing status, following earlier COVID-19 temporary loan deferral assistance. The strong housing market has also resulted in increased voluntary borrower sales.

As at 30 September 2021, 92.2% of Home Lending and SME customer accounts (~16,800) which had previously received a temporary loan deferral between March 2020 and March 2021 were performing or had exited the portfolio, compared with 91.4% as at 30 June 2021. The remainder were continuing to receive support through hardship arrangements (5.3%) or were 90 days past due or impaired (2.5%).

On 19 July 2021, APRA announced the second iteration of temporary deferral arrangements, to provide support to customers impacted by COVID-19 lockdowns. As at 30 September 2021, 378 home lending accounts (~$139 million) and 32 SME lending accounts (~$19 million) were under a COVID-19 temporary deferral arrangement, representing 0.2% and 0.1% of total home lending and SME accounts respectively. This is significantly less than the ~16,800 total accounts which required assistance in the first iteration in 2020.

As at 30 September 2021, the Net Stable Funding Ratio (NSFR) and the Liquidity Coverage Ratio (LCR) were both at 135%, demonstrating the continued strength of Suncorp's funding and liquidity position. Following APRA's announcement on 10 September that Committed Liquidity Facility (CLF) limits will no longer be available beyond December 2022, the Bank is determining the best course of action to optimise the CLF reduction.

The Bank's capital levels remain sound, with a Common Equity Tier 1 ratio of 9.63% (June 2021: 10.06%), above the target operating range of 9-9.50%. The decline in the quarter reflected the dividend payment made to Suncorp Group in August 2021.

LOANS AND ADVANCES

	Sep-21 $M	Jun-21 $M	Sep-20 $M	Sep-21 vs Jun-21 %	Sep-21 vs Sep-20 %
Housing loans [1]	42,336	41,697	40,537	1.5	4.4
Securitised housing loans and covered bonds	4,181	4,374	5,496	(4.4)	(23.9)
Total housing loans	**46,517**	**46,071**	**46,033**	**1.0**	**1.1**
Consumer loans	104	122	158	(14.8)	(34.2)
Retail loans	**46,621**	**46,193**	**46,191**	**0.9**	**0.9**
Commercial and SME	7,067	7,142	7,403	(1.1)	(4.5)
Agribusiness	4,243	4,228	4,089	0.4	3.8
Total Business loans	**11,310**	**11,370**	**11,492**	**(0.5)**	**(1.6)**
Total lending	**57,931**	**57,563**	**57,683**	**0.6**	**0.4**
Gross loans and advances	**57,931**	**57,563**	**57,683**	**0.6**	**0.4**
Provision for impairment	(237)	(239)	(300)	(0.8)	(21.0)
Total loans and advances	**57,694**	**57,324**	**57,383**	**0.6**	**0.5**
Credit-risk weighted assets	**27,799**	**27,535**	**27,615**	**1.0**	**0.7**
Geographical breakdown - Total lending [2]					
Queensland	28,046	28,020	28,447	0.1	(1.4)
New South Wales	15,912	15,771	15,678	0.9	1.5
Victoria	7,517	7,393	7,152	1.7	5.1
Western Australia	3,729	3,686	3,729	1.2	-
South Australia and other	2,727	2,693	2,677	1.3	1.9
Outside of Queensland loans	29,885	29,543	29,236	1.2	2.2
Total lending	**57,931**	**57,563**	**57,683**	**0.6**	**0.4**

[1] Comparative periods have been restated to reflect the reclassification of 'Other Lending' from 'Commercial and SME' to 'Housing loans'.

[2] The 30 September 2020 comparatives have been restated to reflect changes to business loan reporting to reclassify asset location based on the industry code and the primary collateral state rather than the loan origination business centre.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES

	Quarter Ended Sep-21 $M	Jun-21 $M	Sep-20 $M	Sep-21 vs Jun-21 %	Sep-21 vs Sep-20 %
Collective provision for impairment	-	60	-	(100.0)	-
Specific provision for impairment	1	(3)	(2)	(133.3)	(150.0)
Actual net write-offs	-	1	(1)	(100.0)	(100.0)
Impairment releases/(losses)	**1**	**58**	**(3)**	**(98.3)**	**133.3**
Impairment releases/(losses) to gross loans and advances	**0.00%**	**0.10%**	**(0.01%)**		

IMPAIRED ASSETS AND NON-PERFORMING LOANS

	Quarter Ended Sep-21 $M	Jun-21 $M	Sep-20 $M	Sep-21 vs Jun-21 %	Sep-21 vs Sep-20 %
Retail lending	40	47	54	(14.9)	(25.9)
Agribusiness lending	24	25	36	(4.0)	(33.3)
Commercial/SME lending	105	108	80	(2.8)	31.3
Gross impaired assets	**169**	**180**	**170**	**(6.1)**	**(0.6)**
Impairment provision	(55)	(57)	(49)	(3.5)	12.2
Net impaired assets	**114**	**123**	**121**	**(7.3)**	**(5.8)**
Impairment provisions as a percentage of gross impaired assets	**33%**	**32%**	**29%**		
Size of gross individually impaired assets					
Less than one million	35	36	42	(2.8)	(16.7)
Greater than one million but less than ten million	95	101	104	(5.9)	(8.7)
Greater than ten million	39	43	24	(9.3)	62.5
Gross impaired assets	**169**	**180**	**170**	**(6.1)**	**(0.6)**
Past due loans not shown as impaired assets	**451**	**550**	**542**	**(18.0)**	**(16.8)**
Gross non-performing loans	**620**	**730**	**712**	**(15.1)**	**(12.9)**
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	180	205	170	(12.2)	5.9
Recognition of new impaired assets	7	15	16	(53.3)	(56.3)
Other movements in impaired assets [1]	1	(4)	(1)	(125.0)	(200.0)
Impaired assets which have been reclassed as performing assets or repaid	(19)	(36)	(15)	(47.2)	26.7
Balance at the end of the period	**169**	**180**	**170**	**(6.1)**	**(0.6)**

[1] Net of increases in previously recognised impaired assets and impaired assets written off.

PROVISION FOR IMPAIRMENT

	Sep-21 $M	Jun-21 $M	Sep-20 $M	Sep-21 vs Jun-21 %	Sep-21 vs Sep-20 %
Collective provision					
Balance at the beginning of the period	195	255	255	(23.5)	(23.5)
(Release)/charge against impairment losses	-	(60)	-	(100.0)	-
Balance at the end of the period	**195**	**195**	**255**	**-**	**(23.5)**
Specific provision					
Balance at the beginning of the period	44	48	46	(8.3)	(4.3)
(Release)/charge against impairment losses	(1)	3	2	(133.3)	(150.0)
Impairment provision written off [(1)]	(1)	(7)	(3)	(85.7)	(66.7)
Balance at the end of the period	**42**	**44**	**45**	**(4.5)**	**(6.7)**
Total provision for impairment - Banking activities	**237**	**239**	**300**	**(0.8)**	**(21.0)**
Equity reserve for credit loss (ERCL)					
Balance at the beginning of the period	85	76	81	11.8	4.9
Transfer (to)/from retained earnings	(3)	9	6	(133.3)	(150.0)
Balance at the end of the period	**82**	**85**	**87**	**(3.5)**	**(5.7)**
Pre-tax equivalent coverage	117	121	124	(3.3)	(5.5)
Total provision for impairment and equity reserve for credit loss - Banking activities	**354**	**360**	**424**	**(1.7)**	**(16.5)**

Provision for impairment expressed as a percentage of gross loans and advances are as follows:	**%**	**%**	**%**
Collective provision	0.34	0.34	0.44
Specific provision	0.07	0.08	0.08
Total provision	0.41	0.42	0.52
ERCL coverage	0.20	0.21	0.22
Total provision and ERCL coverage	0.61	0.63	0.74

(1) Includes other items such as unwind of discount.

GROSS NON-PERFORMING LOANS COVERAGE BY PORTFOLIO

	Sep-21 $M	Jun-21 $M	Sep-20 $M	Sep-21 vs Jun-21 %	Sep-21 vs Sep-20 %
Retail Lending					
Past due loans	383	474	464	(19.2)	(17.5)
Impaired assets	40	47	54	(14.9)	(25.9)
Specific provision	7	8	7	(12.5)	-
Collective provision	13	14	20	(7.1)	(35.0)
Total provision coverage [(1)]	**4.7%**	**4.2%**	**5.2%**	**0.5**	**(0.5)**
Agribusiness Lending					
Past due loans	30	32	37	(6.3)	(18.9)
Impaired assets	24	25	36	(4.0)	(33.3)
Specific provision	5	5	8	-	(37.5)
Collective provision	7	11	14	(36.4)	(50.0)
Total provision coverage [(1)]	**22.2%**	**28.1%**	**30.1%**	**(5.8)**	**(7.9)**
Commercial and SME Lending					
Past due loans	38	44	41	(13.6)	(7.3)
Impaired assets	105	108	80	(2.8)	31.3
Specific provision	30	31	30	(3.2)	-
Collective provision	29	27	14	7.4	107.1
Total provision coverage [(1)]	**41.3%**	**38.2%**	**36.4%**	**3.1**	**4.9**

[(1)] Calculated as: (Specific provision + Collective provision Stage 3) / (Past due loans + Impaired assets).
The basis for the coverage ratio was revised at 30 June 2021 to better reflect the provisions held for Gross Non-performing loans.
The collective provision presented in the table above is the provision held for non-performing loans ie. loans in Stage 3 only.
Accordingly comparatives for Sep-20 have been restated.

APPENDIX 1 – APS 330 TABLES

- Table 1: Capital disclosure template – not applicable for this reporting period. This table was disclosed in the June 2021 reporting period.
- Table 2: Main features of capital instruments
- Table 3: Capital adequacy
- Table 4: Credit risk
- Table 5: Securitisation exposures
- Table 20: Liquidity Coverage Ratio Disclosure
- Table 22: Remuneration Disclosures

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 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].

On 23 September 2021, additional Tier 1 capital was deployed to SML amounting to $350 million ($100 par value). The Capital notes increased the amount of additional Tier 1 capital to $935 million.

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

TABLE 3: CAPITAL ADEQUACY

	Carrying value		Avg risk weight	Risk Weighted Assets	
	Sep-21	Jun-21	Sep-21	Sep-21	Jun-21
	$M	$M	%	$M	$M
On-balance sheet credit risk-weighted assets					
Cash items	3,219	1,495	-	16	19
Claims on Australian and foreign governments	4,019	3,359	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	432	574	36	154	207
Claims on securitisation exposures	749	741	20	149	147
Claims secured against eligible residential mortgages	45,073	44,658	37	16,529	16,434
Past due claims	589	689	93	546	629
Other retail assets	1,912	1,411	99	1,900	1,403
Corporate	8,133	8,435	100	8,129	8,430
Other assets and claims	376	266	100	376	266
Total banking assets	**64,502**	**61,628**		**27,799**	**27,535**

	Notional amount	Credit equivalent	Avg risk weight	Risk Weighted Assets	
	Sep-21	Sep-21	Sep-21	Sep-21	Jun-21
	$M	$M	%	$M	$M
Off-balance sheet positions					
Guarantees entered into in the normal course of business	290	290	98	285	287
Commitments to provide loans and advances	10,383	2,781	52	1,457	1,572
Lending of securities or posting of securities as collateral	100	100	-	-	-
Foreign exchange contracts	3,332	81	40	32	24
Interest rate contracts	43,211	95	41	39	39
Securitisation exposures	2,060	87	20	17	18
CVA capital charge	-	-	-	63	74
Total off-balance sheet positions	**59,376**	**3,434**		**1,893**	**2,014**

	Sep-21	Jun-21
Market risk capital charge	148	100
Operational risk capital charge	3,635	3,635
Total off-balance sheet credit risk-weighted assets	1,893	2,014
Total on-balance sheet credit risk-weighted assets	27,799	27,535
Total assessed risk (Total Risk Weighted Assets)	**33,475**	**33,284**

Risk-weighted capital ratios	%	%
Common Equity Tier 1	9.63	10.06
Tier 1	12.42	11.82
Tier 2	2.42	2.46
Total risk-weighted capital ratio	**14.84**	**14.28**

TABLE 4: CREDIT RISK

Table 4A: Credit risk by gross credit exposure – outstanding as at 30 September 2021

	Receivables due from other Banks [2]	Trading Securities	Derivatives [3]	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount) [3]	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	-	-	-	-	4,244	193	4,437	24	30	4,383	5
Construction & development	-	-	-	-	712	220	932	1	3	928	1
Financial services	3,201	-	176	364	89	353	4,183	-	-	4,183	-
Hospitality	-	-	-	-	844	53	897	64	1	832	14
Manufacturing	-	-	-	-	219	13	232	3	-	229	1
Professional services	-	-	-	-	333	21	354	1	4	349	-
Property investment	-	-	-	-	3,081	96	3,177	9	12	3,156	4
Real estate - Mortgage	-	-	-	-	44,544	2,063	46,607	39	360	46,208	7
Consumer	-	-	-	-	104	-	104	-	4	100	-
Government/public authorities	-	1,523	-	3,662	-	-	5,185	-	-	5,185	-
Other commercial & industrial [6]	-	-	-	-	1,788	159	1,947	27	18	1,902	10
Total gross credit risk	**3,201**	**1,523**	**176**	**4,026**	**55,958**	**3,171**	**68,055**	**168**	**432**	**67,455**	**42**
Securitisation exposures [1]	-	-	52	749	1,973	35	2,809	1	19	2,789	-
Total including securitisation exposures	**3,201**	**1,523**	**228**	**4,775**	**57,931**	**3,206**	**70,864**	**169**	**451**	**70,244**	**42**
Impairment provision							(237)	(55)	(22)	(160)	
Total							**70,627**	**114**	**429**	**70,084**	

(1) The securitisation exposures of $1,973 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: Standardised Approach to Credit Risk*.

(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 $42 million specific provisions for accounting purposes plus $66 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 30 June 2021

	Receivables due from other Banks [(2)] $M	Trading Securities $M	Derivatives [(3)] $M	Investment Securities $M	Loans and Advances $M	Off-balance sheet exposures (credit equivalent amount) [(3)] $M	Total Credit Risk [(4)] $M	Gross Impaired Assets $M	Past due not impaired > 90 days $M	Total not past due or impaired $M	Specific Provisions [(5)] $M
Agribusiness	-	-	-	-	4,228	209	4,437	25	32	4,380	5
Construction & development	-	-	-	-	728	269	997	2	3	992	1
Financial services	1,495	-	143	487	105	257	2,487	-	-	2,487	-
Hospitality	-	-	-	-	869	52	921	68	-	853	17
Manufacturing	-	-	-	-	228	18	246	3	1	242	1
Professional services	-	-	-	-	335	26	361	1	3	357	-
Property investment	-	-	-	-	3,110	100	3,210	9	19	3,182	4
Real estate - Mortgage	-	-	-	-	43,936	2,072	46,008	46	448	45,514	8
Consumer	-	-	-	-	122	-	122	-	4	118	-
Government/public authorities	-	1,579	-	3,310	-	-	4,889	-	-	4,889	-
Other commercial & industrial [(6)]	-	-	-	-	1,776	178	1,954	25	18	1,911	8
Total gross credit risk	**1,495**	**1,579**	**143**	**3,797**	**55,437**	**3,181**	**65,632**	**179**	**528**	**64,925**	**44**
Securitisation exposures [(1)]	-	-	54	741	2,126	37	2,958	1	22	2,935	-
Total including securitisation exposures	**1,495**	**1,579**	**197**	**4,538**	**57,563**	**3,218**	**68,590**	**180**	**550**	**67,860**	**44**
Impairment provision							(239)	(57)	(24)	(158)	
Total							**68,351**	**123**	**526**	**67,702**	

(1) The securitisation exposures of $2,126 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: Standardised Approach to Credit Risk*.

(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 $44 million specific provisions for accounting purposes plus $81 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 July to 30 September 2021

	Receivables due from other Banks [(2)]	Trading Securities	Derivatives [(3)]	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount) [(3)]	Total Credit Risk [(4)]
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	4,236	201	4,437
Construction & development	-	-	-	-	720	244	964
Financial services	2,348	-	160	426	97	305	3,336
Hospitality	-	-	-	-	857	53	910
Manufacturing	-	-	-	-	224	15	239
Professional services	-	-	-	-	334	23	357
Property investment	-	-	-	-	3,096	98	3,194
Real estate - Mortgage	-	-	-	-	44,240	2,068	46,308
Consumer	-	-	-	-	113	-	113
Government/public authorities	-	1,551	-	3,486	-	-	5,037
Other commercial & industrial [(5)]	-	-	-	-	1,782	169	1,951
Total gross credit risk	**2,348**	**1,551**	**160**	**3,912**	**55,699**	**3,176**	**66,846**
Securitisation exposures [(1)]	-	-	53	745	2,050	36	2,884
Total including securitisation exposures	**2,348**	**1,551**	**213**	**4,657**	**57,749**	**3,212**	**69,730**
Impairment provision							(238)
Total							**69,492**

(1) The securitisation exposures of $2,050 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: Standardised Approach to Credit Risk*.

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

(5) 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 April to 30 June 2021

	Receivables due from other Banks [2]	Trading Securities	Derivatives [3]	Investment Securities	Loans and Advances	Off-balance sheet exposures (credit equivalent amount) [3]	Total Credit Risk [4]
	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	-	4,185	215	4,400
Construction & development	-	-	-	-	741	213	954
Financial services	1,269	-	146	518	105	263	2,301
Hospitality	-	-	-	-	875	56	931
Manufacturing	-	-	-	-	226	18	244
Professional services	-	-	-	-	333	25	358
Property investment	-	-	-	-	3,140	108	3,248
Real estate - Mortgage	-	-	-	-	43,743	1,818	45,561
Consumer	-	-	-	-	131	-	131
Government/public authorities	-	1,500	-	3,521	-	-	5,021
Other commercial & industrial [5]	-	-	-	-	1,807	180	1,987
Total gross credit risk	**1,269**	**1,500**	**146**	**4,039**	**55,286**	**2,896**	**65,136**
Securitisation exposures [1]	-	-	69	774	2,198	40	3,081
Total including securitisation exposures	**1,269**	**1,500**	**215**	**4,813**	**57,484**	**2,936**	**68,217**
Impairment provision							(271)
Total							**67,946**

(1) The securitisation exposures of $2,198 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: Standardised Approach to Credit Risk*.

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

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

TABLE 4: CREDIT RISK (CONTINUED)

Table 4B: Credit risk by portfolio as at 30 September 2021

	Gross Credit Risk Exposure	Average Gross Exposure	Impaired Assets	Past Due Not Impaired > 90 days	Specific Provisions [2]	Charges for Specific Provisions & Write Offs
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages [1]	49,416	49,192	40	379	7	1
Other retail	104	113	-	4	-	-
Financial services	4,183	3,336	-	-	-	-
Government and public authorities	5,185	5,037	-	-	-	-
Corporate and other claims	11,976	12,052	129	68	35	(2)
Total	**70,864**	**69,730**	**169**	**451**	**42**	**(1)**

(1) $2,809 million, $2,884 million, $1 million and $19 million has been included in gross credit risk exposure, average gross exposure, impaired assets and past due not impaired greater than 90 days respectively to include securitisation exposures.

(2) The specific provisions of $42 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $66 million which in accordance with APS 220 *Credit Quality* are regulatory specific provisions. The regulatory specific provisions under APS 220 *Credit Quality* are $108 million.

Table 4B: Credit risk by portfolio as at 30 June 2021

	Gross Credit Risk Exposure	Average Gross Exposure	Impaired Assets	Past Due Not Impaired > 90 days	Specific Provisions [2]	Charges for Specific Provisions & Write Offs
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages [1]	48,966	48,642	47	470	8	2
Other retail	122	131	-	4	-	1
Financial services	2,487	2,301	-	-	-	-
Government and public authorities	4,889	5,021	-	-	-	-
Corporate and other claims	12,126	12,122	133	76	36	-
Total	**68,590**	**68,217**	**180**	**550**	**44**	**3**

(1) $2,958 million, $3,081 million, $1 million and $22 million has been included in gross credit risk exposure, average gross exposure, impaired assets and past due not impaired greater than 90 days respectively to include securitisation exposures.

(2) The specific provisions of $44 million represents the specific provisions for accounting purposes. It excludes the ineligible collective provisions of $81 million which in accordance with APS 220 *Credit Quality* are regulatory specific provisions. The regulatory specific provisions under APS 220 *Credit Quality* are $125 million.

TABLE 4: CREDIT RISK (CONTINUED)

Table 4C: General reserves for credit losses

	Sep-21 $M	Jun-21 $M
Collective provision for impairment	195	195
Ineligible collective provisions	(66)	(81)
Eligible collective provisions	129	114
Equity reserve for credit losses	82	85
General reserve for credit losses	**211**	**199**

TABLE 5: SECURITISATION EXPOSURES

Table 5A: Summary of securitisation activity for the period

During the quarter ending 30 September 2021, there was no new securitisation activity undertaken (quarter ending 30 June 2021: Nil).

	Exposures Securitised		Recognised Gain or (Loss) on Sale	
	Sep-21	Jun-21	Sep-21	Jun-21
	$M	$M	$M	$M
Residential mortgages	-	-	-	-
Total exposures securitised during the period	**-**	**-**	**-**	**-**

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

	Sep-21	Jun-21
Exposure type	$M	$M
Debt securities	749	741
Total on-balance sheet securitisation exposures	**749**	**741**

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

	Sep-21	Jun-21
Exposure type	$M	$M
Liquidity facilities	35	37
Derivative exposures	52	54
Total off-balance sheet securitisation exposures	**87**	**91**

TABLE 20: LIQUIDITY COVERAGE RATIO DISCLOSURE

	Total Unweighted Value (Average) Sep-21 $M	Total Weighted Value (Average) Sep-21 $M	Total Unweighted Value (Average) Jun-21 $M	Total Weighted Value (Average) Jun-21 $M	Total Unweighted Value (Average) Mar-21 $M	Total Weighted Value (Average) Mar-21 $M
Liquid assets, of which:						
High-quality liquid assets (**HQLA**)		6,923		5,961		5,574
Alternative liquid assets (**ALA**)		3,608		4,424		6,350
Cash outflows						
Retail deposits and deposits from small business customers, of which:	32,936	3,204	31,947	3,107	31,108	3,015
stable deposits	*20,357*	*1,018*	*19,684*	*984*	*19,291*	*965*
less stable deposits	*12,579*	*2,186*	*12,263*	*2,123*	*11,817*	*2,050*
Unsecured wholesale funding, of which:	4,238	2,835	3,490	2,113	4,467	3,050
operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
non-operational deposits (all counterparties)	*2,999*	*1,596*	*2,844*	*1,467*	*2,986*	*1,569*
unsecured debt	*1,239*	*1,239*	*646*	*646*	*1,481*	*1,481*
Secured wholesale funding		55		224	-	91
Additional requirements, of which:	8,841	1,332	8,235	1,080	8,624	1,537
outflows related to derivatives exposures and other collateral requirements	*930*	*930*	*700*	*700*	*1,154*	*1,154*
outflows related to loss of funding on debt products	-	-	-	-	-	-
credit and liquidity facilities	*7,911*	*402*	*7,535*	*380*	*7,470*	*383*
Other contractual funding obligations	1,178	877	1,029	667	833	513
Other contingent funding obligations	5,204	627	5,614	447	5,363	505
Total cash outflows		**8,930**		**7,638**		**8,711**
Cash inflows						
Secured lending (e.g. reverse repos)	94	-	16	-	33	-
Inflows from fully performing exposures	611	310	745	384	679	359
Other cash inflows	792	792	274	274	837	837
Total cash inflows	**1,497**	**1,102**	**1,035**	**658**	**1,549**	**1,196**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
Total liquid assets		**10,531**		**10,385**		**11,924**
Total net cash outflows		**7,828**		**6,980**		**7,515**
Liquidity Coverage Ratio (%)		**135**		**149**		**159**
Number of data points used		**62**		**62**		**62**

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 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%.

The amount 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 a suitable buffer reflecting management's preference.

Liquid assets included in the LCR comprise HQLA (cash, Australian Semi-Government and Commonwealth Government securities) and alternative liquid assets covered by the Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). SML received approval from APRA to reduce the CLF from $4.6 billion to $3.91 billion which became effective on 1 April 2021. Assets eligible for the CLF include senior unsecured bank paper, covered bonds and residential mortgage backed securities that are repo-eligible with the RBA. SML increased its self-securitisation in March 2020 which covered the CLF increase from May 2020, and the TFF.

The daily average LCR was 135% over the September 2021 quarter, compared to an average of 149% over the June 2021 quarter. The decrease in the average LCR was primarily due to the utilisation of the TFF before 30 June 2021. The impact was also caused by an increase in Net Cash Outflows which is primarily due to an increase in wholesale maturities over the quarter.

TABLE 22: REMUNERATION DISCLOSURES AS AT 30 JUNE 2021

Introduction

This Remuneration Disclosure has been prepared in accordance with the Australian Prudential Regulation Authority (**APRA**) Prudential Standard (**APS**) 330: Public Disclosure.

This disclosure explains the Suncorp Group Limited (**Suncorp**) Remuneration Policy and structure, which have been endorsed by the Suncorp Board People and Remuneration Committee **(People and Remuneration Committee)** and approved by the Suncorp Group Limited Board **(Board)**. Suncorp's remuneration framework and associated remuneration governance applies to all employees of Suncorp Bank. Suncorp Bank is a core unit of Suncorp and is represented by the legal entity Suncorp-Metway Limited (**SML**) and its subsidiaries. SML is an authorised deposit-taking institution and a wholly owned subsidiary of Suncorp. Accordingly, this Remuneration Disclosure is completed on a Level 2 basis[1].

For the purposes of this disclosure:

- Senior Managers are defined as Responsible Persons included in the Group's Fit and Proper Policy. This includes:
    - Key Management Personnel **(KMP)** for the Group that are also KMP for SML and its subsidiaries (where KMP refers to the Group CEO and Senior Leadership Team); and
    - Other Senior Managers. These include select Executive General Managers (**EGMs**) and employees below EGM level who are Responsible Persons for SML.
- Material Risk Takers (**MRT**) are select employees below EGM level that are not Responsible Persons who may be able to individually or collectively affect the financial soundness of the business where the incumbents have a performance-based incentive target of a significant portion of total remuneration (being more than 40% of fixed pay).

The aggregated remuneration data is for Senior Managers (KMP), Other Senior Managers, and MRTs relating to Suncorp Bank during the financial year ended 30 June 2021 (FY21).

Section 1

Remuneration governance framework

The People and Remuneration Committee recommends Suncorp's people and remuneration framework and practices to the Board for approval. It assists the Board in fulfilling its responsibilities by ensuring that frameworks are in place that enable Suncorp to attract, retain and motivate talented employees to achieve our strategic objectives.

The People and Remuneration Committee receives input from the Risk Committee, Audit Committee, external advisors and management as illustrated below.

[1] Under Application Paragraph 3, 'where a locally incorporated ADI is a subsidiary of an authorised non-operating holding company (authorised NOHC), the authorised NOHC must ensure that the requirements under this Prudential Standard are met on a Level 2 basis' (APS 330, July 2018).

BOARD

PEOPLE AND REMUNERATION COMMITTEE

The People and Remuneration Committee members as at 30 June 2021 are:

Chairman	Simon Machell
Members	Sylvia Falzon (Member of the Risk Committee)
	Douglas McTaggart (Member of the Audit Committee)
Ex-officio member	Christine McLoughlin, AM

The People and Remuneration Committee's responsibilities are outlined in its charter available at **suncorpgroup.com.au/about/corporate-governance**. The People and Remuneration Committee held six meetings and one workshop during FY21.

CHAIRMEN OF RISK COMMITTEE, AUDIT COMMITTEE AND PEOPLE AND REMUNERATION COMMITTEE

Recommends release, reduction, lapse or clawback of deferred incentives for the KMP. This recommendation is made having regard to the Group CEO's recommendation for KMP (other than himself) and a report that is prepared by the Group Executive People, Culture & Advocacy as Chairman of the Remuneration Oversight Committee. [1]

EXTERNAL ADVISERS

Provide independent advice, as needed, to the People and Remuneration Committee.

No remuneration recommendations were made by a remuneration consultant during FY21.

MANAGEMENT

Advises the People and Remuneration Committee based on specialist expertise and business knowledge.

The Group CEO makes a recommendation to the Chairmen of the Risk, Audit and People and Remuneration Committees on the release, reduction, lapse or clawback of deferred incentives for the Senior Leadership Team (other than himself) having regard to a report that is prepared by the Group Executive People, Culture & Advocacy as Chairman of the Remuneration Oversight Committee. [1]

1. The Remuneration Oversight Committee is a management committee.

The FY21 fee for the People and Remuneration Committee Chairman was $66,000 and Member fees were $33,000 (including superannuation). There were no fee increases in FY22.

All new appointments and changes to remuneration arrangements for Senior Managers and MRT roles require approval by the Board. Within pre-defined parameters, delegated authority has been granted by the Board to the Group CEO to approve remuneration for Other Senior Managers and MRT roles that are EGM level or below. The Board has oversight and reviews the remuneration arrangements of all KMP, Other Senior Managers and MRT roles on an annual basis.

FY21 Remuneration Policy and Framework

The Suncorp Remuneration Policy provides a governance framework for the structure and operation of remuneration plans within the context of Suncorp's strategy, long-term financial soundness and risk management framework.

The remuneration strategy, which is aligned to the business strategy and risk tolerance, ensures that the principles that determine remuneration are focused on delivering performance while demonstrating appropriate behaviours. The below table summarises Suncorp's FY21 remuneration framework.

Our Purpose

Building futures and protecting what matters

Our Being @ Suncorp behaviours

Doing the right thing

Caring for others

Being courageous

Our reward principles

- Reward simply and fairly
- Align to our strategy
- Encourage our employees to always do the right thing
- Drive ownership and accountability
- Embrace risk management

Our remuneration structure

Fixed pay

- Consists of base salary, superannuation and any salary sacrificed benefits.
- Reflects the role scope and individual skills and experiences and is set in the context of market remuneration levels.
- Reviewed annually against relevant matches from Suncorp's peer group and/or with regard to other relevant factors.

Short-term incentives (STI)

- Delivered as a mix of cash (50% for Group CEO, 65% for other KMP, 70% for Other Senior Managers who are EGMs, and 100% for Other Senior Managers and MRTs below EGM unless a threshold is exceeded) with the remainder delivered as share rights.
- Share rights are deferred over a 1-2 year period for the KMP and over a 1-3 year period for EGMs.
- KMP, Other Senior Managers and MRT are assessed against a function or individual scorecard comprising Financial, Customer, Risk, and People and Culture measures.
- The FY21 Group Scorecard determines the overall size of the Group STI pool and is shown below:

Category	Performance measure	Weighting
Financial	Adjusted Net Profit After Tax	30%
	Cash Return on Tangible Equity	10%
	Market share growth (Insurance Australia and Home Lending)	10%
Customer	Consumer Brand NPS – AAMI Consumer (Main Financial Institution) Brand NPS – Suncorp Bank Digital Users	20%
Risk	Risk management and compliance measures	15%
People and Culture	Ways of Working Future Ready Academy Employee Engagement Key Diversity Measures	15%

- An STI gateway and modifier linked to the Code of Conduct applies which can reduce STI outcomes (down to nil).

Long-term incentives (LTI)

- Only KMP are eligible to participate in the LTI Plan.[1]
- Delivered as performance rights which vest over a three-year period.
- There are two equally-weighted performance measures:
  - Relative total shareholder return (**TSR**) against S&P / ASX 100 companies excluding real estate investment trusts and resources companies.
  - Cash Return on Equity.
- For vesting to occur:
  - Suncorp's TSR must be at least at the median of this peer group. Full vesting occurs at the 75th percentile and there is pro-rata vesting between these points.
  - Given commercial sensitivities, the Cash ROE vesting schedule relating to the FY21 LTI offers will be retrospectively disclosed in the FY23 remuneration report.
- A further one-year deferral period applies, taking the total deferral period to four years.

All variable pay is subject to malus and clawback criteria

1 EGMs do not participate in an LTI plan. Other Senior Managers and MRTs below EGM level participate in a Share Rights Plan. Share Rights vest subject to a service condition in one tranche at the end of three years.

Bank Function Scorecard

The FY21 Bank Function Scorecard measures are below:

Category	Performance measure	Weighting
Financial	Adjusted NPAT (Bank) Budgeted costs Home lending market share growth	40%
Customer	Brand NPS Main Financial Institution (Bank) Product NPS (Home lending) Broker NPS Digital Users (Group)	20%
Risk	Risk management and compliance measures Risk maturity model Net stable funding ratio	20%
People & Culture	Ways of Working Employee Engagement Key diversity measures	20%

The Bank Function Scorecard is cascaded as appropriate to the Bank Leadership Team. The same process occurs in other Functions.

Changes to the FY22 remuneration framework

The FY22 STI structure remains the same, however the performance measures have been adjusted where needed to align to the FY22 business plan. The structure of the FY22 Group Scorecard will be disclosed in the FY22 APS 330 disclosure.

The FY22 LTI structure has been enhanced. There are now three LTI performance measures, each weighted one-third of the total grant. The performance measures are:

- Relative TSR against S&P / ASX 100 companies excluding real estate investment trusts and resources companies
- Relative TSR against a customised peer group of 12 ASX 100 organisations with banking and / or insurance operations
- Cash return on tangible equity.

Remuneration alignment with risk management

Suncorp is committed to effective risk management throughout the Group, with risk management considering both financial and non-financial risks.

The Non-Financial Risk Committee, made up of the KMP, supports the identification, assessment, monitoring, and mitigation of non-financial risks. This governance structure ensures that relevant non-financial risks, including conduct risks, are considered.

The Enterprise Risk Management Framework (**ERMF**) lays the foundation for all Suncorp's risk management processes. The ERMF seeks to ensure the integration of effective risk management across the Group and incorporates Suncorp's policies (which include risk management policies and the Remuneration Policy). Employees are educated on the importance of managing risk and the link between risk management and the outcomes for our shareholders, customers and employees.

The Board sets the risk appetite for the Group and has ultimate responsibility for the effectiveness of the Group's risk management practices. Suncorp develops its strategy and business plan both in consideration of the Group's risk appetite and with regard to the broader external environment.

In addition to ensuring the remuneration framework is aligned to prudent risk management, the Board also places significant importance on ensuring the framework incentivises desired conduct and behaviours.

Risk and conduct are incorporated into the remuneration framework as outlined below:

	Element	Description
For all employees and executives	Meaningful weighting of non-financial measures in the Group Scorecard, including a separately weighted risk measure in the Group Scorecard	The structure of the Group Scorecard consists of a number of measures across the categories of Financial, Customer, Risk, and People and Culture, with financial measures and non-financial measures equally weighted at 50% each.
	STI outcomes are based on both the "what" and the "how"	For KMP, the Board considers behaviours as part of its judgement overlay in determining STI outcomes. For Other Senior Managers and MRT, individual scorecards are weighted 80% towards performance measures and 20% towards desired behaviours, with the intent of ensuring that performance outcomes are achieved in the appropriate way.
	The behavioural STI gateway and modifier linked to the Code of Conduct	The behavioural STI gateway and modifier is based on an employee's compliance with the Code of Conduct. This can lead to an employee's STI being reduced (down to nil) if they do not adhere to the Code of Conduct.
	The Board's application of a judgment overlay on the Group Scorecard outcome, with risk management considered as a key component of the overall performance outcome	In determining performance and remuneration outcomes, the People and Remuneration Committee considers adherence to effective risk management practices and all other relevant factors in the context of the Group's risk appetite.
	Incorporation of malus and clawback criteria into deferred incentive awards	Deferred incentives (including STI deferred awards and vested and unvested LTI awards) are subject to malus and clawback criteria based on the Board's judgment. Malus and clawback criteria enable the Board, in its absolute discretion and subject to compliance with the law, to determine that a participant's deferred incentives will be fully or partially lapsed (malus) during the deferral period or any shares or cash payment made will be fully or partially forfeited, lapsed and / or repaid (clawback). In exercising its discretion, the Board will consider whether this is desirable to protect the Group's financial soundness or to respond to unforeseen circumstances.
	The hedging prohibition	Suncorp Group's Securities Trading Policy regulates dealing by directors, employees and contractors in Suncorp securities and prohibits hedging transactions to limit the economic risk of a holding in the Company's securities including unvested rights. All KMP are reminded of this policy at least twice per year, usually in the month prior to the release of Suncorp Group's annual and half-yearly financial results. Any subsequent dealing in those shares is subject to the terms of the Securities Trading Policy.
For executives only	Deferral of a significant portion of STI awards Requiring KMP to meet the minimum shareholding requirement	STI deferral is in place to encourage KMP and EGMs who are Other Senior Managers to adopt a longer-term mindset in making decisions and to align the executive and shareholder experience. KMP are also required to meet Minimum Shareholding Requirements.

Risk and financial control personnel

Separate performance and remuneration review processes govern remuneration decisions concerning identified employees working in the areas of risk and financial control (**R&FC**).

In these roles, performance measures are set and assessed by risk management and financial control function leaders, independent of their business units. For all R&FC roles, the function leader is not the direct leader of the role. The Chief Risk Officer (CRO) and Group Chief Financial Officer (Group CFO) are the function leaders for risk management roles and financial control roles that do not directly report to them. The Group CEO is the function leader for R&FC roles that report to the CRO or Group CFO, and the Board acts as the function leader of the EGM Internal Audit, CRO and Group CFO. In addition, employees working in risk roles across the Group typically have a comparatively higher percentage of risk-based measures in their scorecard.

Section 2: Quantitative disclosure requirements

	FY21		
	Senior Managers (KMP)	Other Senior Managers	MRT
Number of Individuals[1]	11	21	3
Number of Roles	12	21	3

1. The number of individuals is based on headcount. Where the individual held the disclosed role for a portion of the financial year their remuneration is pro-rated to reflect this.

The table below contains aggregated remuneration details for Senior Managers and MRTs as calculated in accordance with Australian Accounting Standards:

	FY21						FY20					
	Senior Managers (KMP)		Other Senior Managers		MRT		Senior Managers (KMP)		Other Senior Managers		MRT	
$000	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
Fixed pay												
Cash-based[1]	8,041	-	6,277	-	830	-	7,925	-	5,235	-	707	-
Other[2]	514	-	609	-	93	-	660	-	445	-	87	-
Variable pay												
Cash-based[3]	4,506	-	2,863	71	447	124	68	-	1,030	13	238	12
Share linked instruments[4]	-	5,983	-	1,240	-	30	-	4,960	2	232	1	20

1. Represents actual fixed pay received, including salary sacrificed benefits.
2. Represents employer superannuation, non-monetary benefits including airfares and premium rebates paid on behalf of the employee and the net annual leave and long service leave accrual for the financial year.
3. Represents cash incentives earned during the financial year. For Other Senior Managers and MRT below EGM level, the deferred cash portion awarded includes interest accrued on prior year deferred STIs and is subject to malus and clawback criteria during the deferral period. For Other Senior Managers at the EGM level, the deferred portion of the FY21 and FY20 STI is deferred into share rights, outlined in 'Share linked instruments' under the 'Deferred' column.
4. STI deferred into share rights is expensed to the profit & loss from the start of the performance period to the end of the deferral period and the fair value is amortised from the start of the performance period to the end of the deferral period. Grants made under the LTI plan, Restricted Share Plan and Share Rights Plan are expensed to the profit & loss based on the fair value at grant date over the period from grant date to vesting date.

During FY21, 10 Senior Managers (KMP), 18 Other Senior Managers and 3 MRTs received a variable remuneration award. In FY20, 8 Senior Managers (KMP), 16 Other Senior Managers and 3 MRTs received a variable remuneration award. No guaranteed bonuses were made to any Senior Managers and MRTs during FY21 and FY20.

The table below summarises the sign-on and termination payments made or granted to Senior Managers and MRTs in FY21 and FY20.

	FY21						FY20					
	Senior Managers (KMP)		Other Senior Managers		MRT		Senior Managers (KMP)		Other Senior Managers		MRT	
	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000	No. of individuals	Total Amount $000
Special incentive awards[1]	-	-	-	-	-	-	-	-	-	-	-	-
Termination payments[1,2]	2	1,888	1	438	-	-	2	1,693	1	420	-	2

1. One KMP ceased employment in FY20. A special incentive award that was offered due to foregone benefits at their prior employer (sign-on award) was forfeited on cessation of employment and is not included in the above table. No termination payment was made.
2. Termination payments are paid in accordance with contractual commitments.

The table below summarises information on deferred remuneration for Senior Managers and MRTs.

$000	FY21			FY20		
	Senior Managers (KMP)	Other Senior Managers	MRT	Senior Managers (KMP)	Other Senior Managers	MRT
Total outstanding deferred remuneration[1]	**12,885**	**1,935**	**106**	**11,853**	**1,602**	**137**
Cash-based[2]	-	-	16	-	63	68
Shares and share-linked instruments[3]	12,885	1,935	90	11,853	1,539	69
Total paid during the year[4]	**1,163**	**815**	**67**	**2,368**	**678**	**71**
Total reductions due to explicit adjustments[5]	**(4,161)**	**-**	**-**	**(3,825)**	**(204)**	**-**
Total reductions due to implicit adjustments[6]	**-**	**-**	**-**	**(3,479)**	**(760)**	**(5)**

1. Includes the total outstanding deferred cash and equity awards as at 30 June. Outstanding deferred remuneration is subject to malus and clawback criteria. All deferred remuneration outstanding for Senior Managers and MRTs at 30 June has been included, even where that award was earned in a different capacity within the Group. The deferred balance has been excluded where the Senior Manager and MRT is no longer employed in that capacity at 30 June.
2. Deferred cash-based remuneration for FY21 represents the deferred portion of short-term incentives awarded in FY20 and/or FY19, together with the interest accrued on the outstanding deferral, for all Senior Managers and MRTs employed within that capacity as at 30 June. Deferred cash may have been accrued whilst employed in a different capacity within the Group.
3. Deferred equity represents the market value as at 30 June, calculated by the number of performance rights, share rights or restricted shares granted multiplied by the closing share price as traded on the ASX on 30 June. The balance consists of all offers up to and including 30 June that are still to vest for Senior Managers and MRTs employed in that capacity as at 30 June.
4. Consists of all deferred cash incentives from prior years (and associated interest) paid and deferred equity vested during the financial year, received whilst employed in the capacity of a Senior Manager or MRT.
5. Represents the market value at grant date of performance rights, share rights or restricted shares forfeited during the financial year.
6. Represents any reduction in the market value at grant date compared to the market value at 30 June for performance rights, share rights or restricted shares yet to vest, or reduction in the market value at grant date compared to the market value at vesting date during the period. Note that increases may have occurred during the period, however only reductions have been disclosed in accordance with the requirements of APS 330.

APPENDIX 2 – DEFINITIONS

AASB 9	AASB 9 *Financial Instruments* was issued in December 2014. It addresses recognition and measurement requirements for financial assets and financial liabilities, impairment requirements that introduce a forward-looking expected credit loss impairment model, and general hedge accounting requirements which more closely align with risk management activities undertaken when hedging financial and non-financial risks. This standard became mandatory for the annual reporting period from 1 July 2018.
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA.
Collective provision	A collective provision is established to determine expected credit losses (see also Expected Credit Losses definition below) for loan exposures which are not specifically provisioned and can be in the performing or non-performing portfolios. For business banking exposures, a ratings-based approach is applied using estimates of probability of default and loss given default, at a customer level. For portfolio managed exposures, the portfolios are split into pools with homogenous risk profiles and pool estimates of probability of default and loss given default are used to calculate the collective provision.
Common Equity Tier 1 (**CET1**)	Common Equity Tier 1 capital comprises accounting equity plus adjustments for intangible assets and regulatory reserves.
Common Equity Tier 1 ratio	Common Equity Tier 1 divided by total risk weighted assets, as defined by APRA.
Credit value adjustment (**CVA**)	A capital charge that covers the risk of mark-to-market losses on the counterparty credit risk.
Eligible collective provisions	Primarily represents the collective provision for impairment on loans and advances in Stage 1 (performing and/or newly originated assets). Provisions for loans and advances in Stage 1 are established to provide for expected credit losses (**ECL**) for a period of 12 months. Forward-looking provisions for future, presently unidentified losses are also included within the Eligible collective provision balance.
Expected credit losses (**ECL**)	Expected credit losses (**ECL**) are calculated as the probability of default (**PD**) x loss given default (**LGD**) x exposure at default. The credit models are calibrated to reflect PD and LGD estimates based on historical observed experience, as well as reflecting unbiased forward-looking views of macroeconomic conditions, through macroeconomic variables that influence credit losses, for example unemployment rates and changes in house prices.
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 for credit losses (**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.
Impaired assets	Impaired assets are those for which the Bank has determined that it is probable that it will be unable to collect all principal and interest due according to the contractual terms. The Bank fully considers the counterparty's capacity to repay and security valuation position before an asset is considered impaired.
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 Quality*.
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.
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.
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**) can 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.