

Basel III Pillar 3 Disclosures: Prudential Standard APS 330

28 May 2020

Bendigo and Adelaide Bank Limited (**ASX: BEN**), is an Authorised Deposit-taking Institution (ADI) subject to regulation by the Australian Prudential Regulation Authority (APRA). Attached is the prudential information required to be disclosed in accordance with Prudential Standard APS 330.

The prudential disclosures have been prepared for Bendigo and Adelaide Bank Limited.

The disclosures provided have been prepared as at 31 March 2020.

Refer to the separate ASX BEN release titled "Bendigo and Adelaide Bank update on COVID-19 impacts" for details of the overlay for potential future impacts from the COVID-19 pandemic. This overlay has been recognised in May 2020 and subsequent to the period covered by these Basel III Pillar 3 Disclosures.

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's fifth largest retail bank, with more than 7,200 staff helping our 1.8 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

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Bendigo and Adelaide Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2020

Table 3 Capital Adequacy

Risk-weighted Assets	31 March 2020 \$m	31 December 2019 \$m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	17,459.3	16,981.2
Other retail	14,342.0	14,711.7
Corporate	-	-
Banks and Other ADIs	117.4	131.0
Government	19.6	20.7
All other	1,016.2	1,053.0
Total on balance sheet assets and off balance sheet exposures	32,954.5	32,897.6
Securitisation Risk weighted assets ¹	531.1	348.7
Market Risk weighted assets	304.9	297.9
Operational Risk weighted assets	3,721.4	3,721.4
Total Risk Weighted Assets	37,511.9	37,265.6
Capital Ratios (for the consolidated group)	%	%
Common Equity Tier 1	9.70	9.00
Tier 1	12.08	11.40
Total Capital	13.77	13.21

Notes

¹ Please refer to Table 5 for securitisation exposures.

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Table 4 Credit Risk

Exposure Type ³	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2020 \$m	31 December 2019 \$m	31 March 2020 \$m	31 December 2019 \$m
Loans	61,331.3	60,195.0	60,763.2	60,130.0
Debt securities	483.6	509.7	496.6	486.6
Commitments and other non-market off balance sheet exposures ²	1,942.2	2,127.9	2,035.0	2,105.4
Market-related off balance sheet exposures ²	171.0	109.1	140.1	121.0
Total exposures	63,928.1	62,941.7	63,434.9	62,843.0

Portfolios ³	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2020 \$m	31 December 2019 \$m	31 March 2020 \$m	31 December 2019 \$m
Claims secured by residential mortgage ²	46,256.8	44,724.1	45,490.5	44,566.3
Other retail ²	15,278.0	15,919.1	15,598.5	15,998.9
Corporate	-	-	-	-
Banks and other ADIs	1,032.8	867.2	950.0	863.7
Government	20.6	21.6	21.1	21.7
All other ²	1,339.9	1,409.7	1,374.8	1,392.4
Total exposures	63,928.1	62,941.7	63,434.9	62,843.0

31 March 2020 Portfolios	Impaired Loans \$m	Past Due Loans > 90 days \$m	Specific Provisions \$m	Charges for Specific Provisions and Write-offs during the Period
				\$m
Claims secured by residential mortgage	59.1	323.9 ⁵	30.2 ⁴	3.1
Other retail	237.6	365.5 ⁵	135.1 ⁴	6.6
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	296.7	689.4	165.3	9.7

31 December 2019 Portfolios	Impaired Loans \$m	Past Due Loans > 90 days \$m	Specific Provisions \$m	Charges for Specific Provisions and Write-offs during the Period
				\$m
Claims secured by residential mortgage	57.0	327.2 ⁵	31.0 ⁴	4.0
Other retail	258.5	345.1 ⁵	140.3 ⁴	11.8
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	315.5	672.3	171.3	15.8

	31 March 2020 \$m	31 December 2019 \$m
General reserve for credit losses	166.2	181.2

Notes

² Off-balance sheet exposures have been converted to their credit equivalent amounts.

³ Excludes equity investments and securitisation exposures.

⁴ Specific provisions include some items that are treated as collective provisions for statutory reporting, however are treated as specific provisions for regulatory purposes. This includes provisions for Great Southern \$8.2 million (December 2019 \$8.2 million) and loans in Stage 3 \$33.3 million (December 2019 \$32.0 million) under AASB9.

⁵ Includes loans under commercial arrangement, \$186.44 million (December 2019 \$213.55 million).

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Table 5 Securitisation

Exposure Type	31 March 2020 Quarter		31 December 2019 Quarter	
	Securitisation Activity \$m	Gain or Loss on Sale \$m	Securitisation Activity \$m	Gain or Loss on Sale \$m
Residential Mortgage	2,919.5 ⁶	-	2,999.9 ⁶	-
Credit Card and Other Personal Loans	-	-	-	-
Commercial Loans	-	-	-	-
Other	-	-	-	-
Total	2,919.5	-	2,999.9	-

31 March 2020 Securitisation Exposures	Liquidity Support Facilities \$m	Funding Facilities \$m	Derivative Facilities \$m	Holdings of Securities \$m	Other \$m
	On-balance sheet securitisation exposures retained or purchased	8.7	932.7	103.1	10,062.1 ⁷
Off-balance sheet securitisation exposures	49.6	263.7	62.6	-	-
Total	58.3	1,196.4	165.7	10,062.1	-

31 December 2019 Securitisation Exposures	Liquidity Support Facilities \$m	Funding Facilities \$m	Derivative Facilities \$m	Holdings of Securities \$m	Other \$m
	On-balance sheet securitisation exposures retained or purchased	9.0	634.7	78.9	7,532.6 ⁷
Off-balance sheet securitisation exposures	50.9	179.0	65.6	-	-
Total	59.9	813.7	144.5	7,532.6	-

Notes

⁶ Includes activity in self-securitisation programs, \$2,919.5 million (December 2019 \$1,999.9 million).

⁷ Includes holdings of self-securitised assets, \$9,652.4 million (December 2019 \$7,103.4 million).

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From 1 January 2015, following the introduction of APS 210, APRA requires ADIs to maintain a minimum 100% Liquidity Coverage Ratio (LCR). The LCR requires banks to hold sufficient High Quality Liquid Assets (HQLA) to meet net cash outflows over a 30-day period, under a regulator-defined stress scenario. The Group's LCR for the quarters ending 31 March 2020, 31 December 2019 and 30 September 2019 is presented in the following table (Table 20), using the Basel standard disclosure template and is based on a simple average of LCR outcomes observed during each period (i.e. 91 data points for the quarter ended 31 March 2020, 92 data points for the quarter ended 31 December 2019 and 92 data points for the quarter ended 30 September 2019).

The Group manages its daily LCR requirement in line with the regulatory minimum, with appropriate additional Board and management buffers that are set in line with the Group's risk appetite. Movements in the LCR are attributed to changes in net cash outflows and holdings of liquid assets. Table 20 details the quantum of movements impacting the LCR between periods. These differences between periods are in line with the Group's normal course of business. Average liquid assets for the March 2020 quarter were \$9,502.7 million, of which HQLA was \$6,584.5 million. HQLA comprises cash, deposits with the Reserve Bank of Australia (RBA), Australian Semi-Government and Commonwealth Government Securities.

Cash inflows and outflows are as prescribed in APS 210 and are calculated by applying APRA-prescribed run-off factors to maturing debt and deposits and discount factors to inflows/assets.

The Group has a well-diversified deposit and funding base without undue concentration. The Group does not have significant derivative or currency exposures that would impact upon cash flows.

Table 20 Liquidity Coverage Ratio

	31 March 2020 Quarter		31 December 2019 Quarter		30 September 2019 Quarter	
	Total unweighted value (average) \$m	Total weighted value (average) \$m	Total unweighted value (average) \$m	Total weighted value (average) \$m	Total unweighted value (average) \$m	Total weighted value (average) \$m
Liquid assets, of which						
1	High-quality liquid assets (HQLA)	-	6,584.5	5,699.2	-	5,248.3
2	Alternate liquid assets (ALA)	-	2,918.2	2,997.7	-	2,999.3
3	Reserve Bank of New Zealand (RBNZ) securities	-	-	-	-	-
Cash outflows						
4	Retail deposits and deposits from small business customers, of which:	27,528.6	1,975.3	27,030.6	1,909.5	25,034.4
5	<i>stable deposits</i>	18,850.5	942.5	18,686.3	934.3	17,387.9
6	<i>less stable deposits</i>	8,678.1	1,032.8	8,344.3	975.2	7,646.5
7	Unsecured wholesale funding, of which:	6,255.7	3,396.2	5,835.7	3,078.4	5,585.2
8	<i>operational deposits (all counterparties) and deposits in networks for cooperative banks</i>	-	-	-	-	-
9	<i>non-operational deposits (all counterparties)</i>	5,368.9	2,509.4	5,215.8	2,458.5	4,738.8
10	<i>unsecured debt</i>	886.8	886.8	619.9	619.9	846.4
11	Secured wholesale funding	-	-	-	-	-
12	Additional requirements, of which:	4,744.3	465.8	4,543.6	429.7	4,420.1
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	58.8	58.8	59.4	59.4	59.1
14	<i>outflows related to loss of funding on debt products</i>	28.2	28.2	6.0	6.0	5.6
15	<i>credit and liquidity facilities</i>	4,657.3	378.8	4,478.2	364.3	4,355.4
16	Other contractual funding obligations	925.7	652.1	947.6	696.2	762.8
17	Other contingent funding obligations	16,323.5	1,242.6	15,390.5	1,187.1	14,851.8
18	Total cash outflows		7,732.0		7,300.9	6,922.7
Cash inflows						
19	Secured lending (e.g. reverse repos)	1,164.3	-	729.7	-	427.0
20	Inflows from fully performing exposures	767.4	493.8	742.2	490.8	613.7
21	Other cash inflows	139.0	139.0	113.4	113.4	117.0
22	Total cash inflows	2,070.7	632.8	1,585.3	604.2	1,157.7
			Total adjusted value \$m		Total adjusted value \$m	Total adjusted value \$m
23	Total liquid assets		9,502.7		8,696.8	8,247.6
24	Total net cash outflows		7,099.2		6,696.7	6,443.5
25	Liquidity Coverage Ratio (%)		134.1%		130.0%	128.2%