

Basel III Pillar 3 Disclosures: Prudential Standard APS 330

9 November 2021

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 30 September 2021.

Approved for release by: Bendigo and Adelaide Bank Board

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's better big bank, with more than 7,000 staff helping our over 2 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.

Basel III Pillar 3 Disclosures

Prudential Standard APS 330

For the period ended 30 September 2021

Released 9 November 2021

ABN 11 068 049 178



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Table 3 Capital Adequacy		
Risk-weighted Assets	30 September 2021 \$m	30 June 2021 \$m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	20,194.4	20,210.0
Other retail	14,117.2	14,339.6
Corporate	-	-
Banks and Other ADIs	378.5	265.5
Government	71.0	73.7
All other	1,035.0	1,053.9
Total on balance sheet assets and off balance sheet exposures	35,796.1	35,942.7
Securitisation Risk weighted assets ¹	395.1	469.3
Market Risk weighted assets	16.1	129.3
Operational Risk weighted assets	3,928.0	3,928.0
Total Risk Weighted Assets	40,135.3	40,469.3
Capital Ratios (for the consolidated group)		
	%	%
Common Equity Tier 1	9.69	9.57
Tier 1	11.74	11.61
Total Capital	13.95	13.81

Notes

¹ Please refer to Table 5 for securitisation exposures.

Table 4 Credit Risk

Exposure Type ³	Gross Credit Exposure		Average Gross Credit Exposure	
	30 September 2021 \$m	30 June 2021 \$m	30 September 2021 \$m	30 June 2021 \$m
Loans and other receivables	78,581.5	74,267.8	76,424.7	71,485.8
Debt securities	3,231.6	2,131.9	2,681.7	1,685.3
Commitments and other non-market off balance sheet exposures ²	2,493.7	2,366.4	2,430.0	2,389.1
Market-related off balance sheet exposures ²	157.7	154.0	155.9	150.4
Total exposures	84,464.5	78,920.1	81,692.3	75,710.6

Portfolios ³	Gross Credit Exposure		Average Gross Credit Exposure	
	30 September 2021 \$m	30 June 2021 \$m	30 September 2021 \$m	30 June 2021 \$m
Claims secured by residential mortgage ²	54,429.0	54,274.0	54,351.5	53,757.8
Other retail ²	15,330.7	15,526.7	15,428.7	15,384.0
Corporate	-	-	-	-
Banks and other ADIs	1,985.1	1,157.3	1,571.2	958.4
Government	11,387.1	6,557.4	8,972.3	4,253.9
All other ²	1,332.6	1,404.7	1,368.6	1,356.5
Total exposures	84,464.5	78,920.1	81,692.3	75,710.6

30 September 2021 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	61.3	272.8 ⁵	25.4 ⁴	(1.2)
Other retail	119.8	224.8 ⁵	83.1 ⁴	(3.2)
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	181.1	497.6	108.5	(4.4)

30 June 2021 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	64.6	303.7 ⁵	27.9 ⁴	0.6
Other retail	143.8	247.8 ⁵	97.2 ⁴	14.7
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	208.4	551.5	125.1	15.3

	30 September 2021 \$m	30 June 2021 \$m
General reserve for credit losses	315.5	320.6

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 \$6.7 million (June 2021 \$6.7 million) and loans in Stage 3 \$21.1 million (June 2021 \$24.1 million) under AASB 9 Financial Instruments.

⁵ Includes loans under commercial arrangement, \$141.89 million (June 2021 \$191.65 million).

Table 5 **Securitisation**

30 September 2021 Quarter					
Securitisation Activity					
Exposure Type	Capital Relief \$m	Funding Only \$m	Self-Securitisation \$m	Total Activity \$m	Gain or Loss on Sale \$m
Residential Mortgage	1,000.0	-	2,999.6	3,999.6	-
Credit Card and Other Personal Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	1,000.0	-	2,999.6	3,999.6	-

30 June 2021 Quarter					
Securitisation Activity					
Exposure Type	Capital Relief \$m	Funding Only \$m	Self-Securitisation \$m	Total Activity \$m	Gain or Loss on Sale \$m
Residential Mortgage	999.5	-	-	999.5	-
Credit Card and Other Personal Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	999.5	-	-	999.5	-

30 September 2021					
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	6.3	1,142.5	167.4	14,693.9 ⁶	-
Off-balance sheet securitisation exposures	56.1	18.8	71.7	-	-
Total	62.4	1,161.3	239.1	14,693.9	-

30 June 2021					
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	7.5	1,212.7	183.7	12,622.0 ⁶	-
Off-balance sheet securitisation exposures	48.8	18.8	62.9	-	-
Total	56.3	1,231.5	246.6	12,622.0	-

Notes

⁶ Includes holdings of self-securitised assets, \$14,370.1 million (June 2021 \$12,279.1 million).

Table 20 Liquidity Coverage Ratio

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 30 September 2021, 30 June 2021 and 31 March 2021 are 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. 92 data points for the quarter ended 30 September 2021, 91 data points for the quarter ended 30 June 2021 and 90 data points for the quarter ended 31 March 2021).

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 September 2021 quarter were \$13,751.4 million, of which HQLA was \$10,885.6 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.

	30 September 2021 Quarter		30 June 2021 Quarter		31 March 2021 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)	10,885.6		8,276.4		8,340.5
2	Alternate liquid assets (ALA)	2,865.8		4,309.9		5,758.2
3	Reserve Bank of New Zealand (RBNZ) securities	-		-		-
Cash outflows						
4	Retail deposits and deposits from small business customers, of which:	37,350.7	3,401.1	35,838.3	3,306.7	34,149.2
5	<i>stable deposits</i>	19,946.7	997.3	18,980.9	949.1	18,043.4
6	<i>less stable deposits</i>	17,404.0	2,403.8	16,857.4	2,357.6	16,105.8
7	Unsecured wholesale funding, of which:	7,158.9	3,670.7	6,580.9	3,378.8	6,354.5
8	<i>operational deposits (all counterparties) and deposits in networks for cooperative banks</i>	-	-	-	-	-
9	<i>non-operational deposits (all counterparties)</i>	6,743.1	3,254.9	6,099.1	2,897.0	5,688.2
10	<i>unsecured debt</i>	415.8	415.8	481.8	481.8	666.3
11	Secured wholesale funding		-		-	
12	Additional requirements, of which:	6,121.4	528.4	6,146.7	633.8	6,182.0
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	105.0	105.0	75.1	75.1	78.7
14	<i>outflows related to loss of funding on debt products</i>	28.2	28.2	24.2	24.2	21.7
15	<i>credit and liquidity facilities</i>	5,988.2	395.2	6,047.4	534.5	6,081.6
16	Other contractual funding obligations	898.3	592.6	896.5	597.8	870.5
17	Other contingent funding obligations	15,526.8	1,037.9	14,945.6	1,063.2	15,291.2
18	Total cash outflows		9,230.7		8,980.3	
Cash inflows						
19	Secured lending (e.g. reverse repos)	1,783.4	-	1,996.8	-	3,137.4
20	Inflows from fully performing exposures	631.3	325.6	681.2	382.5	662.7
21	Other cash inflows	174.1	174.1	225.4	225.4	112.7
22	Total cash inflows	2,588.8	499.7	2,903.4	607.9	3,912.8
			Total adjusted value \$m		Total adjusted value \$m	Total adjusted value \$m
23	Total liquid assets		13,751.4		12,586.2	14,098.7
24	Total net cash outflows		9,604.1⁷		9,209.7⁷	9,226.2⁷
25	Liquidity Coverage Ratio (%)		143.4%		138.9%	153.0%

Notes

⁷ As per BEN's ASX release dated 21 October 2020, APRA has advised the Bank that an overlay of 10 per cent will be added to net cash outflows from 2 November 2020. This is to remain in place until all required reviews are completed and all findings relating to the Bank's identification of a historic error in its calculation of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are addressed to APRA's satisfaction. These reviews are now complete and BEN is in the process of actioning the findings. The average net cash outflow overlay from 1 January 2021 to 31 March 2021 was \$838.7 million, from 1 April 2021 to 30 June 2021 was \$837.2 million and from 1 July 2021 to 30 September 2021 was \$873.1 million. These amounts are reported at item 24 Total net cash outflows.



Bendigo and Adelaide Bank Limited.
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