

Basel III Pillar 3 Disclosures: Prudential Standard APS 330

1 June 2023

On 31 May 2023, Bendigo and Adelaide Bank Limited (ASX:BEN) provided the prudential disclosures required to be disclosed in accordance with Prudential Standard APS 330 as at 31 March 2023.

A classification error has subsequently been identified in the disclosures relating to the non-performing loans and specific provisions (Page 4 – Table 4 Credit Risk). The total of the non-performing loans and specific provisions was correct, however, the classification between portfolios has been revised.

Attached are the revised prudential disclosures. The allocation of the exposures is now aligned to the counterparty classifications per the Basel III new capital framework.

Disclosures released on 31 May 2023

31 March 2023 Portfolios	Non-Performing Loans ⁷ \$m	Specific Provisions ⁸ \$m	Charges for Specific Provisions and Write-offs during the Period \$m
Claims secured by residential mortgage	343.9	15.3	2.7
Other retail	28.5	12.1	24.8
Corporate	474.7	95.8	6.7
Banks and other ADIs	1.2	-	(1.3)
Government	-	-	-
All other	-	-	-
Total exposures	848.3	123.2	32.9

Revised disclosures

31 March 2023 Portfolios	Non-Performing Loans ⁷ \$m	Specific Provisions ⁸ \$m	Charges for Specific Provisions and Write-offs during the Period \$m
Claims secured by residential mortgage	410.6	24.1	2.7
Other retail	381.5	90.5	24.8
Corporate	56.2	8.6	6.7
Banks and other ADIs	-	-	(1.3)
Government	-	-	-
All other	-	-	-
Total exposures	848.3	123.2	32.9

Media enquiries

James Frost, Head of Public Relations
m 0419 867 219
e james.frost@bendigoadelaide.com.au

Investor enquiries

Sam Miller, Head of Investor Relations and ESG
m 0402 426 767
e sam.miller@bendigoadelaide.com.au

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 31 March 2023

Released 31 May 2023

ABN 11 068 049 178



Table of Contents

Table 3	Capital Adequacy	3
Table 4	Credit Risk	4
Table 5	Securitisation	6
Table 20	Liquidity Coverage Ratio	7

Table 3 Capital Adequacy		
Risk-weighted Assets	31 March 2023 ¹ \$m	31 December 2022 \$m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	21,295.0	21,865.9
Other retail	10,362.5	12,959.8
Corporate	980.9	-
Banks and Other ADIs	314.3	343.8
Government	25.1	59.9
All other	911.1	1,064.8
Total on balance sheet assets and off balance sheet exposures	33,888.9	36,294.2
Securitisation Risk weighted assets ²	545.0	488.0
Market Risk weighted assets	3.6	1.2
Operational Risk weighted assets ³	2,675.8	4,702.0
Total Risk Weighted Assets	37,113.3	41,485.4
Capital Ratios (for the consolidated group)		
	%	%
Common Equity Tier 1	11.20	10.13
Tier 1	13.42	12.12
Total Capital	15.65	14.13

Notes

¹ The revised treatment under the Basel III new capital framework has been applied from March 2023 reporting period. Prior period comparatives have not been adjusted.

² Please refer to Table 5 for securitisation exposures.

³ The reduction in Operational Risk weighted assets during the quarter is attributed to the application of the new Prudential Standard APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk which was effective from 1 January 2023.

Table 4 Credit Risk

Exposure Type ⁶	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2023 ⁴ \$m	31 December 2022 \$m	31 March 2023 ⁴ \$m	31 December 2022 \$m
Loans and other receivables ⁵	79,481.4	81,403.7	80,442.5	80,252.7
Debt securities	9,211.1	7,429.2	8,320.1	8,418.6
Commitments and other non-market off balance sheet exposures ⁵	6,056.7	2,205.7	4,131.2	2,240.1
Market-related off balance sheet exposures ⁵	220.5	213.0	216.8	207.2
Total exposures	94,969.7	91,251.6	93,110.6	91,118.6

Portfolios ⁶	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2023 ⁴ \$m	31 December 2022 \$m	31 March 2023 ⁴ \$m	31 December 2022 \$m
Claims secured by residential mortgage ⁵	61,059.7	59,870.1	60,464.9	59,783.4
Other retail ⁵	15,472.8	13,999.5	14,736.1	14,344.6
Corporate ⁵	1,119.7	-	559.9	-
Banks and other ADIs ⁵	1,975.6	1,638.8	1,807.2	1,760.8
Government ⁵	13,987.9	14,161.8	14,074.8	13,670.8
All other ⁵	1,354.0	1,581.4	1,467.7	1,559.0
Total exposures	94,969.7	91,251.6	93,110.6	91,118.6

31 March 2023 Portfolios	Non-Performing Loans ⁷ \$m	Specific Provisions ⁸ \$m	Charges for Specific Provisions and Write-offs during the Period
			\$m
Claims secured by residential mortgage	410.6	24.1	2.7
Other retail	381.5	90.5	24.8
Corporate	56.2	8.6	6.7
Banks and other ADIs	-	-	(1.3)
Government	-	-	-
All other	-	-	-
Total exposures	848.3	123.2	32.9

Notes

⁴ The revised treatment under the Basel III new capital framework has been applied from March 2023 reporting period. Prior period comparatives have not been adjusted.

⁵ Off-balance sheet exposures have been converted to their credit equivalent amounts.

⁶ Excludes equity investments and securitisation exposures.

⁷ Non-performing loans are reported to align with APRA Prudential Standard APS 220 Credit Risk Management following changes made to APS 330 effective 1 January 2023.

⁸ 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 \$1.7 million (December 2022 \$1.7 million) and loans in Stage 3 \$52.3 million (December 2022 \$40.5 million) under AASB 9 Financial Instruments.

Table 4 Credit Risk Continued

31 December 2022 Portfolios	Impaired Loans \$m	Past Due Loans > 90 days \$m	Specific Provisions ⁸ \$m	Charges for Specific Provisions and Write-offs during the Period \$m
Claims secured by residential mortgage	34.6	215.4	16.2	0.5
Other retail	83.5	200.9	74.3	23.3
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	118.1	416.3	90.5	23.8

	31 March 2023 \$m	31 December 2022 \$m
Equity Reserve for Credit Losses	95.2	95.2
Collective Provisions	181.9	188.2
General Provisions ⁹	277.1	283.4

Notes

⁸ 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 \$1.7 million (December 2022 \$1.7 million) and loans in Stage 3 \$52.3 million (December 2022 \$40.5 million) under AASB 9 Financial Instruments.

⁹ The General Reserve for Credit Losses has been changed to General Provisions following changes made to APS 330 effective from 1 January 2023.

Table 5 Securitisation

Exposure Type	31 March 2023 Quarter					Gain or Loss on Sale \$m
	Securitisation Activity				Total Activity \$m	
	Capital Relief \$m	Funding Only \$m	Self-Securitisation \$m			
Residential Mortgage	-	-	-	-	-	-
Credit Card and Other Personal Loans	-	-	-	-	-	-
Commercial Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Exposure Type	31 December 2022 Quarter					Gain or Loss on Sale \$m
	Securitisation Activity				Total Activity \$m	
	Capital Relief \$m	Funding Only \$m	Self-Securitisation \$m			
Residential Mortgage	-	-	-	-	-	-
Credit Card and Other Personal Loans	-	-	-	-	-	-
Commercial Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
31 March 2023	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	5.6	1,973.8	162.1	11,455.4 ¹⁰	-
	Off-balance sheet securitisation exposures	54.4	39.0	42.8	-	-
	Total	60.0	2,012.8	204.9	11,455.4	-
31 December 2022	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	5.7	2,115.9	172.6	12,180.2 ¹⁰	-
	Off-balance sheet securitisation exposures	55.3	9.8	53.5	-	-
	Total	61.0	2,125.7	226.1	12,180.2	-

Notes

¹⁰ Includes holdings of self-securitised assets, \$11,061.3 million (December 2022 \$11,759.1 million).

Table 20 Liquidity Coverage Ratio

BEN's average LCR for the March 2023 quarter was 139% (December 2022: 140%). The average LCR is calculated based on the 63 daily observations during the reporting period (63 observations for December 2022).

Quarterly average LCR was broadly stable, falling 1% relative to the prior quarter.

	March 2023		December 2022	
	Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)
	\$m	\$m	\$m	\$m
Liquid assets, of which				
1 High-quality liquid assets (HQLA)		15,205.2		14,294.0
2 Alternate liquid assets (ALA)		-		862.5
3 Reserve Bank of New Zealand (RBNZ) securities		-		-
Cash outflows				
4 Retail deposits and deposits from small business customers, of which:	41,734.6	3,720.2	42,212.5	3,786.5
5 <i>Stable deposits</i>	23,301.6	1,165.1	23,733.7	1,186.7
6 <i>Less stable deposits</i>	18,433.0	2,555.1	18,478.8	2,599.8
7 Unsecured wholesale funding, of which:	7,606.0	4,340.5	7,839.8	4,366.7
8 <i>Operational deposits (all counterparties) and deposits in networks for cooperative banks</i>	-	-	-	-
9 <i>Non-operational deposits (all counterparties)</i>	6,625.4	3,359.9	6,911.3	3,438.2
10 <i>Unsecured debt</i>	980.6	980.6	928.5	928.5
11 Secured wholesale funding		33.5		29.1
12 Additional requirements, of which:	6,413.5	582.9	6,222.6	544.2
13 <i>Outflows related to derivatives exposures and other collateral requirements</i>	150.1	150.1	151.1	151.1
14 <i>Outflows related to loss of funding on debt products</i>	-	-	-	-
15 <i>Credit and liquidity facilities</i>	6,263.4	432.8	6,071.5	393.1
16 Other contractual funding obligations	713.5	360.0	725.5	399.0
17 Other contingent funding obligations	16,946.7	1,473.2	16,072.4	1,165.9
18 Total cash outflows		10,510.3		10,291.4
Cash inflows				
19 Secured lending (e.g. reverse repos)	414.8	-	253.6	-
20 Inflows from fully performing exposures	817.1	463.6	754.0	427.5
21 Other cash inflows	89.9	89.9	52.5	52.5
22 Total cash inflows	1,321.8	553.5	1,060.1	480.0
23 Total liquid assets		15,205.2		15,156.5
24 Total net cash outflows ¹¹		10,952.5		10,792.5
35 Liquidity Coverage Ratio (%)		139		140
Number of data points used (Business Days)		63		63

Notes

¹¹ 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 BEN have met APRA's NCO overlay removal conditions to their satisfaction. The average net cash outflow overlay from 1 October 2022 to 31 December 2022 was \$981 million, and from 1 January 2023 to 31 March 2023 was \$996 million. These amounts are reported at item 24 total net cash outflows.



Bendigo and Adelaide Bank Limited.
ABN 11 068 049 178