

asx release



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## **Basel III Pillar 3 Disclosures: Prudential Standard APS 330**

Bendigo and Adelaide Bank Limited 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 including Rural Bank Limited (the Group).

The disclosures provided have been prepared as at 31 March 2019.

### **Further information**

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## Bendigo and Adelaide Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2019

**Table 3 Capital Adequacy**

Risk-weighted Assets	31 March 2019 \$m	31 December 2018 \$m
<b>Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:</b>		
Claims secured by residential mortgage	16,964.6	16,937.2
Other retail	14,758.5	15,045.8
Corporate	-	-
Banks and Other ADIs	305.7	332.0
Government	22.1	22.7
All other	973.9	803.7
<b>Total on balance sheet assets and off balance sheet exposures</b>	<b>33,024.8</b>	<b>33,141.4</b>
<b>Securitisation Risk weighted assets <sup>1</sup></b>	<b>366.1</b>	<b>515.3</b>
<b>Market Risk weighted assets</b>	<b>157.7</b>	<b>175.7</b>
<b>Operational Risk weighted assets</b>	<b>3,706.6</b>	<b>3,706.6</b>
<b>Total Risk Weighted Assets</b>	<b>37,255.2</b>	<b>37,539.0</b>
<b>Capital Ratios (for the consolidated group)</b>	<b>%</b>	<b>%</b>
Common Equity Tier 1	8.74	8.76
Tier 1	11.15	11.15
Total Capital	12.97	13.84

**Notes**

<sup>1</sup> Please refer to Table 5 for securitisation exposures.

## Bendigo and Adelaide Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2019

**Table 4 Credit Risk**

Exposure Type <sup>3</sup>	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2019 \$m	31 December 2018 \$m	31 March 2019 \$m	31 December 2018 \$m
Loans	60,031.4	59,720.5	59,876.0	59,844.4
Debt securities	1,002.9	1,093.4	1,048.1	1,035.9
Commitments and other non-market off balance sheet exposures <sup>2</sup>	2,064.5	2,164.4	2,114.5	2,232.6
Market-related off balance sheet exposures <sup>2</sup>	104.5	96.7	100.6	90.9
<b>Total exposures</b>	<b>63,203.3</b>	<b>63,075.0</b>	<b>63,139.2</b>	<b>63,203.7</b>

  

Portfolios <sup>3</sup>	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2019 \$m	31 December 2018 \$m	31 March 2019 \$m	31 December 2018 \$m
Claims secured by residential mortgage <sup>2</sup>	44,304.5	44,005.0	44,154.8	43,885.3
Other retail <sup>2</sup>	16,042.7	16,369.4	16,206.0	16,637.6
Corporate	-	-	-	-
Banks and other ADIs	1,532.5	1,509.4	1,520.9	1,507.1
Government	23.0	33.4	28.2	34.0
All other <sup>2</sup>	1,300.6	1,157.9	1,229.3	1,139.9
<b>Total exposures</b>	<b>63,203.3</b>	<b>63,075.0</b>	<b>63,139.2</b>	<b>63,203.7</b>

  

31 March 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	51.9	386.2 <sup>5</sup>	24.2 <sup>4</sup>	1.5
Other retail	286.4	286.3 <sup>5</sup>	164.1 <sup>4</sup>	3.8
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
<b>Total exposures</b>	<b>338.3</b>	<b>672.5</b>	<b>188.3</b>	<b>5.3</b>

  

31 December 2018 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	60.4	368.9 <sup>5</sup>	30.8 <sup>4</sup>	2.1
Other retail	285.7	298.2 <sup>5</sup>	163.1 <sup>4</sup>	16.5
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
<b>Total exposures</b>	<b>346.1</b>	<b>667.1</b>	<b>193.9</b>	<b>18.6</b>

  

	31 March 2019 \$m	31 December 2018 \$m
<b>General reserve for credit losses</b>	<b>183.7</b>	<b>186.0</b>

**Notes**

<sup>2</sup> Off-balance sheet exposures have been converted to their credit equivalent amounts.

<sup>3</sup> Excludes equity investments and securitisation exposures.

<sup>4</sup> 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 \$31.4 million (December 2018 \$35 million) and loans in Stage 3 \$33.0 million (December 2018 \$33.5 million) under AASB9.

<sup>5</sup> Includes loans under commercial arrangement, \$238.01 million (December 2018: \$216.41 million).

## Bendigo and Adelaide Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2019

**Table 5    Securitisation**

Exposure Type	31 March 2019 Quarter		31 December 2018 Quarter	
	Securitisation Activity \$m	Gain or Loss on Sale \$m	Securitisation Activity \$m	Gain or Loss on Sale \$m
Residential Mortgage	-	-	-	-
Credit Card and Other Personal Loans	-	-	-	-
Commercial Loans	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	-	-	-

**31 March 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	-	576.6	87.2	6,375.7	-
Off-balance sheet securitisation exposures	36.8	290.5	42.4	-	-
<b>Total</b>	36.8	867.1	129.6	6,375.7	-

**31 December 2018**

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	-	519.3	68.0	4,730.2	-
Off-balance sheet securitisation exposures	34.1	358.0	28.1	-	-
<b>Total</b>	34.1	877.3	96.1	4,730.2	-

## Bendigo and Adelaide Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2019

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 2019, 31 December 2018 and 31 September 2018 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. 90 data points for the quarter ended 31 March 2019, 92 data points for the quarter ended 31 December 2018 and 92 data points for the quarter ended 30 September 2018).

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 2019 quarter were \$7,891.6 million, of which HQLA was \$4,912.2 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.

The Group manages LCR on a centralised level 2 basis (including Bendigo and Adelaide Bank and its Rural Bank subsidiary). The Group also prepares level 1 tabulation (Bendigo and Adelaide Bank and Rural Bank separately) for regulatory and internal management purposes, as Rural Bank is a Minimum Liquidity Holding (MLH) entity for APRA's purposes.

Table 20 Liquidity Coverage Ratio		31 March 2019 Quarter		31 December 2018 Quarter		30 September 2018 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
<b>Liquid assets, of which</b>							
1	High-quality liquid assets (HQLA)	-	4,912.2		4,438.7		3,924.6
2	Alternate liquid assets (ALA)		2,979.5		3,481.9		3,481.2
3	Reserve Bank of New Zealand (RBNZ) securities		-		-		-
<b>Cash outflows</b>							
4	Retail deposits and deposits from small business customers, of which:	24,778.0	1,758.1	24,561.1	1,767.7	24,071.5	1,798.7
5	<i>stable deposits</i>	16,903.3	845.2	16,572.2	828.6	15,986.5	799.3
6	<i>less stable deposits</i>	7,874.7	912.9	7,988.9	939.1	8,085.0	999.4
7	Unsecured wholesale funding, of which:	5,174.0	2,920.9	4,993.0	2,820.8	4,770.7	2,757.2
8	<i>operational deposits (all counterparties) and deposits in networks for cooperative banks</i>	-	-	-	-	-	-
9	<i>non-operational deposits (all counterparties)</i>	4,324.3	2,071.2	4,147.8	1,975.6	3,878.4	1,864.9
10	<i>unsecured debt</i>	849.7	849.7	845.2	845.2	892.3	892.3
11	Secured wholesale funding						
12	Additional requirements, of which:	4,490.4	436.0	4,177.5	336.1	4,108.7	314.2
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	47.7	47.7	44.7	44.7	35.4	35.4
14	<i>outflows related to loss of funding on debt products</i>	-	-	28.4	28.4	13.3	13.3
15	<i>credit and liquidity facilities</i>	4,442.7	388.3	4,104.4	263.0	4,060.0	265.5
16	Other contractual funding obligations	725.5	444.0	799.9	545.3	889.8	618.0
17	Other contingent funding obligations	15,068.5	1,265.1	15,088.8	1,169.7	15,156.1	1,198.3
<b>18</b>	<b>Total cash outflows</b>		<b>6,824.1</b>		<b>6,639.6</b>		<b>6,686.4</b>
<b>Cash inflows</b>							
19	Secured lending (e.g. reverse repos)	593.3	-	1,084.4	-	505.6	-
20	Inflows from fully performing exposures	681.9	400.4	684.7	430.0	657.0	385.1
21	Other cash inflows	242.4	242.4	240.3	240.3	446.2	446.2
<b>22</b>	<b>Total cash inflows</b>	<b>1,517.6</b>	<b>642.8</b>	<b>2,009.4</b>	<b>670.3</b>	<b>1,608.8</b>	<b>831.3</b>
			<b>Total adjusted value \$m</b>		<b>Total adjusted value \$m</b>		<b>Total adjusted value \$m</b>
<b>23</b>	<b>Total liquid assets</b>		<b>7,891.6</b>		<b>7,920.6</b>		<b>7,405.8</b>
<b>24</b>	<b>Total net cash outflows</b>		<b>6,181.3</b>		<b>5,969.3</b>		<b>5,855.1</b>
<b>25</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>127.9%</b>		<b>133.0%</b>		<b>126.6%</b>