

Basel III Pillar 3 Disclosures: Prudential Standard APS 330

8 November 2022

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 2022.

Approved for release by: Bendigo and Adelaide Bank Board

Media enquiries

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

Investor enquiries

Karen McRae, Head of Investor Relations
p 03 8414 7060 m 0417 186 500
e karen.mcrae@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 30 September 2022

Released 8 November 2022

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	30 September 2022 \$m	30 June 2022 \$m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	21,858.0	21,897.0
Other retail	13,626.2	13,893.5
Corporate	-	-
Banks and Other ADIs	342.3	320.4
Government	60.4	62.8
All other	1,042.4	1,004.8
Total on balance sheet assets and off balance sheet exposures	36,929.3	37,178.5
Securitisation Risk weighted assets ¹	423.1	532.0
Market Risk weighted assets	5.1	9.5
Operational Risk weighted assets	4,477.9	4,477.9
Total Risk Weighted Assets	41,835.4	42,197.9
Capital Ratios (for the consolidated group)		
	%	%
Common Equity Tier 1	9.76	9.68
Tier 1	11.73	11.63
Total Capital	13.71	13.60

Notes¹ Please refer to Table 5 for securitisation exposures.

Table 4 Credit Risk

Exposure Type ³	Gross Credit Exposure		Average Gross Credit Exposure	
	30 September 2022 \$m	30 June 2022 \$m	30 September 2022 \$m	30 June 2022 \$m
Loans and other receivables	79,101.6	77,404.4	78,253.0	79,114.0
Debt securities	9,408.1	9,565.0	9,486.5	6,913.4
Commitments and other non-market off balance sheet exposures ²	2,274.6	2,400.8	2,337.7	2,371.8
Market-related off balance sheet exposures ²	201.4	219.7	210.6	155.9
Total exposures	90,985.7	89,589.9	90,287.8	88,555.1

Portfolios ³	Gross Credit Exposure		Average Gross Credit Exposure	
	30 September 2022 \$m	30 June 2022 \$m	30 September 2022 \$m	30 June 2022 \$m
Claims secured by residential mortgage ²	59,696.7	59,613.8	59,655.3	58,894.0
Other retail ²	14,689.7	14,935.0	14,812.3	14,774.7
Corporate	-	-	-	-
Banks and other ADIs	1,882.7	1,982.9	1,932.8	1,825.1
Government	13,179.9	11,557.1	12,368.5	11,622.0
All other ²	1,536.7	1,501.1	1,518.9	1,439.3
Total exposures	90,985.7	89,589.9	90,287.8	88,555.1

30 September 2022 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	37.6	209.3 ⁵	16.4 ⁴	(0.5)
Other retail	75.9	245.6 ⁵	54.5 ⁴	(10.0)
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	113.5	454.9	70.9	(10.5)

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 \$2.7 million (June 2022 \$2.7 million) and loans in Stage 3 \$23.8 million (June 2022 \$28.6 million) under AASB 9 Financial Instruments.

⁵ Includes loans under commercial arrangement, \$103.69 million (June 2022 \$125.20 million).

Table 4 Credit Risk Continued

30 June 2022 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	50.7	240.9 ⁵	22.4 ⁴	0.8
Other retail	82.1	235.1 ⁵	66.9 ⁴	11.2
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	132.8	476.0	89.3	12.0
	30 September 2022 \$m	30 June 2022 \$m		
General reserve for credit losses	278.8	282.3		

Notes

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 \$2.7 million (June 2022 \$2.7 million) and loans in Stage 3 \$23.8 million (June 2022 \$28.6 million) under AASB 9 Financial Instruments.

⁵ Includes loans under commercial arrangement, \$103.69 million (June 2022 \$125.20 million).

Table 5 Securitisation

Exposure Type	30 September 2022 Quarter				
	Securitisation Activity				Gain or Loss on Sale \$m
	Capital Relief \$m	Funding Only \$m	Self- Securitisation \$m	Total Activity \$m	
Residential Mortgage	-	-	-	-	-
Credit Card and Other Personal Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

Exposure Type	30 June 2022 Quarter				
	Securitisation Activity				Gain or Loss on Sale \$m
	Capital Relief \$m	Funding Only \$m	Self- Securitisation \$m	Total Activity \$m	
Residential Mortgage	500.0	-	-	500.0	-
Credit Card and Other Personal Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	500.0	-	-	500.0	-

30 September 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	5.8	1,690.7	186.5	13,032.6 ⁶	-
Off-balance sheet securitisation exposures	59.0	9.8	58.4	-	-
Total	64.8	1,700.5	244.9	13,032.6	-

30 June 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	6.0	1,866.6	200.3	13,929.8 ⁶	-
Off-balance sheet securitisation exposures	51.0	25.9	61.8	-	-
Total	57.0	1,892.5	262.1	13,929.8	-

Notes

⁶ Includes holdings of self-securitised assets, \$12,574.3 million (June 2022 \$13,480.3 million).

Table 20 Liquidity Coverage Ratio

BEN's average LCR for the September 2022 quarter was 136.2% (June 2022: 134.3%, March 2022: 140.7%). The average LCR is calculated based on the simple average of 65⁷ daily LCR observations during the reporting period (90 observations for June 2022 quarter, 90 observations for March 2022 quarter).

The 1.9% quarter-on-quarter increase in average LCR was driven by a \$1.5 billion increase in HQLA, offset by a \$566 million reduction in ALA (due to further reduction in the Committed Liquidity Facility (CLF), which will reduce to zero on 1 January 2023); and an \$540 million increase in NCO (driven by unsecured wholesale funding).

	September 2022		June 2022		March 2022	
	Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)
	\$m	\$m	\$m	\$m	\$m	\$m
Liquid assets, of which						
1 High-quality liquid assets (HQLA)		14,041.9		12,526.3		12,071.2
2 Alternate liquid assets (ALA)		1,446.3		2,012.7		2,588.0
3 Reserve Bank of New Zealand (RBNZ) securities		-		-		-
Cash outflows						
4 Retail deposits and deposits from small business customers, of which:	42,760.3	3,899.2	42,645.6	3,914.8	41,078.3	3,771.7
5 <i>Stable deposits</i>	23,358.3	1,167.9	22,859.2	1,143.0	21,771.5	1,088.6
6 <i>Less stable deposits</i>	19,402.0	2,731.3	19,786.4	2,771.8	19,306.8	2,683.1
7 Unsecured wholesale funding, of which:	8,237.0	4,677.7	7,808.3	4,109.2	7,737.1	4,101.1
8 <i>Operational deposits (all counterparties) and deposits in networks for cooperative banks</i>	-	-	-	-	-	-
9 <i>Non-operational deposits (all counterparties)</i>	7,318.9	3,759.6	7,279.3	3,580.2	7,143.8	3,507.8
10 <i>Unsecured debt</i>	918.1	918.1	529.0	529.0	593.3	593.3
11 Secured wholesale funding ⁸		26.7		32.8		33.5
12 Additional requirements, of which:	6,244.0	537.3	6,353.4	589.7	6,406.6	575.5
13 <i>Outflows related to derivatives exposures and other collateral requirements</i>	149.4	149.4	109.8	109.8	112.4	112.4
14 <i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-
15 <i>Credit and liquidity facilities</i>	6,094.6	387.9	6,210.8	447.1	6,260.7	429.6
16 Other contractual funding obligations	844.6	521.4	899.9	619.2	787.2	511.0
17 Other contingent funding obligations	15,795.5	1,133.7	15,819.5	1,068.4	15,417.8	1,042.2
18 Total cash outflows		10,796.0		10,301.3		10,001.5
Cash inflows						
19 Secured lending (e.g. reverse repos)	381.3	-	351.7	-	463.6	-
20 Inflows from fully performing exposures	762.8	439.7	677.6	397.0	671.7	395.5
21 Other cash inflows	15.4	15.4	55.0	55.0	127.2	127.2
22 Total cash inflows	1,159.5	455.1	1,084.3	452.0	1,262.5	522.7
23 Total liquid assets		15,488.2		14,539.0		14,659.2
24 Total net cash outflows⁹		11,375.0		10,834.2		10,426.7
25 Liquidity Coverage Ratio (%)		136.2		134.3		140.7

Notes

⁷ BEN has removed weekends and public holidays from quarter average LCR calculation to align with industry practice. The number of data points reflect the number of business days when daily LCR are calculated during the quarter.

⁸ BEN has reviewed the LCR disclosure and has decided to move securitisation related outflows from 14 *outflows related to loss of funding on debt products* to 11 *Secured wholesale funding*. Prior quarters' disclosures are restated for comparison purpose. The change does not impact BEN's quarterly average LCR.

⁹ 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 2022 to 31 March 2022 was \$947.9 million, from 1 April 2022 to 30 June 2022 was \$984.9 million, and from 1 July 2022 to 30 September 2022 was \$1,034.1 million. These amounts are reported at item 24 Total net cash outflows.

