26 November 2018

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 30 September 2018.

Further information

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Table 3 Capital Adequacy

Risk-weighted Assets	30 September 2018 $m	30 June 2018 $m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	16,912.3	16,912.4
Other retail	15,686.6	16,007.9
Corporate	-	-
Banks and Other ADIs	291.7	291.9
Government	23.7	27.9
All other	840.1	820.0
Total on balance sheet assets and off balance sheet exposures	**33,754.4**	**34,060.1**
Securitisation Risk weighted assets [1]	**360.9**	**307.5**
Market Risk weighted assets	**146.5**	**212.4**
Operational Risk weighted assets	**3,676.4**	**3,676.4**
Total Risk Weighted Assets	**37,938.2**	**38,256.4**

Capital Ratios (for the consolidated group)	%	%
Common Equity Tier 1	**8.49**	**8.62**
Tier 1	**10.85**	**10.96**
Total Capital	**12.78**	**12.85**

Notes

[1] Please refer to Table 5 for securitisation exposures.

Table 4 Credit Risk

	Gross Credit Exposure		Average Gross Credit Exposure	
Exposure Type [3]	30 September 2018 $m	30 June 2018 $m	30 September 2018 $m	30 June 2018 $m
Loans	59,968.2	59,835.4	59,901.8	59,329.5
Debt securities	978.4	1,007.8	993.1	980.6
Commitments and other non-market off balance sheet exposures [2]	2,300.8	2,496.2	2,398.5	2,461.3
Market-related off balance sheet exposures [2]	85.0	74.1	79.5	69.8
Total exposures	63,332.4	63,413.5	63,372.9	62,841.1

	Gross Credit Exposure		Average Gross Credit Exposure	
Portfolios [3]	30 September 2018 $m	30 June 2018 $m	30 September 2018 $m	30 June 2018 $m
Claims secured by residential mortgage [2]	43,765.6	43,402.2	43,583.9	42,927.9
Other retail [2]	16,905.7	17,321.0	17,113.3	17,242.4
Corporate	-	-	-	-
Banks and other ADIs	1,504.7	1,433.9	1,469.3	1,449.0
Government	34.6	38.7	36.6	43.7
All other [2]	1,121.8	1,217.7	1,169.8	1,178.2
Total exposures	63,332.4	63,413.5	63,372.9	62,841.1

30 September 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	60.1	363.2 [5]	17.0 [4]	1.7
Other retail	260.5	343.0 [5]	132.7 [4]	5.3
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	320.6	706.2	149.7	7.0

30 June 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	66.2	367.9 [5]	15.4 [4]	3.5
Other retail	268.1	307.4 [5]	115.7 [4]	17.3
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	334.3	675.3	131.1	20.8

	30 September 2018 $m	30 June 2018 $m
The general reserve for credit losses	184.8	175.0

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 $13.5 million (June 2018 $13.5 million) and loans in Stage 3 $20 million (June 2018 $0 million) under AASB9.

[5] Includes $192.80 million of loans under commercial arrangement as at 30 June 2018 and $173.04 million of loans as at 30 September 2018.

Table 5 Securitisation

Exposure Type	30 September 2018 Quarter Securitisation Activity $m	30 September 2018 Quarter Gain or Loss on Sale $m	30 June 2018 Quarter Securitisation Activity $m	30 June 2018 Quarter Gain or Loss on Sale $m
Residential Mortgage	-	-	-	-
Credit Card and Other Personal Loans	-	-	-	-
Commercial Loans	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

30 September 2018

Securitisation Exposures	Liquidity Support Facilities $m	Derivative Facilities $m	Holdings of Securities $m	Other $m
On-balance sheet securitisation exposures retained or purchased	-	72.6	5,012.5	-
Off-balance sheet securitisation exposures	39.4	30.0	-	-
Total	39.4	102.6	5,012.5	-

30 June 2018

Securitisation Exposures	Liquidity Support Facilities $m	Derivative Facilities $m	Holdings of Securities $m	Other $m
On-balance sheet securitisation exposures retained or purchased	-	138.8	5,338.2	-
Off-balance sheet securitisation exposures	42.8	79.4	-	-
Total	42.8	218.2	5,338.2	-

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 2018, 30 June 2018 and 31 March 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. 92 data points for the quarter ended 30 September 2018, 91 data points for the quarter ended 30 June 2018 and 90 data points for the quarter ended 31 March 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 September 2018 quarter were $7,405.8 million, of which HQLA was $3,924.6 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.

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

		30 September 2018 Quarter		30 June 2018 Quarter		31 March 2018 Quarter	
Liquid assets, of which		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
1	High-quality liquid assets (HQLA)	-	3,924.6		3,622.6		4,153.5
2	Alternate liquid assets (ALA)		3,481.2		3,480.2		3,479.0
3	Reserve Bank of New Zealand (RBNZ) securities		-		-		-
Cash outflows							
4	Retail deposits and deposits from small business customers, of which:	24,071.5	1,798.7	24,107.2	1,783.7	23,936.0	1,765.5
5	*stable deposits*	15,986.5	799.3	15,980.3	799.0	15,942.5	797.1
6	*less stable deposits*	8,085.0	999.4	8,126.9	984.7	7,993.5	968.4
7	Unsecured wholesale funding, of which:	4,770.7	2,757.3	4,601.0	2,631.3	4,414.9	2,620.5
8	*operational deposits (all counterparties) and deposits in networks for cooperative banks*	-	-	-	-	-	-
9	*non-operational deposits (all counterparties)*	3,878.4	1,864.9	3,830.3	1,860.6	3,615.3	1,820.9
10	*unsecured debt*	892.3	892.4	770.7	770.7	799.6	799.6
11	Secured wholesale funding						
12	Additional requirements, of which:	4,108.8	314.3	4,184.3	312.1	4,208.4	320.4
13	*outflows related to derivatives exposures and other collateral requirements*	35.4	35.4	35.7	35.6	38.9	38.9
14	*outflows related to loss of funding on debt products*	13.4	13.4	-	-	-	-
15	*credit and liquidity facilities*	4,060.0	265.5	4,148.6	276.5	4,169.5	281.5
16	Other contractual funding obligations	889.8	618.0	984.8	692.4	994.7	716.8
17	Other contingent funding obligations	15,156.1	1,198.3	15,940.9	1,241.2	15,827.7	1,270.0
18	**Total cash outflows**		6,686.6		6,660.7		6,693.2
Cash inflows							
19	Secured lending (e.g. reverse repos)	505.6	-	49.0	-	-	-
20	Inflows from fully performing exposures	657.0	385.1	801.7	509.3	845.5	567.6
21	Other cash inflows	446.3	446.3	379.7	379.7	295.0	295.0
22	**Total cash inflows**	1,608.9	831.4	1,230.4	889.0	1,140.5	862.6
			Total adjusted value $m		Total adjusted value $m		Total adjusted value $m
23	**Total liquid assets**		7,405.8		7,102.8		7,632.5
24	**Total net cash outflows**		5,855.2		5,771.7		5,830.6
25	**Liquidity Coverage Ratio (%)**		126.6%		123.2%		131.1%