

# ASX Announcement



## Bendigo and Adelaide Bank responds to APRA's announcement

21 October 2020

Bendigo and Adelaide Bank (ASX:BEN) notes today's APRA announcement, 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) impacting compliance with APS210. The error relates to the incorrect system coding of three business rules used to categorise certain deposits for the purposes of the LCR calculation, resulting in an understatement of the expected net cash outflow and consequently an overstatement of the LCR since January 2015.

The Bank recognises the significance of this matter and is actively working with APRA. The identified issues have been rectified and reviews are underway, including independent testing of the LCR calculation. Further internal and independent reviews will be undertaken as required.

APRA has advised the Bank that an overlay of 10 per cent will be added to net cash outflows from 2 November 2020 and will remain in place until all required reviews are completed and all findings addressed to APRA's satisfaction.

Having rectified the historic errors, the Bank's average LCR was 160.9 per cent over the past fourteen days. The Bank's current LCR as at 19 October 2020 is 167.7 per cent, or 152.4 per cent including the overlay, and is well above the APRA minimum requirement of 100 per cent.

The Bank maintains a strong financial, liquidity and capital position. The Bank notes APRA's statements that the current liquidity position is comfortably above APRA's requirements and the breaches don't impact the overall soundness of the Bank's liquidity position.

The 30 September 2020 Pillar 3 document will include restatements of the LCR and NSFR for the prior two years and will be released by Friday 27 November 2020.

### Bendigo and Adelaide Bank

Approved for release by: The Bendigo and Adelaide Bank Board

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#### About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's fifth largest retail bank, with more than 7,200 staff helping our 1.8 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.

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