

Basel III Pillar 3 Disclosures: Prudential Standard APS 330

31 May 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 31 March 2022.

Approved for release by: Bendigo and Adelaide Bank Board

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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 2022

Released 31 May 2022

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Table of Contents

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

Table 3 Capital Adequacy		
Risk-weighted Assets	31 March 2022 \$m	31 December 2021 \$m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	21,410.9	20,622.0
Other retail	13,432.5	13,808.9
Corporate	-	-
Banks and Other ADIs	287.7	327.0
Government	60.5	60.4
All other	1,051.7	1,047.4
Total on balance sheet assets and off balance sheet exposures	36,243.3	35,865.7
Securitisation Risk weighted assets ¹	467.5	393.2
Market Risk weighted assets	12.5	6.9
Operational Risk weighted assets	4,221.4	4,221.4
Total Risk Weighted Assets	40,944.7	40,487.2
Capital Ratios (for the consolidated group)		
	%	%
Common Equity Tier 1	9.80	9.85
Tier 1	11.82	11.89
Total Capital	13.89	13.98

Notes

¹ Please refer to Table 5 for securitisation exposures.

Table 4 Credit Risk

Exposure Type ³	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2022 \$m	31 December 2021 \$m	31 March 2022 \$m	31 December 2021 \$m
Loans and other receivables	80,823.5	79,411.3	80,117.4	78,996.4
Debt securities	4,261.8	3,498.8	3,880.3	3,365.2
Commitments and other non-market off balance sheet exposures ²	2,342.9	2,370.8	2,356.8	2,432.3
Market-related off balance sheet exposures ²	92.1	117.5	104.9	137.6
Total exposures	87,520.3	85,398.4	86,459.4	84,931.5

Portfolios ³	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2022 \$m	31 December 2021 \$m	31 March 2022 \$m	31 December 2021 \$m
Claims secured by residential mortgage ²	58,174.3	55,766.4	56,970.4	55,097.6
Other retail ²	14,614.3	15,018.5	14,816.4	15,174.6
Corporate	-	-	-	-
Banks and other ADIs	1,667.3	2,532.6	2,099.9	2,258.9
Government	11,686.8	10,648.8	11,167.8	11,018.0
All other ²	1,377.6	1,432.1	1,404.9	1,382.4
Total exposures	87,520.3	85,398.4	86,459.4	84,931.5

31 March 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	51.4	236.5 ⁵	20.7 ⁴	1.8
Other retail	82.3	241.1 ⁵	60.6 ⁴	(7.9)
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	133.7	477.6	81.3	(6.1)

31 December 2021 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	55.6	234.8 ⁵	22.4 ⁴	0.3
Other retail	96.9	290.9 ⁵	68.8 ⁴	(7.8)
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
Total exposures	152.5	525.7	91.2	(7.5)

	31 March 2022 \$m	31 December 2021 \$m
General reserve for credit losses	298.5	297.1

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 \$3.7 million (December 2021 \$3.7 million) and loans in Stage 3 \$18.7 million (December 2021 \$16.0 million) under AASB 9 Financial Instruments.

⁵ Includes loans under commercial arrangement, \$132.30 million (December 2021 \$122.90 million).

Table 5 Securitisation

31 March 2022 Quarter					
Exposure Type	Securitisation Activity				Gain or Loss on Sale \$m
	Capital Relief \$m	Funding Only \$m	Self-Securitisation \$m	Total Activity \$m	
Residential Mortgage	-	-	1,983.7	1,983.7	-
Credit Card and Other Personal Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	1,983.7	1,983.7	-

31 December 2021 Quarter					
Exposure Type	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	-	-	-	-	-

31 March 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	6.1	1,579.6	215.0	14,926.0 ⁶	-
Off-balance sheet securitisation exposures	50.9	79.9	64.4	-	-
Total	57.0	1,659.5	279.4	14,926.0	-

31 December 2021					
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	6.2	1,439.7	196.9	13,848.2 ⁶	-
Off-balance sheet securitisation exposures	54.7	33.8	67.6	-	-
Total	60.9	1,473.5	264.5	13,848.2	-

Notes

⁶ Includes holdings of self-securitised assets, \$14,445.3 million (December 2021 \$13,342.5 million).

Table 20 Liquidity Coverage Ratio

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 2022, 31 December 2021 and 30 September 2021 are 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 2022, 91 data points for the quarter ended 31 December 2021, and 92 data points for the quarter ended 30 September 2021).

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 2022 quarter were \$14,659.2 million, of which HQLA was \$12,071.2 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.

		31 March 2022 Quarter		31 December 2021 Quarter		30 September 2021 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
Liquid assets, of which							
1	High-quality liquid assets (HQLA)		12,071.2		11,775.5		10,885.6
2	Alternate liquid assets (ALA)		2,588.0		3,279.6		2,865.8
3	Reserve Bank of New Zealand (RBNZ) securities		-		-		-
Cash outflows							
4	Retail deposits and deposits from small business customers, of which:	41,078.3	3,771.7	39,507.4	3,580.1	37,350.7	3,401.1
5	stable deposits	21,771.5	1,088.6	21,382.0	1,069.1	19,946.7	997.3
6	less stable deposits	19,306.8	2,683.1	18,125.4	2,511.0	17,404.0	2,403.8
7	Unsecured wholesale funding, of which:	7,737.1	4,101.1	7,332.4	3,885.2	7,158.9	3,670.7
8	operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
9	non-operational deposits (all counterparties)	7,143.8	3,507.8	6,681.8	3,234.6	6,743.1	3,254.9
10	unsecured debt	593.3	593.3	650.6	650.6	415.8	415.8
11	Secured wholesale funding		-		-		-
12	Additional requirements, of which:	6,406.6	575.5	6,219.7	569.4	6,121.4	528.4
13	outflows related to derivatives exposures and other collateral requirements	112.4	112.4	113.4	113.4	105.0	105.0
14	outflows related to loss of funding on debt products	33.5	33.5	28.5	28.5	28.2	28.2
15	credit and liquidity facilities	6,260.7	429.6	6,077.8	427.5	5,988.2	395.2
16	Other contractual funding obligations	787.2	511.0	801.8	525.0	898.3	592.6
17	Other contingent funding obligations	15,417.8	1,042.2	15,582.6	1,051.2	15,526.8	1,037.9
18	Total cash outflows		10,001.5		9,610.9		9,230.7
Cash inflows							
19	Secured lending (e.g. reverse repos)	463.6	-	816.6	-	1,783.4	-
20	Inflows from fully performing exposures	671.7	395.5	678.9	402.1	631.3	325.6
21	Other cash inflows	127.2	127.2	90.5	90.5	174.1	174.1
22	Total cash inflows	1,262.5	522.7	1,586.0	492.6	2,588.8	499.7
			Total adjusted value \$m		Total adjusted value \$m		Total adjusted value \$m
23	Total liquid assets		14,659.2		15,055.1		13,751.4
24	Total net cash outflows		10,426.7 ⁷		10,030.1 ⁷		9,604.1 ⁷
25	Liquidity Coverage Ratio (%)		140.7%		150.2%		143.4%

Notes

⁷ 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 July 2021 to 30 September 2021 was \$873.1 million, from 1 October 2021 to 31 December 2021 was \$911.8 million and from 1 January 2022 to 31 March 2022 was \$947.9 million. These amounts are reported at item 24 Total net cash outflows.

