

## 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

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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 30 September 2022

Released 8 November 2022

ABN 11 068 049 178



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| <b>Table 3 Capital Adequacy</b>   |                                  |                             |
|---|----------------------------------|-----------------------------|
| <b>Risk-weighted Assets</b>   | <b>30 September 2022<br/>\$m</b> | <b>30 June 2022<br/>\$m</b> |
| <b>Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:</b> |                                  |                             |
| 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                     |
| <b>Total on balance sheet assets and off balance sheet exposures</b>  | <b>36,929.3</b>                  | <b>37,178.5</b>             |
| <b>Securitisation Risk weighted assets <sup>1</sup></b>   | <b>423.1</b>                     | <b>532.0</b>                |
| <b>Market Risk weighted assets</b>  | <b>5.1</b>                       | <b>9.5</b>                  |
| <b>Operational Risk weighted assets</b>   | <b>4,477.9</b>                   | <b>4,477.9</b>              |
| <b>Total Risk Weighted Assets</b>   | <b>41,835.4</b>                  | <b>42,197.9</b>             |
| <b>Capital Ratios (for the consolidated group)</b>  | <b>%</b>                         | <b>%</b>                    |
| Common Equity Tier 1  | <b>9.76</b>                      | <b>9.68</b>                 |
| Tier 1  | <b>11.73</b>                     | <b>11.63</b>                |
| Total Capital   | <b>13.71</b>                     | <b>13.60</b>                |

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

**Table 4 Credit Risk**

| Exposure Type <sup>3</sup>  | Gross Credit Exposure    |                     | Average Gross Credit Exposure |                     |
|---|--------------------------|---------------------|-------------------------------|---------------------|
|   | 30 September 2022<br>\$m | 30 June 2022<br>\$m | 30 September 2022<br>\$m      | 30 June 2022<br>\$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 <sup>2</sup> | 2,274.6                  | 2,400.8             | 2,337.7                       | 2,371.8             |
| Market-related off balance sheet exposures <sup>2</sup>                   | 201.4                    | 219.7               | 210.6                         | 155.9               |
| <b>Total exposures</b>  | <b>90,985.7</b>          | <b>89,589.9</b>     | <b>90,287.8</b>               | <b>88,555.1</b>     |

| Portfolios <sup>3</sup>                             | Gross Credit Exposure    |                     | Average Gross Credit Exposure |                     |
|---|--------------------------|---------------------|-------------------------------|---------------------|
|   | 30 September 2022<br>\$m | 30 June 2022<br>\$m | 30 September 2022<br>\$m      | 30 June 2022<br>\$m |
| Claims secured by residential mortgage <sup>2</sup> | 59,696.7                 | 59,613.8            | 59,655.3                      | 58,894.0            |
| Other retail <sup>2</sup>                           | 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 <sup>2</sup>                              | 1,536.7                  | 1,501.1             | 1,518.9                       | 1,439.3             |
| <b>Total exposures</b>                              | <b>90,985.7</b>          | <b>89,589.9</b>     | <b>90,287.8</b>               | <b>88,555.1</b>     |

| 30 September 2022<br>Portfolios        | Impaired Loans<br>\$m | Past Due Loans<br>> 90 days<br>\$m | Specific<br>Provisions<br>\$m | Charges for<br>Specific<br>Provisions and<br>Write-offs<br>during the<br>Period<br>\$m |
|--|-----------------------|------------------------------------|-------------------------------|--|
|  |                       |                                    |                               |  |
| Claims secured by residential mortgage | 37.6                  | 209.3 <sup>5</sup>                 | 16.4 <sup>4</sup>             | (0.5)  |
| Other retail                           | 75.9                  | 245.6 <sup>5</sup>                 | 54.5 <sup>4</sup>             | (10.0)   |
| Corporate                              | -                     | -                                  | -                             | -  |
| Banks and other ADIs                   | -                     | -                                  | -                             | -  |
| Government                             | -                     | -                                  | -                             | -  |
| All other                              | -                     | -                                  | -                             | -  |
| <b>Total exposures</b>                 | <b>113.5</b>          | <b>454.9</b>                       | <b>70.9</b>                   | <b>(10.5)</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 \$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.

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

**Table 4 Credit Risk Continued**

| <b>30 June 2022<br/>Portfolios</b>       | <b>Impaired Loans<br/>\$m</b>    | <b>Past Due Loans<br/>&gt; 90 days<br/>\$m</b> | <b>Specific<br/>Provisions<br/>\$m</b> | <b>Charges for<br/>Specific<br/>Provisions and<br/>Write-offs<br/>during the<br/>Period<br/>\$m</b> |
|--|----------------------------------|--|--|---|
| Claims secured by residential mortgage   | 50.7                             | 240.9 <sup>5</sup>                             | 22.4 <sup>4</sup>                      | 0.8   |
| Other retail                             | 82.1                             | 235.1 <sup>5</sup>                             | 66.9 <sup>4</sup>                      | 11.2  |
| Corporate                                | -                                | -  | -                                      | -   |
| Banks and other ADIs                     | -                                | -  | -                                      | -   |
| Government                               | -                                | -  | -                                      | -   |
| All other                                | -                                | -  | -                                      | -   |
| <b>Total exposures</b>                   | <b>132.8</b>                     | <b>476.0</b>                                   | <b>89.3</b>                            | <b>12.0</b>   |
|  | <b>30 September 2022<br/>\$m</b> | <b>30 June 2022<br/>\$m</b>                    |  |   |
| <b>General reserve for credit losses</b> | <b>278.8</b>                     | <b>282.3</b>                                   |  |   |

**Notes**

<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 \$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.

<sup>5</sup> 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<br>\$m |
|                                      | Capital Relief<br>\$m     | Funding Only<br>\$m | Self-Securitisation<br>\$m | Total Activity<br>\$m |                             |
| Residential Mortgage                 | -                         | -                   | -                          | -                     | -                           |
| Credit Card and Other Personal Loans | -                         | -                   | -                          | -                     | -                           |
| Commercial Loans                     | -                         | -                   | -                          | -                     | -                           |
| Other                                | -                         | -                   | -                          | -                     | -                           |
| <b>Total</b>                         | -                         | -                   | -                          | -                     | -                           |

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

| 30 September 2022   |                                     |                           |                              |                               |              |
|---|-------------------------------------|---------------------------|------------------------------|-------------------------------|--------------|
| Securitisation Exposures  | Liquidity Support Facilities<br>\$m | Funding Facilities<br>\$m | Derivative Facilities<br>\$m | Holdings of Securities<br>\$m | Other<br>\$m |
| On-balance sheet securitisation exposures retained or purchased | 5.8                                 | 1,690.7                   | 186.5                        | 13,032.6 <sup>6</sup>         | -            |
| Off-balance sheet securitisation exposures                      | 59.0                                | 9.8                       | 58.4                         | -                             | -            |
| <b>Total</b>  | 64.8                                | 1,700.5                   | 244.9                        | 13,032.6                      | -            |

| 30 June 2022  |                                     |                           |                              |                               |              |
|---|-------------------------------------|---------------------------|------------------------------|-------------------------------|--------------|
| Securitisation Exposures  | Liquidity Support Facilities<br>\$m | Funding Facilities<br>\$m | Derivative Facilities<br>\$m | Holdings of Securities<br>\$m | Other<br>\$m |
| On-balance sheet securitisation exposures retained or purchased | 6.0                                 | 1,866.6                   | 200.3                        | 13,929.8 <sup>6</sup>         | -            |
| Off-balance sheet securitisation exposures                      | 51.0                                | 25.9                      | 61.8                         | -                             | -            |
| <b>Total</b>  | 57.0                                | 1,892.5                   | 262.1                        | 13,929.8                      | -            |

**Notes**

<sup>6</sup> 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 65<sup>7</sup> 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                      |
| <b>Liquid assets, of which</b>  |                            |                          |                            |                          |                            |                          |
| 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   |                            | -                        |                            | -                        |                            | -                        |
| <b>Cash outflows</b>  |                            |                          |                            |                          |                            |                          |
| 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 <sup>8</sup>   |                            | 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                  |
| <b>18 Total cash outflows</b>   |                            | 10,796.0                 |                            | 10,301.3                 |                            | 10,001.5                 |
| <b>Cash inflows</b>   |                            |                          |                            |                          |                            |                          |
| 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                    |
| <b>22 Total cash inflows</b>  | 1,159.5                    | 455.1                    | 1,084.3                    | 452.0                    | 1,262.5                    | 522.7                    |
| <b>23 Total liquid assets</b>   |                            | 15,488.2                 |                            | 14,539.0                 |                            | 14,659.2                 |
| <b>24 Total net cash outflows<sup>9</sup></b>   |                            | 11,375.0                 |                            | 10,834.2                 |                            | 10,426.7                 |
| <b>25 Liquidity Coverage Ratio (%)</b>  |                            | 136.2                    |                            | 134.3                    |                            | 140.7                    |

**Notes**

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> 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.



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