

# ASX Announcement



## Basel III Pillar 3 Disclosures: Prudential Standard APS 330

27 May 2021

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 2021.

Approved for release by: Travis Crouch – Chief Financial Officer

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### Media enquiries

Simon Fitzgerald, Head of Public Relations  
p 08 8300 6019 m 0427 460 046  
e [simon.fitzgerald@bendigoadelaide.com.au](mailto:simon.fitzgerald@bendigoadelaide.com.au)

### Investor enquiries

Karen McRae, Head of Investor Relations  
p 08 8414 7060 m 0417 186 500  
e [karen.mcrae@bendigoadelaide.com.au](mailto: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.

**Table 3 Capital Adequacy**

<b>Risk-weighted Assets</b>	<b>31 March 2021 \$m</b>	<b>31 December 2020 \$m</b>
<b>Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:</b>		
Claims secured by residential mortgage	19,868.4	19,181.1
Other retail	14,069.8	14,243.1
Corporate	-	-
Banks and Other ADIs	175.2	161.3
Government	71.4	69.7
All other	1,017.0	1,078.9
<b>Total on balance sheet assets and off balance sheet exposures</b>	<b>35,201.8</b>	<b>34,734.1</b>
<b>Securitisation Risk weighted assets <sup>1</sup></b>	<b>594.9</b>	<b>576.9</b>
<b>Market Risk weighted assets</b>	<b>255.1</b>	<b>360.4</b>
<b>Operational Risk weighted assets</b>	<b>3,727.1</b>	<b>3,727.1</b>
<b>Total Risk Weighted Assets</b>	<b>39,778.9</b>	<b>39,398.5</b>
<b>Capital Ratios (for the consolidated group)</b>		
	<b>%</b>	<b>%</b>
Common Equity Tier 1	<b>9.50</b>	<b>9.36</b>
Tier 1	<b>12.28</b>	<b>12.17</b>
Total Capital	<b>14.53</b>	<b>14.45</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	
	31 March 2021 \$m	31 December 2020 \$m	31 March 2021 \$m	31 December 2020 \$m
Loans and other receivables	68,703.7	66,966.3	67,835.0	66,271.3
Debt securities	1,238.8	67.5	653.2	240.2
Commitments and other non-market off balance sheet exposures <sup>2</sup>	2,411.8	2,164.7	2,288.3	2,137.8
Market-related off balance sheet exposures <sup>2</sup>	146.8	134.5	140.6	139.2
<b>Total exposures</b>	<b>72,501.1</b>	<b>69,333.0</b>	<b>70,917.1</b>	<b>68,788.5</b>
Portfolios <sup>3</sup>	Gross Credit Exposure		Average Gross Credit Exposure	
	31 March 2021 \$m	31 December 2020 \$m	31 March 2021 \$m	31 December 2020 \$m
Claims secured by residential mortgage <sup>2</sup>	53,241.7	51,240.6	52,241.2	50,518.0
Other retail <sup>2</sup>	15,241.3	15,383.1	15,312.2	15,420.8
Corporate	-	-	-	-
Banks and other ADIs	759.4	708.4 <sup>7</sup>	733.9	669.9 <sup>7</sup>
Government	1,950.4	609.0 <sup>7</sup>	1,279.7	761.8 <sup>7</sup>
All other <sup>2</sup>	1,308.3	1,391.9	1,350.1	1,418.0
<b>Total exposures</b>	<b>72,501.1</b>	<b>69,333.0</b>	<b>70,917.1</b>	<b>68,788.5</b>
31 March 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	56.8	272.4 <sup>5</sup>	23.9 <sup>4</sup>	0.7
Other retail	143.8	264.1 <sup>5</sup>	90.2 <sup>4</sup>	2.5
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
<b>Total exposures</b>	<b>200.6</b>	<b>536.5</b>	<b>114.1</b>	<b>3.2</b>
31 December 2020 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	56.9	253.2 <sup>5</sup>	23.4 <sup>4</sup>	1.0
Other retail	164.9	231.6 <sup>5</sup>	92.1 <sup>4</sup>	8.0
Corporate	-	-	-	-
Banks and other ADIs	-	-	-	-
Government	-	-	-	-
All other	-	-	-	-
<b>Total exposures</b>	<b>221.8</b>	<b>484.8</b>	<b>115.5</b>	<b>9.0</b>
	31 March 2021 \$m	31 December 2020 \$m		
General reserve for credit losses	324.5 <sup>6</sup>	330.3 <sup>6</sup>		

**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 \$8.2 million (December 2020 \$8.2 million) and loans in Stage 3 \$24.3 million (December 2020 \$21.9 million) under AASB9.

<sup>5</sup> Includes loans under commercial arrangement, \$177.98 million (December 2020 \$122.23 million).

<sup>6</sup> Includes a total overlay of \$141.9 million for the potential future impacts from the COVID-19 pandemic, including \$124.5 million added to the collectively assessed provision and \$17.4 million to the general reserve for credit losses.

<sup>7</sup> Includes a reclassification from Banks and other ADIs to Government for credit exposure with Reserve Bank of Australia.

**Table 5     Securitisation**

31 March 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	-	-	3,000.0	3,000.0	-
Credit Card and Other Personal Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	3,000.0	3,000.0	-
31 December 2020 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 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	7.8	1,059.2	196.1	13,445.7 <sup>8</sup>	-
Off-balance sheet securitisation exposures	41.1	281.3	51.0	-	-
Total	48.9	1,340.5	247.1	13,445.7	-
31 December 2020					
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	8.0	1,098.4	161.7	11,104.1 <sup>8</sup>	-
Off-balance sheet securitisation exposures	42.6	251.9	53.4	-	-
Total	50.6	1,350.3	215.1	11,104.1	-

**Notes**<sup>8</sup> Includes holdings of self-securitised assets, \$13,095.4 million (December 2020 \$10,751.5 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 2021, 31 December 2020 and 30 September 2020 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 2021, 92 data points for the quarter ended 31 December 2020 and 92 data points for the quarter ended 30 September 2020).

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 2021 quarter were \$14,098.7 million, of which HQLA was \$8,340.5 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 2021 Quarter		31 December 2020 Quarter		30 September 2020 Quarter	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
Liquid assets, of which		\$m	\$m	\$m	\$m	\$m	\$m
1	High-quality liquid assets (HQLA)		8,340.5		7,306.7		6,320.0
2	Alternate liquid assets (ALA)		5,758.2		5,815.7		4,612.9
3	Reserve Bank of New Zealand (RBNZ) securities		-		-		-
Cash outflows							
4	Retail deposits and deposits from small business customers, of which:	34,149.2	3,141.6	32,391.5	2,974.0	31,589.8	3,379.3
5	stable deposits	18,043.4	902.2	17,090.9	854.6	11,591.8	579.6
6	less stable deposits	16,105.8	2,239.4	15,300.6	2,119.4	19,998.0	2,799.7
7	Unsecured wholesale funding, of which:	6,354.5	3,357.5	6,126.9	3,241.4	6,345.0	3,600.2
8	operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-	-	-
9	non-operational deposits (all counterparties)	5,688.2	2,691.2	5,559.0	2,673.5	5,427.7	2,682.9
10	unsecured debt	666.3	666.3	567.9	567.9	917.3	917.3
11	Secured wholesale funding		-		-		-
12	Additional requirements, of which:	6,182.0	702.6	5,723.0	693.6	5,318.4	702.8
13	outflows related to derivatives exposures and other collateral requirements	78.7	78.7	78.8	78.8	78.0	78.0
14	outflows related to loss of funding on debt products	21.7	21.7	21.5	21.5	51.0	51.0
15	credit and liquidity facilities	6,081.6	602.2	5,622.7	593.3	5,189.4	573.8
16	Other contractual funding obligations	870.5	576.2	782.9	533.8	880.5	622.5
17	Other contingent funding obligations	15,291.2	1,090.7	14,908.7	1,172.5	14,255.0	1,046.3
18	Total cash outflows		8,868.6		8,615.3		9,351.1
Cash inflows							
19	Secured lending (e.g. reverse repos)	3,137.4	-	1,548.1	-	293.1	-
20	Inflows from fully performing exposures	662.7	368.4	757.0	507.9	668.4	410.3
21	Other cash inflows	112.7	112.7	73.4	73.4	133.7	133.7
22	Total cash inflows	3,912.8	481.1	2,378.5	581.3	1,095.2	544.0
		Total adjusted value		Total adjusted value		Total adjusted value	
		\$m		\$m		\$m	
23	Total liquid assets		14,098.7		13,122.4		10,932.9
24	Total net cash outflows		9,226.2 <sup>9</sup>		8,832.2 <sup>9</sup>		8,807.1
25	Liquidity Coverage Ratio (%)		153.0%		153.7%		124.3%

**Notes**

<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 will 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. The average net cash outflow overlay from 2 November 2020 to 31 December 2020 was \$798.2m and for 1 January to 31 March 2021 is \$838.7m. These amounts are reported at item 24 total net cash outflows.