



APRA Basel III Pillar 3 Disclosures.
For the quarter ended: 30 September 2019.

Table 3: Capital Adequacy

Risk weighted assets	30 Sep 19 (\$m)	30 Jun 19 (\$m)
Credit risk exposures by portfolio:		
Government	-	-
Bank	452.9	503.0
Residential mortgage	8,039.7	7,932.4
Corporate	-	-
Other retail	298.9	315.0
Other	139.2	18.3
Total credit risk exposures	8,930.6	8,768.8
Securitisation exposures	105.8	111.2
Market risk exposures	-	-
Operational risk exposures	1,423.9	1,424.0
Total risk weighted assets	10,460.3	10,304.0
Common equity Tier 1 capital ratio	9.60%	9.54%
Tier 1 capital ratio	12.44%	12.43%
Total capital ratio	12.73%	15.80%

Table 4: Credit Risk

Credit risk exposures	30 Sep 19 (\$m)	30 Jun 19 (\$m)	30 Sep 19 (\$m)	30 Jun 19 (\$m)
	Gross exposure		Average exposure	
Cash and due from financial institutions	1,025.3	680.7	853.0	382.8
Debt securities	3,119.1	3,578.5	3,348.8	3,108.7
Loans and advances	20,827.0	20,577.5	20,702.2	20,685.2
Other	156.6	36.8	96.7	40.5
Commitments & other non-market off-balance sheet exposures	2,482.0	2,402.7	2,442.4	2,470.2
Market-related off-balance sheet	15.9	18.7	17.3	26.8
Total	27,626.0	27,294.9	27,460.4	26,714.1
Portfolio type:				
Government	2,795.8	2,703.0	2,749.4	1,907.9
Bank	1,155.9	1,354.2	1,255.0	1,418.9
Residential mortgage	22,701.7	22,355.2	22,528.4	22,543.7
Corporate	-	-	-	-
Other retail	551.8	563.6	557.7	561.2
Other	420.8	319.0	369.9	282.4
Total	27,626.0	27,294.9	27,460.4	26,714.1

Table 4: Credit Risk (continued)

Impaired and past due facilities by portfolio	Impaired loans (\$m)	Past due loans >90 days (\$m)	Specific provision balance (\$m)	Charges for specific provision (\$m)	Write-offs (\$m)
30 September 2019:					
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	40.0	157.4	22.1	7.3	-
Corporate	-	-	-	-	-
Other retail	4.2	-	5.5	4.6	2.6
Other	-	-	-	-	-
Total	44.1	157.4	27.6	11.9	2.6
30 June 2019:					
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	37.1	132.4	14.9	3.2	-
Corporate	-	-	-	-	-
Other retail	4.8	-	3.5	2.5	2.7
Other	-	-	-	-	-
Total	41.8	132.4	18.3	5.7	2.7
General reserve for credit losses					
			30 Sep 19 (\$m)		30 Jun 19 (\$m)
General reserve for credit loss:					
From collective provision			8.7		19.6
From retained earnings			21.6		28.0
Total			30.3		47.6

Table 5: Securitisation Exposures

Exposure type	Current period securitisation activity (\$m) 30 Sep 19	Gain/loss on sale (\$m) 30 Sep 19	Current period securitisation activity (\$m) 30 Jun 19	Gain/loss on sale (\$m) 30 Jun 19
Payment funding facility (drawn)	-	-	(1.9)	-
Payment funding facility (undrawn)	-	-	-	-
Liquidity funding facility (drawn)	(5.7)	-	17.5	-
Liquidity funding facility (undrawn)	0.1	-	(4.7)	-
Securities held in the banking book	(12.8)	-	59.7	-
Total	(18.4)	-	70.6	-

Securitisation exposure	30 Sep 19 (\$m)	30 Jun 19 (\$m)
On-balance sheet securitisation exposure retained or purchased:		
Payment funding facility (drawn)	1.2	1.2
Liquidity funding facility (drawn)	44.7	50.3
Securities held in the banking book	188.2	201.0
Off-balance sheet securitisation exposure:		
Payment funding facility (undrawn)	-	-
Liquidity funding facility (undrawn)	19.1	19.0
Total	253.1	271.5

Attachment F

As per APRA reporting standard 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.

ME's LCR for the quarter ending 30 September 2019 is presented in the following table (Table 20: LCR disclosure template), using the disclosure template specified in Attachment F of APS 210 and is based on a simple average of daily LCR calculations for the quarter (i.e. 67 data points for the quarter ended 30 September 2019).

The Risk Appetite Statement (RAS) is approved by the board and managed via the relevant management committee. The Asset and Liability Committee (ALCO) is tasked with the management and oversight of the bank's financial risk exposures within the board-set risk appetite. This includes capital, liquidity and funding, and interest rate risk in the banking book.

Treasury manages the bank's liquidity and funding positions in accordance with the board-approved RAS and policy delegations. LCR is calculated daily by Treasury for liquidity management purposes and to ensure regulatory and internal buffers are maintained. The Market and Liquidity Risk department provide independent oversight of Treasury and calculate and report the bank's LCR on a daily basis.

Net cash outflows (NCO) volatility is the primary driver of fluctuations in LCR. NCO is managed by Treasury with the bank holding sufficient liquidity buffers to absorb potential unexpected volatility.

ME's mix of HQLA include cash, deposits with central banks as well as Australian Semi Government and Commonwealth Government securities. Liquid assets also include repo-eligible securities with the Reserve Bank of Australia held as Committed Liquidity Facility (CLF) collateral. ME's CLF is fully collateralised at all times.

Table 20: Liquidity coverage ratio disclosure template

		30-Sep-19	
Liquid assets, of which:		Total unweighted value (average)	Total weighted value (average)
		(A\$m)	(A\$m)
1	High-Quality Liquid Assets (HQLA)	2,350.9	2,350.9
2	Alternative Liquid Assets (ALA)	3,220.3	2,098.7
3	Reserve Bank of New Zealand (RBNZ) securities		
Cash outflows:			
4	Retail deposits and deposits from small business customers, of which:	7,094.5	859.4
5	Stable deposits	3,112.4	155.7
6	Less stable deposits	3,979.0	700.6
7	Unsecured wholesale funding, of which:	2,011.4	1,339.4
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks		
9	Non-operational deposits (all counterparties)	1,983.9	1,306.4
10	Unsecured debt	708.1	708.1
11	Secured wholesale funding	5.1	-
12	Additional requirements, of which	6,940.3	767.9
13	Outflows related to derivatives exposures and other collateral requirements	24.2	24.2
14	Outflows related to loss of funding on debt products		
15	Credit and liquidity facilities	3,405.8	190.5
16	Other contractual funding obligations	306.0	237.7
17	Other contingent funding obligations	3,204.2	325.6
18	Total cash outflows	16,759.3	3,669.2
Cash inflows:			
19	Secured lending (e.g. reverse repos)	330.3	-
20	Inflows from fully performing exposures	195.8	68.4
21	Other cash inflows	94.8	156.7
22	Total cash inflows	620.9	225.1
23	Total liquid assets		4,449.7
24	Total net cash outflows		3,445.4
25	Liquidity Coverage Ratio (%)		129.3

Attachment F: NSFR disclosure template 30 Sep 19		Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to <1yr	≥1yr	
Available Stable Funding (ASF) item:						
1	Capital				1,520.4	1,520.4
2	Regulatory capital				1,520.4	1,520.4
3	Other capital instruments					
4	Retail deposits and deposits from small business customers	11,898.6				10,888.6
5	Stable deposits	3,597.3				3,417
6	Less stable deposits	8,301.3				7,471
7	Wholesale funding	9,127.6	1,246.0	1,049.6		3,194.5
8	Operational deposits					
9	Other wholesale funding	9,127.6	1,246.0	1,049.6		3,194.5
10	Liabilities with matching interdependent assets					
11	Other liabilities	175.1			1.5	1.5
12	NSFR derivative liabilities	15.8				
13	All other liabilities and equity not included in the above categories	159.3			1.5	1.5
14	Total ASF	21,201.3	1,246.0	1,051.1		15,605.0
Required Stable Funding (RSF) Item						
15(a)	Total NSFR (HQLA)	728.7	71.9	1,157.5		97.9
15(b)	ALA	172.5	128.5	1,799.0		210.0
15(c)	RBNZ securities					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities	373.7	230.5	19,087.7		13,256.7
18	Performing loans to financial institutions secured by Level 1 HQLA					
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions					
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:				45.9	50.4
21	With a risk weight of less than or equal to 35% under APS 112					
22	Performing residential mortgages, of which:	373.7	230.5	19,041.8		13,206.3
23	With a risk weight equal to 35% under APS 112	180.2	192.7	16,979.2		11,335.8
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities					
25	Assets with matching interdependent liabilities					
26	Other assets:	472.4			168.7	641.1
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)					
29	NSFR derivative assets				3.1	3.1
30	NSFR derivative liabilities before deduction of variation margin posted				3.2	3.2
31	All other assets not included in the above categories	472.4			162.5	634.9
32	Off-balance sheet items	1,960.5				87.9
33	Total RSF	1,747.3	430.9	22,213.0		14,220.6
34	Net Stable Funding Ratio (%)					109.1