



APRA Basel III Pillar 3 Disclosures.
For the quarter ended: 30 September 2020.

Table 3: Capital Adequacy

| Risk weighted assets | 30-9-2020 (\$'m) | 30-Jun-20 (\$'m) |
|---|-------------------------|-------------------------|
| Credit risk exposures by portfolio: | | |
| Government | - | - |
| Bank | 464.6 | 418.5 |
| Residential mortgage | 8,137.5 | 8,186.7 |
| Corporate | 50.1 | 42.9 |
| Other retail | 239.1 | 267.5 |
| Other | 24.7 | 12.6 |
| Total credit risk exposures | 8,915.9 | 8,928.3 |
| Securitisation exposures | 35.3 | 34.4 |
| Market risk exposures | - | - |
| Operational risk exposures | 1,525.8 | 1,525.8 |
| Total risk weighted assets | 10,477.1 | 10,488.5 |
| Common equity Tier 1 capital ratio | 10.24% | 9.87% |
| Tier 1 capital ratio | 13.08% | 12.71% |
| Total capital ratio | 13.76% | 13.32% |

Table 4: Credit Risk

| Credit risk exposures | 30-Sep-20 (\$'m) | 30-Jun-20 (\$'m) | 30-Sep-20 (\$'m) | 30-Jun-20 (\$'m) |
|--|------------------|------------------|------------------|------------------|
| | Gross exposure | | Average exposure | |
| Cash and Due from Financial Institutions | 729.6 | 1,103.4 | 807.1 | 690.2 |
| Debt Securities | 3,346.7 | 3,277.9 | 3,110.7 | 2,940.1 |
| Loans and Advances | 21,167.6 | 21,256.7 | 21,357.8 | 21,302.6 |
| Other | 42.4 | 31.4 | 37.5 | 65.9 |
| Commitments & other non market off balance sheet exposures | 2,570.7 | 2,505.5 | 2,595.2 | 2,552.8 |
| Market Related Off Balance Sheet | 24.7 | 24.4 | 27.3 | 21.9 |
| Total | 27,881.8 | 28,199.3 | 27,935.7 | 27,573.5 |
| Portfolio type | | | | |
| Government | 2,567.4 | 3,068.5 | 2,492.3 | 2,228.1 |
| Bank | 1,310.2 | 1,127.6 | 1,233.9 | 1,222.8 |
| Residential mortgage | 23,165.5 | 23,168.0 | 23,363.3 | 23,248.5 |
| Corporate | 50.1 | 42.9 | 41.1 | 22.2 |
| Other retail | 506.8 | 529.1 | 525.8 | 545.7 |
| Other | 281.7 | 263.2 | 279.2 | 306.2 |
| Total | 27,881.8 | 28,199.3 | 27,935.7 | 27,573.5 |

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 2020 | | | | | |
| Government | - | - | - | - | - |
| Bank | - | - | - | - | - |
| Residential mortgage | 40.5 | 214.7 | 26.1 | (2.0) | - |
| Corporate | - | - | - | - | - |
| Other retail | 11.4 | - | 5.9 | 1.0 | 1.9 |
| Other | - | - | - | - | - |
| Total | 51.9 | 214.7 | 31.9 | (1.0) | 1.9 |
| 30 June 2020 | | | | | |
| Government | - | - | - | - | - |
| Bank | - | - | - | - | - |
| Residential mortgage | 57.4 | 223.6 | 28.1 | 5.3 | - |
| Corporate | - | - | - | - | - |
| Other retail | 8.5 | - | 6.8 | 1.3 | 2.2 |
| Other | - | - | - | - | - |
| Total | 65.9 | 223.6 | 34.9 | 6.6 | 2.2 |

Note

The past due loans >90 days arrears (\$'m) number for 30-June-20 has been restated (from \$261.23m) following a reconciliation process undertaken relating to

Repayment Holiday COVID-19 loans. Please contact the Investor Relations team at me.investorreporting@mebank.com.au if you require any further information.

| General reserve for credit losses | 30-Sep-20 (\$m) | 30-Jun-20 (\$m) |
|---|-----------------|-----------------|
| General reserve for credit loss: | | |
| From collective provision | 56.1 | 53.2 |
| From retained earnings | 14.9 | 11.1 |
| Total | 71.0 | 64.3 |

Table 5: Securitisation Exposures

| Exposure type | Current period securitisation activity (\$m) 30 Sep 20 | Gain/loss on sale (\$m) 30 Sep 20 | Current period securitisation activity (\$m) 30 Jun 20 | Gain/loss on sale (\$m) 30 Jun 20 |
|--------------------------------------|---|--|---|--|
| Payment funding facility (drawn) | (0.2) | - | 0.3 | - |
| Payment funding facility (undrawn) | - | - | - | - |
| Liquidity funding facility (drawn) | (6.8) | - | (1.6) | - |
| Liquidity funding facility (undrawn) | 12.2 | - | 5.1 | - |
| Securities held in the banking book | 2.2 | - | (18.4) | - |
| Total | 7.5 | - | (14.6) | - |

| Securitisation exposure | 30 Sep 20 (\$m) | 30 Jun 20 (\$m) |
|--|------------------------|------------------------|
| On-balance sheet securitisation exposure retained or purchased: | | |
| Payment funding facility (drawn) | 1.1 | 1.2 |
| Liquidity funding facility (drawn) | 31.8 | 38.6 |
| Securities held in the banking book | 152.7 | 150.5 |
| Off-balance sheet securitisation exposure: | | |
| Payment funding facility (undrawn) | - | - |
| Liquidity funding facility (undrawn) | 35.8 | 23.7 |
| Redraw funding facility (undrawn) | 12.0 | 13.5 |
| Total | 233.4 | 227.4 |

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 2020 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. 66 data points for the quarter ended 30 September 2020).

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.

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 High Quality Liquid Assets (HQLA), include cash, deposits with central banks, 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-20 | |
|--------------------------|--|----------------------------------|--------------------------------|
| | | Total unweighted value (average) | Total weighted value (average) |
| Liquid assets, of which: | | (A\$m) | (A\$m) |
| 1 | High-quality liquid assets (HQLA) | 2,556.0 | 2,556.0 |
| 2 | Alternative liquid assets (ALA) | 5,565.1 | 4,223.6 |
| 3 | Reserve Bank of New Zealand (RBNZ) securities | | |
| Cash outflows: | | | |
| 4 | Retail deposits and deposits from small business customers, of which: | 9,171.0 | 1,146.6 |
| 5 | stable deposits | 4,001.8 | 200.1 |
| 6 | less stable deposits | 5,157.9 | 935.3 |
| 7 | Unsecured wholesale funding, of which: | 2,356.0 | 1,683.8 |
| 8 | operational deposits (all counterparties) and deposits in networks for cooperative banks | | |
| 9 | non-operational deposits (all counterparties) | 1,692.3 | 1,020.0 |
| 10 | unsecured debt | 661.7 | 661.7 |
| 11 | Secured wholesale funding | 58.8 | - |
| 12 | Additional requirements, of which | 6,444.4 | 751.7 |
| 13 | outflows related to derivatives exposures and other collateral requirements | 19.7 | 19.7 |
| 14 | outflows related to loss of funding on debt products | | |
| 15 | credit and liquidity facilities | 3,447.0 | 213.5 |
| 16 | Other contractual funding obligations | 302.3 | 238.9 |
| 17 | Other contingent funding obligations | 2,632.7 | 236.9 |
| 18 | Total cash outflows | 18,030.2 | 3,582.1 |
| Cash inflows: | | | |
| 19 | Secured lending (e.g. reverse repos) | 262.4 | - |
| 20 | Inflows from fully performing exposures | 126.8 | 63.4 |
| 21 | Other cash inflows | 73.9 | 73.9 |
| 22 | Total cash inflows | 463.1 | 137.3 |
| 23 | Total liquid assets | | 6,779.6 |
| 24 | Total net cash outflows | | 3,444.8 |
| 25 | Liquidity Coverage Ratio (%) | | 197.3 |