



APRA Basel III Pillar 3 Disclosures.

For the quarter ended: 31 March 2020.

Table 3: Capital Adequacy

Risk weighted assets	31 Mar 20 (\$m)	31 Dec 19 (\$m)
Credit risk exposures by portfolio:		
Government	-	-
Bank	458.3	471.1
Residential mortgage	8,343.7	8,172.1
Corporate	30.4	20.0
Other retail	294.0	302.7
Other	18.6	39.0
Total credit risk exposures	9,145.1	9,004.9
Securitisation exposures	36.6	38.9
Market risk exposures	-	-
Operational risk exposures	1,477.6	1,477.6
Total risk weighted assets	10,659.3	10,521.4
Common equity Tier 1 capital ratio	9.62%	9.88%
Tier 1 capital ratio	12.41%	12.71%
Total capital ratio	12.89%	12.95%

Table 4: Credit Risk

Credit risk exposures	31 Mar 20 (\$m)	31 Dec 19 (\$m)	31 Mar 20 (\$m)	31 Dec 19 (\$m)
	Gross exposure		Average exposure	
Cash and due from financial institutions	588.4	588.4	588.4	588.4
Debt securities	2,707.3	2,722.2	2,855.6	2,905.1
Loans and advances	21,649.2	21,154.5	21,314.1	21,202.4
Other	38.8	55.8	74.5	86.4
Commitments & other non-market off-balance sheet exposures	2,709.3	2,539.5	2,564.7	2,516.5
Market-related off-balance sheet	33.0	14.6	21.3	17.4
Total	27,726.0	26,867.0	27,417.1	27,314.1
Portfolio type:				
Government	1,840.8	1,598.2	2,018.0	2,077.1
Bank	1,264.0	1,318.0	1,246.6	1,240.8
Residential mortgage	23,756.4	23,072.5	23,268.6	23,106.1
Corporate	30.4	11.7	17.0	3.9
Other retail	541.7	548.7	549.9	552.7
Other	292.8	317.9	316.9	333.6
Total	27,726.0	26,867.0	27,417.1	27,314.1

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)
31 March 2020:					
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	58.3	174.1	22.8	2.4	-
Corporate	-	-	-	-	-
Other retail	6.0	-	7.6	5.8	3.4
Other	-	-	-	-	-
Total	64.2	174.1	30.4	8.2	3.4
31 December 2019:					
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	48.7	145.8	20.4	(1.7)	-
Corporate	-	-	-	-	-
Other retail	4.7	-	5.2	1.2	1.5
Other	-	-	-	-	-
Total	53.4	145.8	25.6	(0.5)	1.5
General reserve for credit losses					
			31 Mar 20 (\$m)	31 Dec 19 (\$m)	
General reserve for credit loss:					
From collective provision			37.2	12.9	
From retained earnings			14.2	12.9	
Total			51.4	25.7	

Table 5: Securitisation Exposures

Exposure type	Current period securitisation activity (\$m) 31 Mar 20	Gain/loss on sale (\$m) 31 Mar 20	Current period securitisation activity (\$m) 31 Dec 19	Gain/loss on sale (\$m) 31 Dec 19
Payment funding facility (drawn)	(0.4)	-	0.1	-
Payment funding facility (undrawn)	-	-	-	-
Liquidity funding facility (drawn)	(4.5)	-	0.0	-
Liquidity funding facility (undrawn)	(4.5)	-	4.0	-
Securities held in the banking book	(5.9)	-	(13.4)	-
Total	(15.3)	-	(9.2)	-

Securitisation exposure	31 Mar 20 (\$m)	31 Dec 19 (\$m)
On-balance sheet securitisation exposure retained or purchased:		
Payment funding facility (drawn)	0.9	1.4
Liquidity funding facility (drawn)	40.2	44.7
Securities held in the banking book	168.9	174.7
Off-balance sheet securitisation exposure:		
Payment funding facility (undrawn)	-	-
Liquidity funding facility (undrawn)	18.6	23.1
Redraw funding facility (undrawn)	13.5	13.5
Total	242.1	257.4

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 31 March 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. 63 data points for the quarter ended 31 March 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

		31 Mar 20	
Liquid assets, of which:		Total unweighted value (average)	Total weighted value (average)
		(A\$m)	(A\$m)
1	High-Quality Liquid Assets (HQLA)	1,716.4	1,716.4
2	Alternative Liquid Assets (ALA)	2,991.3	2,204.7
3	Reserve Bank of New Zealand (RBNZ) securities		
Cash outflows:			
4	Retail deposits and deposits from small business customers, of which:	8,249.8	1,024.0
5	Stable deposits	3,581.7	179.1
6	Less stable deposits	4,655.8	832.6
7	Unsecured wholesale funding, of which:	1,327.9	864.9
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks		
9	Non-operational deposits (all counterparties)	1,285.5	822.5
10	Unsecured debt	479.6	479.6
11	Secured wholesale funding	35.5	-
12	Additional requirements, of which	6,986.7	841.7
13	Outflows related to derivatives exposures and other collateral requirements	23.7	23.7
14	Outflows related to loss of funding on debt products		
15	Credit and liquidity facilities	3,604.0	207.7
16	Other contractual funding obligations	387.2	314.5
17	Other contingent funding obligations	2,941.0	265.0
18	Total cash outflows	17,079.6	3,210.2
Cash inflows:			
19	Secured lending (e.g. reverse repos)	344.9	-
20	Inflows from fully performing exposures	145.5	72.8
21	Other cash inflows	113.3	113.3
22	Total cash inflows	603.7	186.1
23	Total liquid assets		3,921.2
24	Total net cash outflows		3,024.1
25	Liquidity Coverage Ratio (%)		129.9

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