

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Bendigo and Adelaide Bank

- BAB1QW:** *Regarding principal and interest mortgages:*
- (a) *How many do you currently provide, and what is their total dollar value?*
 - (b) *What is their percentage of your total mortgage products provided?*
 - (c) *When the board decides to cut interest rates is the reduction automatically passed through to mortgage holders through lower repayments, or when the board decides to cut interest rates is the reduction in repayments only passed through on request of the holder with the gap paying off additional principal?*
 - (d) *If the latter, how many mortgage holders have requested a reduction in repayments as a percentage of principal and interest mortgage holders?*
 - (e) *For the last two rate cuts, what was the aggregate dollar value reduction in interest repayments compared to each previous month?*

Answer:

- (a) *How many do you currently provide, and what is their total dollar value?*
Bendigo and Adelaide Bank (BEN) had approximately 128,700 principal and interest mortgage facilities with a total dollar value of \$31.23 billion as at 30 September 2019.
- (b) *What is their percentage of your total mortgage products provided?*
BEN's principal and interest mortgage portfolio comprises approximately 75% of BEN's total mortgage portfolio.
- (c) *When the board decides to cut interest rates is the reduction automatically passed through to mortgage holders through lower repayments, or when the board decides to cut interest rates is the reduction in repayments only passed through on request of the holder with the gap paying off additional principal?*
When BEN makes interest rate changes, the interest savings on variable rate mortgages are automatically passed through to mortgage holders through reduced minimum repayment requirements.
- (d) *If the latter, how many mortgage holders have requested a reduction in repayments as a percentage of principal and interest mortgage holders?*
Not applicable.

(e) *For the last two rate cuts, what was the aggregate dollar value reduction in interest repayments compared to each previous month?*

For the two rate cuts in June 2019 and July 2019, the effective aggregate dollar value reduction in interest repayments compared to each previous month was:

- \$4.0 million for the June rate cut; and
- \$3.8 million for the July rate cut.

Decisions to change interest rates charged on mortgages are made by BEN's Pricing Committee - a management committee comprised of select decision makers across the Group – not the BEN Board.