



Rabobank

Pillar 3 – Capital Adequacy and Risk Disclosures Quarterly Update

Rabobank Australia Limited
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Quarterly Update as at 30 September 2017

Introduction

Rabobank Australia Limited (“the Bank”) is an Authorised Deposit-taking Institution (“ADI”) subject to regulation by the Australian Prudential Regulation Authority (“APRA”) under the authority of the Banking Act 1959.

In accordance with the Australian Prudential Standard 330 (“APS 330”), financial institutions are required to disclose prudential information. A subset of this information is disclosed quarterly.

Verification of the Disclosure

This Pillar 3 Disclosure (“the Disclosure”) document is unaudited. However, it has been verified in accordance with the Board approved Prudential Disclosure policy.

Scope of Application

The Bank is a Level 1 entity for regulatory (“APRA”) reporting purposes. The Bank is a solo entity, therefore does not have any subsidiaries, Level 2 entities.

Level 1	Standalone basis (“Solo”)
Level 2	The consolidation of the Bank and all its subsidiary entities other than non-consolidated subsidiaries (“Consolidated”)

Context

The Bank currently remains on the Standardised Approach for Credit, Market and Operational risk for APRA regulatory reporting.

Nature of Business

The Bank continues to focus on the provision of flexible, competitively priced, secured loans to the rural sector in Australia. The Bank continues to provide internet banking services to retail clients through its RaboDirect division.

There were no significant changes in the state of affairs of the Bank during the financial year.

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Table 3: Capital Adequacy (Risk Weighted Equivalent)		
	30 Sep 2017	30 June 2017
Credit Risk Subject to Standardised approach	AUD mln	AUD mln
Corporate*	14,950.8	15,437.2
Government	–	–
Bank	133.3	137.3
Residential mortgage	53.5	57.1
Other retail	–	–
Other	–	–
Total capital requirement subject to standardised approach	15,137.6	15,631.6
Credit risk capital requirement relating to securitisation exposures	–	–
Market risk minimum capital requirement	0.0	0.2
Operational risk minimum capital requirement	1,081.1	1,081.1
Total RWA and capital requirement	16,218.7	16,712.9
Capital ratios (%)		
Common Equity Tier 1 capital Ratio	12.78%	12.08%
Tier 1 Capital Ratio	12.78%	12.08%
Total Capital Ratio	14.15%	13.41%

* Note: Corporate includes corporate and private sector counterparties.

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Table 4: Credit risk				
Exposure Type	30 September 2017		30 June 2017	
	Gross credit exposure	Average gross credit exposure	Gross credit exposure	Average gross credit exposure
	AUD mln	AUD mln	AUD mln	AUD mln
Cash and liquid assets	656.9	662.7	668.4	743.1
Trading securities	–	–	–	–
Investment securities	1,624.1	1,622.6	1,621.0	1,683.7
Due from other financial institutions	684.2	645.2	606.2	606.3
Loans and advances	14,871.8	15,122.1	15,372.3	14,666.2
Acceptances	–	–	–	–
Derivatives*	27.8	23.8	19.7	21.0
Contingent liabilities, commitments, and other off-balance sheet exposures*	135.9	133.4	130.8	111.2
Other assets	–	–	–	–
Total exposures	18,000.7	18,209.8	18,418.4	17,831.5

Portfolios subject to standardised approach	Gross credit exposure	Average gross credit exposure	Gross credit exposure	Average gross credit exposure
	AUD mln	AUD mln	AUD mln	AUD mln
Corporate**	14,885.4	15,127.7	15,369.8	14,642.4
Government	1,624.1	1,622.6	1,621.0	1,683.7
Bank	1,355.5	1,319.5	1,283.4	1,358.6
Residential Mortgage	135.7	140.0	144.2	146.7
Other retail	–	–	–	–
Other	–	–	–	–
Total exposures	18,000.7	18,209.8	18,418.4	17,831.5

* Note: Derivatives and off-balance sheet exposures represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS112.

** Note: Corporate includes corporate and private sector counterparties

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Table 4: Credit risk (continued)

Portfolios subject to Standardised approach as at 30 September 2017	Impaired loans AUD mln	Past due loans ≥ 90 days** AUD mln	Specific provision balance AUD mln	Charges for specific provision AUD mln	Write-offs AUD mln
Corporate*	85.9	153.7	44.4	(2.0)	10.9
Government	–	–	–	–	–
Bank	–	–	–	–	–
Residential Mortgage	–	–	–	–	–
Other retail	–	–	–	–	–
Other	–	–	–	–	–
Total	85.9	153.7	44.4	(2.0)	10.9

Portfolios subject to Standardised approach as at 30 June 2017	Impaired loans AUD mln	Past due loans ≥ 90 days** AUD mln	Specific provision balance AUD mln	Charges for specific provision AUD mln	Write-offs AUD mln
Corporate*	114.1	179.5	57.3	(1.8)	0.9
Government	–	–	–	–	–
Bank	–	–	–	–	–
Residential Mortgage	–	–	–	–	–
Other retail	–	–	–	–	–
Other	–	–	–	–	–
Total	114.1	179.5	57.3	(1.8)	0.9

Balance	30 September 2017 AUD mln	30 June 2017 AUD mln
General reserve for credit losses	106.2	108.0

* Note: Corporate includes corporate and private sector counterparties.

** Note: Past due loans ≥ 90 days includes impaired loans.

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Table 5: Securitisation Exposures

No securitisation or resecuritisation activity was undertaken during the September 2017 or June 2017 quarters.

Securitisation Exposure – Underlying asset type	30 September 2017		30 June 2017	
	Total Exposures Securitized	Recognised Gain or (Loss) on sale	Total Exposures Securitized	Recognised Gain or (Loss) on sale
	AUD mln	AUD mln	AUD mln	AUD mln
Housing Loans	–	–	–	–
Commercial Loans	–	–	–	–
Credit Cards and other Personal Loans	–	–	–	–
Auto and Equipment Finance	–	–	–	–
Other	–	–	–	–
Total	–	–	–	–

Securitisation Exposure – Securitisation facility type	30 September 2017			30 June 2017		
	On-Balance Sheet Securitisation Retained	On-Balance Sheet Securitisation Purchased	Off-Balance Sheet Securitisation Exposure	On-Balance Sheet Securitisation Retained	On-Balance Sheet Securitisation Purchased	Off-Balance Sheet Securitisation Exposure
	AUD mln	AUD mln	AUD mln	AUD mln	AUD mln	AUD mln
Securities	–	–	–	–	–	–
Liquidity support facilities	–	–	–	–	–	–
Funding facilities	–	–	–	–	–	–
Warehouse facilities	–	–	–	–	–	–
Lending facilities	–	–	–	–	–	–
Other commitments and credit enhancements	–	–	–	–	–	–
Derivative transactions	–	–	–	–	–	–
Underwriting facilities	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total	–	–	–	–	–	–

