

# Pillar 3 – Capital Adequacy and Risk Disclosures

Quarterly Update as at 30 September 2024

## 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.

## Implementation of revised regulatory capital framework

From 1 January 2023, APRA’s new bank capital framework came into effect and is designed to embed “unquestionably strong” levels of capital and align Australian standards with the internationally agreed Basel III requirements. The new framework will help to ensure ADIs continue to have the financial strength to withstand future adverse economic conditions, ensuring depositors are protected and lending is supported. The new framework has resulted in changes to the calculation and presentation of capital ratio.

## 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 and the raising of retail deposit. The Bank continues to provide online deposit product to retail clients through its Rabobank Online Savings division.

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

## Attachment C

Table 3: Capital Adequacy (Risk Weighted Equivalent)		
	30 September 2024	30 June 2024
Credit Risk Subject to Standardised approach	AUD mln	AUD mln
Corporate*	21,235.2	21,371.5
Government	–	–
Bank	277.3	268.4
Residential mortgage	186.4	191.7
Other retail	53.7	60.7
Other	11.8	26.8
<b>Total capital requirement subject to standardised approach</b>	<b>21,764.4</b>	<b>21,919.2</b>
<b>Credit risk capital requirement relating to securitisation exposures</b>	<b>–</b>	<b>–</b>
<b>Market risk minimum capital requirement</b>	<b>–</b>	<b>–</b>
<b>Operational risk minimum capital requirement</b>	<b>777.2</b>	<b>777.2</b>
<b>Total RWA and capital requirement</b>	<b>22,541.7</b>	<b>22,696.4</b>
<b>Capital ratios (%)</b>		
Common Equity Tier 1 capital Ratio	14.41%	13.95%
Tier 1 Capital Ratio	14.41%	13.95%
Total Capital Ratio	14.59%	14.13%

\* Note: Corporate includes corporate and private sector counterparties.

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Table 4: Credit risk				
Exposure Type	30 September 2024		30 June 2024	
	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	1,010.9	1,123.9	1,236.9	1,200.1
Debt securities	1,793.3	1,683.8	1,574.4	1,515.8
Due from related entities	13.7	15.7	17.7	13.9
Loans and advances	22,019.4	22,253.3	22,487.2	21,521.1
Derivatives*	245.8	235.2	224.5	219.3
Contingent liabilities, commitments, and other off-balance sheet exposures*	1,999.5	1,932.0	1,864.5	2,101.1
Other assets	236.2	204.8	173.4	195.5
<b>Total exposures</b>	<b>27,318.8</b>	<b>27,448.7</b>	<b>27,578.6</b>	<b>26,766.8</b>

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**	24,038.7	24,158.5	24,278.3	23,578.4
Sovereign	2,301.7	2,281.5	2,261.4	2,187.5
Bank	725.8	742.2	758.6	732.4
Residential Mortgage	185.7	188.5	191.3	183.3
Other retail	53.6	57.1	60.6	58.9
Other	13.3	20.9	28.4	26.3
<b>Total exposures</b>	<b>27,318.8</b>	<b>27,448.7</b>	<b>27,578.6</b>	<b>26,766.8</b>

\* 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 and APS180.

\*\* Note: Corporate includes corporate and private sector counterparties

## Attachment C

Table 4: Credit risk (continued)				
Portfolios subject to Standardised approach as at 30 September 2024	Non-performing exposure	Specific provision balance	Charges for specific provision	Write-offs
	AUD mln	AUD mln	AUD mln	AUD mln
Corporate*	858.3	48.7	3.6	–
Government	–	–	–	–
Bank	–	–	–	–
Residential Mortgage	1.6	–	–	–
Other retail	–	–	–	–
Other	–	–	–	–
<b>Total</b>	<b>859.9</b>	<b>48.7</b>	<b>3.6</b>	<b>–</b>

Portfolios subject to Standardised approach as at 30 June 2024	Non-performing exposure	Specific provision balance	Charges for specific provision	Write-offs
	AUD mln	AUD mln	AUD mln	AUD mln
Corporate*	725.0	45.1	8.5	2.8
Government	–	–	–	–
Bank	–	–	–	–
Residential Mortgage	1.0	–	–	–
Other retail	–	–	–	–
Other	–	–	–	–
<b>Total</b>	<b>725.9</b>	<b>45.1</b>	<b>8.5</b>	<b>2.8</b>

Balance	30 September 2024	30 June 2024
	AUD mln	AUD mln
<b>Provisions held against performing exposures that represent a purely forward-looking amount for future losses that are presently unidentified**</b>	<b>40.5</b>	<b>39.8</b>

\* Note: Corporate includes corporate and private sector counterparties.

\*\* Collective provision raised under the accounting standard for stage 1 and stage 2. These represent a purely forward-looking amount for future losses that are presently unidentified for performing loans

## Attachment C

**Table 5: Securitisation Exposures**

No securitisation or resecuritisation activity was undertaken during the 30 June 2024 or 30 September 2024 quarters.

Securitisation Exposure – Underlying asset type	30 September 2024		30 June 2024	
	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	–	–	–	–
<b>Total</b>	–	–	–	–

Securitisation Exposure – Securitisation facility type	30 September 2024			30 June 2024		
	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	–	–	–	–	–	–
<b>Total</b>	–	–	–	–	–	–

## Attachment F

The Bank manages its liquidity coverage ratio ("LCR") position on a daily basis according to the Board's risk appetite and includes a buffer above the minimum regulatory requirement. The Bank has centralised its liquidity management function, into the Bank's Treasury department, which manages, co-ordinates and executes all the liquidity and funding needs of the Bank.

The Bank's average LCR for the quarter remain the same as 132% compared to the quarter ended 30 June 2024, which continues to be above the regulatory minimum of 100%. The ratio compared to the quarter ended 30 June 2024 was mainly impacted by an increase in holdings of liquid assets, offset by an increase in net cash outflows. The intra-period movements of the LCR are forecast and monitored on a daily basis, and were within the normal operating ranges of the Banks' liquidity management activity.

The Bank maintains a diverse mix of liquid assets consisting of cash with the Reserve Bank of Australia ("RBA"), Australian Semi-Government and Commonwealth Government securities. The increase in liquid assets is mainly driven by an increase of Government securities held during the quarter, partially offset by less cash balances with the RBA.

The LCR net cash outflow ("NCO") represents potential cash outflows from on and off balance sheet activities within a 30 day liquidity stress scenario, after applying APRA prescribed run-off factors to maturing debt and deposits, and inflow factors to assets. As part of its overall liquidity management strategy the Bank manages its balance sheet in a manner that aims to manage NCOs within the Board's risk appetite. Average NCO's increased over the quarter, mainly driven by an increase in outflows from retail deposit during the quarter due to an overall increase in retail deposits over the quarter. The Bank has a diversified funding base aimed at reducing concentrations on funding source, tenor, and outflow risk. RBAL is primarily funded with stable customer deposits, and actively managed intercompany funding from Cooperatieve Rabobank U.A. ("the Parent").

In addition, the Bank has in place a \$525m Committed Liquidity Facility with the Parent to boost the Bank's access to liquidity, if needed.

There are very limited foreign currency transactions in the Bank, and interest rate derivatives are used to hedge interest rate risk residing in the Bank.

**APS330 Table 20: Liquidity Coverage Ratio Disclosure**

		30 September 2024		30 June 2024	
<b>Liquid Assets, of which</b>		<b>Total unweighted value (average)*</b> AUD mln	<b>Total weighted value (average)**</b> AUD mln	<b>Total unweighted value (average)*</b> AUD mln	<b>Total weighted value (average)**</b> AUD mln
1	High Quality liquid assets (HQLA)		2,175		2,142
2	Alternative liquid assets (ALA)		-		-
3	Reserve bank of New Zealand (RBNZ) securities		-		-
<b>Cash Outflows</b>					
4	Retail deposits and deposits from small business customers, of which:	6,975	1,330	6,665	1,244
5	Stable deposits	1,898	95	1,931	97
6	Less stable deposits	5,078	1,235	4,734	1,147
7	Unsecured wholesale funding, of which:	962	588	1,006	623
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-
9	Non-operational deposits (all counterparties)	962	588	1,006	623
10	Unsecured debt	-	-	-	-
11	Secured wholesale funding		-		-
12	Additional requirements, of which:	5,139	400	5,666	439
13	Outflows related to derivatives exposures and other collateral requirements	6	6	7	7
14	Outflows related to loss of funding on debt products	-	-	-	-
15	Credit and liquidity facilities	2,962	258	3,260	284
16	Other contractual funding obligations	-	-	-	-
17	Other contingents funding obligations	2,171	136	2,399	148
18	Total cash outflows		2,318		2,306
<b>Cash Inflows</b>					
19	Secured lending (e.g reverse repos)	-	-	-	-
20	Inflows from fully performing exposures	663	626	657	632
21	Other cash inflows	45	45	49	49
22	Total cash inflows***	707	670	706	681
23	Total liquid assets		2,175		2,142
24	Total net cash outflows		1,648		1,625
25	Liquidity Coverage ratio (%)		132		132
	Number of data points used (Business Days)		65		63

\* \*Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)

\*\*Weighted values is calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows)

\*\*\*Adjusted values is calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e cap on HQLA2 and cap on inflows)