Pillar 3 - Capital Adequacy & Risk Disclosures

Quarterly Update as at March 2025

Rabobank

Contents

1. Notes to readers

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. From 1 January 2025, APRA's new APS 330 became effective. The revised APS330 requires prudential disclosure to be made as set out in the standard made by the Basel Committee on Banking Supervision (BCBC) and adjusted by APRA for the Australian context, to contribute to the transparency of financial markets and to enhance market discipline.

The revised standard is first applicable for the Bank's March 2025 Pillar 3 Report.

Amounts are presented in Australian dollars and have been rounded to the nearest million dollars ($m) except where indicated.

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 is 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 deposits. The Bank continues to provide deposit products to customers, including household, investors, farmers, corporates, and government entities (such as universities and local councils).

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

Accountable Person Attestation

The Chief Financial Officer, an Accountable Person of Rabobank Australia Limited, attests that the information presented in this Pillar 3 report has been prepared to meet its disclosure requirements set out in APRA's prudential standard APS330 Public Disclosure and has been prepared in accordance with our board-approved policy on disclosure controls and prudential disclosures.

David Mu
Chief Financial Officer

21 May 2025

2. Overview of risk management, key prudential metrics and risk-weighted assets

2.1. KM1 Key metrics

KM1: Key metrics (at consolidated group level)

		a	b	c	d	e
		31 March 2025	**31 December 2024**	**30 September 2024**	**30 June 2024**	**31 March 2024**
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	3,340	3,290	3,249	3,167	3,147
1a	Fully loaded ECL accounting model CET1	3,340	3,290	3,249	3,167	3,147
2	Tier 1	3,340	3,290	3,249	3,167	3,147
2a	Fully loaded ECL accounting model Tier 1	3,340	3,290	3,249	3,167	3,147
3	Total capital	3,382	3,329	*3,290*	3,207	3,184
3a	Fully loaded ECL accounting model total capital	3,382	3,329	3,290	3,207	3,184
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	22,608	21,894	22,542	22,696	21,473
4a	Total risk-weighted assets (pre-floor)	22,608	21,894	22,542	22,696	21,473
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	14.77%	15.03%	14.41%	13.95%	14.65%
5a	Fully loaded ECL accounting model CET1 (%)	14.77%	15.03%	14.41%	13.95%	14.65%
5b	CET1 ratio (%) (pre-floor ratio)	14.77%	15.03%	14.41%	13.95%	14.65%
6	Tier 1 ratio (%)	14.77%	15.03%	14.41%	13.95%	14.65%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.77%	15.03%	14.41%	13.95%	14.65%
6b	Tier 1 ratio (%) (pre-floor ratio)	14.77%	15.03%	14.41%	13.95%	14.65%
7	Total capital ratio (%)	14.96%	15.20%	14.59%	14.13%	14.83%
7a	Fully loaded ECL accounting model total capital ratio (%)	14.96%	15.20%	14.59%	14.13%	14.83%
7b	Total capital ratio (%) (pre-floor ratio)	14.96%	15.20%	14.59%	14.13%	14.83%
	Additional CET1 buffer requirements as a percentage					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	1.00%	1.00%	1.00%	1.00%	1.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0%	0%	0%	0%	0%
11	Total of bank CET1 specific buffer requirements (%)(row 8 + row 9 + row 10)	3.50%	3.50%	3.50%	3.50%	3.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)*	6.96%	7.20%	6.59%	6.13%	6.83%

* CET1 available after meeting the bank's minimum capital requirements is calculated as CET1 ratio of the bank, less the minimum CET1 capital requirement (4.5%) and any shortfall in meeting the Tier 1 and Total capital minimum requirements, as defined by BCBS. Comparative information has been realigned to the BCBS methodology.

KM1: Key metrics (at consolidated group level)		a	b	c	d	e
		31 March 2025	**31 December 2024**	**30 September 2024**	**30 June 2024**	**31 March 2024**
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	N/A	N/A	N/A	N/A	N/A
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	N/A	N/A	N/A	N/A	N/A
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	N/A	N/A	N/A	N/A	N/A
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	N/A	N/A	N/A	N/A	N/A
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	N/A	N/A	N/A	N/A	N/A
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	N/A	N/A	N/A	N/A	N/A
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	2,836	2,281	2,175	2,142	2,163
16	Total net cash outflow	1,971	1,720	1,648	1,625	1,663
17	LCR ratio (%)	143.9%	132.7%	132.2%	131.9%	130.2%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	21,498	20,625	21,171	21,745	20,075
19	Total required stable funding	18,580	17,798	18,729	19,229	17,794
20	NSFR ratio	115.70%	115.89%	113.04%	113.08%	112.82%

On 31 March 2025, the CET1 ratio amounted to 14.77% which is well above the minimum prudential capital requirement. In the March quarter, the CET1 ratio decreased by 0.26% from 15.03% as at 31 December 2024 to 14.77%. This was mainly due to assets growth in the year.

The liquidity coverage ratio, and the net stable funding ratio are well above the minimum requirements. The Bank's average LCR for the quarter increased to 143.9% compared to 132.7% for the quarter ended 31 March 2025. The increase of LCR ratio was mainly impacted by an increase in holdings of liquid assets, partially offset by an increase in net cash outflows.

The Bank's NSFR ratio slightly decrease from 115.89% as at 31 December 2024 to 115.70% as at 31 March 2025. The decrease is mainly due to increase of Required Stable Funding (RSF) which is partially offset by increase of Available Stable Funding (ASF). The increase of ASF is mainly driven by increase of intragroup funding and deposit growth from Retail and SME. The increase of RSF is mainly driven by the loan growth.

2.2. OV1 Overview of risk-weighted assets (RWA)

OV1: Overview of RWA		a	b	c
		RWA		Minimum capital requirement[1]
		31 March 2025	31 December 2024	31 March 2025
1	Credit risk (excluding counterparty credit risk)	21,582	20,930	1,727
2	Of which: standardised approach (SA)	21,582	20,930	1,727
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	90	86	7
7	Of which: standardised approach for counterparty credit risk	90	86	7
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	100	100	8
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	-	-	-
12	Equity investments in funds – look-through approach	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which: securitisation IRB approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	0	1	0
21	Of which: standardised approach (SA)	0	1	0
22	Of which: internal model approach (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	836	777	67
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
26	Output floor applied	-	-	N/A
27	Floor adjustment (before application of transitional cap)	-	-	N/A
28	Floor adjustment (after application of transitional cap)	-	-	N/A
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	22,608	21,894	1,809

1. Minimum capital requirement in accordance with APS110 Capital Adequacy 8% of RWA

Credit risk RWA increased by AUD 652mln due to loan growth during the quarter ended 31 March 2025. The customer drawings was in line with the agribusiness production cycle.

3. Credit valuation adjustment risk

3.1. General qualitative disclosure requirements related to CVA

The Bank calculate its credit valuation adjustment (CVA) risk capital charge for the risk of mark-to-market losses on the expected counterparty credit risk (CVA loss) for all bilateral OTC derivatives. The CVA risk capital charge is calculated using the CVA approach outlined in Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk. The CVA capital charge is AUD 8mln as at 31 March 2025.

4. Liquidity

4.1. LIQ1 Liquidity Coverage Ratio (LCR)

The Bank manages its 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 increase from 132.7% to 143.9% compared to the quarter ended 31 December 2024, which continues to be above the regulatory minimum of 100%. The ratio compared to the quarter ended 31 December 2024 was mainly impacted by an increase in holdings of liquid assets, partially 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) and Australian Semi-Government and Commonwealth Government securities. The increase in liquid assets is mainly driven by an increase of cash balances with the RBA and Government securities held during the quarter, from the proceeds of later than usual seasonal loan repayments.

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. The increase in cash outflow is mainly driven by an increase in outflows from retail deposit during the quarter due to an overall increase in retail deposits, and also average contingent funding obligations increased over the quarter primarily due to increase of new commitments to business loans. In addition, there is an overall decrease in cash inflows from cash at other banks during the quarter. The Bank has a diversified funding base aimed at reducing concentrations on funding source, tenor, and outflow risk. The Bank 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 Cooperatieve Rabobank U.A. (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.

LIQ1: Liquidity Coverage Ratio (LCR)

		31 March 2025		31 December 2024	
		Total unweighted value (average)*	**Total weighted value** (average)**	**Total unweighted value** (average)*	**Total weighted value** (average)**
	High-quality liquid assets				
1	Total HQLA		2,836		2,281
2	Alternative liquid assets (ALA)		-		-
3	Reserve bank of New Zealand (RBNZ) securities		-		-
	Cash outflows				
4	**Retail deposits and deposits from small business customers, of which:**	7,395	1,370	7,258	1,364
5	Stable deposits	2,078	104	2,005	100
6	Less stable deposits	5,317	1,266	5,253	1,264
7	**Unsecured wholesale funding, of which:**	1,162	726	957	598
8	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
9	Non-operational deposits (all counterparties)	1,162	726	957	598

LIQ1: Liquidity Coverage Ratio (LCR)

		31 March 2025		31 December 2024	
		Total unweighted value (average)*	**Total weighted value** (average)**	**Total unweighted value** (average)*	**Total weighted value** (average)**
10	Unsecured debt	-	-		
11	**Secured wholesale funding**		-		-
12	**Additional requirements, of which:**	6,369	477	5,648	434
13	Outflows related to derivative exposures and other collateral requirements	5	5	5	5
14	Outflows related to loss of funding on debt products	-	-	-	-
15	Credit and liquidity facilities	3,479	303	3,140	274
16	**Other contractual funding obligations**	**-**	**-**	-	-
17	**Other contingent funding obligations**	2,885	169	2,503	155
18	**TOTAL CASH OUTFLOWS**		2,573		2,396
	Cash inflows				
19	**Secured lending (eg reverse repos)**	**-**	**-**	-	-
20	**Inflows from fully performing exposures**	649	590	740	665
21	Other cash inflows	12	12	11	11
22	**TOTAL CASH INFLOWS**	662	602	751	676
	Total adjusted value				
23	**Total HQLA**		2,836		2,281
24	**Total net cash outflows**		1,971		1,720
25	**Liquidity Coverage Ratio (%)**		143.9		132.7

**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)

MAR 2025