



Rabobank

# Pillar 3 – Capital Adequacy and Risk Disclosures Quarterly Update

**Rabobank Australia Limited**  
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[www.rabobank.com.au](http://www.rabobank.com.au)

*Quarterly Update as at 30 June 2016*

## 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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| <b>Table 3: Capital Adequacy (Risk Weighted Equivalent)</b>                 |                     |                      |
|---|---------------------|----------------------|
|   | <b>30 June 2016</b> | <b>31 March 2016</b> |
| <b>Credit Risk Subject to Standardised approach</b>                         | AUD mln             | AUD mln              |
| Corporate*  | 14,929.2            | 13,915.7             |
| Government  | –                   | –                    |
| Bank  | 117.7               | 114.1                |
| Residential mortgage  | 67.6                | 69.8                 |
| Other retail  | –                   | –                    |
| Other   | –                   | –                    |
| <b>Total capital requirement subject to standardised approach</b>           | <b>15,114.5</b>     | <b>14,099.6</b>      |
| <b>Credit risk capital requirement relating to securitisation exposures</b> | <b>–</b>            | <b>–</b>             |
| <b>Market risk minimum capital requirement</b>                              | <b>4.3</b>          | <b>4.1</b>           |
| <b>Operational risk minimum capital requirement</b>                         | <b>1,044.0</b>      | <b>1,018.0</b>       |
| <b>Total RWA and capital requirement</b>                                    | <b>16,162.8</b>     | <b>15,121.7</b>      |
| <b>Capital ratios (%)</b>   |                     |                      |
| Common Equity Tier 1 capital Ratio  | 11.42%              | 11.91%               |
| Tier 1 Capital Ratio  | 11.42%              | 11.91%               |
| Total Capital Ratio   | 12.92%              | 13.52%               |

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

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| Table 4: Credit risk  |                       |                               |                       |                               |
|---|-----------------------|-------------------------------|-----------------------|-------------------------------|
| Exposure Type   | 30 June 2016          |                               | 31 March 2016         |                               |
|   | 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  | 672.2                 | 620.3                         | 568.3                 | 618.6                         |
| Trading securities  | –                     | –                             | –                     | –                             |
| Investment securities   | 1,529.4               | 1,696.4                       | 1,863.4               | 1,787.9                       |
| Due from other financial institutions                                       | 249.1                 | 149.0                         | 48.9                  | 56.1                          |
| Loans and advances  | 14,977.8              | 14,446.8                      | 13,915.8              | 13,706.6                      |
| Acceptances   | –                     | –                             | –                     | –                             |
| Derivatives*  | 27.6                  | 21.9                          | 16.1                  | 22.3                          |
| Contingent liabilities, commitments, and other off-balance sheet exposures* | 106.1                 | 108.1                         | 110.0                 | 93.4                          |
| Other assets  | –                     | –                             | –                     | –                             |
| <b>Total exposures</b>  | <b>17,562.2</b>       | <b>17,042.5</b>               | <b>16,522.5</b>       | <b>16,284.9</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**                                 | 14,933.4              | 14,399.2                      | 13,864.9              | 13,638.3                      |
| Government                                  | 1,529.4               | 1,696.4                       | 1,863.4               | 1,787.9                       |
| Bank  | 931.7                 | 777.1                         | 622.4                 | 685.1                         |
| Residential Mortgage                        | 167.7                 | 169.8                         | 171.8                 | 173.6                         |
| Other retail                                | –                     | –                             | –                     | –                             |
| Other                                       | –                     | –                             | –                     | –                             |
| <b>Total exposures</b>                      | <b>17,562.2</b>       | <b>17,042.5</b>               | <b>16,522.5</b>       | <b>16,284.9</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.

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

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**Table 4: Credit risk (continued)**

| <b>Portfolios subject to Standardised approach as at 30 June 2016</b> | <b>Impaired loans</b><br>AUD mln | <b>Past due loans &gt;= 90 days**</b><br>AUD mln | <b>Specific provision balance</b><br>AUD mln | <b>Charges for specific provision</b><br>AUD mln | <b>Write-offs</b><br>AUD mln |
|---|----------------------------------|--|--|--|------------------------------|
| Corporate*  | 122.8                            | 200.0  | 68.7   | (0.2)  | 1.9                          |
| Government  | –                                | –  | –  | –  | –                            |
| Bank  | –                                | –  | –  | –  | –                            |
| Residential Mortgage  | –                                | –  | –  | –  | –                            |
| Other retail  | –                                | –  | –  | –  | –                            |
| Other   | –                                | –  | –  | –  | –                            |
| <b>Total</b>  | <b>122.8</b>                     | <b>200.0</b>                                     | <b>68.7</b>                                  | <b>(0.2)</b>                                     | <b>1.9</b>                   |

| <b>Portfolios subject to Standardised approach as at 31 March 2016</b> | <b>Impaired loans</b><br>AUD mln | <b>Past due loans &gt;= 90 days**</b><br>AUD mln | <b>Specific provision balance</b><br>AUD mln | <b>Charges for specific provision</b><br>AUD mln | <b>Write-offs</b><br>AUD mln |
|--|----------------------------------|--|--|--|------------------------------|
| Corporate*   | 192.1                            | 303.4  | 70.8   | 2.3  | 4.5                          |
| Government   | –                                | –  | –  | –  | –                            |
| Bank   | –                                | –  | –  | –  | –                            |
| Residential Mortgage   | –                                | –  | –  | –  | –                            |
| Other retail   | –                                | –  | –  | –  | –                            |
| Other  | –                                | –  | –  | –  | –                            |
| <b>Total</b>   | <b>192.1</b>                     | <b>303.4</b>                                     | <b>70.8</b>                                  | <b>2.3</b>                                       | <b>4.5</b>                   |

| <b>Balance</b>                           | <b>30 June 2016</b><br>AUD mln | <b>31 March 2016</b><br>AUD mln |
|--|--------------------------------|---------------------------------|
| <b>General reserve for credit losses</b> | <b>103.3</b>                   | <b>105.5</b>                    |

\* 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 June 2016 or March 2016 quarters.

| Securitisation Exposure<br>– Underlying asset type | 30 June 2016                   |                                      | 31 March 2016                  |                                      |
|--|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|
|  | Total Exposures<br>Securitized | Recognised Gain<br>or (Loss) on sale | Total Exposures<br>Securitized | Recognised Gain<br>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<br>Exposure –<br>Securitisation facility<br>type | 30 June 2016                                      |  |  | 31 March 2016                                     |  |  |
|---|---|--|--|---|--|--|
|   | On-Balance<br>Sheet<br>Securitisation<br>Retained | On-Balance<br>Sheet<br>Securitisation<br>Purchased | Off-Balance<br>Sheet<br>Securitisation<br>Exposure | On-Balance<br>Sheet<br>Securitisation<br>Retained | On-Balance<br>Sheet<br>Securitisation<br>Purchased | Off-Balance<br>Sheet<br>Securitisation<br>Exposure |
|   | AUD mln   | AUD mln  | AUD mln  | AUD mln   | AUD mln  | AUD mln  |
| Securities  | –   | –  | –  | –   | –  | –  |
| Liquidity support<br>facilities                                 | –   | –  | –  | –   | –  | –  |
| Funding facilities  | –   | –  | –  | –   | –  | –  |
| Warehouse facilities  | –   | –  | –  | –   | –  | –  |
| Lending facilities  | –   | –  | –  | –   | –  | –  |
| Other commitments<br>and credit<br>enhancements                 | –   | –  | –  | –   | –  | –  |
| Derivative transactions   | –   | –  | –  | –   | –  | –  |
| Underwriting facilities   | –   | –  | –  | –   | –  | –  |
| Other   | –   | –  | –  | –   | –  | –  |
| <b>Total</b>  | –   | –  | –  | –   | –  | –  |

