

ABOUT RURAL BANK AND THE FINANCIAL CLAIMS SCHEME

Your questions answered

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| <p>How well is Rural Bank performing?</p> | <p>Rural Bank has delivered a consistently strong positive financial performance since it was established in June 2000.</p> <p>Rural Bank is largely funded by retail deposits (95%), maintains a strong asset base, and continues to adopt strict investment guidelines for its liquid investments. The combination of its deep knowledge of the rural sector and prudent financial management has served Rural Bank well.</p> <p>Rural Bank's 2010 financial results demonstrate the strength of the Bank, with:</p> <ul style="list-style-type: none"> › Record after tax profit of \$55.4m (up 23% on 2009) › Return on average equity of 16.8% › Total assets of \$4.24bn and loans under management of \$3.67bn › Total deposits of \$3.62bn › 10 years of continual positive financial returns <p>In Dec 2010, Rural Bank became 100% owned by Bendigo and Adelaide Bank and Rural Banks results are now consolidated into Bendigo Banks overall results.</p> |
| <p>Is Rural Bank regulated?</p> | <p>Yes. Rural Bank Limited (RBL), like all Australian Banks, is licensed as an Authorised Deposit taking Institution (ADI).</p> <p>Rural Bank is regulated by the Australian Prudential Regulation Authority (APRA). APRA supervises institutions holding approximately \$3 trillion in assets for 21 million Australian depositors, policyholders and superannuation fund members.</p> <p>APRA sets and enforces stringent prudential standards designed to ensure ADI's meet their obligations to depositors. The standards set by APRA on ADIs include establishing minimum requirements in relation to the following:</p> <ul style="list-style-type: none"> › governance arrangements › financial reporting › internal and external audit arrangements › risk management › liquid assets and liquidity management › capital adequacy and capital management <p>ADIs must comply with APRA prudential standards at all times and are subject to ongoing supervisory oversight by APRA.</p> |
| <p>How safe is Rural Bank?</p> | <p>Rural Bank has delivered a consistently strong financial performance since it was established in June 2000. Since its inception, Rural Bank has been providing specialised banking services and products to rural Australia and has maintained its conservative approach to financial management.</p> <p>Rural Bank is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited and exists to provide an efficient and cost-effective delivery of investment and financial products to rural and regional Australia.</p> <p>Rural Bank's balance sheet has proven resilient during times of drought and economic volatility. RBL does not hold any sub-prime mortgages or any other 'toxic' and/or complex structured assets and has successfully avoided these assets.</p> |

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| <p>What about the Financial Claims Scheme (also known as the Deposit Guarantee)?</p> | <p>On 12 October 2008, the Federal Government introduced the Financial Claims Scheme (also known as the Federal Government Deposit Guarantee). This scheme guaranteed bank customers' deposits up to \$1 million.</p> <p>On 11 September 2011, the Federal Government revised the \$1m cap, lowering it to \$250,000. The \$250,000 cap will be applied per person, per institution, and protect the savings held in around 99 per cent of Australian deposit accounts in full.</p> <p>The FCS applies to all authorised deposit-taking institutions (including credit unions, building societies and banks) in Australia which take deposits.</p> <p>All deposits with Rural Bank are covered by the Australian Government Financial Claims Scheme*.</p> |
| <p>Are Rural Bank products covered by the Financial Claims Scheme?</p> | <p>Yes. Rural Bank is an approved Authorised Deposit Taking Institution (ADI). As such, all deposits held with Rural Bank up to \$250,000 will be covered by the FCS from 1 February 2012. In the interim, all deposits up to \$1 million will be covered.</p> |
| <p>Does the performance of Elders affect Rural Bank?</p> | <p>No. Rural Bank is regulated by APRA and must meet strict regulatory guidelines of disclosure and performance.</p> <p>The Bank is a wholly owned subsidiary of Bendigo and Adelaide Bank Ltd with its own Board, management, staff and operations.</p> <p>Whilst Rural Bank operates in rural and regional Australia and utilises the Elders network to distribute its products, they are separate companies.</p> |
| <p>Can my financial advisor contact Rural Bank?</p> | <p>If you, your financial advisor or accountant would like to discuss any aspect of Rural Bank's business, they are welcome to give us a call – on ph 1300 660 115.</p> |

Need more information

To find out more about Rural Bank Limited, visit www.ruralbank.com.au, call our Customer Service Centre on 1300 660 115 or email service@ruralbank.com.au

*Deposits with Rural Bank are covered by the Financial Claims Scheme. The account holder may be entitled to payment under the Financial Claims Scheme. Payments under the Scheme are subject to a limit for each depositor. Information about the Financial Claims Scheme can be obtained from the APRA website at <http://www.apra.gov.au> and the APRA hotline on 1300 55 88 49.

This information has been prepared without taking into account your personal circumstances, objectives, financial situation or needs. Terms, conditions, fees, charges and lending criteria may apply. Full details are available on application or by phoning our Customer Service Centre on 1300 660 115, online at www.ruralbank.com.au or by visiting your local branch. All information is subject to change. Products are issued by Rural Bank Limited and distributed by Elders Rural Services Limited. Rural Bank Limited ABN 74 083 938 416 AFSL 238042. Registered office: Level 1, 27 Currie Street, Adelaide SA 5000.

For more details on the Financial Claims Scheme visit <http://www.apra.gov.au>