

RURAL BANK LIMITED
APS 330: Public Disclosure
Millions to one decimal place

Rural Bank is applying the Basel III regulatory adjustments in full as implemented by APRA. The capital disclosures detailed in the Common Disclosure template below represent the post 1 January 2018 Basel III common disclosure requirements.

Common Disclosure Template as at June 30th 2018

Common Equity Tier 1 Capital: Instruments & Reserves		A\$m	Source
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	370.6	a
2	Retained Earnings	362.3	b
3	Accumulated other comprehensive income (and other reserves)	- 0.6	c+d
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	732.3	
Common Equity Tier 1 Capital: Regulatory Adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage servicing rights	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash-flow hedge reserve	- 0.6	c+d
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit superannuation fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage service rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	11.5	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	-	

26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	-	
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	6.0	e
26f	of which: capitalised expenses	5.5	sum of f to i
26g	of which: investments in commercial (non-financial entities that are deducted under APRA prudential requirements)	0.00	
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 cover deductions	-	
28	Total regulatory adjustments to Common Equity Tier 1	10.9	
29	Common Equity Tier 1 Capital (CET1)	721.4	
Additional Tier 1 Capital: Instruments			
30	Directly issued qualifying Additional Tier 1 instruments	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	Additional Tier 1 Capital before regulatory adjustments	-	
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	-	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a to 41b	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	-	
45	Tier 1 Capital (T1=CET1+AT1)	721.4	
Tier 2 Capital: Instruments and Provisions			
46	Directly issued qualifying Tier 2 instruments	-	
47	Directly issued capital instruments subject to phase out from Tier 2	10.0	o
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	

50	Provisions	21.0	m+n
51	Tier 2 Capital before regulatory adjustments	31.0	
Tier 2 Capital: Regulatory Adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
55	Significant investments in the Tier 2 capital banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	-	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 56a and 56b	-	
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	31.0	
59	Total capital (TC=T1+T2)	752.4	
60	Total risk-weighted assets based on APRA standards	5,115.2	
Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.10%	
62	Tier 1 (as a percentage of risk-weighted assets)	14.10%	
63	Total capital (as a percentage of risk-weighted assets)	14.71%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: ADI-specific countercyclical buffer requirements	0.00%	
67	of which: G-SIB bugger requirement (not applicable)	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	7.10%	
National Minima (if different to Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
70	National Tier 1 minimum ratio (if different from Basel III minimum)		
71	National total capital minimum ratio (if different from Basel III minimum)		
Amount Below Thresholds For Deductions (Not Risk-Weighted)			
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the ordinary shares of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable Caps on the Inclusion of Provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	21.0	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A	

Capital Instruments Subject to Phase-out Arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	10.0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Entities Excluded from the Regulatory Scope of Consolidation

The legal entities included within the accounting scope of consolidation, but excluded from the regulatory consolidated group are detailed below:

Entity Name	Total Assets	\$m	Total Liabilities	\$m
1. Property Development				
TDCC Holdings Pty Ltd		0.5		3.2
TDCC Developments No 1 Pty Ltd		0.5		0.5
TDCC Developments No 2 Pty Ltd		0.7		0.7
TDCC Developments No 3 Pty Ltd		0.5		0.5
TDCC Developments No 4 Pty Ltd		0.5		0.5
TDCC Developments No 5 Pty Ltd		0.5		0.5
TDCC Developments No 6 Pty Ltd		0.1		0.1
TDCC Developments No 7 Pty Ltd		0.3		0.3
TDCC Developments No 8 Pty Ltd		0.1		0.1
TDCC Developments No 9 Pty Ltd		0.1		0.1
TDCC Developments No 10 Pty Ltd		0.1		0.1
TDCC Developments No 11 Pty Ltd		0.0		0.0
TDCC Developments No 12 Pty Ltd		1.6		1.6
TDCC Developments No 13 Pty Ltd		0.1		0.1
TDCC Developments No 14 Pty Ltd		0.1		0.1

Common Disclosure Template Reconciliation as at June 30th 2018

The following table provides details on the Rural Bank Limited Consolidated Balance Sheet and the Regulatory Balance Sheet

	Consolidated Balance Sheet as Published in Financial Statements \$m	Under Regulatory Scope of Consolidation \$m	Reference
ASSETS			
Cash and cash equivalents	71.5	71.5	
Due from other financial institutions	-	0.0	
Available for sale investments	159.5	159.5	
Held to maturity investments	357.9	357.9	
Loans and other receivables	4,378.6	4,378.6	
<i>of which: Provisions eligible for inclusion in Tier 2 Capital</i>		1.8	n
<i>of which: Loan and Lease Origination Fees and Commissions (Capitalised Expenses)</i>		4.1	f
Derivatives	0.1	0.1	
Other assets	116.4	116.4	
<i>of which: Capitalised Expenses associated with debt raisings</i>		0.0	g
<i>of which: Other Capitalised Expenses</i>		0.5	i
Inventory	5.3	-	
Amounts receivable from controlled entities	0.0	8.2	
Intangibles	0.9	0.9	
<i>of which: Capitalised Information technology software costs</i>		0.9	h
Plant and equipment	1.2	1.2	
Deferred tax assets	6.0	6.0	
<i>of which: Deferred tax assets in excess of deferred tax liabilities</i>		6.0	e
TOTAL ASSETS	5,097.5	5,100.3	
LIABILITIES			
Due to other financial institutions	18.5	18.5	
Deposits	4,037.7	4,037.7	
Other payables	243.9	243.9	
Notes payable	23.6	23.6	
Derivatives	0.9	0.9	
Income tax payable	11.4	11.5	
Provision for employee benefits	3.3	3.3	
Deferred tax liabilities	-	0.0	
Subordinated capital notes	10.0	10.0	j



of which: Eligible for inclusion in tier 2 capital (post haircut) 10.0 o
of which: Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) - k
of which: Amount ineligible for inclusion in tier 2 capital - l

TOTAL LIABILITIES	4,349.4	4,349.5
NET ASSETS	748.1	750.9

EQUITY

Contributed equity	370.6	370.6
of which: eligible for inclusion in CET1	370.6	370.6 a
Retained earnings	359.5	362.3
of which: retained earnings and current year earnings	359.5	362.3 b
Reserves	17.9	17.9
of which: Gains/(Losses) on effective cash flow hedges	- 0.6 -	0.6 c
of which: Unrealised Gains/(Losses) on AFS Items	0.0	0.0 d
of which: General Reserves for Credit Losses eligible for inclusion in Tier 2 capital	-	- m
TOTAL EQUITY	748.1	750.8

Main Features of Capital Instruments as at June 30th 2018

Disclosure Template for Main Features of Regulatory Capital Instruments		
	Subordinated Debt Tranche 30	Ordinary Shares
1 Issuer	Rural Bank Limited	Rural Bank Limited
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	AU3FN0010856	N/A
3 Governing law(s) of the instrument	Victoria	South Australia
<i>Regulatory Treatment</i>		
4 Transitional Basel III rules	Tier 2	Common Equity Tier 1
5 Post-transitional Basel III rules	Tier 2	Common Equity Tier 1
6 Eligible at solo/group/group & solo	Solo	Solo
7 Instrument type (ordinary shares/preference shares/subordinated notes/other)	Subordinated Notes	Ordinary Shares
8 Amount recognised in Regulatory Capital (currency in mil, as of most recent reporting date)	10.00	370.64
9 Par value of instrument	10.00	355.90
10 Accounting classification	Liability - Amortised Cost	Shareholder's Equity
11 Original date of issuance	22/06/2010	N/A
12 Perpetual or dated	Dated	Perpetual
13 Original maturity date	22/06/2020	No Maturity
14 Issuer call subject to prior supervisory approval	No	No
15 Optional call date, contingent call dates and redemption amount	Date of Call Option: N/A, Contingent Call Dates: Yes - Regulatory, Redemption Price: \$10,000,000.00	N/A
16 Subsequent call dates, if applicable	N/A	N/A
<i>Coupons/dividends</i>		
17 Fixed or floating dividend/coupon	Floating	N/A
	The rate (expressed as a percentage per annum and rounded to two (2) decimal places) which is the average 3 month Bank Bill Reference Rate as quoted at approximately 10.30am Sydney time on page "BBSW" on the Reuters Screen on the first day of that Interest Period, and the margin 4.25%	Currently 0%
18 Coupon rate and any related index		
19 Existence of dividend stopper	N/A	N/A
20 Fully discretionary, partially discretionary or mandatory	Mandatory	Fully Discretionary
21 Existence of step up or other incentive to redeem	No	N/A
22 Noncumulative or cumulative	Non-Cumulative	N/A
23 Convertible or non-convertible	Nonconvertible	Nonconvertible
24 If convertible, conversion trigger (s)	N/A	N/A
25 If convertible, fully or partially	N/A	N/A
26 If convertible, conversion rate	N/A	N/A
27 If convertible, mandatory or optional conversion	N/A	N/A
28 If convertible, specify instrument type convertible into	N/A	N/A
29 If convertible, specify issuer of instrument it converts into	N/A	N/A
30 Write-down feature	No	No
31 If write-down, write-down trigger(s)	N/A	N/A
32 If write-down, full or partial	N/A	N/A
33 If write-down, permanent or temporary	N/A	N/A
34 If temporary write-down, description of write-up mechanism	N/A	N/A
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to Senior Notes	Subordinated Debt
36 Non-compliant transitioned features	No	No
37 If yes, specify non-compliant features	N/A	N/A

Capital Adequacy as at June 30th 2018

Ref	Item Description	Value \$m
(a)	Capital requirements (in terms of risk-weighted assets) for credit risk (Excluding Securitisation) by portfolio:	
	Claims Secured by Residential Mortgage	145.8
	Other Retail	3,719.8
	Corporate	587.2
	Banks	189.3
	Government	-
	All Other	180.1
	Securitisation	-
(b)	Capital requirements (in terms of risk-weighted assets) for equity exposures in the IRB approach	N/A
(c)	Capital requirements (in terms of risk-weighted assets) for Market Risk	-
(d)	Capital requirements (in terms of risk-weighted assets) for Operational Risk	293.0
(e)	Capital requirements (in terms of risk-weighted assets) for Interest Rate Risk in the Banking Book	N/A
(f)	Total Capital Ratio	14.71%
	Common Equity Tier 1 Capital Ratio	14.10%
	Tier 1 Capital Ratio	14.10%

Credit Risk as at June 30th 2018

Referenc	Item Description	Jun 2018 Quarter	Mar 2018 Quarter	Average
(a)	Total gross credit risk exposures (excluding securitisation exposures) by major type of credit exposure			
(i)	Loans - net of interest rate groups	4,341.3	4,018.9	4,180.1
	Commitments	45.4	78.2	61.8
	Other non-market off balance sheet exposures	30.8	32.8	31.8
	Debt Securities	536.6	528.5	532.5
	Over-the-counter derivatives	1.5	1.3	1.4
	All Other	210.7	198.5	204.6
(ii)	Total gross credit risk exposures (excluding securitisation exposures) broken down by portfolio			
	Claims secured by residential mortgage	178.1	166.9	172.5
	Other Retail	3,708.3	3,427.7	3,568.0
	Corporate	513.1	517.4	515.2
	Banks	556.0	547.8	551.9
	Government	-	-	-
	All Other	210.7	198.5	204.6
(b)	Amount of impaired facilities by portfolio:			
(i)	Claims secured by residential mortgage	-		
	Other Retail	12.0		
	Corporate	69.1		
	Banks	-		
	Government	-		
	All Other	-		
	Amount of past due facilities by portfolio:			
	Claims secured by residential mortgage	-		
	Other Retail	12.3		
	Corporate	92.9		
	Banks	-		
	Government	-		
	All Other	-		
(ii)	Specific provisions, by portfolio:			
	Claims secured by residential mortgage	-		
	Other Retail	1.3		
	Corporate	10.6		
	Banks	-		
	Government	-		
	All Other	-		

(iii)	Charges for specific provisions and write-offs during the period, by portfolio:	
	Claims secured by residential mortgage	-
	Other Retail	0.3
	Corporate	2.6
	Banks	-
	Government	-
	All Other	-
(c)	The general reserve for credit losses	21.0

Securitisation Exposures as at June 30th 2018

Referenc	Item Description	Jun 2018 Quarter	Mar 2018 Quarter
(a)	Summary of current period's of securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type:	Total exposures securitised	Recognised gain or loss on sale
	Residential Mortgage	-	-
	Credit Card and other Personal Loans	-	-
	Commercial Loans	-	-
	Other	-	-
(b)	Aggregate amount of total securitisation exposures retained or purchased:	On Balance Sheet	Off Balance Sheet
	Liquidity support facilities	-	-
	Derivative facilities	-	-
	Holdings of securities	-	-
	Other	-	-