

ABOUT RURAL BANK LIMITED (RBL)

Your questions answered

<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>RBL 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 an official subsidiary of Bendigo and Adelaide Bank Limited who own 60% of Rural Bank. Elders Limited is the remaining shareholder.</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> <p>Today, 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.</p>
<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, 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 2009 financial results demonstrate the strength of the Bank with:</p> <ul style="list-style-type: none"> > record after tax profit of \$45.1m (up 10% on 2008) > return on average equity of 14.2% > Prudential Capital Ratio of 11.38% (with 7.86% Tier 1 capital) > total assets of \$4.37bn, including liquid assets of \$689m (up from \$654m in 2008) > loans under management of \$3.68bn > gross non-performing loans 1.09% > total deposits of \$3.75bn

<p>What about the Deposit Guarantee?</p>	<p>In October 2008, the Federal Government introduced a guarantee for term and at call deposit holders that have their deposits with an approved Authorised Deposit-taking Institution (ADI). Rural Bank is an ADI and is covered under the scheme.</p> <p>Rural Bank Limited is in a strong financial position and is a safe and suitable organisation for deposit funds.</p> <p>For deposits less than \$1 million:</p> <ul style="list-style-type: none"> > Deposits under \$1m continuing to be covered by the government scheme. > The Australian Government will keep this policy in place for the time being, with a review due in October 2011 <p>For deposits greater than \$1 million (large deposits):</p> <ul style="list-style-type: none"> > For large deposits (>\$1million), customers must pay a fee (set by the Australian Government) to have their deposits covered by the guarantee. As of 31 March 2010, this portion of the scheme was closed to new entrants. > For customers who have already taken up the guarantee: <ul style="list-style-type: none"> • Fixed term products (eg term deposits) - the guarantee will remain in place until it matures. • At-call products - the guarantee will remain valid until October 2015.
<p>Are Rural Bank products covered by the Financial Claims Scheme?</p>	<p>Yes. Rural Bank is an approved ADI. Therefore, all deposits up to \$1 million with Rural Bank are currently eligible and qualify for the Financial Claims Scheme. The Australian Government will review this provision in October 2011.</p>
<p>Does the performance of Elders affect Rural Bank?</p>	<p>No. Rural Bank is a bank and is regulated by APRA and must meet strict regulatory guidelines of disclosure and performance.</p> <p>The Bank is an official subsidiary of Bendigo and Adelaide Bank Ltd (60% ownership) with Elders Limited holding the remaining 40% of the ownership.</p> <p>Rural Bank is a separate company to Elders with its own Board, management, staff and operations.</p> <p>Importantly, Rural Bank is not reliant on Elders for its funding and does not hold investments in Elders. Similarly, the financial performance of Elders has no material impact on the performance of Rural Bank Limited.</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 or 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 or call our Customer Service Centre on 1300 660 115 or via email to service@ruralbank.com.au

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.