



Rabobank

Disclosure Statement

For the nine months ended 30 September 2011

Rabobank New Zealand Limited

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Contents

General Disclosures	1-5
Directors' Statement	6
Interim Consolidated Financial Statements Contents	7
Interim Consolidated Financial Statements	8-20

General information and definitions

The information contained in this Disclosure Statement is as required by section 81 of the Reserve Bank of New Zealand Act 1989 and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 3) 2011 ("Order").

In this Disclosure Statement, unless the context otherwise requires:

- "Rabobank Nederland" refers to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., incorporated in The Netherlands.
- "Registered Bank" refers to Rabobank New Zealand Limited.
- "Banking Group" refers to the Registered Bank and its subsidiary Rabo Securities and Investments (NZ) Limited. On 26 August 2011 Rabo Securities and Investments (NZ) Limited was voluntarily removed from the register of companies and thereby, on that date, ceased to be a member of the Banking Group.

General matters

Composition of the board of directors

There has been a change in the composition of the Registered Bank's board of directors since 31 December 2010. Erich Fraunschiel resigned as a director of the Registered Bank with effect on 20 July 2011.

Signing of the disclosure statement

Benjamin Russell, General Manager New Zealand, has signed this Disclosure Statement on behalf of the following directors:

- William Patrick Gurry (Chairman)
- Roelof Jan Dekker
- Theodorus Henny Lambertus Johannes Maria Gieskes
- Bernardus Jacobus Marttin
- John Leonard Palmer
- Jan Alexander Pruijs
- David Welsford Smithers

Credit ratings

The Registered Bank has the following general credit rating applicable to its long term senior unsecured obligations, including obligations payable in New Zealand, in New Zealand dollars.

Rating Agency	Current Credit Rating
Standard & Poor's	AAA

Guarantee arrangements

Material obligations of the Registered Bank are guaranteed as at the date its directors signed this Disclosure Statement.

Details of guarantor

The name and New Zealand address for service of the guarantor are:

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
Level 23
157 Lambton Quay
Wellington
New Zealand

Rabobank Nederland is not a member of the Banking Group.

Rabobank Nederland has the following credit ratings applicable to its long term senior unsecured obligations payable in the currency of its incorporation (The Netherlands).

Rating Agency	Current Credit Rating
Standard & Poor's	AAA
Moody's	Aaa
Fitch	AA+

Details of guaranteed obligations

18 February 1998 to 17 February 2008

For the period 18 February 1998 to 17 February 2008 ("the First Period"), the obligations of the Registered Bank were guaranteed pursuant to a deed of guarantee dated 18 February 1998 (as amended by an amending deed dated 19 February 1998) by Rabobank Nederland in favour of Permanent Trustee Company Limited (the "Trustee") as trustee for the creditors of the Registered Bank (the "First Guarantee").

Whilst the First Guarantee expired on 17 February 2008 all obligations incurred by the Registered Bank during the First Period will continue to be covered by the First Guarantee until those obligations are repaid.

18 February 2008 to 17 February 2010

For the period 18 February 2008 to 17 February 2010 ("the Second Period"), the obligations of the Registered Bank were guaranteed pursuant to a deed of guarantee dated 6 February 2008 by Rabobank Nederland in favour of the creditors of the Registered Bank (the "Second Guarantee").

Whilst the Second Guarantee expired on 17 February 2010, all obligations incurred by the Registered Bank during the Second Period will continue to be covered by the Second Guarantee until those obligations are repaid.

18 February 2010 to 17 February 2012

For the period 18 February 2010 to 17 February 2012 ("the Current Period"), the obligations of the Registered Bank are guaranteed pursuant to a deed of guarantee dated 1 September 2009 by Rabobank Nederland in favour of the creditors of the Registered Bank (the "Current Guarantee").

The Current Guarantee will expire on 17 February 2012 and all obligations incurred by the Registered Bank during the Current Period will be covered by the Current Guarantee until those obligations are repaid.

There are no limits on the amount of the obligations guaranteed under the Current Guarantee. There are no material conditions applicable to the Current Guarantee other than non-performance by the principal obligator.

There are no material legislative or regulatory restrictions in the Netherlands which would have the effect of subordinating the claims under the Current Guarantee of any of the creditors of the Registered Bank on the assets of Rabobank Nederland, to other claims on Rabobank Nederland, in a winding up of Rabobank Nederland.

Further information about the guarantees

The Registered Bank's most recent full year disclosure statement contains further information about the above guarantees, including copies of them. The Registered Bank's most recent full year disclosure statement is available immediately, if the request is made at the Registered Bank's head office, or within five working days if a request is made at any branch or agency of the Registered Bank. Alternatively, it can also be accessed at the Registered Bank's internet address www.rabobank.co.nz.

Material cross guarantee

No material obligations of the Registered Bank are guaranteed under a cross guarantee arrangement.

Insurance business

The Banking Group does not conduct any insurance business.

Pending proceedings or arbitration

There are no pending legal proceedings or arbitration concerning any member of the Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Registered Bank or the Banking Group.

Risk management policies

There has been no material change in the Banking Group's policies for managing credit, currency, interest rate, liquidity, operational, and other material business risks. Similarly the Banking Group has not become exposed to a new category of risk in the period since 30 June 2011.

The Banking Group does not take any equity risk.

Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products

The Banking Group has no involvement in the origination of securitised assets, the marketing or servicing of securitisation schemes or the marketing and distribution of insurance products.

Since 30 June 2011, there has been no material change in the nature of the Banking Group's involvement in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities, or in any arrangements which have been put in place to ensure that difficulties arising from those activities would not impact adversely on the Banking Group.

Over the nine months accounting period ended 30 September 2011, no services have been provided, other than on arm's length terms and conditions and at fair value, by the Banking Group to any entity involved in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities.

Over the nine months accounting period ended 30 September 2011, no assets have been purchased, other than on arms length terms and conditions and at fair value, by the Banking Group from any entity involved in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities.

Other material matters

There have been no matters relating to the business or affairs of the Registered Bank and the Banking Group that:

- (i) are not contained elsewhere in the Disclosure Statement; and
- (ii) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Registered Bank or any member of the Banking Group is the issuer.

Auditor for the Registered Bank

Mr Andrew Price
C/- Ernst & Young
680 George Street
Sydney NSW 2000
Australia

Conditions of registration

The Conditions of Registration for the Registered Bank were updated with effect from 1 July 2011 to reflect the release by the Reserve Bank of New Zealand of the revised BS8: Connected Exposures.

The Conditions of Registration were further updated with effect on 30 September 2011 to re-define "insurance business" and to otherwise amend the condition relating to any insurance business.

The Registered Bank has not complied with all its Conditions of Registration in the nine months period ended 30 September 2011. The non-compliance relates to the requirement contained in Condition 7 that no appointment of an executive who reports or is accountable directly to the Registered Bank's chief executive officer is made unless the Reserve Bank has been supplied with certain information about the proposed appointee and has advised that it has no objection to the appointment. The Registered Bank has been non-compliant with that requirement since the requirement was introduced on 1 July 2004.

Normal conditions of registration that do not apply

The Registered Bank is not subject to the following conditions of registration that would normally apply to New Zealand incorporated registered banks because its obligations are fully, irrevocably and unconditionally guaranteed by the parent entity (Rabobank Nederland) with a AAA credit rating from a Reserve Bank approved rating agency:

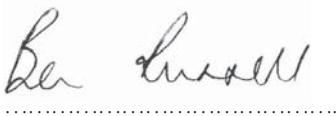
- That the Registered Bank has at least two independent directors on its board;
- That the chairperson of the Registered Bank's board is not an employee of the Registered Bank; and
- That the Registered Bank's constitution does not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the Registered Bank.

Directors' Statement

After due enquiry, each director believes that:

- (i) as at the date on which the Disclosure Statement is signed:
 - The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No. 3) 2011; and
 - The Disclosure Statement is not false or misleading; and
- (ii) over the nine months accounting period:
 - The Registered Bank has not complied with all Conditions of Registration that applied during that period – see the disclosure above under the heading Conditions of Registration;
 - Credit exposures to connected persons (if any) were not contrary to the interests of the Banking Group; and
 - The Registered Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied (the Registered Bank does not have any equity risk, and therefore neither has nor requires any system to monitor or control equity risk).

Signed by Benjamin Russell, General Manager New Zealand, under an authority from each of the directors.



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Benjamin Russell
Dated: 18 November 2011

Contents

Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Condensed Statement of Cash Flows	11
Notes to the Interim Financial Statements	12-20

Rabobank New Zealand Limited
Statement of Comprehensive Income

		Bank		
		Unaudited	Unaudited	Audited
		9 months to	9 months to	Year to
		30/9/2011	30/9/2010	31/12/2010
Note		\$000	\$000	\$000
	Interest income	368,589	368,310	499,157
	Interest expense	(220,292)	(221,819)	(296,418)
	Net interest income	148,297	146,491	202,739
	Other revenue	1,358	1,703	1,899
	Other operating gains / (losses)	(5,771)	633	7,786
	Total non-interest income / (loss)	(4,413)	2,336	9,685
	Total net operating income	143,884	148,827	212,424
	Operating expenses	(66,131)	(56,678)	(78,365)
	Release of provision for risk	-	9,597	9,597
	Impairment losses on loans and advances	(24,071)	(29,624)	(34,707)
	Profit before income tax	53,682	72,122	108,949
	Income tax expense	(15,079)	(24,363)	(36,960)
	Profit after income tax	38,603	47,759	71,989
	Other comprehensive income after tax	-	-	-
	Total comprehensive income after tax	38,603	47,759	71,989
	Attributable to:			
	Members of the Bank	38,603	47,759	71,989
		38,603	47,759	71,989

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Rabobank New Zealand Limited
Statement of Financial Position

		Bank		
	Note	Unaudited 9 months to 30/9/2011 \$000	Unaudited 9 months to 30/9/2010 \$000	Audited Year to 31/12/2010 \$000
Assets				
Due from other financial institutions		17,294	1,180	69,077
Derivative financial instruments		9,442	7,134	7,451
Loans and advances	5	7,728,874	7,012,498	7,034,671
Due from related entities	7	131,493	9,363	5,377
Other assets		16,642	19,736	10,330
Net deferred tax assets		57,509	50,819	49,268
Property, plant and equipment		1,853	2,146	1,950
Intangible assets		6	-	7
Total assets		7,963,113	7,102,876	7,178,131
Liabilities				
Due to other financial institutions		130,110	1,040	146
Deposits	8	3,079,904	2,500,265	2,675,864
Derivative financial instruments		9,063	5,045	4,578
Due to related entities	9	3,733,108	3,656,551	3,517,111
Subordinated debt	10	300,000	300,000	300,000
Current tax payable		-	-	9,591
Creditors and accruals		32,248	23,669	30,976
Provisions		1,632	2,091	1,420
Total liabilities		7,286,065	6,488,661	6,539,686
Net assets		677,048	614,215	638,445
Equity				
Contributed equity	11	341,200	341,200	341,200
Retained earnings		335,848	273,015	297,245
Total equity		677,048	614,215	638,445

The above statement of financial position should be read in conjunction with the accompanying notes.

Rabobank New Zealand Limited
Statement of Changes in Equity

Rabobank

	Bank			
	Contributed equity \$000	Retained earnings \$000	Reserves \$000	Total \$000
Total equity at 1 January 2010	41,200	225,256	-	266,456
Ordinary Share Capital issued during the year	300,000	-	-	300,000
Total comprehensive income after tax	-	47,759	-	47,759
Total equity at 30 September 2010 (Unaudited)	341,200	273,015	-	614,215
Total equity at 1 January 2010	41,200	225,256	-	266,456
Ordinary Share Capital issued during the year	300,000	-	-	300,000
Total comprehensive income after tax	-	71,989	-	71,989
Total equity at 31 December 2010 (Audited)	341,200	297,245	-	638,445
Total equity at 1 January 2011	341,200	297,245	-	638,445
Total comprehensive income after tax	-	38,603	-	38,603
Total equity at 30 September 2011 (Unaudited)	341,200	335,848	-	677,048

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows

	Note	Bank		
		Unaudited 9 months to 30/9/2011 \$000	Unaudited 9 months to 30/9/2010 \$000	Audited Year to 30/12/2010 \$000
Cash flows from operating activities				
Interest received		357,112	366,382	493,716
Interest paid		(223,979)	(212,945)	(281,111)
Other cash inflows provided by operating activities		1,358	1,702	1,702
Other cash outflows used in operating activities		(78,052)	(79,742)	(77,420)
Cash flows from operating activities before changes in operating assets and liabilities		56,439	75,397	136,887
Net changes in operating assets and liabilities		(237,730)	(677,252)	(669,951)
Net cash flow (used in) / provided by operating activities	14	(181,291)	(601,855)	(533,064)
Cash flows from investing activities				
Cash inflows provided by investing activities		42	76	76
Cash outflows used in investing activities		(498)	(15)	(15)
Net cash flow (used in) / provided by investing activities		(456)	61	61
Cash flows from financing activities				
Issuance of subordinated debt		-	300,000	300,000
Issue of share capital		-	300,000	300,000
Net cash flow provided by / (used in) financing activities		-	600,000	600,000
Net (decrease) / increase in cash and cash equivalents for the period / year		(181,747)	(1,794)	66,997
Cash and cash equivalents at the beginning of the period / year		68,931	1,934	1,934
Cash and cash equivalents at the end of the period / year		(112,816)	140	68,931
Cash and cash equivalents at the end of the period / year comprise:				
Cash at other financial institutions		17,294	1,180	69,077
Bank overdraft		(130,110)	(1,040)	(146)
Cash and cash equivalents at the end of the period / year		(112,816)	140	68,931

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Statement of accounting policies

(a) Reporting entity and statement of compliance

Rabobank New Zealand Limited (the 'Bank') is domiciled in New Zealand. The interim financial statements of the Bank are presented as at and for the nine months ended 30 September 2011. The Bank primarily is involved in the provision of secured loans predominantly to borrowers in the rural industry and the raising of retail deposits. There were no significant changes during the nine month period in the nature of the activities of the Bank.

These interim financial statements have been prepared and presented in accordance with the Order and the Reserve Bank Act.

These interim financial statements have been prepared in accordance with the requirements of the New Zealand equivalent to International Accounting Standard ('NZ IAS') 34 Interim Financial Reporting and should be read in conjunction with the Bank's financial statements for the year ended 31 December 2010.

(b) Basis of measurement

These interim financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The going concern concept and the accrual basis of accounting have been adopted.

The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(c) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies. In preparing these interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2010.

(d) Principal accounting policies

There have been no material changes in accounting policies during the interim financial period. The accounting policies used in the preparation of these interim financial statements are consistent with the accounting policies used in the preparation of the Bank's financial statements for the year ended 31 December 2010.

The Bank's operations are not subject to seasonality.

(e) Functional and presentation currency

Unless otherwise indicated, all amounts are expressed in New Zealand dollars (NZD), the functional and presentation currency of the operations of the entities in the Bank, as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Bank. All financial information presented in NZD has been rounded to the nearest thousand unless otherwise stated.

(f) Subsidiaries

On 26 August 2011, Rabo Securities and Investments (NZ) Limited, a dormant subsidiary of the Bank, was removed from the New Zealand Companies Office register.

Notes to the Interim Financial Statements

2 Other revenue

Lending and credit facility related fee income
Other income
Total other revenue

	Bank		
	Unaudited	Unaudited	Audited
	9 months to 30/9/2011 \$000	9 months to 30/9/2010 \$000	Year to 31/12/2010 \$000
Lending and credit facility related fee income	671	1,346	1,551
Other income	687	357	348
Total other revenue	1,358	1,703	1,899

3 Other operating gains / (losses)

Net trading gains / (losses) on derivatives
Gains / (losses) on disposal of property, plant and equipment
Foreign exchange gains / (losses)
Total other operating gains / (losses)

Net trading gains / (losses) on derivatives	(6,028)	65	7,210
Gains / (losses) on disposal of property, plant and equipment	42	57	76
Foreign exchange gains / (losses)	215	511	500
Total other operating gains / (losses)	(5,771)	633	7,786

4 Impairment losses on loans and advances

Collective provisions
Specific provisions
Bad debt recovery
Total impairment losses on loans and advances

Collective provisions	(448)	619	1,118
Specific provisions	24,519	29,030	33,614
Bad debt recovery	-	(25)	(25)
Total impairment losses on loans and advances	24,071	29,624	34,707

5 Loans and advances

Overdrafts
Term loans
Finance leases
Gross loans and advances
Provisions for doubtful debts:
 Collective
 Specific
Total net loans and advances

Overdrafts	6,323,674	5,444,898	5,507,651
Term loans	1,511,302	1,667,129	1,627,850
Finance leases	31,332	33,821	33,415
Gross loans and advances	7,866,308	7,145,848	7,168,916
Provisions for doubtful debts:			
Collective	(17,654)	(17,603)	(18,101)
Specific	(119,780)	(115,747)	(116,144)
Total net loans and advances	7,728,874	7,012,498	7,034,671

6 Asset quality**As at 30/9/2011 (unaudited)**

Individually impaired assets
Loans that are at least 90 days past due but not impaired
Specific provision
Collective provision

	Bank			
	Residential mortgages	Corporate exposures	Retail exposures	Total
	\$000	\$000	\$000	\$000
Individually impaired assets	-	-	392,734	392,734
Loans that are at least 90 days past due but not impaired	-	-	54,090	54,090
Specific provision	-	-	119,780	119,780
Collective provision	-	-	17,654	17,654

	Bank		
	Unaudited 9 months to 30/9/2011 \$000	Unaudited 9 months to 30/9/2010 \$000	Audited Year to 31/12/2010 \$000
7 Due from related entities			
Debit current account balances - wholly owned group*	117,374	2	2
Short term advances - wholly owned group*	14,118	9,361	5,375
Accrued interest receivable - wholly owned group*	1	-	-
Total due from related entities	131,493	9,363	5,377

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 19 for further information on related party disclosures.

8 Deposits

RaboDirect* deposits	2,728,281	2,190,412	2,326,219
Other deposits	351,623	309,853	349,645
Total deposits	3,079,904	2,500,265	2,675,864

* On 15 August 2010 Raboplus was renamed "RaboDirect".

9 Due to related entities

Credit current account balances - wholly owned group*	46,455	320,835	340,073
Short term advances - wholly owned group*	3,666,582	3,310,414	3,152,843
Accrued interest payable - wholly owned group*	20,071	25,302	24,195
Total due to related entities	3,733,108	3,656,551	3,517,111

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 19 for further information on related party disclosures.

10 Subordinated debt

Due to wholly owned group	300,000	300,000	300,000
Total subordinated debt	300,000	300,000	300,000

The subordinated debt due to wholly owned group comprises of perpetual subordinated debt with a principal amount of NZ\$300,000,000. The subordinated debt is subordinated in rights of payment in the event of liquidation or wind up to the claims of depositors and all creditors of the Bank. The perpetual subordinated debt qualifies as Upper Level Tier Two Capital for capital adequacy purposes. Refer to note 19 for further information on related party disclosures.

11 Contributed equity

Ordinary share capital	341,200	341,200	341,200
Total contributed equity	341,200	341,200	341,200

Total paid up capital comprises 170,600,000 ordinary shares fully paid ranking equally as to dividends and voting rights and rights to share in any surplus on winding up. Each share was issued at \$2 and has no par value. There was a capital injection on the 11th August 2010, whereby the Bank issued 150,000,000 ordinary shares at a value of \$2 per share.

Notes to the Interim Financial Statements

12 Contingent liabilities

The Bank is party to financial instruments with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers and in managing its own risk profile. These financial instruments include commitments to extend credit, facilities, financial guarantees, and standby letters of credit. The Bank's exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract or notional amount of those instruments. However, some commitments to extend credit and provide underwriting facilities can be cancelled or revoked at any time at the Bank's option. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The following table shows the maximum amount payable for the following contingent liabilities.

	Bank		
	Unaudited 9 months to 30/9/2011 \$000	Unaudited 9 months to 30/9/2010 \$000	Audited Year to 31/12/2010 \$000
Guarantees	17,783	9,035	10,773
Lending commitments	687,712	509,220	524,965
	705,495	518,255	535,738

Guarantees represent conditional undertakings by the Bank to support the financial obligations of its customers to third parties. Lending commitments include the Bank's obligations to provide lending facilities which remain undrawn at balance date.

13 Expenditure Commitments**(a) Capital expenditure commitments**

Estimated capital expenditure contracted for at balance date, but not provided for, payable:

One year or less	980	4,017	5,051
Between one and two years	1,650	-	-
	2,630	4,017	5,051

(b) Operating lease commitments

One year or less	3,779	1,928	2,807
Between one and two years	2,816	1,770	1,891
Between two and five years	3,938	1,077	1,135
Over five years	3,889	-	-
Total operating lease commitments	14,422	4,775	5,833

Lease arrangements entered into by the Bank are for the purpose of accommodating the Bank's needs. These include operating lease arrangements over premises, motor vehicles used by staff in conducting business and office equipment such as photocopiers and printers.

14 Reconciliation of profit after tax to net cash flow from operating activities

	Bank		
	Unaudited 9 months to 30/9/2011 \$000	Unaudited 9 months to 30/9/2010 \$000	Audited Year to 31/12/2010 \$000
Net profit after tax	38,603	47,759	71,989
Non-cash items	45,711	50,268	66,651
Deferrals or accruals of past or future operating cash receipts or payments	(265,605)	(699,882)	(671,704)
Other items	-	-	-
Net cash flow provided by / (used in) operating activities	(181,291)	(601,855)	(533,064)

15 Liquidity

The liquidity risk analysis for financial assets and financial liabilities presents the contractual undiscounted cash flows receivable and payable (principal and interest), and is based on the remaining contractual maturity as at the reporting date.

The total balances in the table below may not agree to the statement of financial position as the table incorporates all cash flows on an undiscounted basis, which include both principal and associated future interest income/expense accruals.

Maturity analysis of financial assets and financial liabilities by contractual maturity based on undiscounted cash flows (principal and interest)

	Bank as at 30 September 2011 (Unaudited)						
	Total \$000	On Demand \$000	Less than 6 months \$000	6-12 months \$000	12-24 months \$000	24-60 months \$000	Over 60 months \$000
Financial assets							
Due from other financial institutions	17,294	17,294	-	-	-	-	-
Derivative financial instruments	9,442	-	1,981	-	5,503	982	976
Loans and advances	12,429,892	-	682,886	660,229	971,410	1,570,367	8,545,000
Due from related entities	131,526	117,460	14,066	-	-	-	-
Other financial assets*	8,686	-	8,686	-	-	-	-
Total undiscounted financial assets	12,596,840	134,754	707,619	660,229	976,913	1,571,349	8,545,976
Financial liabilities							
Due to other financial institutions	130,110	130,110	-	-	-	-	-
Deposits	3,103,197	1,787,325	1,023,257	178,302	73,000	41,313	-
Derivative financial instruments	9,063	-	1,602	-	5,503	982	976
Due to related entities	3,857,596	46,454	1,865,575	735,992	1,092,584	106,733	10,258
Subordinated debt	766,278	-	8,631	8,679	17,357	51,930	679,681
Creditors and accruals	32,248	-	32,248	-	-	-	-
Total undiscounted financial liabilities	7,898,492	1,963,889	2,931,313	922,973	1,188,444	200,958	690,915

*Other financial assets consist of interest receivable, sundry debtors and GST receivable.

16 Concentration of credit exposures to individual counterparties

	Bank	
	Unaudited	
	30/9/2011	
	As at	Peak for the quarter
Bank counterparties:		
Percentage of shareholders' equity		
10-15%	-	-
15-20%	-	-
20-25%	-	-
Non-bank counterparties:		
Percentage of shareholders' equity		
10-15%	1	1
15-20%	1	1
20-25%	-	-
25-30%	-	-
30-35%	-	-
35-40%	-	-
40-45%	1	1

All non-bank counterparties included in the preceding table do not have a long-term credit rating.

Credit exposure is calculated on the basis of actual exposure net of individual credit impairment provision and excludes credit exposures to connected persons; credit exposures to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent; and credit exposures to any bank with a long-term credit rating of A- or A3 or above, or its equivalent.

The peak end-of-day credit exposure is measured by taking the maximum end-of-day aggregate credit exposure during the quarter and dividing it by the Bank's equity as at the end of the quarter.

The information on credit exposure to connected persons has been derived in accordance with Rabobank New Zealand Limited's Conditions of Registration and is net of individual credit impairment provision, excluding advances of a capital nature and gross of set-offs.

The Bank has no individual credit impairment provision provided against credit exposures to connected persons as at the balance date.

17 Capital adequacy under the Basel II standardised approach**(a) Capital**

	Bank Unaudited 30/9/2011 \$000
As at 30 September 2011 (unaudited)	
Tier one capital (before deductions)	663,462
Less : deductions from tier one capital	(34,188)
Plus: other adjustments to tier one capital	-
Total tier one capital (net of all deductions and adjustments)	629,274
Tier two capital	313,586
Deductions from tier two capital and other adjustments	-
Total tier two capital	313,586
Total of tier one capital and tier two capital	942,860
Capital	942,860

The above balances are derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated October 2010.

(b) Pillar 1 capital requirements

	Bank Unaudited Pillar one capital requirement \$000
As at 30 September 2011 (unaudited)	
On-balance sheet credit risk:	
Residential mortgages (including past due)	-
Corporate	-
Claims on banks	-
Other*	-
Other**	2,104
Other ***	2,332
Other ****	614,864
Non-risk weighted assets *****	-
Total on-balance sheet credit risk	619,300
Other capital requirements:	
Off-balance sheet credit exposures	10,783
Operational risk	36,969
Market risk	21,340
Total other capital requirements	69,092
Total Pillar 1 capital requirement	688,392

* Other assets that have been risk weighted at 0% represent income tax receivable and GST receivable.

** Other assets risk weighted at 20% comprise of related party loans.

*** Other assets that have been risk weighted at 50% comprise of loans and advances related to residential mortgage with LVR of 85%.

**** Other assets that have been risk weighted at 100% comprise of loans and advances, finance leases, property plant and equipment, sundry debtors and accrued interest receivable.

***** Non-risk weighted assets relate to net deferred tax assets and derivative assets.

Notes to the Interim Financial Statements

(c) Residential mortgages

Residential mortgages by loan-to-valuation ratio ("LVR")

As at 30/9/2011 (unaudited)

LVR range

Does not exceed 80%

Exceeds 80% and not 90%

Exceeds 90%

Total

Bank		
Drawn amounts \$000	Undrawn amounts \$000	Total \$000
-	-	-
58,299	11,763	70,062
-	-	-
58,299	11,763	70,062

(d) Capital ratios

As at period end (Unaudited)

Tier one capital ratio

Total capital ratio

Bank	
Unaudited	
30/9/2011	30/9/2010
%	%
7.31%	29.2%
10.96%	43.9%

The above ratios are derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated October 2010.

As a result of a request for change in the Conditions of Registration by the Reserve Bank of New Zealand, additional capital was injected into the Bank before the change became effective in October 2010 which resulted in significantly higher Tier 1 capital as at September 2010.

(e) Pillar 2 capital for other material risks

As at period end

Internal capital allocation for other material risks

Bank	
Unaudited	
30/9/2011	30/9/2010
\$000	\$000
34,420	8,170

The Pillar 2 risks that the Bank has identified are described below:

- i) Reputation Risk: The risk of potential damage to the Bank due to deterioration of reputation.
- ii) Transfer Risk: The risk that funds in foreign currencies cannot be transferred out of a country. The risk relates to specific explicit government restrictions or simply depleted foreign exchange funds in the non-industrial countries.
- iii) Strategic/Business Risks: The impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.
- iv) Human Resources Risk: Lack of availability of appropriately skilled and motivated people to undertake the Bank's activities including health, safety and staff action/disputes.
- v) Tax Risk: Risk arising from adverse changes in relevant taxation laws, failure to correctly identify implications of existing taxation laws or breaches of tax laws.
- vi) Legal Risk: Risk arising from legal proceedings or failure to legally enforce a contractual arrangement relating to the Bank's activities.
- vii) Liquidity risk: Risk that the Bank fails to have sufficient liquidity to meet obligations as they fall due across a wide range of operating circumstances.

The Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation. However, consistent with the Bank's ICAAP and the Bank's prudent capital management, it believes that 5% of Pillar 1 capital for Pillar 2 would provide sufficient capital given the current risk profile.

The Bank will review this allocation methodology every reporting period in line with industry practice as this area evolves over time.

18 Additional information on statement of financial position

	Bank
	Unaudited
	30/9/2011
	\$000
Total interest earning and discount bearing assets	7,760,143
Total interest and discount bearing liabilities	7,159,757
Financial assets pledged as collateral	Nil

19 Related party disclosures

The Bank's parent entity is Rabobank International Holding B.V. The ultimate controlling party is Rabobank Nederland. Both the parent entity and the ultimate controlling entity are incorporated in the Netherlands. Dealings with the parent and ultimate controlling entity include funding, deposits and derivative transactions.

(a) Transactions with related parties

The Bank enters into a number of transactions with other related entities within the Rabobank Group of entities, but mainly with the Australia and New Zealand Branches of Rabobank Nederland.

These include funding, deposits and derivative transactions. The amounts of principal and interest due from and due to related parties are included in the statement of comprehensive income, statement of financial position and the accompanying notes for those balances.

All transactions with related parties are made in the ordinary course of business on normal terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash (Interest is not charged on current account of related parties).

Refer to notes 7, 9 and 10 for details on transactions with related parties.

For the period ended 30 September 2011, the Bank has not made any provision for impairment relating to amounts owed by related parties as the payment history has been excellent (30 September 2010: Nil; 31 December 2010: Nil).

Refer to the general disclosures section of this disclosure statement for details on all related party guarantee arrangements.

20 Subsequent events

The Directors are not aware of any event or circumstances since the end of the period not otherwise dealt with in this report that has or may significantly affect the operations of the Bank, the results of those operations or the state of affairs of the Bank in subsequent financial years.

21 Dividend

No dividend was proposed or paid by the Bank for 2011 (2010:Nil).

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