



Rabobank

# Disclosure Statement

*For the three months ended 31 March 2012*

Rabobank New Zealand Limited

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## 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 2012 ("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" and "Banking Group" refers to Rabobank New Zealand Limited. On 26 August 2011 Rabo Securities and Investments (NZ) Limited, a dormant subsidiary of the Registered Bank, was voluntarily removed from the register of companies and thereby, on that date, ceased to be a member of the Banking Group. Therefore, as from 26 August 2011, the Banking Group comprised solely of the Registered Bank.

## General matters

### Composition of the board of directors

There have been changes in the composition of the Registered Bank's Board of directors and the Board Risk, Audit and Compliance Committee (BRACC) since 31 December 2011, which are outlined below:

On 5 March 2012 Roelof Jan Dekker retired as a director and member of the BRACC.

On 23 March 2012 the following changes occurred in the composition of the board and BRACC:

- John Leonard Palmer was appointed as the chairman of the board replacing William Patrick Gurry (who remains a director);
- David Welsford Smithers retired as a director and member of the BRACC;
- Sir Henricus (Henry) Wilhelmus van der Heyden was appointed a director and member of the BRACC; and
- Anne Bernadette Brennan was appointed as chairperson of the BRACC.

### Signing of the disclosure statement

Benjamin Russell, Chief Executive Officer of the Registered Bank, has signed this Disclosure Statement on behalf of the following directors:

- John Leonard Palmer (Chairman)
- William Patrick Gurry
- Theodorus Henry Lambertus Johannes Maria Gieskes
- Bernardus Jacobus Marttin
- Jan Alexander Pruijs
- Anne Bernadette Brennan
- Sir Henry Wilhelmus van der Heyden

## 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	AA (credit watch negative)

## 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	AA (credit watch negative)
Moody's	Aaa (negative outlook)
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 Third 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 "Third Guarantee").

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

#### 18 February 2012 to 17 February 2013

For the period 18 February 2012 to 17 February 2013 (“the Current Period”), the obligations of the Registered Bank will be guaranteed pursuant to a deed of guarantee dated 19 October 2011 by Rabobank Nederland in favour of the creditors of the Registered Bank (the “Current Guarantee”).

The Current Guarantee will expire on 17 February 2013 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. 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](http://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 31 December 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 31 December 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 three months accounting period ended 31 March 2012, 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 three months accounting period ended 31 March 2012, 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 Harmer  
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 28 March 2012 to include two new conditions relating to liquidity risk management (effective 1 July 2012) and to amend a reference to the date of the "Current Guarantee" (as defined under *Details of guaranteed obligations* above).

The Registered Bank has not complied with all its Conditions of Registration in the three months period ended 31 March 2012. There has been only one type of non-compliance, which was rectified before the end of March 2012. 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 2012; and
- The Disclosure Statement is not false or misleading; and

(ii) over the three 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, Chief Executive Officer, under an authority from each of the directors



Benjamin Russell  
Dated: 8 May 2012



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## Statement of Comprehensive Income

		Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
Interest income		128,111	121,621	498,246
Interest expense		(71,911)	(72,269)	(293,222)
<b>Net interest income</b>		56,200	49,352	205,024
Other income	2	372	162	1,522
Other operating gains / (losses)	3	38	(6,524)	(5,642)
<b>Total non-interest income / (loss)</b>		410	(6,362)	(4,120)
<b>Total net operating income</b>		56,610	42,990	200,904
Operating expenses		(23,025)	(19,623)	(93,157)
Impairment losses on loans and advances	4	(6,256)	(4,911)	(32,772)
<b>Profit before income tax</b>		27,329	18,456	74,975
Income tax expense		(7,668)	(5,183)	(21,127)
<b>Profit after income tax</b>		19,661	13,273	53,848
Other comprehensive income after tax		-	-	-
<b>Total comprehensive income after tax</b>		19,661	13,273	53,848
<b>Attributable to:</b>				
Members of the Registered Bank		19,661	13,273	53,848
		19,661	13,273	53,848

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

**Rabobank New Zealand Limited**  
**Statement of Financial Position**

	Note	Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
<b>Assets</b>				
Due from other financial institutions		5,540	199,133	21,995
Derivative financial instruments		7,532	7,892	8,257
Loans and advances	5	7,818,828	7,081,580	7,758,379
Due from related entities	7	24,009	7,645	3,292
Other assets		13,123	11,852	13,454
Net deferred tax assets		59,706	51,132	57,032
Property, plant and equipment		3,725	1,776	3,948
Intangible assets		363	7	184
<b>Total assets</b>		<b>7,932,826</b>	<b>7,361,017</b>	<b>7,866,541</b>
<b>Liabilities</b>				
Due to other financial institutions		3,736	39,103	2,553
Derivative financial instruments		7,532	7,367	8,270
Deposits	8	2,861,003	3,224,608	2,964,779
Due to related entities	9	4,023,394	3,101,005	3,858,315
Subordinated debt	10	300,000	300,000	300,000
Current tax payable		702	8,224	3,077
Other liabilities		22,846	27,523	35,585
Provisions		1,659	1,469	1,669
<b>Total liabilities</b>		<b>7,220,872</b>	<b>6,709,299</b>	<b>7,174,248</b>
<b>Net assets</b>		<b>711,954</b>	<b>651,718</b>	<b>692,293</b>
<b>Equity</b>				
Contributed equity	11	341,200	341,200	341,200
Retained earnings		370,754	310,518	351,093
<b>Total equity</b>		<b>711,954</b>	<b>651,718</b>	<b>692,293</b>

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

	Contributed equity \$000	Retained earnings \$000	Reserves \$000	Total \$000
Total equity at 1 January 2011	341,200	297,245	-	638,445
Total comprehensive income after tax	-	13,273	-	13,273
Total equity at 31 March 2011 (Unaudited)	341,200	310,518	-	651,718
Total equity at 1 January 2011	341,200	297,245	-	638,445
Total comprehensive income after tax	-	53,848	-	53,848
Total equity at 31 December 2011 (Audited)	341,200	351,093	-	692,293
Total equity at 1 January 2012	341,200	351,093	-	692,293
Total comprehensive income after tax	-	19,661	-	19,661
Total equity at 31 March 2012 (Unaudited)	341,200	370,754	-	711,954

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

## Condensed Statement of Cash Flows

	Note	Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
<b>Cash flows from operating activities</b>				
Interest received		124,460	118,037	483,277
Interest paid		(84,491)	(76,492)	(289,268)
Other cash inflows provided by operating activities		372	162	1,591
Other cash outflows used in operating activities		(35,471)	(36,415)	(132,109)
Cash flows from operating activities before changes in operating assets and liabilities		4,870	5,292	63,491
Net changes in operating assets and liabilities		(83,936)	(50,181)	(739,487)
Net cash flow (used in) / provided by operating activities	14	(79,066)	(44,889)	(675,996)
<b>Cash flows from investing activities</b>				
Cash inflows provided by investing activities		30	8	76
Cash outflows used in investing activities		(204)	(19)	(3,000)
Net cash flow (used in) / provided by investing activities		(174)	(11)	(2,924)
<b>Cash flows from financing activities</b>				
Net changes in financing liabilities		61,602	135,999	629,431
Net cash flow provided by / (used in) financing activities		61,602	135,999	629,431
<b>Net (decrease) / increase in cash and cash equivalents for the period / year</b>		(17,638)	91,099	(49,489)
Cash and cash equivalents at the beginning of the period / year		19,442	68,931	68,931
Cash and cash equivalents at the end of the period / year		1,804	160,030	19,442
<b>Cash and cash equivalents at the end of the period / year comprise:</b>				
Cash at other financial institutions		5,540	199,133	21,995
Bank overdraft		(3,736)	(39,103)	(2,553)
<b>Cash and cash equivalents at the end of the period / year</b>		1,804	160,030	19,442

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 'Registered Bank') is domiciled in New Zealand. The interim financial statements of the Registered Bank are presented as at and for the three months ended 31 March 2012. The Registered 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 three month period in the nature of the activities of the Registered Bank.

These interim financial statements have been prepared and presented in accordance with the Order and the Reserve Bank Act. In addition, these interim financial statements have been prepared in accordance with the requirements of the New Zealand equivalent to International Accounting Standards ('NZ IAS') 34 Interim Financial Reporting and should be read in conjunction with the Registered Bank's financial statements for the year ended 31 December 2011.

### (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 Registered 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 2011.

### (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 Registered Bank's financial statements for the year ended 31 December 2011.

The Registered 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 Registered Bank, as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Registered 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 ('RSINZL'), a dormant subsidiary of the Registered Bank, was removed from the New Zealand Companies Office register and thereby, on that date, ceased to be a member of the Banking Group.

## 2 Other income

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

Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
372	162	816
-	-	706
372	162	1,522

## 3 Other operating gains / (losses)

Net trading gains / (losses) on derivatives  
Gains / (losses) on disposal of leased assets  
Foreign exchange gains / (losses)  
Total other operating gains / (losses)

(87)	(6,455)	(5,876)
30	8	76
95	(77)	158
38	(6,524)	(5,642)

## 4 Impairment losses on loans and advances

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

-	-	9,659
6,256	4,911	23,182
-	-	(69)
6,256	4,911	32,772

## 5 Loans and advances

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

6,485,628	5,584,415	6,389,642
1,437,097	1,599,197	1,471,375
33,796	32,514	32,069
7,956,521	7,216,126	7,893,086
(27,760)	(18,102)	(27,760)
(109,933)	(116,444)	(106,947)
7,818,828	7,081,580	7,758,379

## 6 Asset quality

As at 31/3/2012 (unaudited)

### End-period balances

	Residential mortgages \$000	Corporate exposures \$000	Retail* exposures \$000	Total \$000
Individually impaired assets	-	-	391,490	391,490
Loans that are at least 90 days past due but not impaired	-	-	69,075	69,075
Specific provision	-	-	109,933	109,933
Collective provision	-	-	27,760	27,760

### Charges to the Statement of Comprehensive Income

Specific provision charges	-	-	6,256	6,256
Collective provision charges	-	-	-	-

\* Retail exposures include lending to rural clients together with all other lending to small and medium businesses.

Rabobank New Zealand Limited  
Notes to the Interim Financial Statements

	Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
<b>7 Due from related entities</b>			
Debit current account balances - wholly owned group*	61	2	2
Short term advances - wholly owned group*	23,944	7,643	3,290
Accrued interest receivable - wholly owned group*	4	-	-
Total due from related entities	24,009	7,645	3,292

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

**8 Deposits**

Call deposits	1,844,259	1,676,734	1,900,392
Term deposits	1,016,744	1,547,874	1,064,387
Total deposits	2,861,003	3,224,608	2,964,779

**9 Due to related entities**

Credit current account balances - wholly owned group*	71,195	402,791	61,145
Short term advances - wholly owned group*	3,927,615	2,677,380	3,772,287
Accrued interest payable - wholly owned group*	24,584	20,834	24,883
Total due to related entities	4,023,394	3,101,005	3,858,315

\* 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 Registered 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.



## 12 Contingent liabilities

The Registered 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 Registered 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 Registered Bank's option. The Registered 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.

	Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
Guarantees	12,770	7,032	17,751
Lending commitments	850,497	706,603	793,404
	863,267	713,635	811,155

Guarantees represent conditional undertakings by the Registered Bank to support the financial obligations of its customers to third parties. Lending commitments include the Registered Bank's obligations to provide funding 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	593	5,225	2,374
Between one and two years	1,647	-	-
	2,240	5,225	2,374

### (b) Operating lease commitments

One year or less	4,183	3,099	3,828
Between one and two years	2,988	1,971	2,984
Between two and five years	4,301	1,560	4,433
Over five years	4,407	-	4,068
Total operating lease commitments	15,879	6,630	15,313

Lease arrangements entered into by the Registered Bank are for the purpose of accommodating the Registered 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.

Rabobank New Zealand Limited  
Notes to the Interim Financial Statements



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

	Unaudited 3 months to 31/3/2012 \$000	Unaudited 3 months to 31/3/2011 \$000	Audited Year to 31/12/2011 \$000
Net profit after tax	19,661	13,273	53,848
Non-cash items	6,379	5,174	33,432
Deferrals or accruals of past or future operating cash receipts or payments	(105,106)	(63,336)	(763,276)
Other items	-	-	-
Net cash flow provided by / (used in) operating activities	(79,066)	(44,889)	(675,996)

15 Additional information on liquidity risk

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)

	As at 31 March 2012 (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
<b>Financial assets</b>							
Due from other financial institutions	5,540	5,540	-	-	-	-	-
Derivative financial instruments	7,532	-	746	257	160	6,369	-
Loans and advances	11,548,300	-	483,179	399,905	610,098	1,603,265	8,451,853
Due from related entities	24,061	-	24,061	-	-	-	-
Other financial assets*	9,705	-	9,705	-	-	-	-
Total undiscounted financial assets	11,595,138	5,540	517,691	400,162	610,258	1,609,634	8,451,853
<b>Financial liabilities</b>							
Due to other financial institutions	3,736	3,736	-	-	-	-	-
Derivative financial instruments	7,532	-	746	257	160	6,369	-
Deposits	2,887,781	1,844,259	618,759	273,937	68,527	82,299	-
Due to related entities	4,253,532	74,551	1,256,665	1,180,529	831,424	629,806	280,557
Subordinated debt	749,366	-	8,475	8,523	17,045	50,996	664,327
Other liabilities	22,846	-	22,846	-	-	-	-
Total undiscounted financial liabilities	7,924,793	1,922,546	1,907,491	1,463,246	917,156	769,470	944,884

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

16 Concentration of credit exposures to individual counterparties

	Unaudited 31/3/2012	
	As at	Peak for the quarter
<b>Bank counterparties:</b>		
Percentage of shareholders' equity		
10-15%	-	-
15-20%	-	-
20-25%	-	-
<b>Non-bank counterparties:</b>		
Percentage of shareholders' equity		
10-15%	1	1
15-20%	1	1
20-25%	-	-
25-30%	-	-
30-35%	-	-
35-40%	1	1
40-45%	-	-

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

Rabobank New Zealand Limited  
Notes to the Interim Financial Statements

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

	Unaudited 31/3/2012 \$000
Tier one capital (before deductions)	692,293
Less : deductions from tier one capital	(49,364)
Plus: other adjustments to tier one capital	-
<b>Total tier one capital (net of all deductions and adjustments)</b>	<b>642,929</b>
Tier two capital	319,661
Deductions from tier two capital and other adjustments	-
<b>Total tier two capital</b>	<b>319,661</b>
<b>Total of tier one capital and tier two capital</b>	<b>962,590</b>
<b>Capital</b>	<b>962,590</b>

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

	Unaudited Pillar one capital requirement \$000
<b>On-balance sheet credit risk:</b>	
Residential mortgages (including past due)	-
Corporate	-
Claims on banks	-
Other*	-
Other**	384
Other ***	2,436
Other ****	607,816
Other *****	21,210
Non-risk weighted assets *****	-
<b>Total on-balance sheet credit risk</b>	<b>631,846</b>
<b>Other capital requirements:</b>	
Off-balance sheet credit exposures	16,073
Operational risk	38,474
Market risk	16,790
<b>Total other capital requirements</b>	<b>71,337</b>
<b>Total Pillar 1 capital requirement</b>	<b>703,183</b>

\* 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.

\*\*\*\*\* Other assets that have been risk weighted at 150% comprise of loans and advances classified as more than 90 day past due assets, and impaired assets when the allowance for impairment for the loan is less than 20% of the outstanding amount of the loan.

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

**(c) Residential mortgages**

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

As at 31/3/2012 (unaudited)

LVR range

Does not exceed 80%

Exceeds 80% and not 90%

Exceeds 90%

Total

Drawn amounts \$000	Undrawn amounts \$000	Total \$000
-	-	-
60,910	10,133	71,043
-	-	-
60,910	10,133	71,043

**(d) Capital ratios**

As at period end (Unaudited)

Tier one capital ratio

Total capital ratio

Unaudited	
31/3/2012	31/3/2011
%	%
7.31%	7.74%
10.95%	11.56%

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.

**(e) Pillar 2 capital for other material risks**

As at period end

Internal capital allocation for other material risks

Unaudited	
31/3/2012	31/3/2011
\$000	\$000
35,159	31,428

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

- i) *Reputation Risk*: The risk of potential damage to the Registered 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 Registered 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 Registered Bank's activities.
- vii) *Liquidity risk*: Risk of inability to meet current financial obligations due to unplanned lack of liquid funds.

The Registered 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 Registered Bank's ICAAP and the Registered 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 Registered 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

	Unaudited 31/3/2012 \$000
Total interest earning and discount bearing assets	7,848,312
Total interest and discount bearing liabilities	7,090,296
Financial assets pledged as collateral	Nil

## 19 Related party disclosures

The Registered 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 Registered 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 31 March 2012, the Registered Bank has not made any provision for impairment relating to amounts owed by related parties as the payment history has been excellent (31 March 2011: Nil; 31 December 2011: 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 Registered Bank, the results of those operations or the state of affairs of the Registered Bank in subsequent financial years.

## 21 Dividend

No dividend was proposed or paid by the Registered Bank for 2012 (2011:Nil).

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## Rabobank New Zealand Limited

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