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General Short Form Disclosure Statement

For the nine months ended 30 September 2010

Rabobank New Zealand Limited

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General information and definitions

The information contained in this General Short Form Disclosure Statement is as required by section 81 of the Reserve Bank of New Zealand Act 1989 and the Registered Bank Disclosure Statement (Off Quarter–New Zealand Incorporated Registered Banks) Order 2008.

In this General Short Form Disclosure Statement, reference is made to the following:

- “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.

The financial information is disclosed for the periods ended 30 September 2010 and 30 September 2009 and has been reviewed by the external auditors.

All amounts referred to in this General Short Form Disclosure Statement are in New Zealand dollars unless otherwise stated.

General matters

The address for service of the Registered Bank (Rabobank New Zealand Limited) is Level 12, 80 The Terrace, Wellington, New Zealand.

Ultimate parent bank

The Registered Bank’s ultimate parent bank is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Rabobank Nederland’s New Zealand address for service is Level 12, 80 The Terrace, Wellington, New Zealand.

Summary of regulations

There are no known regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of Rabobank Nederland to provide material financial support to the Registered Bank.

Interests in 5% or more of voting securities of registered bank

The Registered Bank is 100% owned by Rabobank International Holding B.V., which in turn is 100% owned by Rabobank Nederland. Therefore, Rabobank Nederland has the ability to indirectly appoint 100% of the board of directors of the Registered Bank.

Composition of the board of directors

There have been changes in the composition of the Registered Bank’s board of directors since the publication date of the previous General Disclosure Statement, with the appointment of Roelof Jan Dekker, Bernardus Jacobus Marttin and Jan Alexander Pruijs as directors on 26 November 2010.

Signing of the general short form disclosure statement

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

- William Patrick Gurry (Chairman)
- Erich Fraunschiel
- David Welsford Smithers
- John Leonard Palmer
- Theodorus Henry Lambertus Johannes Maria Gieskes

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- Roelof Jan Dekker
- Bernardus Jacobus Marttin
- Jan Alexander Pruijs

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. There have not been any changes made to the rating in the two years preceding 30 September 2010.

Rating Agency	Current Credit Rating
Standard & Poor's	AAA

Descriptions of the credit ratings scales are as follows:

	Standard & Poor's	Moody's	Fitch IBCA
Ability to repay principal and interest is extremely strong. This is the highest investment category.	AAA	Aaa	AAA
Very strong ability to repay principal and interest.	AA	Aa	AA
Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions.	A	A	A
Adequate ability to repay principal and interest. More vulnerable to adverse changes.	BBB	Baa	BBB
Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.	BB	Ba	BB
Greater vulnerability and therefore greater likelihood of default.	B	B	B
Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favorable financial conditions.	CCC	Caa	CCC
Highest risk of default.	CC to C	Ca to C	CC
Obligations currently in default.	D	-	C

Moody's Investors Service apply numeric modifiers 1 (higher end), 2 or 3 (lower end) to ratings from Aa to B to show relative standing within major categories. Credit ratings by Fitch Ratings and Standard & Poor's may be modified by the addition of a plus (higher end) or minus (lower end) sign.

Guarantee arrangements

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

Details of guarantor

Rabobank Nederland

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

(Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.) Rabobank Nederland
 Level 12
 80 The Terrace
 Wellington
 New Zealand

Rabobank Nederland is not a member of the Banking Group.

The guarantor – Rabobank Nederland

As at 31 December	2009 €m	2008 €m
Qualifying Capital*	32,831	30,912
Qualifying Capital*/RWA (%)	14.1%	13.0%

*Qualifying Capital consists of the sum of core capital (tier one) and supplementary capital (tier two). Tier two capital includes the revaluation reserves, part of the subordinated loans less deductible items specified by the De Nederlandsche Bank.

Rabobank Nederland has the following credit ratings with respect to its long term senior unsecured obligations payable in any country or currency including obligations payable in New Zealand in New Zealand dollars. There have not been any changes made to the ratings in the two years preceding 30 September 2010.

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

Descriptions of the credit rating scales are included on page 2.

Details of guaranteed obligations

Rabobank Nederland

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 the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

No New Zealand government deposit guarantee

The Registered Bank no longer has a guarantee under the New Zealand deposit guarantee scheme.

Availability of guarantee contracts

Copies of the Registered Bank's guarantee contracts are included in its most recent Supplemental Disclosure Statement. The Registered Bank's most recent Supplemental 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

There are no material cross guarantees.

Insurance business

The Banking Group does not conduct any insurance business.

Risk management policies

There has been no material change in the Banking Group's policies for managing credit risk, currency risk, operational risk, interest rate risk, liquidity risk, and other material business risk. Similarly the Banking Group has not become exposed to a new category of risk for the period ended 30 September 2010.

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.

Except as set out below, the Banking Group has no involvement in trust, custodial, funds management, or other fiduciary activities established, marketed or sponsored by a member of the Banking Group.

On 14 February 2006 the Registered Bank launched "RaboPlus", an online banking and investment service offering access to third party managed funds. On 15 August 2010 RaboPlus was re-named "RaboDirect". RaboDirect distributes managed fund investments to New Zealand residents. Distribution agreements are in place with selected unrelated fund managers and, on the basis of those agreements and with the exception of the Cash Advantage Fund, RaboDirect is entitled to distribution fees from the fund managers and entry fees from investors.

The Registered Bank and its directors are promoters of a managed fund known as the "Cash Advantage Fund". AMP Capital Investors (New Zealand) Limited and its directors are also promoters of the Cash Advantage Fund and AMP Investment Management (NZ) is the Fund's manager. All amounts invested in the Fund are held in an interest-bearing deposit account with Rabobank Nederland. The Cash Advantage Fund is offered through RaboDirect and other distribution channels and was opened to investments from the public on 27 November 2007.

Arrangements are in place to ensure that difficulties arising from RaboDirect and the Cash Advantage Fund would not impact on the Banking Group. The main arrangements are that no investment advice is provided to clients through RaboDirect. The Registered Bank purchases the managed fund investments and holds them as nominee on behalf of clients and the Registered Bank maintains comprehensive internal controls and obtains external professional advice in relation to the Cash Advantage Fund.

Those managed fund investments amounted to \$313.7m as at 30 September 2010 (\$277.9m as at 30 September 2009).

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 General Short Form 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's review report

The General Short Form Disclosure Statement has been reviewed by external auditors Ernst & Young. The statement of the nature and scope of the review is included in the following auditor's review report.

Conditions of registration

The conditions of registration which were effective from 15 October 2008 were replaced by conditions of registration which were effective from 15 October 2010 and further updated with effect from 1 December 2010. Below are the current conditions of registration which are required to be disclosed under the Order.

The changes contained in the current conditions of registration, when compared to those dated 15 October 2008 effective on 1 December 2010, are:

1. The new conditions of registration refer to the updated "Capital Adequacy Framework (Standardised Approach)" (BS2A) document dated October 2010, instead of the previous BS2A document dated November 2007.
2. Previously the Registered Bank was exempt from the normal condition of registration limiting exposures to connected persons. The new conditions of registration contain that condition.

Rabobank New Zealand Limited conditions of registration as from 1 December 2010

The conditions of registration of the Registered Bank as a registered bank state:

1. That the banking group complies with the following requirements:
 - (a) the total capital ratio of the banking group is not less than 8 percent;
 - (b) the tier one capital ratio of the banking group is not less than 4 percent; and
 - (c) the capital of the banking group is not less than NZ \$30 million.

For the purposes of this condition of registration, capital, the total capital ratio and the tier one capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document entitled "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated October 2010.

1A. That-

- (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a Bank's Internal Capital Adequacy Process ("ICAAP")" (BS12) dated December 2007;

- (b) under its ICAAP, the bank identifies and measures its “other material risks” defined as all material risks of the banking group that are not explicitly captured in the calculation of tier one and total capital ratios under the requirements set out in the document “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated October 2010; and
 - (c) the bank determines an internal capital allocation for each identified and measured “other material risk”.
2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.
 3. That the banking group’s insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:
 - (i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disappplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;
 - (ii) In measuring the size of the banking group’s insurance business:
 - (a) where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:
 - the total consolidated assets of the group headed by that entity;
 - or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;
 - (b) otherwise, the size of each insurance business conducted by any entity within the banking group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;
 - (c) the amounts measured in relation to parts (a) and (b) shall be summed and compared to the total consolidated assets of the banking group. All amounts in parts (a) and (b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;
 - (d) where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.
 4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating contingent limit outlined in the following matrix:

Credit rating of the registered bank*	Connected exposure limit (% of the Banking Group’s Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15 percent of the banking group’s tier 1 capital.

* This table uses the rating scales of Standard & Poor’s, Fitch Ratings and Moody’s Investors Service. (Fitch Ratings’ scale is identical to Standard & Poor’s.)

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated October 2010.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, shall be made in respect of the bank unless:
 - (i) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (ii) the Reserve Bank has advised that it has no objection to that appointment.
7. That a substantial proportion of the bank's business is conducted in and from New Zealand.
8. That Rabobank Nederland, explicitly, unconditionally and irrevocably guarantees the obligations of Rabobank New Zealand Limited in terms of the guarantee dated 1 September 2009.
9. That the obligations of any subsidiaries of Rabobank New Zealand Limited that have any creditors other than members of the Rabobank Nederland group must be explicitly, unconditionally and irrevocably guaranteed by Rabobank Nederland or Rabobank New Zealand Limited.
10. That every quarterly disclosure statement of Rabobank New Zealand Limited will contain a statement listing all subsidiaries of Rabobank New Zealand Limited. That statement will identify which subsidiaries are guaranteed by Rabobank Nederland or Rabobank New Zealand Limited, and which subsidiaries are not guaranteed.
11. That every quarterly disclosure statement of Rabobank New Zealand Limited will, if there are any guaranteed subsidiaries of Rabobank New Zealand Limited, state that copies of the guarantee are available on request.
12. That every quarterly disclosure statement of Rabobank New Zealand Limited will state that, because Rabobank New Zealand Limited's obligations are fully, irrevocably, and unconditionally guaranteed by a parent entity with a AAA credit rating from a Reserve Bank approved rating agency, Rabobank New Zealand Limited is not subject to the following conditions of registration that would normally apply to New Zealand incorporated registered banks:
 - The condition of registration requiring that the bank have at least two independent directors on its board.
 - The condition of registration requiring that the chairperson of the bank's board not be an employee of the registered bank.
 - The condition of registration requiring that the 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 company (i.e. the bank).
13. That the Reserve Bank of New Zealand is to be given at least six months notice (or such shorter period as the Reserve Bank of New Zealand may agree to) if Rabobank Nederland or Rabobank New Zealand Limited intend to withdraw or alter the guarantees referred to in these conditions of registration.

For the purposes of these conditions of registration, the term "banking group" means Rabobank New Zealand Limited financial reporting group (as defined in Section 2(1) of the Financial Reporting Act 1993).

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 with a AAA credit rating from a Reserve Bank approved rating agency:

- The condition of registration requiring the bank to have at least two independent directors on its board;
- The condition of registration requiring that the chairperson of the bank's board not be an employee of the registered bank; and
- The condition of registration requiring the bank's constitution not to 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 bank.

Directors' statement

After due enquiry, each director believes that:

- (i) as at the date on which the General Short Form Disclosure Statement is signed:
 - The General Short Form Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Off Quarter-New Zealand Incorporated Registered Banks) Order 2008; and
 - The General Short Form Disclosure Statement is not false or misleading; and
- (ii) over the nine months accounting period:
 - The Registered Bank has complied with the 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.

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



.....

Benjamin Russell
Dated: 17 December 2010

REVIEW REPORT

To the Directors of Rabobank New Zealand Limited

We have reviewed the General Short Form Disclosure Statement on pages 12 to 25 which consists of the information required by Schedules 2 to 8 of the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 2008, as amended (the "Order"). The General Short Form Disclosure Statement provides information about the past financial performance of Rabobank New Zealand Limited (the "Registered Bank") and its subsidiaries (the "Banking Group") and their financial position as at 30 September 2010. The information included in the General Short Form Disclosure Statement is stated in accordance with the accounting policies set out on pages 20 to 29 of the General Disclosure Statement for the half year ended 30 June 2010.

This report is made solely to the Registered Bank's directors in accordance with Schedule 2 clause 15 of the Order. Our review has been undertaken so that we might state to the Registered Bank's directors those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Registered Bank and the Registered Bank's directors, for our review work, for this report, or for our findings.

Directors' responsibilities

The directors are responsible for the preparation and presentation of the General Short Form Disclosure Statement in accordance with clause 19 of the Order.

Reviewer's responsibilities

We are responsible for reviewing the General Short Form Disclosure Statement presented by the directors in order to report to you whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would indicate that the General Short Form Disclosure Statement has not been prepared in accordance with Schedules 2 to 8 of the Order.

Basis of statement

Our review is limited primarily to enquiries of the Registered Bank and the Banking Group personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We have reviewed the General Short Form Disclosure Statement of the Registered Bank and the Banking Group for the nine months ended 30 September 2010 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. Those standards require that we plan and perform our review to obtain moderate assurance as to whether the financial data is free of material misstatement, whether caused by fraud or error.

Ernst & Young provides taxation compliance services to the Registered Bank and Banking Group.

Statement of findings

Based on our review nothing has come to our attention that causes us to believe that the General Short Form Disclosure Statement has not been prepared in accordance with Schedules 2 to 8 of the Order.

Our review was completed on 26 November 2010 and our findings are expressed as at that date.



Ernst & Young



Andrew Gilder
Sydney
17 December 2010

1 Accounting policies

There have been no changes in accounting policies since the publication of the previous General Disclosure Statement.

2 Comprehensive income statement of the Banking Group

	2010	2009
	NZ\$m	NZ\$m
For the nine months ended 30 September		
Interest income	368.3	356.8
Interest expense	(221.8)	(230.0)
Net interest income	146.5	126.8
Non-interest income:		
Other revenue	1.7	2.0
Other operating gains / (losses)	0.6	(0.2)
Total non-interest income	2.3	1.8
Total net operating income	148.8	128.6
Operating expenses	(56.7)	(50.7)
Release of/(Charge for) provision for risk	9.6	(8.6)
Impairment losses on loans and advances	(29.6)	(43.7)
Profit before income tax	72.1	25.6
Income tax expense	(24.3)	(7.7)
Profit after income tax	47.8	17.9
Other comprehensive income after tax	-	-
Total comprehensive income after tax attributable to members of the Banking Group	47.8	17.9

3 Statement of changes in equity

	Issued Capital	Retained Earnings	Reserves	Total
	NZ\$m	NZ\$m	NZ\$m	NZ\$m
Total equity at 31 December 2009	41.2	225.3	-	266.5
For the period to 30 September 2010				
Ordinary Share Capital issued during the period	300.0	-	-	300.0
Net profit after income tax	-	47.8	-	47.8
Total equity at 30 September 2010	341.2	273.1	-	614.3

The paid up capital of the Registered Bank 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 (30 September 2009: 20,600,000). Each share was issued at \$2 and has no par value. There was a capital injection on the 11th of August 2010, whereby the Registered Bank issued 150,000,000 ordinary shares at a value of \$2 per share.

Short Form Financial Statements and Asset Quality

4 Balance sheet of the Banking Group

As at 30 September	2010 NZ\$m	2009 NZ\$m
Asset		
Due from other financial institutions	1.2	14.2
Derivative financial instruments	7.1	3.8
Loans and advances	7,012.5	6,538.1
Due from related entities	9.4	231.2
Other assets	19.8	24.9
Net deferred tax assets	50.8	31.7
Property, plant and equipment	2.1	3.1
Total assets	7,103.0	6,847.0
Liabilities and shareholders' fund		
Issued & paid up capital	341.2	41.2
Balances of reserve accounts		
(a) Revaluation reserves	-	-
(b) Fair value reserves	-	-
(c) Other capital reserves	-	-
(d) Other revenue reserves	-	-
Sub-total	-	-
Balance of retained earnings	273.1	234.6
Minority interest	-	-
Total shareholders' funds	614.3	275.8
Due to other financial institutions	1.0	1.4
Deposits	2,500.3	2,169.4
Derivative financial instruments	5.0	3.6
Due to related entities	3,656.6	4,368.0
Subordinated debt	300.0	-
Other liabilities	25.8	28.8
Total liabilities & shareholders' funds	7,103.0	6,847.0
Total interest earning and discount bearing assets	7,023.0	6,852.4
Total interest and discount bearing liabilities	6,082.0	6,303.5
Total assets used to secure any obligations	Nil	Nil
Total assets presented in the balance sheet, but not legally owned	Nil	Nil

5 Asset quality of the Banking Group

As at 30 September	2010 NZ\$m	2009 NZ\$m
Other individually impaired assets	382.2	214.0
Restructured assets	-	-
Real estate assets acquired through the enforcement of security	-	-
Financial assets acquired through the enforcement of security	-	-
Other assets acquired through the enforcement of security	-	-
90 day past due assets	59.7	156.9
Other assets under administration	-	-
Aggregate amount recognised for non financial assets before deducting allowance	-	-
Aggregate amount of individual credit impairment allowances on non-financial assets	-	-
Aggregate amount of undrawn balances on lending commitments to counterparties	0.9	0.8

Interest forgone is the amount of interest income that would have been recorded had interest been accrued. It has been estimated using average rates for a range of facilities.

Interest forgone on non-accrual assets for the period to 30 September 2010 is NZ\$23.8m for the Banking Group (30 September 2009: NZ\$ 12.4m).

There are no unrecognised impaired assets.

6 Year-to-date movements in impairments allowances

For the nine months ended 30 September	2010 NZ\$m	2009 NZ\$m
Specific provision		
Opening balance as at 31 December	90.7	22.1
Charge / (credit) to income statement	29.0	36.0
Other movements	1.3	-
Bad debts (write-offs)	-	-
Discount unwind*	(5.3)	-
Closing balance	115.7	58.1
Collective provision		
Opening balance as at 31 December	17.0	4.6
Charge / (credit) to income statement	0.6	7.7
Other movements	-	-
Closing balance	17.6	12.3
Impairment losses / (credits) on loans and advances charged to income statement consists of:		
Specific provision	29.0	36.0
Collective provision	0.6	7.7
Bad debts (write-offs)	-	-
Total impairment losses / (credits) on loans and advances	29.6	43.7

*The impairment loss on an impaired asset is calculated as the difference between the asset's carrying amount and the estimated future cash flows discounted to its present value using the original effective interest rate for the asset. The discount unwinds over the period the asset is held as interest income.

7 Credit risk on loans and advances at fair value

This is not applicable as loans and advances are reported at amortised cost.

8 Asset quality breakdown by major type of credit exposure

Other individually impaired assets

	Residential Mortgages	Corporate	Retail	Total
	NZ\$m	NZ\$m	NZ\$m	NZ\$m
Opening balance as at 31 December 2009	-	-	298.4	298.4
Additions	-	-	112.4	112.4
Repayments	-	-	(28.6)	(28.6)
Closing balance as at 30 September 2010	-	-	382.2	382.2
Opening balance as at 31 December 2008	-	-	134.8	134.8
Additions	-	-	85.1	85.1
Repayments	-	-	(5.9)	(5.9)
Closing balance as at 30 September 2009	-	-	214.0	214.0

90 day past due

	Residential Mortgages	Corporate	Retail	Total
	NZ\$m	NZ\$m	NZ\$m	NZ\$m
Opening balance as at 31 December 2009	-	-	76.2	76.2
Additions	-	-	35.4	35.4
Repayments	-	-	(51.9)	(51.9)
Closing balance as at 30 September 2010	-	-	59.7	59.7
Opening balance as at 31 December 2008	-	-	19.7	19.7
Additions	-	-	153.0	153.0
Repayments	-	-	(15.8)	(15.8)
Closing balance as at 30 September 2009	-	-	156.9	156.9

Risk Weighted Exposures and Capital Adequacy under Basel I Approach

Capital adequacy of the Banking Group

1 Capital

	2010	2009
As at 30 September	NZ\$m	NZ\$m
Tier one capital (before deductions)	614.3	275.8
Less : deductions from tier one capital	19.0	4.1
Plus: other adjustments to tier one capital	-	-
Total tier one capital	595.3	271.7
Upper tier two capital	-	-
Term subordinated debt	300.0	-
Less : deductions from upper tier two capital	-	-
Plus: other adjustments to upper tier two capital	-	-
Lower tier two capital	-	-
Total tier two capital	300.0	-
Total tier one and tier two capital	895.3	271.7
Less : deductions from total capital	-	-
Plus: other adjustments to total capital	-	-
Capital	895.3	271.7

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" Basel I Approach (BS2) dated March 2008.

2 Risk weighted exposures

Calculation of on – balance sheet exposures

	Banking Group		
	Principal amount	Risk weights	Risk weighted exposure
As at 30 September 2010	NZ\$m	%	NZ\$m
Cash and short term claims on government	-	0%	-
Long term claims on government	-	10%	-
Claims on banks	1.2	20%	0.2
Claims on public sector entities	-	20%	-
Residential mortgages	-	50%	-
Other *	10.9	0%	-
Other **	6,995.8	20%	1,399.2
Other ***	37.1	100%	37.1
Non risk weighted assets ****	58.0	0%	-
Total assets	7,103.0		1,436.5

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

** Other assets that have been risk weighted at 20% represent loans and advances to customers and accrued interest receivable from customers which are guaranteed by Rabobank Nederland.

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

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

Calculation of off – balance sheet exposures

	Principal amount	Credit conversion factor	Credit equivalent amount	Average counterparty risk weight	Risk weighted exposure
As at 30 September	NZ\$m	%	NZ\$m	%	NZ\$m
Direct credit substitutes	9.0	100%	9.0	100%	9.0
Asset sales with recourse	-	100%	-	N/A	-
Commitments with certain drawdown	23.0	100%	23.0	20%	4.6
Underwriting and sub-underwriting facilities	-	50%	-	N/A	-
Transaction related contingent items	-	50%	-	N/A	-
Short term, self liquidating trade related contingencies	-	20%	-	N/A	-
Other commitments to provide financial services which have an original maturity of 1 year or more	170.0	50%	85.0	20%	17.0
Other commitments with an original maturity of less than 1 year	339.2	0%	-	0%	-
Market related contracts *					
(a) Foreign exchange swaps	133.7	N/A	1.4	20%	0.3
Foreign exchange swaps	-	N/A	-	50%	-
(b) Foreign exchange forwards	1.0	N/A	-	20%	-
Foreign exchange forwards	1.3	N/A	-	50%	-
(c) Foreign exchange options	3.9	N/A	0.1	20%	-
Foreign exchange options	4.0	N/A	-	50%	-
(d) Interest rate swaps	38.2	N/A	0.3	20%	0.1
Interest rate swaps	38.2	N/A	2.8	50%	1.4
Total off-balance sheet exposures	761.5		121.6		32.4

* The current exposure method has been used to calculate the credit equivalent amount on all market related off-balance sheet exposures.

3 Capital ratios

	2010	2009
As at 30 September	%	%
Tier 1 capital expressed as a percentage of total risk weighted exposures	40.5%	19.2%
Total capital expressed as a percentage of total risk weighted exposures	61.0%	19.2%

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" Basel I Approach (BS2) dated March 2008.

Risk Weighted Exposures and Capital Adequacy under Basel II Standardised Approach

Capital adequacy of the Banking Group

1 Capital

	2010	2009
	NZ\$m	NZ\$m
As at 30 September		
Tier one capital (before deductions)	614.3	275.8
Less : deductions from tier one capital	19.0	4.1
Plus: other adjustments to tier one capital	-	-
Total tier one capital	595.3	271.7
Upper tier two capital	-	-
Term subordinated debt	300.0	
Less : deductions from upper tier two capital	-	-
Plus: other adjustments to upper tier two capital	-	-
Lower tier two capital	-	-
Total tier two capital	300.0	-
Total tier one and tier two capital	895.3	271.7
Less : deductions from total capital	-	-
Plus: other adjustments to total capital	-	-
Capital	895.3	271.7

2 Credit Risk

Calculation of on-balance sheet exposures

	Total exposure after credit risk mitigation	Risk weights	Risk weighted exposure	Minimum pillar one capital requirement
As at 30 September	NZ\$m	%	NZ\$m	NZ\$m
Cash and gold bullion	-	0%	-	-
Sovereigns and central banks	10.9	0%	-	-
Multilateral development banks and other international organisations	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	1.2	20%	0.2	0.0
Corporate	-	50%	-	-
Residential mortgages not past due	-	75%	-	-
Past due residential mortgage	-	100%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	300%	-	-
All other equity holdings (not deducted from capital)	-	400%	-	-
Other *	6,995.8	20%	1,399.2	111.9
Other **	37.1	100%	37.1	3.0
Non risk weighted assets ***	58.0	0%	-	-
Total assets	7,103.0		1,436.5	114.9

* Other assets that have been risk weighted at 20% represent loans and advances to customers and accrued interest receivable from customers which are guaranteed by Rabobank Nederland.

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

*** Non risk weighted assets relate to deferred tax assets, derivative financial assets and GST receivable.

Rabobank New Zealand Limited
**Risk Weighted Exposures and Capital Adequacy
under Basel II Standardised Approach**

Calculation of off-balance sheet exposures

	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum pillar one capital requirement
As at 30 September	NZ\$m	%	NZ\$m	%	NZ\$m	NZ\$m
Direct credit substitutes	9.0	100%	9.0	100%	9.0	0.7
Asset sales with recourse	-	100%	-	N/A	-	-
Forward asset purchase	-	100%	-	N/A	-	-
Commitments with certain drawdown	23.0	100%	23.0	20%	4.6	0.4
Note issuance facility	-	50%	-	N/A	-	-
Revolving underwriting facility	-	50%	-	N/A	-	-
Performance-related contingency	-	50%	-	N/A	-	-
Trade-related contingency	-	20%	-	N/A	-	-
Placements of forward deposits	-	100%	-	N/A	-	-
Other commitments where original maturity is more than one year	170.0	50%	85.0	20%	17.0	1.4
Other commitments where original maturity is less than or equal to one year	339.2	20%	67.8	0%	-	-
Market related contracts *						
(a) Foreign exchange options	3.9	N/A	0.1	20%	-	-
Foreign exchange options	4.0	N/A	-	100%	-	-
(b) Foreign exchange forwards	1.0	N/A	-	20%	-	-
Foreign exchange forwards	1.3	N/A	-	100%	-	-
(c) Foreign exchange swaps	133.7	N/A	1.4	20%	0.3	-
Foreign exchange swaps	-	N/A	-	100%	-	-
(d) Interest rate swaps	38.2	N/A	0.3	20%	0.1	-
Interest rate swaps	38.2	N/A	2.8	100%	2.8	0.2
Total off-balance sheet exposures	761.5		189.5		33.8	2.7

* The current exposure method has been used to calculate the credit equivalent amount on all market related off-balance sheet exposures.

Risk Weighted Exposures and Capital Adequacy under Basel II Standardised Approach

3 Credit risk mitigation

	Total value of on- and off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on- and off-balance sheet exposures covered by guarantees or credit derivatives
As at 30 September 2010	NZ\$m	NZ\$m
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	-	-
Other	-	7,018.9
Total	-	7,018.9

Under a guarantee dated 14 December 2000, Rabobank Nederland New Zealand Branch has irrevocably guaranteed to Rabobank New Zealand Limited the payment of all existing and future loans to Rabobank New Zealand Limited.

4 Operational risk

Operational risk capital requirement

	Implied risk weighted exposure	Total operational risk capital requirement
As at 30 September 2010	NZ\$m	NZ\$m
Operational risk	401.9	32.2
Total	401.9	32.2

5 Market risk period-end capital charges

	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the Banking Group's equity
As at 30 September 2010	NZ\$m	NZ\$m	%
Interest rate risk	160.1	12.8	2.1%
Foreign currency risk	9.5	0.8	0.1%
Total	169.6	13.6	2.2%

	Implied risk weighted exposure	Aggregate capital charge	Aggregate capital charge as a percentage of the Banking Group's equity
As at 30 September 2009	NZ\$m	NZ\$m	%
Interest rate risk	121.0	9.7	3.5%
Foreign currency risk	17.6	1.4	0.5%
Total	138.6	11.1	4.0%

6 Market risk peak end-of-day capital charges

	Implied risk weighted exposure NZ\$m	Aggregate capital charge NZ\$m	Aggregate capital charge as a percentage of the Banking Group's equity %
As at 30 September 2010			
Interest rate risk	308.6	24.7	4.0%
Foreign currency risk	12.0	1.0	0.0%
Total	320.6	25.7	4.1%

	Implied risk weighted exposure NZ\$m	Aggregate capital charge NZ\$m	Aggregate capital charge as a percentage of the Banking Group's equity %
As at 30 September 2009			
Interest rate risk	130.1	10.4	3.8%
Foreign currency risk	26.1	2.1	0.8%
Total	156.2	12.5	4.6%

7 Method for deriving peak end-of-day aggregate capital charge

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 November 2007.

8 Total capital requirements

	Total exposure after credit risk mitigation NZ\$m	Risk Weighted Exposure or Implied Risk Weighted Exposure NZ\$m	Capital requirement NZ\$m
As at 30 September 2010			
Total credit risk	7,864.5	1,470.3	117.6
Operational risk	N/A	401.9	32.2
Market risk	N/A	169.6	13.6
Total	7,864.5	2,041.8	163.4

9 Capital ratios

	2010	2009
As at 30 September		
	%	%
Tier one capital / risk weighted exposure %	29.2%	14.2%
Capital / risk weighted exposure %	43.9%	14.2%

10 Solo capital adequacy

	2010	2009
As at 30 September		
	%	%
Tier one capital / risk weighted exposure %	29.2%	14.2%
Capital / risk weighted exposure %	43.9%	14.2%

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 November 2007.

Risk Weighted Exposures and Capital Adequacy under Basel II Standardised Approach

11 Pillar two capital for other material risks

	2010	2009
As at 30 September	NZ\$m	NZ\$m
Internal capital allocation for other material risks	8.2	7.7

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

- i) Reputation Risk: The risk of potential damage to the Bank from a 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 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.

12 Capital adequacy of the ultimate parent bank

Capital adequacy of Rabobank Nederland under Basel II (internal models based) approach

Capital adequacy ratios for Rabobank Nederland are publicly available in the Rabobank Nederland Annual Report.

	2009	2008
As at 31 December (audited)	%	%
Tier one capital expressed as a percentage of total risk weighted exposures	13.8%	12.7%
Qualifying capital* expressed as a percentage of total risk weighted	14.1%	13.0%
De Nederlandsche Bank's minimum ratios:		
Tier one capital expressed as a percentage of total risk weighted exposures	4.0%	4.0%
Qualifying capital* expressed as a percentage of total risk weighted exposures	8.0%	8.0%

Rabobank Group is required by the Dutch Nederlandsche Bank to hold minimum capital at least equal to that specified under Basel I approach and those requirements imposed on it by the Dutch Nederlandsche Bank have been met as at the reporting date.

* Qualifying capital consists of the sum of core capital (tier one) and supplementary capital (tier two). Tier two capital includes the revaluation reserves, part of the subordinated loans less deductible items specified by the Dutch Nederlandsche Bank.

Concentration of Credit Exposures to Individual Counterparties

1 Concentration of credit exposures to individual counterparties.

As at 30 September	Number of counterparties	
	2010	2009
(a) Bank counterparties:		
Percentage of shareholders' equity		
>10 - 20%	Nil	Nil
(b) Non-bank counterparties:		
Percentage of shareholders' equity		
>10 - 20%	2	4
>20 - 30%	-	2
>30 - 40%	-	1
>40 - 50%	-	-
>50 - 60%	-	1
>60 - 70%	-	-

2 Peak credit exposures to individual counterparties

As at 30 September	Number of counterparties	
	2010	2009
(a) Bank counterparties:		
Percentage of shareholders' equity		
	Nil	Nil
(b) Non-bank counterparties:		
Percentage of shareholders' equity		
>10 - 20%	2	5
>20 - 30%	-	3
>30 - 40%	-	1
>40 - 50%	-	-
>50 - 60%	-	1
>60 - 70%	-	-

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 Banking Group's equity as at the end of the period.

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

3 Aggregate credit exposure

As at 30 September	2010		2009	
	NZ\$m	%	NZ\$m	%
(a) Bank counterparties:				
At or above investment credit rating	Nil	100%	Nil	100%
Below investment credit rating	Nil	0%	Nil	0%
Credit rating not applicable	Nil	0%	Nil	0%
(b) Non-bank counterparties:				
At or above investment credit rating	Nil	0%	Nil	0%
Below investment credit rating	Nil	0%	Nil	0%
Credit rating not applicable	257.7	100%	572.5	100%

An investment grade credit rating is a credit rating of BBB- or Baa3 or above, or its equivalent.

1 Concentration of credit exposures to connected persons

	Exposures		Exposures as a % of Banking Group's tier one capital	
	2010 NZ\$m	2009 NZ\$m	2010 %	2009 %
For the quarter ended 30 September				
(a) Connected persons				
Aggregate at end-of-period	11.2	232.1	1.9%	85.4%
Peak end-of-day for the quarter	709.9	245.4	119.3%	90.3%
Contingent credit exposures arising from risk lay-off arrangements	Nil	Nil	Nil	Nil
(b) Non-Bank Connected Persons				
Aggregate at end-of-period	-	-	0.0%	0.0%
Peak end-of-day for the quarter	-	-	0.0%	0.0%
Contingent credit exposures arising from risk lay-off arrangements	Nil	Nil	Nil	Nil

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 Banking Group's tier one capital 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 allowances, excluding advances of a capital nature and gross of set-offs.

Credit exposure is calculated on the basis of actual exposure.

The Banking Group has no individual credit impairment allowances provided against credit exposures to connected persons as at the balance date.

As at 30 September 2010 Rabobank New Zealand Limited is not subject to the condition of registration limiting exposure to connected persons. The new Conditions of Registration apply from 1 December 2010.

