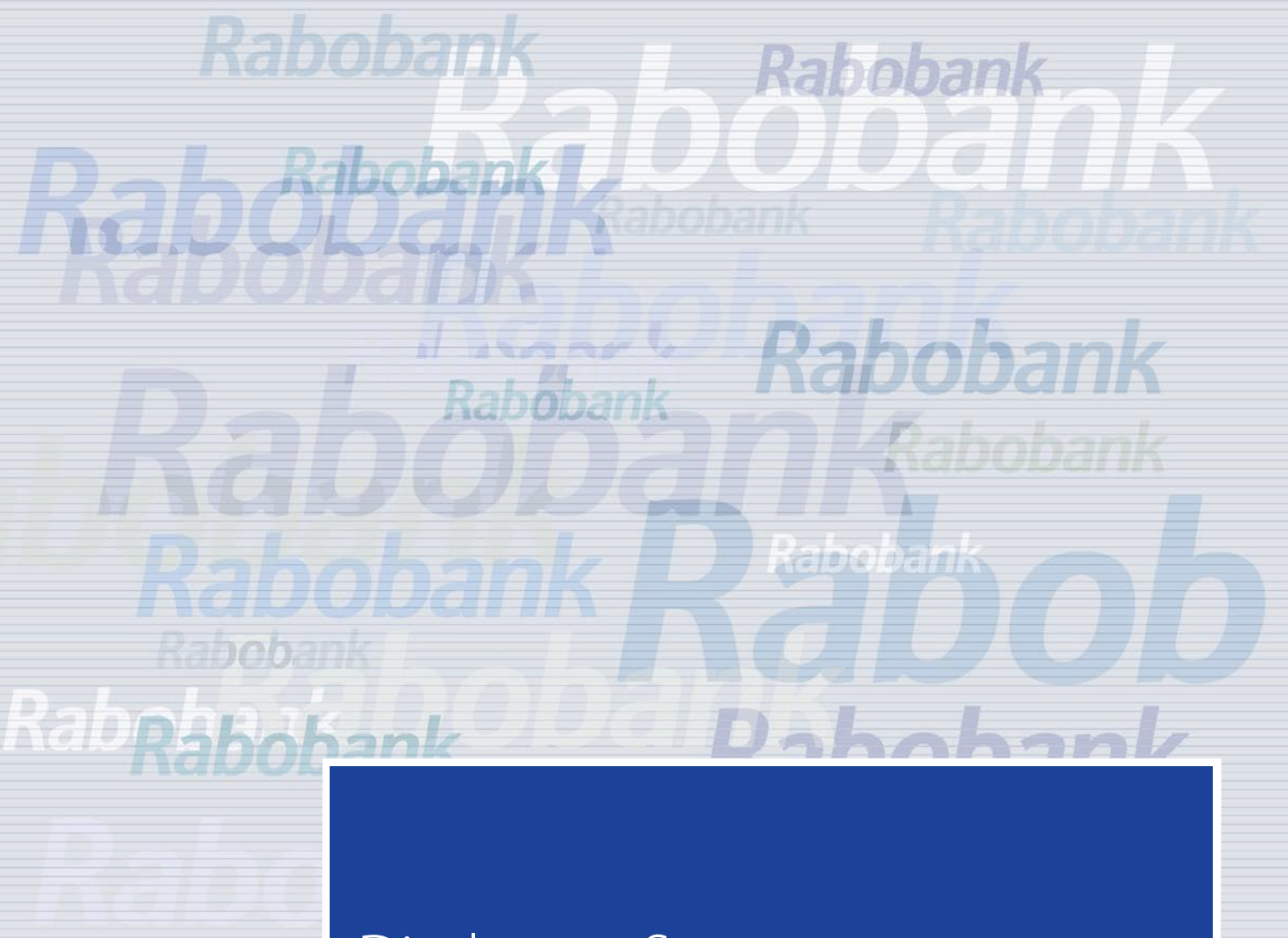




Rabobank



Disclosure Statement

For the nine months ended 30 September 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 (No 2) 2012 ("Order").

In this Disclosure Statement, unless the context otherwise requires:

- "Bank" refers to Rabobank New Zealand Limited.
- "Banking Group" refers to the Bank and its subsidiary Rabo Securities and Investments (NZ) Limited. On 26 August 2011 Rabo Securities and Investments (NZ) Limited, a dormant subsidiary of the 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 Bank.

General matters

Composition of the Board of directors

There have been changes in the composition of the Bank's Board of directors since 31 December 2011, which are outlined below:

On 5 March 2012 Roelof Jan Dekker retired as a director.

On 23 March 2012 the following changes occurred in the composition of the Board:

- 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
- Sir Henricus (Henry) Wilhelmus van der Heyden was appointed a director.

Additionally, Evert Derks Drok was appointed as a director on 25 May 2012.

Signing of the disclosure statement

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

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

Credit ratings

The 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 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	Aa2
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 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 Bank (the "First Guarantee").

Whilst the First Guarantee expired on 17 February 2008 all obligations incurred by the 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 Bank were guaranteed pursuant to a deed of guarantee dated 6 February 2008 by Rabobank Nederland in favour of the creditors of the Bank (the "Second Guarantee").

Whilst the Second Guarantee expired on 17 February 2010, all obligations incurred by the 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 Bank were guaranteed pursuant to a deed of guarantee dated 1 September 2009 by Rabobank Nederland in favour of the creditors of the Bank (the "Third Guarantee").

The Third Guarantee expired on 17 February 2012 and all obligations incurred by the 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 Bank will be guaranteed pursuant to a deed of guarantee dated 19 October 2011 by Rabobank Nederland in favour of the creditors of the Bank (the "Current Guarantee").

The Current Guarantee will expire on 17 February 2013 and all obligations incurred by the 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 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 Bank's most recent full year disclosure statement contains further information about the above guarantees. The Bank's most recent full year disclosure statement is available immediately, if the request is made at the Bank's head office, or within five working days if a request is made at any branch or agency of the Bank. Alternatively, it can also be accessed at the Bank's internet address www.rabobank.co.nz.

Material cross guarantee

No material obligations of the 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 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 2012.

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 2012, 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 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 nine months accounting period ended 30 September 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

On 11 July 2012 the Bank's only credit rating, a AA (credit watch negative) rating from Standard & Poor's, was withdrawn at the Bank's request. In requesting the withdrawal of its Standard & Poor's credit rating, the Bank overlooked the requirements of section 80 of the Reserve Bank of New Zealand Act 1989 ('Section 80') and of an associated Notice from the Reserve Bank to the Bank requiring the Bank to obtain and maintain a credit rating.

When the Bank became aware of the prima facie breach of Section 80, it immediately requested Standard & Poor's to reinstate the credit rating. On 12 July 2012 Standard & Poor's announced the reinstatement of the Bank's AA (credit watch negative) credit rating.

Apart from the matter disclosed above, there have been no other matters relating to the business or affairs of the 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 Bank or any member of the Banking Group is the issuer.

Auditor for the Bank

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

Conditions of registration

The Conditions of Registration for the Bank were updated with effect from 1 July 2012 to remove Conditions that ceased to apply on or before 30 June 2012, remove commencement dates for Conditions that came into effect on or before 1 July 2012, and replace references to "the registered bank" with references to "the bank".

The Bank has not complied with all its Conditions of Registration in the nine months period ended 30 September 2012. There has been only one type of non-compliance, which was rectified during the period ended 31 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 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 Bank was non-compliant with that requirement since the requirement was introduced on 1 July 2004.

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 2) 2012; and
 - The Disclosure Statement is not false or misleading; and
- (ii) over the nine months accounting period:
 - The 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 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 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.



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Benjamin Russell

Dated: 14 November 2012

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Rabobank New Zealand Limited
Statement of Comprehensive Income

Rabobank

		Unaudited 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
Interest income		394,951	368,589	498,246
Interest expense		(226,038)	(220,292)	(293,222)
Net interest income		168,913	148,297	205,024
Other income	2	789	1,358	1,522
Other operating gains / (losses)	3	71	(5,771)	(5,642)
Total non-interest income / (loss)		860	(4,413)	(4,120)
Total net operating income		169,773	143,884	200,904
Operating expenses		(73,706)	(66,131)	(93,157)
Impairment (losses) / releases on loans and advances	4	(6,445)	(24,071)	(32,772)
Profit before income tax		89,622	53,682	74,975
Income tax expense		(25,191)	(15,079)	(21,127)
Profit after income tax		64,431	38,603	53,848
Other comprehensive income after tax				
Net gains / (losses) on available-for-sale financial assets	12(b)	(701)	-	-
Income tax (expense) / benefit	12(b)	196	-	-
Total comprehensive income after tax		63,926	38,603	53,848
Attributable to:				
Members of the Bank		63,926	38,603	53,848
		63,926	38,603	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 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
Assets				
Due from other financial institutions		24,340	17,294	21,995
Available-for-sale financial assets	5	453,521	-	-
Derivative financial instruments		7,604	9,442	8,257
Loans and advances	6	8,130,612	7,728,874	7,758,379
Due from related entities	8	292,898	131,493	3,292
Other assets		22,462	16,642	13,454
Net deferred tax assets		63,615	57,509	57,032
Property, plant and equipment		3,729	1,853	3,948
Intangible assets		-	6	184
Total assets		8,998,781	7,963,113	7,866,541
Liabilities				
Due to other financial institutions		5,855	130,110	2,553
Derivative financial instruments		7,604	9,063	8,270
Deposits	9	3,057,933	3,079,904	2,964,779
Due to related entities	10	4,733,427	3,733,108	3,863,647
Subordinated debt	11	300,000	300,000	300,000
Current tax payable		-	-	3,077
Other liabilities		25,964	32,248	30,253
Provisions		1,779	1,632	1,669
Total liabilities		8,132,562	7,286,065	7,174,248
Net assets		866,219	677,048	692,293
Equity				
Contributed equity	12(a)	451,200	341,200	341,200
Reserves	12(b)	(505)	-	-
Retained earnings		415,524	335,848	351,093
Total equity		866,219	677,048	692,293

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
Profit after income tax	-	38,603	-	38,603
Other comprehensive income / (losses) after tax	-	-	-	-
Total equity at 30 September 2011 (Unaudited)	341,200	335,848	-	677,048
Total equity at 1 January 2011	341,200	297,245	-	638,445
Profit after income tax	-	53,848	-	53,848
Other comprehensive income / (losses) after tax	-	-	-	-
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
Ordinary share capital issued during the year	110,000	-	-	110,000
Profit after income tax	-	64,431	-	64,431
Other comprehensive income / (losses) after tax	-	-	(505)	(505)
Total equity at 30 September 2012 (Unaudited)	451,200	415,524	(505)	866,219

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

Condensed Statement of Cash Flows

		Unaudited 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
Cash flows from operating activities				
Interest received		384,375	357,112	483,277
Interest paid		(227,581)	(223,979)	(289,268)
Other cash inflows provided by operating activities		796	1,358	1,591
Other cash outflows used in operating activities		(75,002)	(78,052)	(132,109)
Cash flows from operating activities before changes in operating assets and liabilities		82,588	56,439	63,491
Net changes in operating assets and liabilities		(1,155,485)	(832,563)	(739,487)
Net cash flow (used in) / provided by operating activities	15	(1,072,897)	(776,124)	(675,996)
Cash flows from investing activities				
Cash inflows provided by investing activities		37	42	76
Cash outflows used in investing activities		(304)	(498)	(3,000)
Net cash flow (used in) / provided by investing activities		(267)	(456)	(2,924)
Cash flows from financing activities				
Issuance of ordinary shares		110,000	-	-
Net changes in financing liabilities		962,207	594,833	629,431
Net cash flow (used in) / provided by financing activities		1,072,207	594,833	629,431
Net (decrease) / increase in cash and cash equivalents for the period / year		(957)	(181,747)	(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		18,485	(112,816)	19,442
Cash and cash equivalents at the end of the period / year comprise:				
Cash at other financial institutions		24,340	17,294	21,995
Bank overdraft		(5,855)	(130,110)	(2,553)
Cash and cash equivalents at the end of the period / year		18,485	(112,816)	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 'Bank' and 'Banking Group') is domiciled in New Zealand.

On 26 August 2011, Rabo Securities and Investments (NZ) Limited ('RSINZL'), a dormant subsidiary of the Bank, was removed from the New Zealand Companies Office register and thereby, on that date, ceased to be a member of the Banking Group. Since that date, the Bank had no other subsidiaries.

The interim financial statements of the Bank are presented as at and for the nine months ended 30 September 2012. 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 and 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 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 and available for sale financial assets 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 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 Bank's financial statements for the year ended 31 December 2011.

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.

2 Other income

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

Unaudited 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
745	671	816
44	687	706
789	1,358	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)

(194)	(6,028)	(5,876)
37	42	76
228	215	158
71	(5,771)	(5,642)

4 Impairment losses / (releases) on loans and advances

Collective provisions
Specific provisions
Bad debt recovery
Total impairment losses / (releases) on loans and advances

(8,042)	(448)	9,659
14,493	24,519	23,182
(6)	-	(69)
6,445	24,071	32,772

5 Available-for-sale (AFS) financial assets

New Zealand Government Securities
Total available-for-sale financial assets

453,521	-	-
453,521	-	-

6 Loans and advances

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

6,842,013	6,323,674	6,389,642
1,381,146	1,511,302	1,471,375
39,858	31,332	32,069
8,263,017	7,866,308	7,893,086
(19,718)	(17,654)	(27,760)
(112,687)	(119,780)	(106,947)
8,130,612	7,728,874	7,758,379

7 Asset quality

As at 30/9/2012 (unaudited)

End-period balances

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

Residential mortgages \$000	Corporate exposures \$000	Retail* exposures \$000	Total \$000
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-	-	418,603	418,603
-	-	53,754	53,754
-	-	112,687	112,687
-	-	19,718	19,718

Charges to the Statement of Comprehensive Income

Specific provision charges
Collective provision charges / (releases)

-	-	14,493	14,493
-	-	(8,042)	(8,042)

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

8 Due from related entities

	Unaudited 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
Debit current account balances - wholly owned group*	61	117,374	2
Short term advances - wholly owned group*	292,519	14,118	3,290
Accrued interest receivable - wholly owned group*	318	1	-
Total due from related entities	<u>292,898</u>	<u>131,493</u>	<u>3,292</u>

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 20 for further information on related party disclosures.

9 Deposits

Call deposits	1,765,077	1,858,623	1,900,392
Term deposits	1,292,856	1,221,281	1,064,387
Total deposits	<u>3,057,933</u>	<u>3,079,904</u>	<u>2,964,779</u>

10 Due to related entities

Credit current account balances - wholly owned group*	157,420	46,455	61,145
Short term advances - wholly owned group*	4,545,068	3,666,582	3,772,287
Accrued interest payable - wholly owned group*	30,939	20,071	30,215
Total due to related entities	<u>4,733,427</u>	<u>3,733,108</u>	<u>3,863,647</u>

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 20 for further information on related party disclosures.

11 Subordinated debt

Due to wholly owned group	300,000	300,000	300,000
Total subordinated debt	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

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 20 for further information on related party disclosures.

12 Contributed equity and Reserves

(a) Contributed equity

Ordinary share capital	451,200	341,200	341,200
Total contributed equity	<u>451,200</u>	<u>341,200</u>	<u>341,200</u>

Total authorised and paid up capital comprises 225,600,000 ordinary shares fully paid ranking equally as to dividends, voting rights and rights to share in any surplus on winding up (30 September 2011: 170,600,000). Each share was issued at \$2 and has no par value. There was a capital injection on the 19th of September 2012, whereby the Bank issued 55,000,000 ordinary shares at a value of \$2 per share.

(b) Reserves

Available-for-sale reserve

Revaluation - gross	(701)	-	-
Revaluation - deferred tax	196	-	-
Total available-for-sale reserve	<u>(505)</u>	<u>-</u>	<u>-</u>

Nature and purpose of reserves

Available-for-sale reserve

Records the unrealised gains or losses arising from changes in the fair value of available-for-sale financial assets.

13 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.

	Unaudited 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
Guarantees	16,677	17,783	17,751
Lending commitments	712,221	687,712	793,404
	<u>728,898</u>	<u>705,495</u>	<u>811,155</u>

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 funding facilities which remain undrawn at balance date.

14 Expenditure Commitments

(a) Capital expenditure commitments

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

One year or less	551	980	2,374
Between one and two years	1,452	1,650	-
	<u>2,003</u>	<u>2,630</u>	<u>2,374</u>

(b) Operating lease commitments

One year or less	3,956	3,779	3,828
Between one and two years	2,862	2,816	2,984
Between two and five years	5,048	3,938	4,433
Over five years	4,036	3,889	4,068
Total operating lease commitments	<u>15,902</u>	<u>14,422</u>	<u>15,313</u>

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.

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

	Unaudited 9 months to 30/9/2012 \$000	Unaudited 9 months to 30/9/2011 \$000	Audited Year to 31/12/2011 \$000
Net profit after tax	64,431	38,603	53,848
Non-cash items	6,388	45,711	33,432
Deferrals or accruals of past or future operating cash receipts or payments	(1,143,716)	(860,438)	(763,276)
Other items	-	-	-
Net cash flow provided by / (used in) operating activities	(1,072,897)	(776,124)	(675,996)

16 Additional information on liquidity risk

Liquidity Portfolio

The bank holds a portfolio of high quality liquid securities to support liquidity risk management. The size of the Bank's liquidity portfolio is based on the amount required to meet its liquidity policy.

	Unaudited 30/6/2012 \$000
New Zealand Government Securities	453,521

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 30/9/2012 (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
Financial assets							
Due from other financial institutions	24,340	24,340	-	-	-	-	-
Available-for-sale financial assets	455,635	-	404,526	51,109	-	-	-
Derivative financial instruments	7,604	-	482	372	3,989	2,761	-
Loans and advances	11,249,619	-	538,383	482,079	377,515	1,548,900	8,302,742
Due from related entities	294,697	-	273,278	325	650	20,444	-
Other financial assets*	8,542	-	8,542	-	-	-	-
Total undiscounted financial assets	12,040,437	24,340	1,225,211	533,885	382,154	1,572,105	8,302,742
Financial liabilities							
Due to other financial institutions	5,855	-	5,855	-	-	-	-
Derivative financial instruments	7,604	-	495	359	3,989	2,761	-
Deposits	3,091,042	1,765,077	710,799	394,436	98,776	121,933	21
Due to related entities	4,970,209	157,419	501,393	1,074,534	2,222,607	748,558	265,698
Subordinated debt	652,218	-	6,772	6,809	13,618	40,744	584,275
Other liabilities	25,964	-	25,964	-	-	-	-
Total undiscounted financial liabilities	8,752,892	1,922,496	1,251,278	1,476,138	2,338,990	913,996	849,994

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

17 Concentration of credit exposures to individual counterparties

	Unaudited 30/9/2012	
	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
20-25%	-	-
25-30%	-	-
30-35%	1	-
35-40%	-	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 Bank's equity as at the end of the quarter.

18 Capital adequacy under the Basel II standardised approach

(a) Capital

	Unaudited 30/9/2012 \$000
Tier one capital (before deductions)	849,220
Less : deductions from tier one capital	(32,037)
Plus: other adjustments to tier one capital	-
Total tier one capital (net of all deductions and adjustments)	817,183
Tier two capital	316,998
Deductions from tier two capital and other adjustments	-
Total tier two capital	316,998
Total of tier one capital and tier two capital	1,134,181
Capital	1,134,181

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
On-balance sheet credit risk:	
Residential mortgages (including past due)	-
Corporate	-
Claims on banks	-
Other	661,677
Total on-balance sheet credit risk	661,677
Other capital requirements:	
Off-balance sheet credit exposures	10,481
Operational risk	39,959
Market risk	14,000
Total other capital requirements	64,440
Total Pillar 1 capital requirements	726,117

(c) Residential mortgages

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

As at 30/9/2012 (unaudited)

	Drawn amounts \$000	Undrawn amounts \$000	Total \$000
LVR range			
Does not exceed 80%	-	-	-
Exceeds 80% and not 90%	62,544	11,286	73,830
Exceeds 90%	-	-	-
Total	62,544	11,286	73,830

(d) Capital ratios

As at period end (Unaudited)

	Unaudited	
	30/9/2012	30/9/2011
	%	%
Tier one capital ratio	9.00%	7.31%
Total capital ratio	12.50%	10.96%

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

	Unaudited	
	30/9/2012	30/9/2011
	\$000	\$000
As at period end		
Internal capital allocation for other material risks	36,306	34,420

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 of inability to meet current financial obligations due to unplanned lack of liquid funds.

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.

19 Additional information on statement of financial position

	Unaudited 30/9/2012 \$000
Total interest earning and discount bearing assets	8,900,991
Total interest and discount bearing liabilities	7,901,765
Financial assets pledged as collateral	Nil

20 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 8, 10 and 11 for details on transactions with related parties.

For the period ended 30 September 2012, the Bank has not made any provision for impairment relating to amounts owed by related parties as the payment history has been excellent (2011: Nil).

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

21 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.

22 Dividend

No dividend was proposed or paid by the Bank for the nine months period ended 30 September 2012 (2011: Nil).

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