



Deer Industry Conference

"Your Capital – Your Future"

Banking trends in Agribusiness

23-25 May 2013
Wellington

Hamish Midgley – National Manager
Food & Agribusiness Banking

Contents

- | | |
|------------|---|
| Section 1: | Rabobank Introduction |
| Section 2: | Industry Debt trends over past 10 years & outlook |
| Section 3: | Rabobank Credit assessment for deer farming |
| Section 4: | Sustainability & Succession Planning at Rabobank |

Rabobank Group



Rabobank is a Dutch headquartered **co-operative banking** group with a **global focus on food & agribusiness**

- Founded over 110 years ago as a rural credit cooperative by Dutch farmers
- Rabobank retains its cooperative ownership model and focus on local communities
- Rabobank is not an investment bank, nor is it an “all things to all people” style bank
- Rabobank is a large globally active bank and sits comfortably within the top 50 banks in the world
- Rabobank has over 10 million clients around the world with approximately 60,000 staff
- Within Holland, Rabobank is a market leading ‘universal bank’ with approximately 8 million clients and 27,000 staff
- Rabobank is a key supporter of community organisations and community based sporting teams



Rabobank Group

- Rabobank operates in 47 countries around the world
 - Australasia
 - North & South America
 - Europe
 - Asia
 - Africa
- Rabobank is located in key agribusiness production regions
- Rabobank also has a team of Food & Agribusiness research analysts in key locations

Loan portfolio food and agri by industry
mid-2012

Grain and oil seeds	20%
Animal protein	18%
Dairy	17%
Fruit and vegetables	11%
Farm inputs	6%
Food retail and food service	6%
Beverages	4%
Flowers	3%
Other	15%



Rabobank Australia and New Zealand

Who we are

- Rabobank acquired the Primary Industry Bank of Australia (PIBA) in New Zealand and Australia in 1994. In 1998, Rabobank reinforced its commitment to the rural sector in New Zealand with the purchase of Wrightson Farmers Finance.
- We have a strong and well recognised focus on providing banking services to food & agribusiness operations as follows:
 - Rural based farmers
 - Middle market producers, processors and traders; and
 - Large wholesale companies





New Zealand : 32 branch locations



Australia: 61 branch locations

Contents

Section 1:

Rabobank Introduction

Section 2:

Industry Debt trends over past 10 years & outlook

Section 3:

Rabobank Credit assessment for deer farming

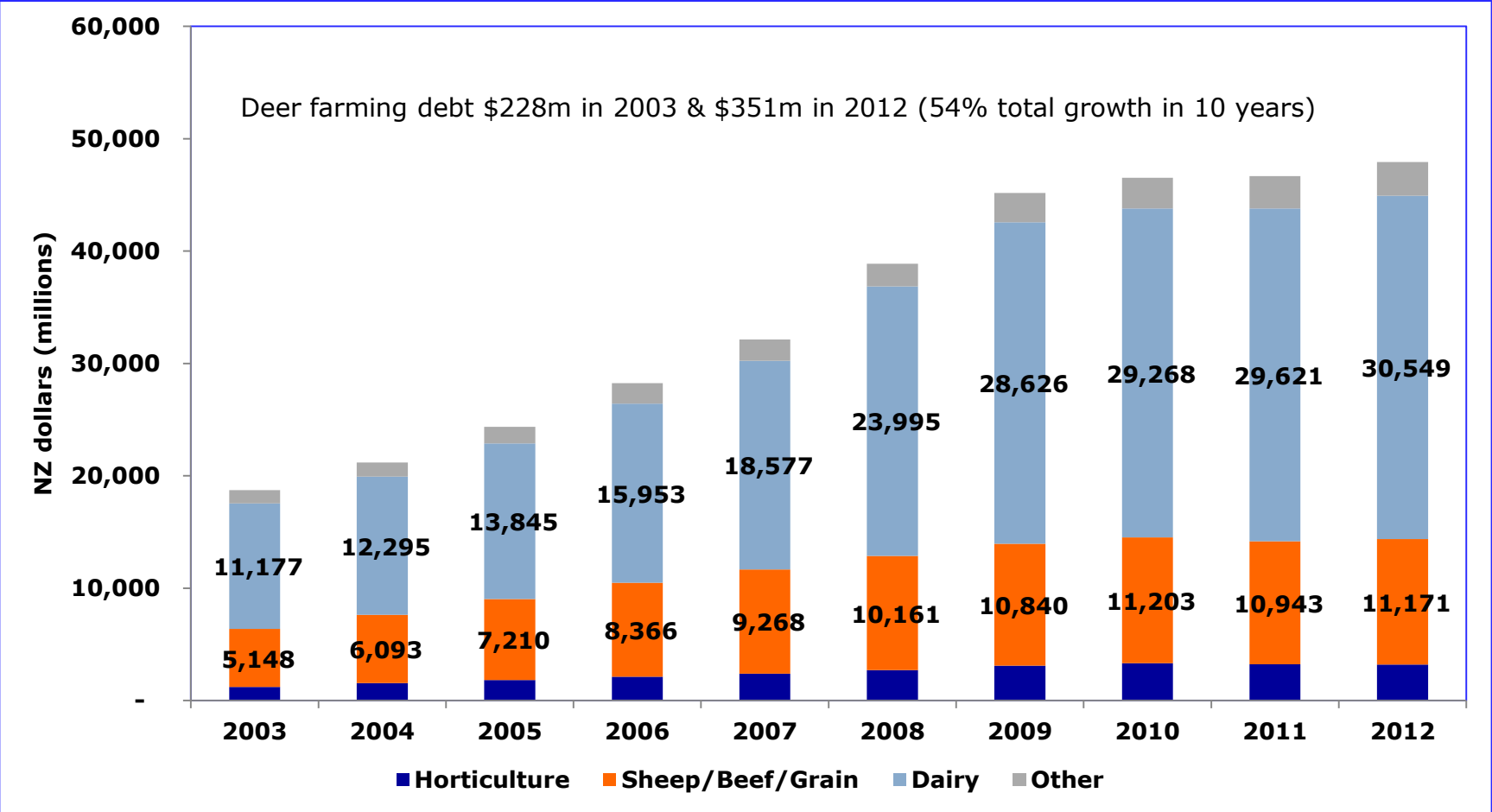
Section 4:

Sustainability & Succession Planning at Rabobank



Rabobank

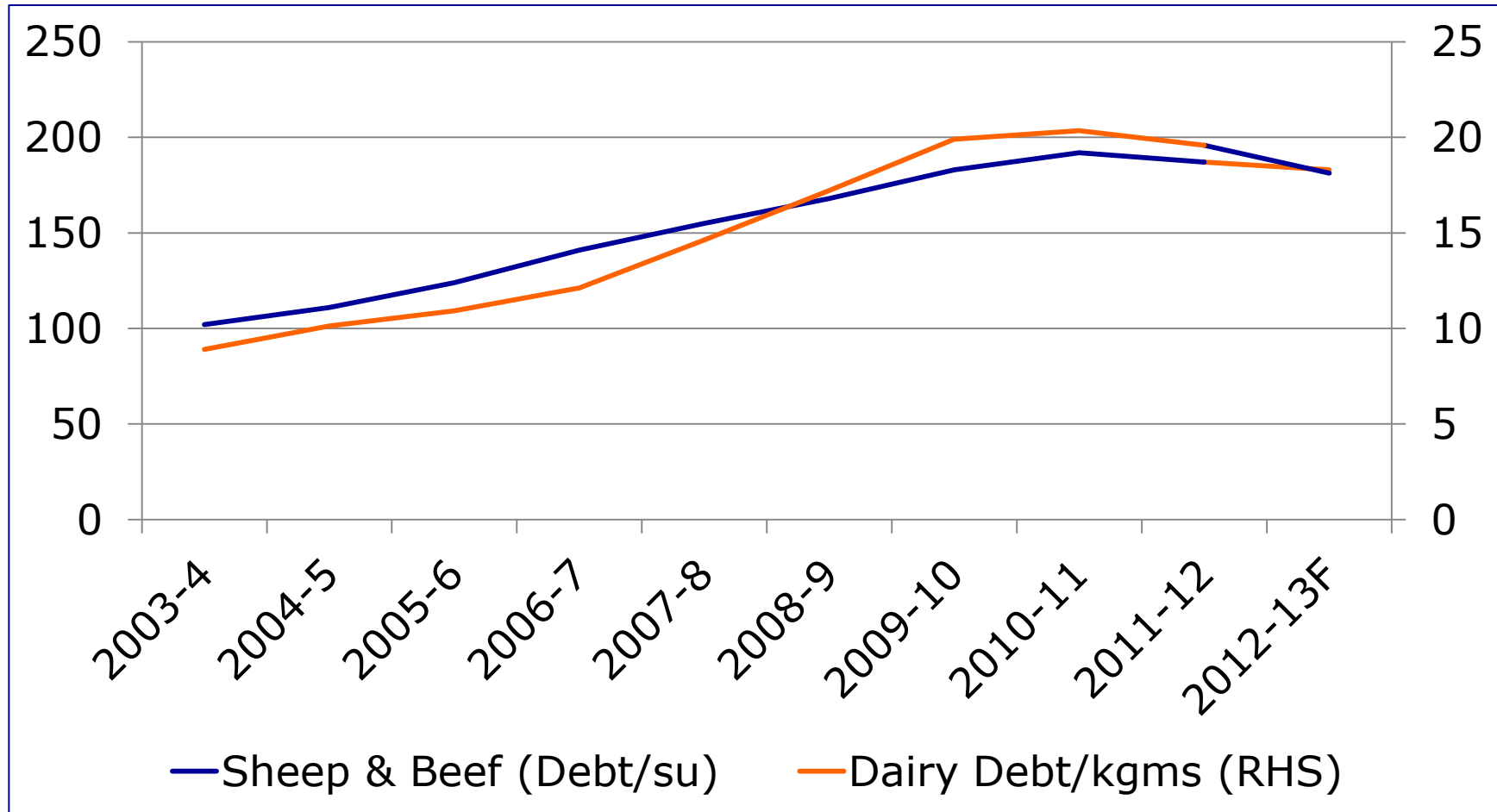
Rural Debt trend per industry



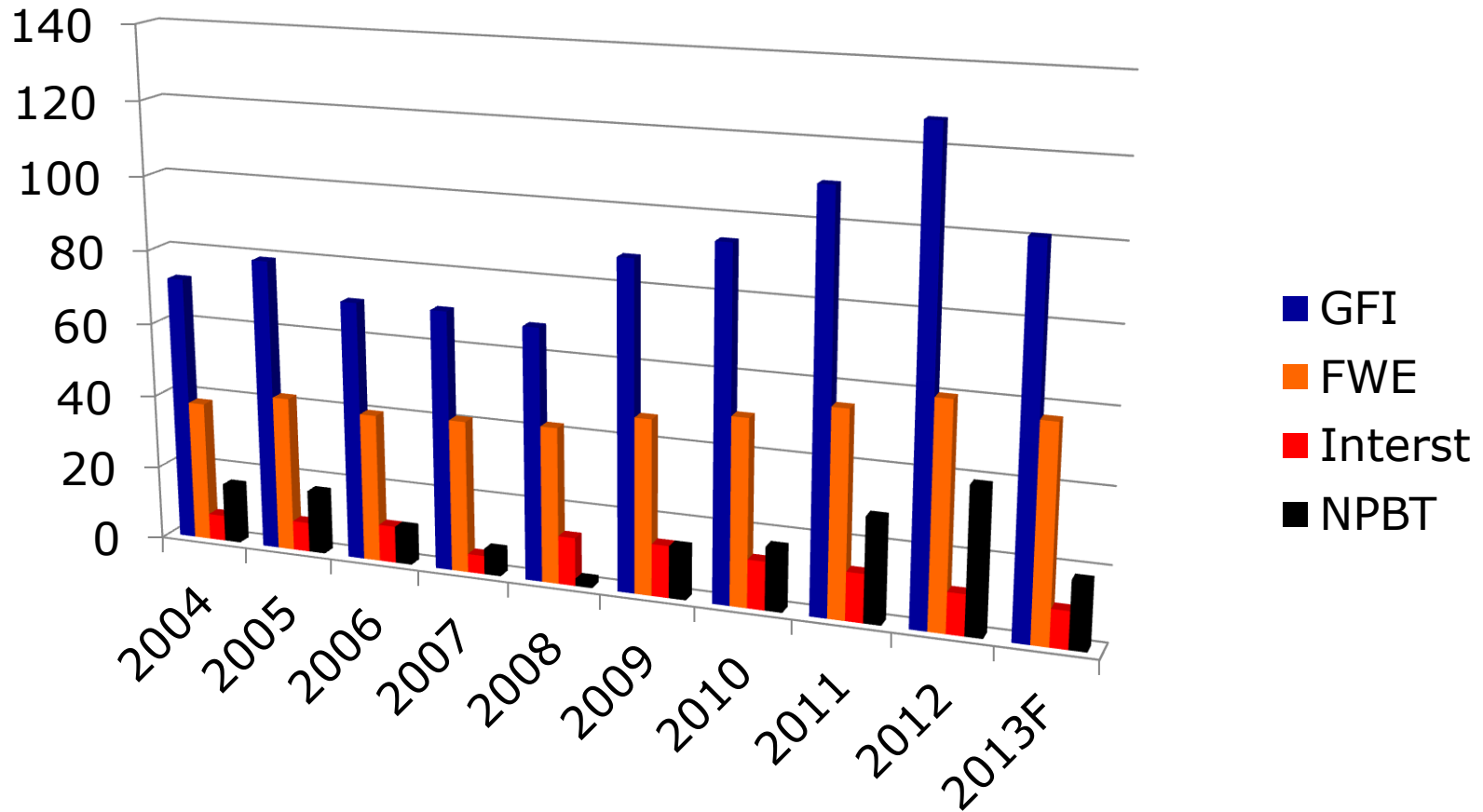


Rabobank

Debt on a per unit of production



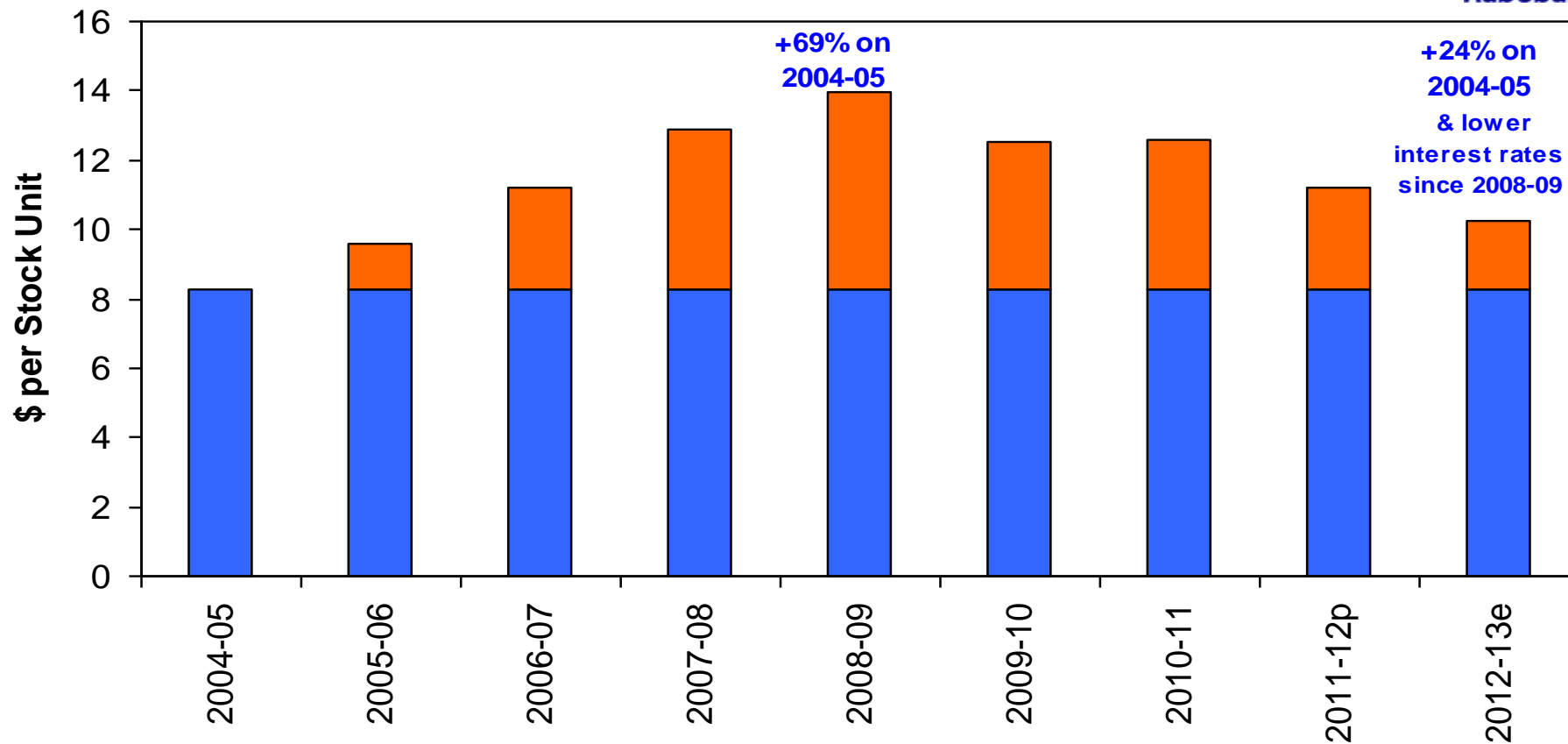
Profitability per SU on S&B farms over 10 years



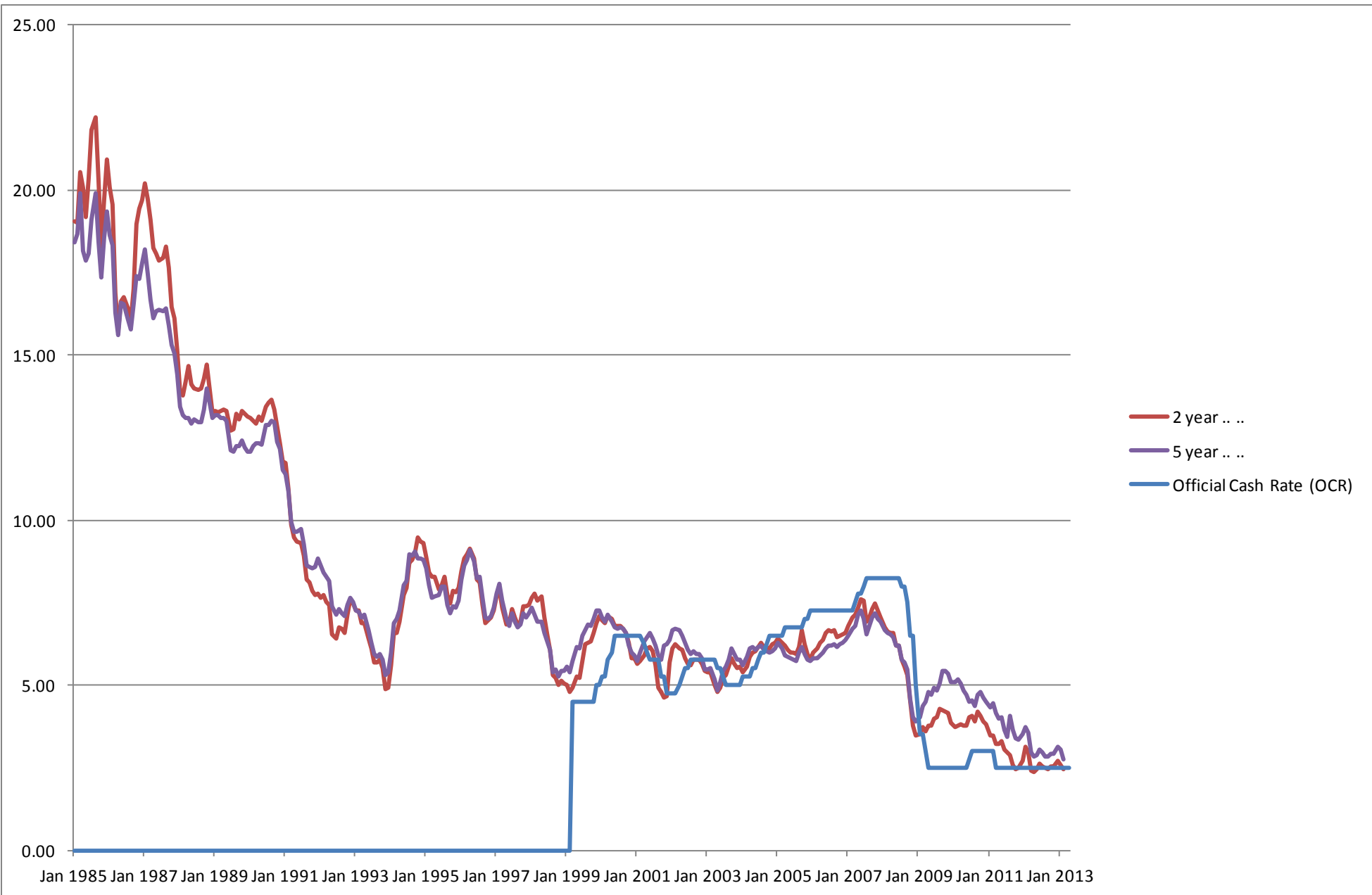
Sheep & Beef Farm Interest per SU



Rabobank



Source: Beef + Lamb New Zealand Economic Service
Sheep and Beef Farm Survey

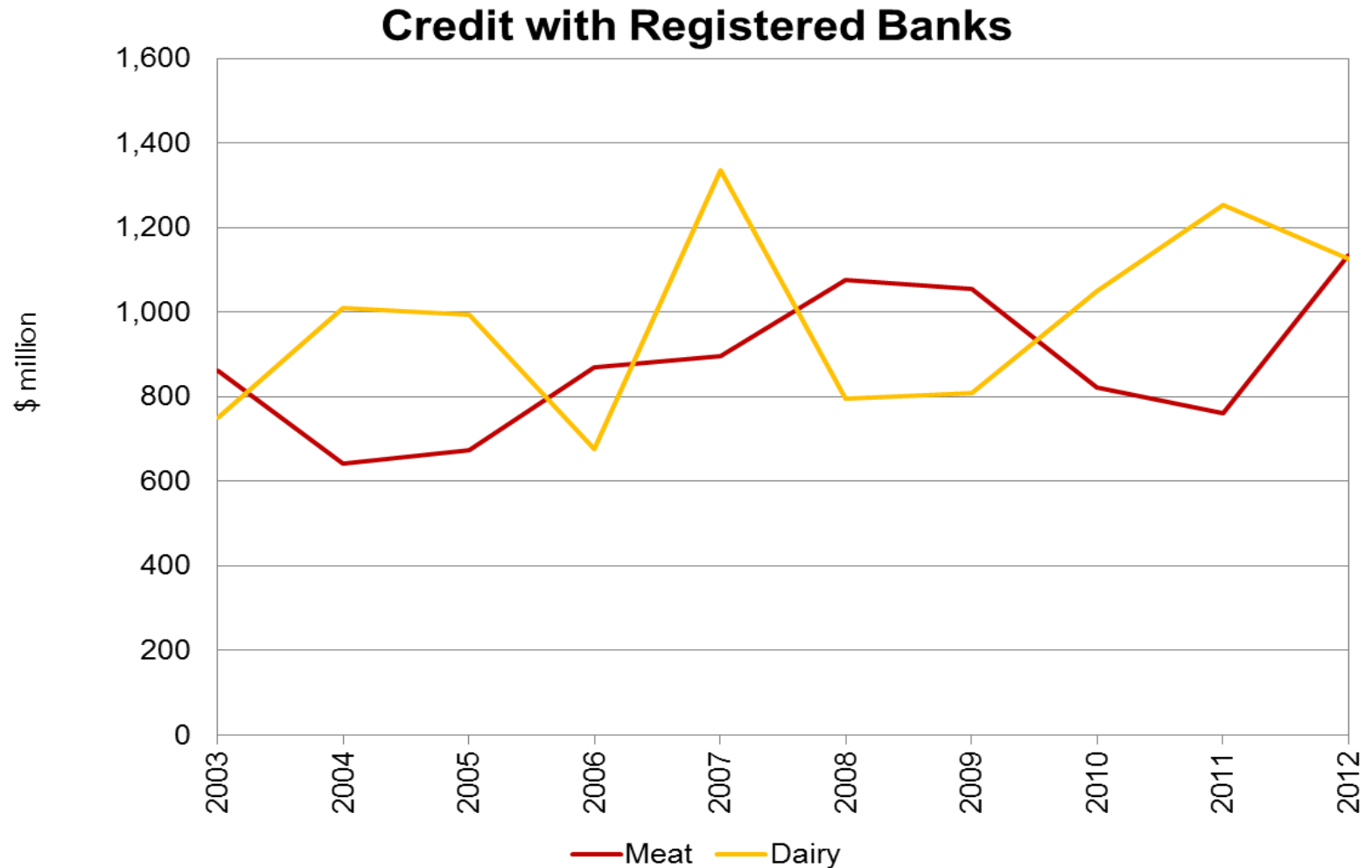


Meat + Dairy Processing Sector

Debt Trend - June Year



Rabobank
2011 to 2012



Dairy
-10%
\$-128
m

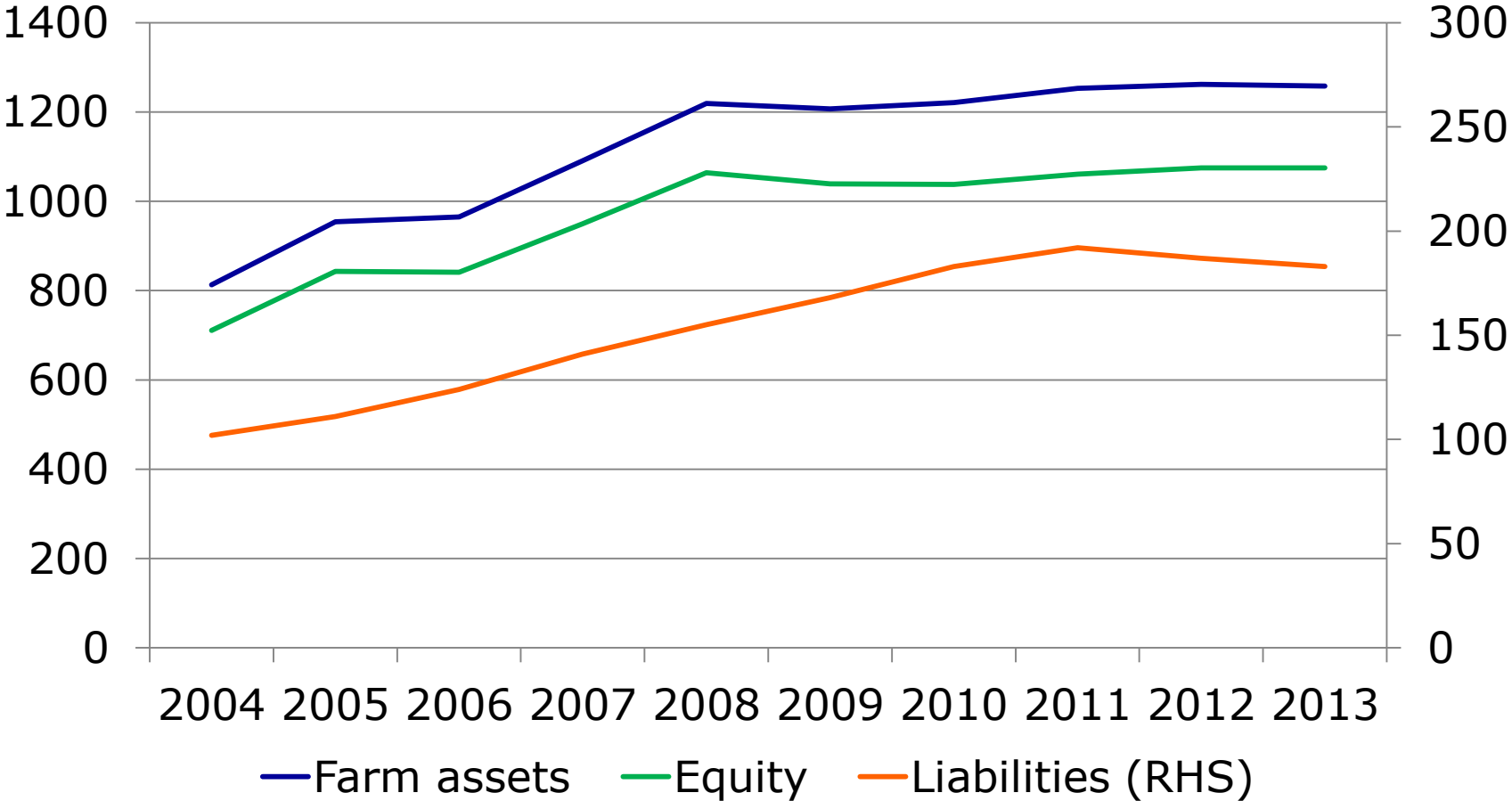
Sheep & Beef
+49%
+\$373
m

Source: Beef + Lamb New Zealand Economic Service
Reserve Bank of New Zealand, ref table C28



Rabobank

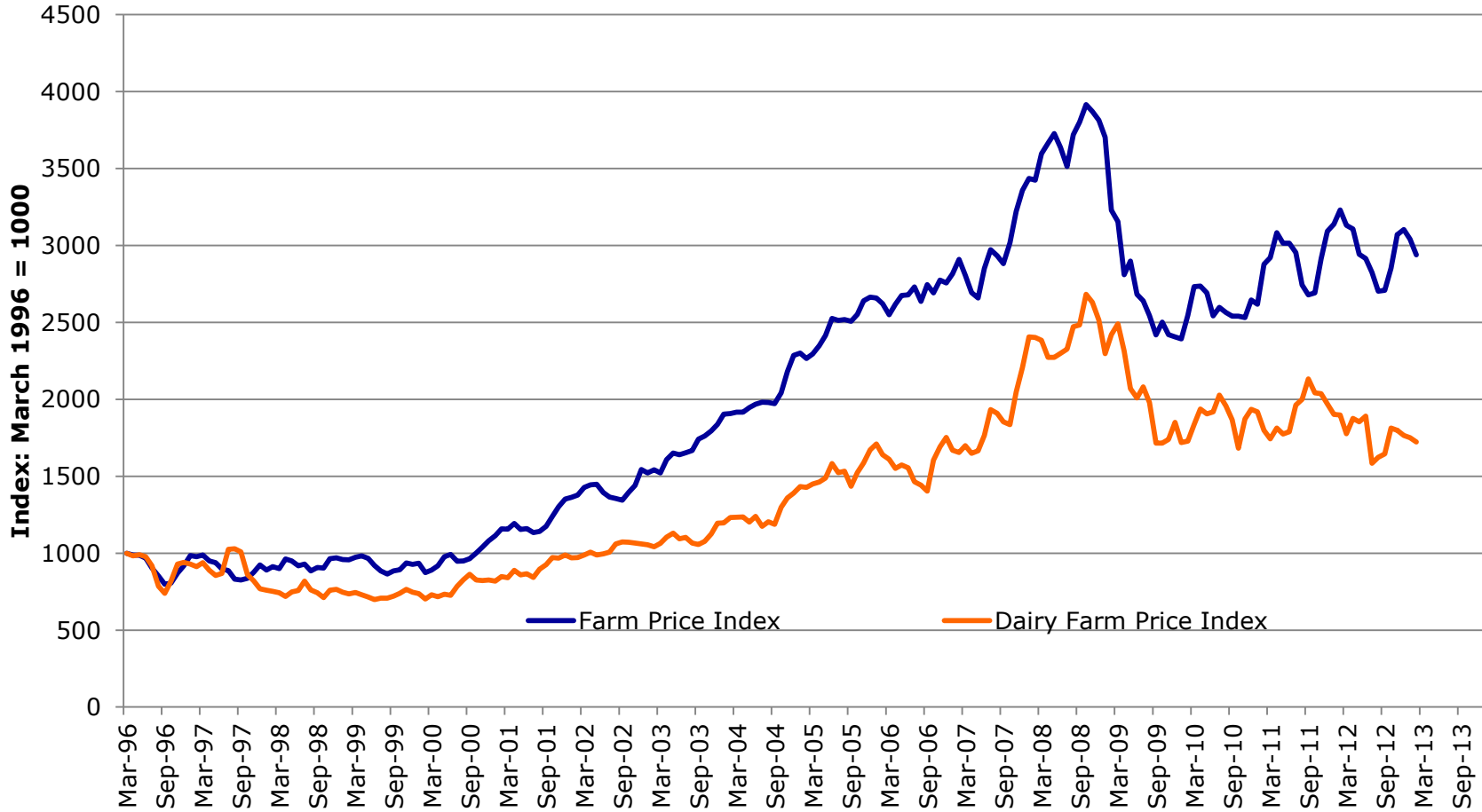
Sheep & Beef Balance Sheet Trends per SU





Rabobank

Farm Price Index 1996 – 2013 (17 years)



Contents

Section 1:

Rabobank Introduction

Section 2:

Industry Debt trends over past 10 years & outlook

Section 3:

Rabobank Credit assessment for deer farming

Section 4:

Sustainability & Succession Planning at Rabobank



Rabobank

Rabobank Credit assessment for deer farming

Personal Factor

- Strong understanding of the industry
- Farming history
- HR mgt and external support network
- Banking relationship & communication

Financial Aspects

- Timely financials & budget forecasts
- Budget v's Actual variances
- Business Plan
- Scenario analysis (weather, devel ..)

Production aspects

- Suitability of land
- Quality of stock & where sourcing from
- Forecast v's historic
- Feeding regime (grass, crops, grain)
- History of disease (TB, Johnnes etc)

Security aspects

- Safe lending margin: 50% MV land & livestock
- Saleability of assets
- Highest & best use of the land

Contents

Section 1:

Rabobank Introduction

Section 2:

Industry Debt trends over past 10 years & outlook

Section 3:

Rabobank Credit assessment for deer farming

Section 4:

Sustainability & Succession Planning at Rabobank

Sustainability

- Sustainability has always been at the heart of Rabobank. It is integral to who we are and how we operate
- We work closely with our customers and local communities to build a sustainable future
- We help our business clients to assess environmental, social and economic opportunities and risks, whether they are large corporations or enterprising start-ups
- We offer products and services that contribute to the sustainable development of wealth and prosperity
- We engage in reputable and transparent business and are one of the world's most sustainable banks



Succession Planning

Assisting rural families to plan their future

Succession planning can have many personal, family and financial benefits including

- Increased financial security for each generation
- Increased personal motivation and family cooperation
- Opportunities for the family business to realise its potential and profitability
- Direction and clarity of goals





Deer Industry Conference

"Your Capital – Your Future"

Banking trends in Agribusiness

23-25 May 2013
Wellington

Hamish Midgley – National Manager
Food & Agribusiness Banking