

Existing Dollar based limits

Counterparty/Issuer	Minimum long term/ short term credit rating – stated and possible	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per (\$m)
NZ Government		Unlimited	none	unlimited
NZD Registered Supranationals	AAA	50	none	50
State Owned Enterprises	A-/ A2	15	none	15
NZ Registered Bank	A-/ A2	60	70	80
Corporate Bonds/ CP*	A-/ A2 (if rated)	10	none	10
Local Government	A-/ A2 Unrated	40	none	40
Stock/ Bonds/ FRN/ CP****		25	none	25

Proposed new percentage based limits

Issuer / counterparty	Instruments	Minimum credit rating (short-term / long-term)	Maximum exposure per counterparty(NZD) % of rates revenue	Maximum exposure per counterparty grouping as a % of rates revenue
New Zealand Government	Treasury bills, NZ government bonds, debt issued by entities explicitly guaranteed by the NZ Government	n/a	unlimited	100%
RBNZ registered banks	Bank deposits, bank bills, bank bonds, interest rate risk management contracts, foreign exchange contracts	A1+ / AA-	60%	100%
		A1+ / A+	40%	
		A1 / A	25%	
		A1 / A-	15%	
Offshore banks	Bank deposits, bank bills, bank bonds, interest rate risk management contracts, foreign exchange contracts	A1 / A	15%	75%
Local Government Funding Agency	Borrower notes	n/a	60%	60%
Local authorities – rated	Local authority bonds, CP	A1+ / AA-	20%	20%
Local authorities - non rated	Local authority bonds, CP	n/a	10%	10%
Other issuers including state owned enterprises, listed and unlisted companies	Commercial paper, corporate bonds	A1+ / AA-	5%	10%
		A1 / A-	5%	5%