Rabobank

General Disclosure Statement

For the six months ended 30 June 2009

Rabobank New Zealand Limited Banking Group

Contents

General information and definitions

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

In this General Disclosure Statement reference is made to:

- Rabobank New Zealand Limited (also referred to as the "Registered Bank").
- Rabobank New Zealand Limited and its wholly owned subsidiary Rabo Securities and Investments (NZ) Limited (referred to as the "Banking Group").

Rabo Securities and Investments (NZ) Limited is a special purpose entity which is 100% owned by Rabobank New Zealand Limited and is incorporated and domiciled in New Zealand. Rabo Securities and Investments (NZ) Limited is not guaranteed by either Rabobank New Zealand Limited or Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (also referred to as Rabobank Nederland). Pursuant to the conditions of registration for Rabobank New Zealand Limited, a guarantee is not required as Rabo Securities and Investments (NZ) Limited has no creditors.

The financial information is disclosed for the periods ended 30 June 2009 and 30 June 2008 and has been reviewed by the auditors.

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

General matters

Rabobank New Zealand Limited is a limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The registered office is situated at, and the address for service is, Level 12, 80 The Terrace, Wellington, New Zealand.

Ultimate parent bank

The Bank's ultimate parent entity is Rabobank Nederland, domiciled in the Netherlands. Its registered office is:

Head Office
Croeselaan 18
3521 CB Utrecht
The Netherlands

Rabobank Nederland's New Zealand address for service is Level 12, 80 The Terrace, Wellington.

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 Rabobank New Zealand Limited.

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

Rabobank New Zealand Limited 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 Rabobank New Zealand Limited.

Directors

The directors of the Registered Bank and their details at the time this General Disclosure Statement was signed were:

Name: William Patrick Gurry
Occupation(s): Director (Chairman)
Qualifications: Bachelor of Laws
Country of Residence: Australia
Executive or Independent: Independent

External Directorships:

- Cheviot Bridge Ltd (Chr)
- Financial Markets Foundation for Children
- Rabo Australia Ltd
- Rabobank Australia Ltd
- St Vincents & Mercy Private Hospital
- Bristen Pty Ltd (Chr)

Name: Bruce Dick
Occupation(s): Chief Executive Officer
Qualifications: Bachelor of Commerce
Country of Residence: Australia
Executive or Independent: Executive

External Directorships:

- De Lage Landen Pty Ltd
- GrainCorp Pools Pty Ltd
- Lautrec (MR) Pty Ltd
- Neo Investments Ltd
- Platypus Finance Pty Ltd
- Rabo Australia Ltd
- Rabo Corporate Finance & Securities Pty Ltd
- Rabo Equipment Finance Ltd
- Rabo Financial Advisors Ltd
- Rabo Life Pty Ltd
- Rabo New Zealand Holdings Ltd
- Rabobank Australia Ltd
- Soft Commodity Trading Pty Ltd

Name: Johan Christoffel ten Cate
Occupation(s): Director
Qualifications: Bachelor's in Business Economics, Master's in Business Administration
Country of Residence: Netherlands
Executive or Independent: Executive

External Directorships:

- De Lage Landen International B.V.
- FGH Bank N.V.
- Robeco Groep N.V.
- Rabo Vastgoed B.V.
- Yes Bank Ltd, Mumbai India
- Nationale Cooperatieve Raad
- General Council VNO/NCW (Confederation of Netherlands Industry & Employers)
- Hogeschool Rotterdam
- Vereniging Trustfonds Erasmus Universiteit,
- Beurs Rotterdam N.V.
- Janivo Holding B.V.
- Bolidt Kunststoftoepassing B.V.
- Museum Boijmans van Beuningen Foundation
- Koninklijke Maatschap Wilhelmina Polder
- Club Rotterdam
- Friend of the Erasmiaans Gymnasium Foundation
- Rabo Australia Ltd
- Rabobank Australia Ltd

Name: Johannes Hendricus (Harry) de Roo
Occupation(s): Alternate Director for Johan Christoffel ten Cate
Qualifications: Fellow of the NI NIVRA Institute (the Royal Dutch Institute for Chartered Accountants)
Country of Residence: Netherlands
Executive or Independent: Executive

External Directorships:
- Rabo Australia Ltd (Alt Director)
- Rabobank Australia Ltd (Alt Director)
- Rabo Financial Products B.V.
- VIB Corp
- Rabobank, N.A.
- Rabobank Curacao N.V.
- ACC Bank PLC
- BGZ S.A.

Name: Erich Fraunschiel
Occupation(s): Director
Qualifications: Bachelor of Commerce (Hons), CFMS & AMP
Country of Residence: Australia
Executive or Independent: Independent

External Directorships:
- Corona Capital Management Pty Ltd
- Rabo Australia Ltd
- Rabobank Australia Ltd
- The WCM Group Limited
- Wesfarmers Federation Insurance Ltd
- Lumley Corporation Ltd
- Lumley General Insurance Ltd
- The Western Australian Opera Company
- Woodside Petroleum Ltd
- Worley Parsons Ltd

Name: David Welsford Smithers
Occupation(s): Director
Qualifications: Fellow of the Institute of Chartered Accountants, Australia
Country of Residence: Australia
Executive or Independent: Independent

External Directorships:
- Carbrook Investments Pty Ltd (Member & Director)
- Country Education Foundation Ltd (Honorary)
- Honey & Nut Management Pty Ltd
- International Energy Services Pty Ltd (Member & Director)
- James N Kirby Foundation Pty Ltd (Honorary)
- Lumime Pty Ltd
- Pineleaf Pty Ltd (Member & Director)
- Rabo Australia Ltd
- Rabobank Australia Ltd
- Sydney IVF Ltd (Member & Director)
- Sydney Symphony Ltd (Honorary)
- Sydney Symphony Orchestra Holdings Pty Ltd (Honorary)

Name: John Leonard Palmer
Occupation(s): Director
Qualifications: Bachelor of Agricultural Science
Country of Residence: New Zealand
Executive or Independent: Independent

External Directorships:

- Air New Zealand Ltd (Chr)
- AMP Ltd
- AMP Life Ltd
- Fruit Logistics (Nelson) Ltd (Chr)
- Rabo Australia Ltd
- Rabobank Australia Ltd
- Saxton Fruit Ltd
- Solid Energy Ltd (Chr)
- Washbourn Investments Ltd (Member)

The address to which any documents or communication may be sent to any Director is Rabobank New Zealand Limited C/- Rabobank Australia Group, Level 16, Darling Park Tower 3, 201 Sussex Street, Sydney, NSW, 2000, Australia. The documents or communication should be marked for the attention of the Director.

Signing of the directors' statement to the disclosure statement

Bruce Dick, director of Rabobank New Zealand Limited, signs the Directors' Statement to this General Disclosure Statement on his own behalf and on behalf of the following directors:

- William Patrick Gurry (Chairman)
- David Welsford Smithers
- Johan Christoffel ten Cate
- Erich Fraunschiel
- John Leonard Palmer

Composition of the board of directors

There has been a change in the composition of the Rabobank New Zealand Limited's board of directors since the publication date of the previous General Disclosure Statement with the resignation of Ruurd Weulen Kranenberg on 31 July 2009.

Director related transactions

There are no related party transactions that are not at arm's length or which could otherwise be reasonably likely to influence materially the exercise of the Directors' duties.

Board audit committee composition

Rabobank New Zealand Limited does not have its own board audit committee. However, there is a Board Risk, Audit and Compliance Committee ('BRACC') for the Rabobank Group in Australia and New Zealand (which includes Rabobank New Zealand Limited). It is comprised of 4 members, all of whom are independent directors of Rabobank New Zealand Limited.

Conflict of interest policy

Rabobank New Zealand Limited has specific provisions in its constitution relating to director conflicts of interest. These provisions mirror the provisions contained in the Companies Act 1993.

Auditors for Rabobank New Zealand Limited

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

Conditions of registration applicable to Rabobank New Zealand Limited

Rabobank New Zealand Limited 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 limiting exposures to connected persons;
- 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.

Historical summary of financial statements

	NZ IFRS 6 months ended 30-Jun 2009 $m	NZ IFRS 12 months ended 31-Dec 2008 $m	NZ IFRS 12 months ended 31-Dec 2007 $m	NZ GAAP 12 months ended 31-Dec 2006 $m	NZ GAAP 12 months ended 31-Dec 2005 $m	NZ GAAP 12 months ended 31-Dec 2004 $m
Statement of Comprehensive Income						
Interest income	240.54	495.00	431.86	372.90	306.19	303.68
Interest expense	(154.83)	(367.38)	(332.45)	(271.61)	(201.73)	(234.11)
Net interest income	85.71	127.61	99.41	101.29	104.46	69.57
Non-interest income:						
Other revenue	2.20	1.76	1.24	0.86	2.28	2.52
Other operating gain / (loss)	-	0.01	(0.90)	(18.25)	(25.40)	-
Total non-interest income	2.20	1.77	0.34	(17.39)	(23.12)	2.52
Total net operating income	87.91	129.38	99.75	83.90	81.34	72.09
Operating expenses	(33.14)	(64.74)	(62.06)	(58.36)	(51.55)	(44.03)
Charge for provision for risk	(2.79)	-	(1.90)	(3.11)	-	-
Impairment losses on loans and advances to customers	(37.36)	(23.09)	(2.44)	(0.01)	(1.70)	(0.81)
Profit before tax	14.62	41.55	33.35	22.42	28.09	27.25
Income tax expense	(4.40)	(12.91)	(11.73)	(7.41)	(8.76)	(8.53)
Profit after tax	10.22	28.64	21.62	15.01	19.33	18.72
Statement of Financial Position						
Total assets	6,582.05	6,015.50	4,945.19	4,806.11	4,141.03	3,720.66
Total impaired assets*	209.30	134.81	3.18	6.17	0.64	4.52
Total liabilities	6,313.86	5,757.53	4,715.86	4,598.40	3,948.33	3,545.78
Equity	268.19	257.96	229.32	207.71	192.70	174.88

** Impaired assets for the Banking Group as at 31 December 2005 and 31 December 2004 have been restated net of interest forgone. Previously disclosed impaired assets were gross of interest forgone. Impaired assets include individually impaired assets and restructured assets which are assets that would have become impaired if the terms and conditions of the loan agreement were not negotiated.*

The amounts disclosed above are obtained from audited financial statements except for the 6 months to 30 June 2009 which have been reviewed by the auditors.

Credit ratings

Rabobank New Zealand Limited 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 June 2009.

Rating Agency	Current Credit Rating
Standard & Poor's	AAA

Supplemental disclosure statement

Copies of Rabobank New Zealand Limited's most recent General Disclosure Statement and Supplemental Disclosure Statement will be provided immediately at no charge to any person requesting them at Rabobank New Zealand Limited's head office, or within five working days if the request is made at any branch or agency of the Registered Bank. It is also available at the internet address *www.rabobank.co.nz*.

Guarantee arrangements

Material obligations of Rabobank New Zealand Limited are guaranteed by Rabobank Nederland. Details of that guarantee are set out in this section.

In addition, obligations of Rabobank New Zealand Limited are guaranteed under the New Zealand deposit guarantee scheme. Details of those obligations are set out in this section.

Details of guarantor

Rabobank Nederland
The name and address for service of the Guarantor is:

Rabobank Nederland
Level 12
80 The Terrace
Wellington
New Zealand

Rabobank Nederland is not part of the Banking Group.

The guarantor – Rabobank Nederland

As at 31 December	2008 €m	2007 €m
Qualifying Capital*	30,912	29,156
Qualifying Capital*/RWA (%)	13.00%	10.90%

** 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 June 2009.

Rating Agency	Current Credit Rating

Standard & Poor's	AAA
Moody's	Aaa
Fitch	AA+

Descriptions of the credit rating scales are included on page 8.

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 Rabobank New Zealand Limited were guaranteed pursuant to a deed of guarantee dated 18 February 1998 (as amended by an amending deed dated 19 February 1998) by its ultimate parent Rabobank Nederland in favour of Permanent Trustee Company Limited (the "Trustee") as trustee for the creditors of Rabobank New Zealand Limited (the "Old Guarantee").

Whilst the Old Guarantee expired on 17 February 2008 all obligations incurred by Rabobank New Zealand Limited during the First Period will continue to be covered by the Old Guarantee until those obligations are repaid.

18 February 2008 to 17 February 2010

For the period 18 February 2008 to 17 February 2010 ("the Current Period"), the obligations of Rabobank New Zealand Limited are guaranteed pursuant to a deed of guarantee dated 6 February 2008 by its ultimate parent Rabobank Nederland in favour of the creditors of Rabobank New Zealand Limited (the "New Guarantee").

The New Guarantee will expire on 17 February 2010 and all obligations incurred by Rabobank New Zealand Limited during the Current Period will be covered by the New Guarantee until those obligations are repaid.

Copies of the guarantees are included in Rabobank New Zealand Limited's most recent Supplemental Disclosure Statement.

There are no limits on the amount of the obligations guaranteed under the New Guarantee. There are no material conditions applicable to the New 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 New Guarantee of any of the creditors of Rabobank New Zealand Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

Details of government guarantors

Her Majesty the Queen in right of New Zealand (the "Crown") has provided a government guarantee in relation to Rabobank New Zealand Limited. The Crown's address for service is:

The Treasury
1 The Terrace
Wellington

Further information about the New Zealand deposit guarantee scheme can be obtained from the internet site maintained by the Treasury at *www.treasury.govt.nz*.

The most recent audited financial statements of the Crown can be obtained from the internet site maintained by the Treasury.

The Crown's issuer credit ratings in respect of its long term obligations payable in New Zealand dollars are as follows:

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

Description of credit rating scales

	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 to C
Obligations currently in default.	D	-	D

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.

Details of obligations guaranteed by government guarantors

In general terms, the obligations guaranteed by the Crown are all deposits made with Rabobank New Zealand Limited except deposits by any related party of Rabobank New Zealand Limited and any financial institution.

There are limits on the amount of the obligations guaranteed. The main limit is that the maximum liability of the Crown to a depositor is NZD1,000,000.

There are no material conditions applicable to the guarantee other than non-performance by Rabobank New Zealand Limited. The main conditions are that the Crown is not obliged to make payment unless and until the Crown:

- Receives a notice of claim in a form to be determined by the Crown; and
- Is satisfied as to the amount of the deposit.

The Crown guarantee expires at 12.01 am on 12 October 2010. The Deposit Guarantee may be withdrawn by the Crown in certain circumstances. Rabobank New Zealand Limited does not have an option to roll over or renew the Deposit Guarantee.

Where Rabobank New Zealand Limited fails to comply with:

(i) certain information requests from the Crown;

(ii) any prudential supervision direction, notice or requirement under the Reserve Bank Act or otherwise; or

(iii) the terms of any trust deed for debt securities by Rabobank New Zealand Limited,

(iv) and the appropriate notice has been given by the Crown pursuant to the Deposit Guarantee, the Crown may withdraw the Deposit Guarantee.

Under the Deposit Guarantee, if the Crown reasonably considers that the business or affairs of Rabobank New Zealand Limited or any member of the Banking Group are being, or are intended or likely to be, carried on in a manner which will or may extend the effective benefit of the Deposit Guarantee to persons who are not intended to receive that benefit or is or would be otherwise inconsistent with the intentions of the Crown in entering into the Deposit Guarantee, the Crown may withdraw the Deposit Guarantee by written notice to Rabobank New Zealand Limited. Upon such a withdrawal, the Deposit Guarantee will not cover indebtedness to a Creditor who is concerned in, and has or ought to have knowledge of, the activities described in this paragraph.

The Crown may also withdraw the Deposit Guarantee for any other reason by written notice to Rabobank New Zealand Limited provided that it first offers to enter into a new guarantee, effective from the date of withdrawal of the Deposit Guarantee, with Rabobank New Zealand Limited on terms the Crown reasonably considers to be not materially adverse to Creditors generally as compared to the Deposit Guarantee.

The Deposit Guarantee does not cover indebtedness which arises following the date of a withdrawal (other than interest accruing on indebtedness existing at the date of withdrawal).

Availability of guarantee contracts

Copies of Rabobank New Zealand Limited's guarantee contracts are included in its most recent Supplemental Disclosure Statement. Rabobank New Zealand Limited's most recent Supplemental Disclosure Statement is available immediately, if the request is made at Rabobank New Zealand Limited'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.

Pending proceedings or arbitration

The New Zealand Inland Revenue Department has issued Notices of Proposed Adjustments with respect to conduit type transactions entered into by the Bank and its subsidiary Rabo Securities and Investments (NZ) Limited. Further details of those proceedings are set out in note 29 to the financial statements included in this General Disclosure Statement.

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 New Zealand Banking group has not become exposed to a new category of risk for the period ended 30 June 2009.

The New Zealand Banking Group does not take any equity risk.

For policies on liquidity risk, market risk and credit risk, refer to note 32 in the financial statements.

Operational risk and other risks

Rabobank Australia and New Zealand Group has an integrated framework of responsibilities and functions driven from Board level down to operational levels, covering all aspects of risk most notably credit, market, and operational risk. The Board approves Rabobank Australia and New Zealand Group's risk strategy, taking into account the company's risk appetite, overall business strategy and management expertise in each business unit.

Operational and other risks are closely reviewed by the Balance Sheet Risk Management Committee ('BRMC'). Management evaluates which controls and measures that need to be implemented to either reduce the likelihood of an incident occurring or reduce the potential damage arising from that incident. These controls also include measures to ensure that staff adheres to Management's directives, policies, procedures and guidelines. Management use all opportunities to ensure that all controls are embedded in Rabobank Australia and New Zealand Group's system and corporate culture.

Risk management review

Risk management policy, procedures and implementation are reviewed on an annual basis by the Rabobank Group's Internal Audit department, by external auditors to the extent applicable as part of the end of year review of statutory accounts and by Rabobank Head Office auditors usually every two years.

Internal audit function

The Rabobank Group in Australia and New Zealand (which includes Rabobank New Zealand Limited) has an established Internal Audit department. The Head of Internal Audit has reporting lines to Audit Rabobank Group (Head Office), the Chief Executive Officer and the local Board Risk, Audit and Compliance Committee ('BRACC').

A Rabobank International Internal Audit charter sets out the terms of reference for the roles and responsibilities of the function. Internal Audit is responsible for providing management independent, objective and reasonable assurance with regard to them being in control of the activities and operations within their respective areas of responsibility.

An audit plan, covering all auditable areas, is developed annually as part of the global Internal Audit planning process and is formally tabled at the BRACC. The Internal Audit department undertakes its tasks using a risk based approach. Accordingly, greater emphasis is placed on those areas assessed as having a higher risk profile.

The BRACC has responsibilities in relation to the whole of the Rabobank Group in Australia and New Zealand. Its current members are independent directors of Rabobank New Zealand Limited. The BRACC meets 3 times per annum to review the progress made by Internal Audit in accordance with the audit plan and considers the findings arising from the work conducted.

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 Banking Group.

On 14 February 2006 Rabobank New Zealand Limited launched "RaboPlus", an online banking and investment service offering access to third party managed funds. RaboPlus 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, RaboPlus is entitled to distribution fees from the fund managers and entry fees from investors.

Rabobank New Zealand Limited 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 RaboPlus 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 RaboPlus 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 RaboPlus, Rabobank New Zealand Limited 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 $318.45m as at 30 June 2009 ($180.91m as at 30 June 2008).

Other material matters

There has 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 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.

Auditors' review report

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

Conditions of registration

Rabobank New Zealand Limited conditions of registration as from 15 October 2008

The conditions of registration of the 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 November 2007.

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 November 2007; 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 disapplied 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 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.

5. That a substantial proportion of the bank's business is conducted in and from New Zealand.

6. That Rabobank Nederland, explicitly, unconditionally and irrevocably guarantees the obligations of Rabobank New Zealand Limited in terms of the guarantee dated 6 February 2008.

7. 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.

8. 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.

9. 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.

10. 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 limiting exposures to connected persons.
    - 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).
11. 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 intends to withdraw or alter the guarantees referred to in these conditions of registration.
12. 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.

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).

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 Statement (Full and Half-Year – New Zealand Incorporated Registered Banks) Order 2008; and
- The Disclosure Statement is not false or misleading; and

(ii) over the half year accounting period:

- Rabobank New Zealand Limited 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
- Rabobank New Zealand Limited 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 Bruce Dick in his capacity as a director of Rabobank New Zealand Limited and under an authority from each of the other directors.

Bruce Dick

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Bruce Dick
Director

Dated: 4 September 2009

Contents

Statement of Comprehensive Income

		Banking Group			Bank		
	Note	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000
Interest income	4	240,538	234,543	494,995	240,538	234,543	494,995
Interest expense	5	(154,826)	(176,789)	(367,383)	(154,826)	(176,789)	(367,383)
Net interest income		85,712	57,754	127,612	85,712	57,754	127,612
Non-interest income:							
Other revenue	6	2,197	537	1,761	2,197	537	1,761
Other operating gain / (loss)	7	(2)	41	8	(2)	41	8
Total non-interest income		2,195	578	1,769	2,195	578	1,769
Total net operating income		87,907	58,332	129,381	87,907	58,332	129,381
Operating expenses	8	(33,143)	(31,094)	(64,741)	(33,143)	(31,094)	(64,741)
Charge for provision for risk	25	(2,788)	-	-	(2,788)	-	-
Impairment charges on loans and advances to customers	9	(37,357)	(325)	(23,092)	(37,357)	(325)	(23,092)
Profit before tax		14,619	26,913	41,548	14,619	26,913	41,548
Income tax expense	11	(4,395)	(8,070)	(12,911)	(4,395)	(8,070)	(12,911)
Profit after tax		10,224	18,843	28,637	10,224	18,843	28,637
Other comprehensive income after tax		-	-	-	-	-	-
Total comprehensive income after tax		10,224	18,843	28,637	10,224	18,843	28,637
Attributable to:							
Members of the Banking Group		10,224	18,843	28,637	10,224	18,843	28,637
Minority Interests		-	-	-	-	-	-
		10,224	18,843	28,637	10,224	18,843	28,637

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

Statement of Financial Position

		Banking Group			Bank		
	Note	As at 30 June 2009 $000	As at 30 June 2008 $000	As at 31 December 2008 $000	As at 30 June 2009 $000	As at 30 June 2008 $000	As at 31 December 2008 $000
Assets							
Due from other banks	12	6,435	13,166	14,301	6,435	13,166	14,301
Derivative financial instruments	13	5,753	3,996	8,212	5,753	3,996	8,212
Loans and advances to customers	14	6,316,891	5,026,662	5,765,847	6,316,891	5,026,662	5,765,847
Due from related entities	16	199,825	157,148	185,856	199,825	157,148	185,856
Other assets	17	23,754	29,415	24,166	22,452	29,415	22,864
Deferred tax assets	11(c)	26,168	6,465	13,613	26,168	6,465	13,613
Investment in controlled entity	18	-	-	-	-	-	-
Property, plant and equipment	19	3,219	3,923	3,495	3,219	3,923	3,495
Intangible assets	20	3	6	5	3	6	5
Total assets		6,582,048	5,240,781	6,015,495	6,580,746	5,240,781	6,014,193
Liabilities							
Due to other banks	21	411	41,808	329	411	41,808	329
Unsecured deposits	22	2,358,137	2,375,343	2,553,171	2,358,137	2,375,343	2,553,171
Derivative financial instruments	13	5,606	3,550	8,128	5,606	3,550	8,128
Due to related entities	23	3,925,651	2,536,587	3,165,273	3,924,349	2,536,587	3,163,971
Deferred tax liabilities	11(d)	75	2	18	75	2	18
Creditors and accruals	24	12,861	27,105	22,352	12,861	27,105	22,352
Provisions	25	11,122	8,219	8,263	11,122	8,219	8,263
Total liabilities		6,313,863	4,992,614	5,757,534	6,312,561	4,992,614	5,756,232
Net assets		268,185	248,167	257,961	268,185	248,167	257,961
Equity							
Contributed equity	27	41,200	41,200	41,200	41,200	41,200	41,200
Retained earnings	28	226,985	206,967	216,761	226,985	206,967	216,761
Total equity		268,185	248,167	257,961	268,185	248,167	257,961

The above statements of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Banking Group			
	Contributed equity $000	Retained earnings $000	Reserves $000	Total $000
Total equity at 1 January 2008	41,200	188,124	-	229,324
Six months ended 30 June 2008				
Total comprehensive income	-	18,843	-	18,843
Total equity at 30 June 2008	41,200	206,967	-	248,167
Year ended 31 December 2008				
Total comprehensive income	-	28,637	-	28,637
Total equity at 31 December 2008	41,200	216,761	-	257,961
Six months ended 30 June 2009				
Total comprehensive income	-	10,224	-	10,224
Total equity at 30 June 2009	41,200	226,985	-	268,185

	Bank			
	Contributed equity $000	Retained earnings $000	Reserves $000	Total $000
Total equity at 1 January 2008	41,200	188,124	-	229,324
Six months ended 30 June 2008				
Total comprehensive income	-	18,843	-	18,843
Total equity at 30 June 2008	41,200	206,967	-	248,167
Year ended 31 December 2008				
Total comprehensive income	-	28,637	-	28,637
Total equity at 31 December 2008	41,200	216,761	-	257,961
Six months ended 30 June 2009				
Total comprehensive income	-	10,224	-	10,224
Total equity at 30 June 2009	41,200	226,985	-	268,185

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

Statement of Cash Flows

	Note	Banking Group			Bank		
		Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000
Cash flows from operating activities							
Cash was provided from:							
Interest income - related entities		4,355	12,818	20,955	4,355	12,818	20,955
Interest income - non-related entities		241,079	228,666	475,670	241,079	228,666	475,670
Other income		2,197	537	1,761	2,197	537	1,761
Bad debt recovery		-	-	39	-	-	39
Proceeds from derivative financial instruments*		-	-	682	-	-	682
Cash was applied to:					-		-
Interest expense - related entities		(99,079)	(93,916)	(191,481)	(99,079)	(93,916)	(191,481)
Interest expense - non-related entities		(59,568)	(89,567)	(188,108)	(59,568)	(89,567)	(188,108)
Payments for derivative financial instruments*		(169)	(2,113)	-	(169)	(2,113)	-
Operating expenses		(18,426)	(19,651)	(40,559)	(18,426)	(19,651)	(40,559)
Tax payments		(18,600)	(9,534)	(13,298)	(18,600)	(8,232)	(13,298)
(Increase) / decrease in operating assets:							
Loans and advances to customers		(588,403)	(362,032)	(1,124,021)	(588,403)	(362,032)	(1,124,021)
Due from related entities		(13,921)	60,419	31,007	(13,921)	60,419	31,007
Other assets		(319)	(1,838)	(96)	(319)	(1,838)	(96)
Increase / (decrease) in operating liabilities:							
Unsecured deposits		(194,996)	371,087	548,489	(194,996)	371,087	548,489
Due to related entities		740,592	(141,422)	473,964	740,592	(142,724)	473,964
Creditors and accruals		(2,539)	1,524	2,657	(2,539)	1,524	2,657
Net cash flow (used in) /provided by operating activities	31	(7,797)	(45,022)	(2,339)	(7,797)	(45,022)	(2,339)
Cash flows from investing activities							
Cash was provided from:							
Sale of property, plant & equipment		70	39	91	70	39	91
Cash was applied to:							
Purchase of property, plant & equipment		(221)	(431)	(552)	(221)	(431)	(552)
Purchase of computer software		-	-	-	-	-	-
Net cash flow (used in) / provided by investing activities		(151)	(392)	(461)	(151)	(392)	(461)
Cash flows from financing activities							
Net cash flow provided by / (used in) financing activities		-	-	-	-	-	-
Net (decrease) / increase in cash and cash equivalents for the period / year		(7,948)	(45,414)	(2,800)	(7,948)	(45,414)	(2,800)
Cash and cash equivalents at the beginning of the period / year		13,972	16,772	16,772	13,972	16,772	16,772
Cash and cash equivalents at the end of the period / year		6,024	(28,642)	13,972	6,024	(28,642)	13,972
Cash and cash equivalents at the end of the period / year comprise:							
Cash at other banks	12	6,435	13,166	14,301	6,435	13,166	14,301
Bank overdraft	21	(411)	(41,808)	(329)	(411)	(41,808)	(329)
Cash and cash equivalents at the end of the period / year		6,024	(28,642)	13,972	6,024	(28,642)	13,972

* Transactions are settled on a net basis.

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Reporting entity

Rabobank New Zealand Limited (the "Bank") is a limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Bank is an issuer for the purposes of the Financial Reporting Act 1993.

Financial statements for the Bank and consolidated financial statements are presented as at and for the period ended 30 June 2009. The consolidated financial statements comprise the Bank and its subsidiary Rabo Securities and Investments (NZ) Limited (together referred to as the "Banking Group").

The registered office is at Level 12, 80 The Terrace, Wellington, New Zealand.

The Bank is wholly owned by Rabobank International Holding B.V. and its ultimate parent entity is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank Nederland and domiciled in the Netherlands.

The principal activities of the Banking Group during the period were the provision of mortgage loans predominantly to borrowers in the rural industry and the raising of retail deposits. The Banking Group also offers business loans to the commercial market and housing loans to the residential market. Funds for these purposes are raised in both domestic and international markets. There were no significant changes to the principal activities during the period.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared and presented in accordance with the Financial Reporting Act 1993, the Reserve Bank of New Zealand Act 1989, the Companies Act 1993, applicable New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other authoritative pronouncements of the Accounting Standards Review Board, as appropriate for profit-oriented entities. These financial statements also comply with IFRS.

These financial statements were authorised for issue by the board on 4 September 2009.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The going concern concept and the accrual basis of accounting have been adopted.

The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(c) 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 Banking Group, as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Banking Group. All financial information presented in NZD has been rounded to the nearest thousand unless otherwise stated.

(d) Significant accounting judgements and estimates

In the process of applying the Banking Group's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

(i) Going concern

The Banking Group's management has made an assessment of the Banking Group's ability to continue as a going concern and is satisfied that the Banking Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Banking Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(ii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 38.

(iii) Impairment losses on loans and advances

The Banking Group reviews its individually significant loans and advances at each balance sheet date to assess whether an impairment loss should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Banking Group makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

The impairment loss on loans and advances is disclosed in more detail in Note 9 and Note 15.

(iv) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Banking Group entities.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and of the Banking Group as at and for the period ended 30 June 2009. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

(i) Subsidiaries

Subsidiaries are entities controlled by the Banking Group. Control is achieved when the Banking Group has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences and until the date that control ceases. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

(ii) Transactions eliminated on consolidation
All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

(iii) Business combinations
The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Banking Group's share of the identifiable net assets and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the transaction. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Banking Group and the revenue can be reliably measured. The principal sources of revenue are interest income and fees and commissions.

(i) Interest income
Interest income is recognised on an accruals basis using the effective interest method. Further information is included in Note 3(j) Loans and advances to customers, and Due from related entities.

(ii) Lending and credit facility related fee income
Fee income and direct costs relating to loan origination, financing or restructuring and loan commitments are deferred and amortised to interest income over the expected life of the loan using the effective interest method. Fees received for commitments which are not expected to result in a loan are recognised in the income statement over the commitment period. Loan syndication fees where the Banking Group does not retain a portion of the syndicated loan are recognised in income once the syndication has been completed. Where fees are received on an on-going basis, and represent the recoupment of the costs of maintaining and administering existing loans, these fees are taken to the income statement on an accruals basis.

(iii) Commission and other fees
When commission charges and fees relate to specific transactions or events, they are recognised as income in the period in which they are earned. However, when they are charged for services provided over a period, they are recognised to income on an accruals basis.

(c) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Banking Group entities at spot rates of exchange at the dates of the transactions. All foreign currency monetary items are re-valued at spot rates of exchange prevailing at the balance sheet date and gains / (losses) arising from changes in the spot rates are recorded in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot rate of exchange at the end of the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the spot rate of exchange at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the spot rate of exchange ruling at the date the fair value was determined. With the exception of the revaluations classified in equity, unrealised foreign currency gains and losses arising from these revaluations and gains and losses arising from foreign exchange dealings are included in the income statement.

(d) Income tax

Income tax on the profit for the reporting periods comprises current tax and movements in deferred tax balances. Income tax expense is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes. Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantially enacted at the balance sheet date and that are expected to apply to the temporary differences when they reverse.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Due from other banks

Due from other banks includes nostro balances, loans to other banks and settlement account balances. They are brought to account at the gross value of the outstanding balance. Interest is taken to the income statement using the effective interest method.

(f) Derivative financial instruments

Derivative financial instruments include foreign exchange contracts, options, interest rate swaps and currency options. Derivative financial instruments are used as part of the Banking Group's sales and trading activities and to hedge certain assets and liabilities.

Derivative financial instruments are initially recognised at fair value with transaction costs recognised in profit or loss on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. A positive fair value of a contract is reported as an asset and a negative fair value of a contract as a liability.

(g) Hedge accounting

The Banking Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Banking Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the type of hedge.

(i) Fair value hedges

Fair value hedges are used by the Banking Group to protect it against changes in the fair values of financial assets and financial liabilities due to movements in exchange rates and interest rates. The change in fair value of both the hedging derivative and the hedged item for fair value hedges are recognised immediately in the income statement within Gain / (loss) arising from hedging instrument and Gain / (loss) arising from hedged item attributable to hedged risk respectively. If the fair value hedge relationship is terminated for reasons other than the derecognition of the hedged item, fair value hedge accounting ceases and, in the case of an interest bearing item, the fair value adjustment of the hedged item is amortised to the income statement over the remaining term of the original hedge. If the hedged item is derecognised the unamortised fair value adjustment is recognised immediately in the income statement.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement within Net trading gain / (loss).

(h) Determination of fair value

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, if they are available.

The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

(i) Regular way purchase and sale of financial assets

Regular way purchases and sales of financial assets are accounted for at trade date.

(j) Loans and advances to customers, and Due from related entities

Loans and advances to customers and Due from related entities are financial assets with fixed and determinable payments that are not quoted in an active market. They include loans at call and term loans. They are carried at amortised cost using the effective interest method adjusted for provisions for impairment except those that are part of an effective hedge which are stated at fair value. Interest and yield related fees are recognised using the effective interest method. Yield related fees received in advance are deferred, included as part of the carrying value of other assets and amortised to the income statement as interest income over the term of the loan.

(k) Other assets

Other assets include interest, fees and other income receivable and non-financial assets. These assets are recorded at amortised cost.

(l) Investment in controlled entity

The investment is recorded by the Bank at the lower of cost of acquisition or recoverable amount. This asset is brought to account at recoverable amount when impaired and a provision is raised as per Note 3(p) Impairment of non-financial assets.

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Acquisitions of property, plant and equipment not available for use are recognised as property, plant and equipment in the course of construction in other assets. The assets are transferred and capitalised as property, plant and equipment when they are available for use with commencement of depreciation charged to the income statement.

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount. These are included in the income statement.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Banking Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss using the straight line (SL) over the estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

• Office fixtures & fittings	5 - 10 years (SL)
• Office equipment	5 - 10 years (SL)
• Computer hardware	3 - 5 years (SL)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date to take into account of any changes in circumstances. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(n) Intangible assets

(i) Computer software costs

Where computer software costs are not integrally related to associated hardware, the Banking Group recognises them as an intangible asset where they are clearly identifiable, can be reliably measured and it is probable that they will lead to future economic benefits that the Banking Group controls.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement when incurred.

(iii) Amortisation

The Banking Group carries capitalised computer software assets at cost less amortisation and any impairment losses. These assets are amortised over their estimated useful economic lives from the date that they are available for use. Amortisation is recognised in the income statement using the straight line method. The estimated useful lives for the current and comparative years are 2.5 – 3 years.

(o) Leased assets

Finance leases

Leases where the Banking Group as lessor transfers substantially all the risks and rewards incident to ownership of an asset to the lessee or a third party are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, including any guaranteed residual value.

NZ IAS 17 Leases requires income on finance lease transactions to be recognised on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the finance lease. The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method. Finance lease receivables are included in Note(3j) Loans and advances to customers and due from related parties.

(p) Impairment of financial assets

The carrying amounts of the Banking Group's financial assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as Due from other banks and Loans and advances to customers), the Banking Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in income statement.

(ii) Specific provisions

Individually assessed provisions are raised where there is objective evidence of impairment and full recovery of carrying value is considered doubtful. Individually assessed provisions are made against individual facilities. The provisions are established based primarily on estimates of the realisable value of the collateral taken and are measured as the difference between the asset's carrying amount and the present value of the expected future cash flows discounted at the financial asset's effective interest rate. Loans are written off after the Banking Group has made demands on the borrower, exercised its rights under its securities and exhausted all feasible recovery.

(iii) Collective provisions

Collective provisions are maintained to reduce the carrying amount of portfolios of similar loans and receivables to their estimated recoverable amounts at the balance sheet date. The expected future cash flows for portfolios of assets with similar credit risk characteristics are estimated on the basis of historical loss experience. Loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the loss experience is based and to remove the effects of conditions in the period that do not currently exist. Increases or decreases in the provision amount are recognised in the income statement.

(iv) Renegotiated/restructured loans

Where possible, the Banking Group seeks to restructure the terms and conditions of the loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated/restructured, the loan is no longer considered past due and it will continue to be subject to an individual or collective impairment assessment, using the original effective internal method.

(v) Past due assets

Past due loans are where payment is overdue and adequate security is held to cover amounts owing including unpaid principal and interest in arrears. Interest due but not received is taken to income until the loan is classified as non-accrual.

(q) Impairment of non-financial assets

The Banking Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Banking Group estimates the recoverable amount of the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash in-flows that are largely independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the corresponding impairment loss is recognised immediately in the income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, a previously recognised impairment loss is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, the reversal is not to an amount higher than the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in prior periods.

(r) Due to other banks

Due to other banks includes deposits placed by other banks, nostro balances, bank overdrafts and settlement account balances. They are brought to account at fair value including directly attributable transaction costs at inception and are subsequently recognised at amortised cost. Interest and yield related fees are taken to the income statement using the effective interest method.

(s) Unsecured deposits

Unsecured deposits include certificates of deposit, term deposits, savings deposits, cheque and other demand deposits. They are brought to account at fair value including directly attributable transaction costs at inception and are subsequently stated at amortised cost. Interest and yield related fees are taken to the income statement based on the effective interest method.

(t) Due to related entities

Due to related entities includes deposits and settlement account balances due to related parties. They are brought to account at fair value including directly attributable transaction costs at inception and are subsequently stated at amortised cost. Interest expense is recognised in the income statement using the effective interest method.

(u) Creditors and accruals

Creditors and accruals include interest, fees and other expenses payable and all other financial and non-financial liabilities. They are recorded at the carrying value to be paid when settled.

(v) Provisions

A provision is recognised in the balance sheet if the Banking Group has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

A provision for dividend payable is recognised when dividends are declared by the Directors.

(w) Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within' Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in 'Impairment loss on loans and advances to customers expense'. The premium received is recognised in the income statement in 'Other income' on a straight line basis over the life of the guarantee.

(x) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in creditors and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for annual leave are recognised when the leave is accrued and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to their net present value using market yields at the reporting date on relevant New Zealand Government Stock with terms that match as closely as possible the estimated timing of future cash flows.

(y) Contributed equity

Ordinary share capital is the amount of paid up capital from the issue of ordinary shares.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(z) Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST) except where the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and where receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(aa) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous periods except that the Banking Group has adopted the following standards, amendments and interpretations. With the exception of the Amendments to IAS 39 and IFRS 7 - Reclassification of Financial Assets (see below), the adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Banking Group. They did, however, give rise to additional disclosures.

(i) Amendments to NZ IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The amendments to IFRS 7 were issued in March 2009. The amendments are intended to enhance fair value and liquidity disclosures.

With respect to fair value, the amendments require disclosure of a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value and specific disclosures related to the transfers between levels in the hierarchy and detailed disclosures related to level 3 of the fair value hierarchy.

In addition, the amendments modify the required liquidity disclosures with respect to derivative transactions and assets used for liquidity management.

Comparative information has not been restated as this is not strictly required by the transition provisions of the amendment.

(ii) NZ IFRS 8 Operating Segments

This standard requires disclosure of information about the Banking Group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Banking Group. IFRS 8 disclosures are shown in Note 41.

(iii) Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets

The amendments allow entities to reclassify certain financial assets out of held-for-trading if they are no longer held for the purpose of being sold or repurchased in the near term.

- Financial assets that would be eligible for classification as loans and receivables (i.e. those assets which, apart from not being held with the intent of sale in the near term, have fixed or determinable payments, are not quoted in an active market and contain no features which could cause the holder not to recover substantially all of its initial investment except through credit deterioration) may be transferred from 'Held-for-trading' to 'Loans and receivables', if the entity has the intention and the ability to hold them for the foreseeable future.

- Financial assets that are not eligible for classification as loans and receivables, may be transferred from 'Held-for-trading' to 'Available-for-sale' or to 'Held-to-maturity', only in rare circumstances.

The amendment requires detailed disclosures relating to such reclassifications. The effective date of the amendment is 1 July 2008 and reclassifications before that date are not permitted.

The Banking Group has not reclassified any financial assets during the period.

(iv) IFRS 3 (Revised 2008) Business Combinations and IAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, for future business combinations, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Application of the revised standards will become mandatory for the Banking Group's 2010 financial statements.

(v) IAS 1 (Revised 2007) Presentation of Financial Statements

The standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. The revised IAS 1 was issued in September 2007 and is effective for accounting periods beginning on or after 1 January 2009.

The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income, which presents income and expense items recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

The changes introduced by the revision are presentational in nature, and will not have an impact on the results of the Banking Group. The Banking Group intends to present one single statement of comprehensive income.

(vi) Amendment to IAS 23 Borrowing Costs

IAS 23 issued in March 2007 will supersede IAS 23 (revised in 2003). IAS 23 (revised) is effective for accounting periods beginning on or after 1 January 2009 with early application permitted. The main change from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

The amendment to IAS 23 is not expected to have any impact on the financial performance or position of the Banking Group.

(vii) Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements, – Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to IAS 32 and IAS 1 were issued by the IASB in February 2008 and become effective for annual periods beginning on or after 1 January 2009 with early application permitted. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendments to IAS 1 require disclosure of certain information relating to puttable instruments classified as equity.

The amendments to IAS 32 and IAS 1 are not expected to have any impact on the financial performance or position of the Banking Group as the Banking Group has not issued such instruments.

(viii) Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

This amendment to IAS 39 was issued on 31 July 2008 and is applicable for annual periods beginning on or after 1 July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

The amendment to IAS 39 is not expected to have any impact on the financial performance or position of the Banking Group.

(ix) IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 is effective for accounting periods beginning on or after 1 October 2008 with early application permitted. The Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. This interpretation will have no effect on the Banking Group's financial statements.

(x) Improvements to IFRSs

In May 2008 the IASB issued its first annual set of non-urgent amendments to standards, primarily with a view to removing inconsistencies and clarifying wording. The Banking Group has decided not to early adopt the amendments and does not expect that their application to have significant effect.

	Banking Group			Bank		
	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000
4 Interest income						
Loans and advances to customers	233,842	225,906	479,333	233,842	225,906	479,333
Related entities	4,468	6,210	11,024	4,468	6,210	11,024
Impaired assets	3	317	317	3	317	317
Lease income	2,225	2,110	4,321	2,225	2,110	4,321
Total interest income	240,538	234,543	494,995	240,538	234,543	494,995
5 Interest expense						
Deposits and due to other banks	52,529	89,172	181,826	52,529	89,172	181,826
Related entities	102,211	87,533	185,389	102,211	87,533	185,389
Fee expense - related entities	86	84	168	86	84	168
Total interest expense	154,826	176,789	367,383	154,826	176,789	367,383
6 Other revenue						
Lending and credit facility related fee income	1,848	533	1,408	1,848	533	1,408
Refund from the Inland Revenue Department	347	-	347	347	-	347
Other income	2	4	6	2	4	6
Total other revenue	2,197	537	1,761	2,197	537	1,761
7 Other operating gain / (loss)						
Net trading gain / (loss) on derivatives	(95)	374	342	(95)	374	342
Profit/(loss) on disposal of property, plant and equipment	55	39	92	55	39	92
Foreign exchange gains / (losses)	38	(372)	(426)	38	(372)	(426)
Total other operating gain / (loss)	(2)	41	8	(2)	41	8
8 Operating expenses						
Advertising expenses	1,852	2,018	4,826	1,852	2,018	4,826
Professional fees	107	111	431	107	111	431
Computer expenses	2,365	1,950	4,730	2,365	1,950	4,730
Depreciation and amortisation	483	522	1,072	483	522	1,072
Management fee expenses	14,162	10,607	22,749	14,162	10,607	22,749
Office supplies	423	378	799	423	378	799
Other expenses	621	608	1,306	621	608	1,306
Personnel costs	10,233	12,049	22,240	10,233	12,049	22,240
Rental and operating lease costs	976	894	1,928	976	894	1,928
Telecommunication fees	625	670	1,570	625	670	1,570
Travel and lodging expenses	1,296	1,287	3,090	1,296	1,287	3,090
Total operating expenses	33,143	31,094	64,741	33,143	31,094	64,741
9 Impairment charges on loans and advances to customers						
Collective provisions	7,661	142	1,268	7,661	142	1,268
Specific provisions	29,696	183	21,838	29,696	183	21,838
Bad debt recovery	-	-	(14)	-	-	(14)
Total impairment charges on loans and advances to customers	37,357	325	23,092	37,357	325	23,092

	Banking Group			Bank		
	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000

10 Auditors' remuneration

All auditors' remuneration are paid by the Australian branch of Coőperatieve Centrale Raiffeisen-Boerenleenbank B.A., of the Netherlands (Rabobank Nederland).
Amounts receivable or due and receivable by Ernst & Young for:

Audit or review of the financial statements of the entity and any other entity in the Banking Group	52	47	93	52	47	93
Tax compliance	30	18	35	30	18	35
Assurance related	-	11	22	-	11	22
Total auditors' remuneration	82	75	150	82	75	150

11 Income tax
(a) Income tax expense

Current tax	16,893	9,021	20,992	16,893	9,021	20,992
(Increase) / decrease in deferred tax assets	(12,555)	(900)	(8,048)	(12,555)	(900)	(8,048)
(Decrease) / increase in deferred tax liabilities	57	(10)	6	57	(10)	6
(Over) / under provided in prior years	-	(41)	(40)	-	(41)	(40)
	4,395	8,070	12,911	4,395	8,070	12,911

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	14,619	26,913	41,548	14,619	26,913	41,548
Taxation at 30%	4,386	8,074	12,464	4,386	8,074	12,464
Permanent differences (net)	9	37	487	9	37	487
(Over) /under provided in prior years	-	(41)	(40)	-	(41)	(40)
Taxation expense	4,395	8,070	12,911	4,395	8,070	12,911

There are no unrecognised income tax losses or unrecognised timing differences carried forward.

(c) Deferred tax assets

The balance comprises temporary differences attributable to:

Accruals	329	1,888	1,565	329	1,888	1,565
Depreciation	68	88	68	68	88	68
Doubtful debts	19,224	1,182	8,024	19,224	1,182	8,024
Employee benefits	413	340	396	413	340	396
Interest forgone	2,496	190	591	2,496	190	591
Others	139	67	158	139	67	158
Bonus provision	163	245	293	163	245	293
Risk provision	2,772	1,935	1,936	2,772	1,935	1,936
Provision for long service leave	564	530	543	564	530	543
Other provisions	-	-	39	-	-	39
Under / (over) provision from prior year	-	-	-	-	-	-
Total deferred tax assets	26,168	6,465	13,613	26,168	6,465	13,613

	Banking Group			Bank		
	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000
Movements:						
Opening balance	13,613	5,592	5,592	13,613	5,592	5,592
Credited / (charged) to income statement:						
Accruals	(1,236)	660	337	(1,236)	660	337
Depreciation	-	-	(20)	-	-	(20)
Doubtful debts	11,200	97	6,939	11,200	97	6,939
Employee benefits	17	79	135	17	79	135
Interest forgone	1,905	-	401	1,905	-	401
Others	(19)	30	121	(19)	30	121
Bonus provision	(130)	(59)	(11)	(130)	(59)	(11)
Risk provision	836	(1)	-	836	(1)	-
Provision for long service leave	21	94	107	21	-	107
Other provisions	(39)	-	39	(39)	-	39
Total movement	12,555	900	8,048	12,555	900	8,048
(Over) / under provision from prior year	-	(27)	(27)	-	(27)	(27)
Closing balance	26,168	6,465	13,613	26,168	6,465	13,613

(d) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Depreciation	19	2	18	19	2	18
Prepayments	56	-	-	56	-	-
Under provision from prior year	-	-	-	-	-	-
Total deferred tax liability	75	2	18	75	2	18
Movements:						
Opening balance	18	-	80	18	-	80
Credited / (charged) to income statement:						
Depreciation	1	2	16	1	2	16
Prepayments	56	-	(10)	56	-	(10)
Total movement	57	2	6	57	2	6
(Over) / under provision from prior year	-	-	(68)	-	-	(68)
Closing balance	75	2	18	75	2	18

(e) Imputation credit account

Opening balance	84,169	70,872	70,872
Net tax payment	18,599	8,229	13,297
Closing balance	102,768	79,101	84,169

12 Due from other banks

Cash on hand	13	13	13	13	13	13
Cash at other banks	6,422	13,153	14,288	6,422	13,153	14,288
Total due from other banks	6,435	13,166	14,301	6,435	13,166	14,301

	Banking Group			Bank		
	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000
13 Derivative financial instruments						
Assets						
Held for trading derivatives						
Interest rate derivatives						
Swaps (related entities)*	1,079	2,891	1,397	1,079	2,891	1,397
Swaps (non-related entities)	4,141	595	5,410	4,141	595	5,410
Foreign exchange derivatives						
Swaps (related entities)*	7	59	40	7	59	40
Forwards (related entities)*	122	96	134	122	96	134
Forwards (non-related entities)	165	53	58	165	53	58
Options (related entities)*	239	302	1,018	239	302	1,018
Spots (related entities)*	-	-	155	-	-	155
Total derivative assets	5,753	3,996	8,212	5,753	3,996	8,212
Liabilities						
Held for trading derivatives						
Interest rate derivatives						
Swaps (related entities)*	5,072	2,511	6,720	5,072	2,511	6,720
Swaps (non-related entities)	-	530	-	-	530	-
Foreign exchange derivatives						
Swaps (related entities)*	250	42	97	250	42	97
Swaps (non-related entities)	-	16	134	-	16	134
Forwards (related entities)*	-	96	-	-	96	-
Forwards (non-related entities)	45	53	-	45	53	-
Options (non-related entities)	239	302	1,020	239	302	1,020
Spots (related entities)*	-	-	2	-	-	2
Spots (non-related entities)	-	-	155	-	-	155
Total derivative liabilities	5,606	3,550	8,128	5,606	3,550	8,128
Net derivative financial instruments	147	446	84	147	446	84

*Balance relates to other Rabobank Group related entities.

Derivatives contracts include forwards, swaps and options, all of which are bilateral contracts or payment exchange agreements, whose values derive from the value of an underlying asset, reference rate or index.

A swap transaction obliges the two parties to the contract to exchange a series of cash flows at specificed intervals known as payment or settlement dates.

The notional amounts of certain types of financial instruments provide a basis for comprarison with instruments recognised on the balance sheet, but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Banking Group's exposure to credit or price risks.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The notional amount of the derivative financial instruments on hand is the aggregate notional or contractual amounts of both instruments that are favourable and unfavourable.

The Banking Group uses derivatives as an end-user as part of its asset and liability management activities.

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
13(a) The notional amounts of derivative instruments						
Held for trading derivatives						
Interest rate derivatives						
Swaps (related entities)*	183,514	470,880	292,084	183,514	470,880	292,084
Swaps (non-related entities)	122,514	112,880	121,084	122,514	112,880	121,084
Foreign exchange derivatives						
Forwards (related entities)*	4,637	3,494	3,976	4,637	3,494	3,976
Forwards (non-related entities)	1,562	3,111	2,963	1,562	3,111	2,963
Swaps (related entities)*	486	-	1,785	486	-	1,785
Swaps (non-related entities)	-	-	578	-	-	578
Options (related entities)*	10,370	7,828	9,054	10,370	7,828	9,054
Options (non-related entities)*	10,370	7,828	9,054	10,370	7,828	9,054
Total notional amounts of derivative instruments	333,453	606,021	440,578	333,453	606,021	440,578

*Balance relates to other Rabobank Group related entities.

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
14 Loans and advances to customers						
Overdrafts						
Fixed term overdrafts	4,063,312	2,836,326	3,529,128	4,063,312	2,836,326	3,529,128
Variable term overdrafts	558,856	425,267	471,362	558,856	425,267	471,362
Term loans						
Rural loans	1,157,394	1,254,612	1,215,106	1,157,394	1,254,612	1,215,106
Non-rural loans	557,831	473,443	530,134	557,831	473,443	530,134
Finance leases (note 14(a))	43,577	40,955	46,839	43,577	40,955	46,839
Gross loans and advances to customers	6,380,970	5,030,603	5,792,569	6,380,970	5,030,603	5,792,569
Provisions for doubtful debts:						
Collective (note 15(b))	(12,320)	(3,533)	(4,659)	(12,320)	(3,533)	(4,659)
Specific (note 15(b))	(51,759)	(408)	(22,063)	(51,759)	(408)	(22,063)
Total net loans and advances to customers	6,316,891	5,026,662	5,765,847	6,316,891	5,026,662	5,765,847

	Banking Group			
	Lease receivables $000	Future interest income over period $000	Unguaranteed residuals $000	Minimum lease payments $000
(a) Finance leases				
At 30 June 2009				
One year or less	19,277	3,344	-	22,621
Between one and two years	12,893	1,850	-	14,743
Between two and five years	11,407	1,311	-	12,718
Total finance leases	43,577	6,505	-	50,082
At 30 June 2008				
One year or less	18,595	3,326	-	21,921
Between one and two years	11,768	1,835	-	13,603
Between two and five years	10,592	1,407	-	11,999
Total finance leases	40,955	6,568	-	47,523
At 31 December 2008				
One year or less	20,160	3,737	-	23,897
Between one and two years	13,341	2,128	-	15,468
Between two and five years	13,339	1,671	-	15,010
Total finance leases	46,839	7,536	-	54,376

	Bank			
	Lease receivables $000	Future interest income over period $000	Unguaranteed residuals $000	Minimum lease payments $000
At 30 June 2009				
One year or less	19,277	3,344	-	22,621
Between one and two years	12,893	1,850	-	14,743
Between two and five years	11,407	1,311	-	12,718
Total finance leases	43,577	6,505	-	50,082
At 30 June 2008				
One year or less	18,595	3,326	-	21,921
Between one and two years	11,768	1,835	-	13,603
Between two and five years	10,592	1,407	-	11,999
Total finance leases	40,955	6,568	-	47,523
At 31 December 2008				
One year or less	20,160	3,737	-	23,897
Between one and two years	13,341	2,128	-	15,468
Between two and five years	13,339	1,671	-	15,010
Total finance leases	46,839	7,536	-	54,376

Leasing arrangements

The Banking Group provides equipment and vehicle finance under Hire Purchase and Leasing agreements to a broad range of industries. Contract terms are generally up to 5 years with either regular monthly payments or structured payments to match the customers' seasonal income patterns. The Bank only undertakes contracts where the underlying equipment or vehicle is used for a business purpose.

	Banking Group				Bank			
	Residential mortgages	Corporate	Other	Total	Residential mortgages	Corporate	Other	Total
	$000	$000	$000	$000	$000	$000	$000	$000
15 Impaired assets								
(a) Impaired assets, restructured assets and past due assets								
(i) Individually impaired assets								
As at 30 June 2009								
Opening balance	-	-	134,814	134,814	-	-	134,814	134,814
Additions	-	-	75,889	75,889	-	-	75,889	75,889
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	(1,401)	(1,401)	-	-	(1,401)	(1,401)
Closing balance	-	-	209,302	209,302	-	-	209,302	209,302
Interest forgone for the period/year on impaired assets*	-	-	(8,320)	(8,320)	-	-	(8,320)	(8,320)
As at 30 June 2008								
Opening balance	-	-	3,180	3,180	-	-	3,180	3,180
Additions	-	-	180	180	-	-	180	180
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	(2,880)	(2,880)	-	-	(2,880)	(2,880)
Closing balance	-	-	480	480	-	-	480	480
Interest forgone for the period/year on impaired assets*	-	-	(13)	(13)	-	-	(13)	(13)
As at 31 December 2008								
Opening balance	-	-	3,180	3,180	-	-	3,180	3,180
Additions	-	-	137,464	137,464	-	-	137,464	137,464
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	(5,830)	(5,830)	-	-	(5,830)	(5,830)
Closing balance	-	-	134,814	134,814	-	-	134,814	134,814
Interest forgone for the period/year on impaired assets*	-	-	(1,969)	(1,969)	-	-	(1,969)	(1,969)
(ii) Restructured assets								
As at 30 June 2009								
Opening balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Interest forgone for the period/year on impaired assets*	-	-	-	-	-	-	-	-
As at 30 June 2008								
Opening balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Interest forgone for the period/year on impaired assets*	-	-	-	-	-	-	-	-

	Banking Group				Bank			
	Residential mortgages	Corporate	Other	Total	Residential mortgages	Corporate	Other	Total
	$000	$000	$000	$000	$000	$000	$000	$000
As at 31 December 2008								
Opening balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Interest forgone for the period/year on impaired assets*	-	-	-	-	-	-	-	-
(iii) 90 days past due assets								
As at 30 June 2009								
Opening balance	-	-	19,649	19,649	-	-	19,649	19,649
Additions	-	-	20,635	20,635	-	-	20,635	20,635
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	(14,871)	(14,871)	-	-	(14,871)	(14,871)
Closing balance	-	-	25,413	25,413	-	-	25,413	25,413
Interest forgone for the period/year on impaired assets*	-	-	-	-	-	-	-	-
As at 30 June 2008								
Opening balance	-	-	6,301	6,301	-	-	6,301	6,301
Additions	-	-	4,072	4,072	-	-	4,072	4,072
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	(5,777)	(5,777)	-	-	(5,777)	(5,777)
Closing balance	-	-	4,596	4,596	-	-	4,596	4,596
Interest forgone for the period/year on impaired assets*	-	-	-	-	-	-	-	-
As at 31 December 2008								
Opening balance	-	-	6,301	6,301	-	-	6,301	6,301
Additions	-	-	18,774	18,774	-	-	18,774	18,774
Bad debts written off	-	-	-	-	-	-	-	-
Repayments	-	-	(5,426)	(5,426)	-	-	(5,426)	(5,426)
Closing balance	-	-	19,649	19,649	-	-	19,649	19,649
Interest forgone for the period/year on impaired assets*	-	-	-	-	-	-	-	-

	Banking Group				Bank			
	Residential mortgages	Corporate	Other	Total	Residential mortgages	Corporate	Other	Total
	$000	$000	$000	$000	$000	$000	$000	$000
(b) Provision for credit impairment								
As at 30 June 2009								
Collective provision								
Opening balance	-	-	4,659	4,659	-	-	4,659	4,659
Charge/(credit) to income statement	-	-	7,661	7,661	-	-	7,661	7,661
Closing balance	-	-	12,320	12,320	-	-	12,320	12,320
Specific provision								
Opening balance	-	-	22,063	22,063	-	-	22,063	22,063
Charge/(credit) to income statement	-	-	29,696	29,696	-	-	29,696	29,696
Closing balance*	-	-	51,759	51,759	-	-	51,759	51,759
As at 30 June 2008								
Collective provision								
Opening balance	-	-	3,391	3,391	-	-	3,391	3,391
Charge/(credit) to income statement	-	-	142	142	-	-	142	142
Closing balance	-	-	3,533	3,533	-	-	3,533	3,533
Specific provision								
Opening balance	-	-	225	225	-	-	225	225
Charge/(credit) to income statement	-	-	183	183	-	-	183	183
Closing balance*	-	-	408	408	-	-	408	408
As at 31 December 2008								
Collective provision								
Opening balance	-	-	3,391	3,391	-	-	3,391	3,391
Charge/(credit) to income statement	-	-	1,268	1,268	-	-	1,268	1,268
Closing balance	-	-	4,659	4,659	-	-	4,659	4,659
Specific provision								
Opening balance	-	-	225	225	-	-	225	225
Charge/(credit) to income statement	-	-	21,838	21,838	-	-	21,838	21,838
Closing balance*	-	-	22,063	22,063	-	-	22,063	22,063

* The provision is provided for individually impaired assets only.

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
16 Due from related entities						
Debit current account balances - wholly owned group*	358	119	27	358	119	27
Short term advances - wholly owned group*	197,961	154,867	184,370	197,961	154,867	184,370
Accrued interest receivable - wholly owned group*	1,506	2,162	1,459	1,506	2,162	1,459
Total due from related entities	199,825	157,148	185,856	199,825	157,148	185,856

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 39 for further information on related party disclosures.

	Banking Group 30 June 2009	Banking Group 30 June 2008	Banking Group 31 December 2008	Bank 30 June 2009	Bank 30 June 2008	Bank 31 December 2008
17 Other assets						
Interest receivable	7,912	7,147	10,547	7,912	7,147	10,547
GST receivable	775	710	723	775	710	723
Income tax receivables**	14,069	19,269	12,363	12,767	19,269	11,061
Sundry debtors	125	292	43	125	292	43
Prepayment	184	-	-	184	-	-
Others	490	903	490	490	903	490
Unsettled trades	198	1,094	-	198	1,094	-
Total other assets	23,754	29,415	24,166	22,452	29,415	22,864

** This primarily relates to tax instalments that have been prepaid in order to prevent paying interest when the tax liability has been finalised.

	Banking Group 30 June 2009	Banking Group 30 June 2008	Banking Group 31 December 2008	Bank 30 June 2009	Bank 30 June 2008	Bank 31 December 2008
18 Investment in controlled entity						
Investment in Rabo Securities and Investments (NZ) Limited*	-	-	-	-	-	-

*Investment in controlled entity equal to $100.

Rabo Securities and Investments (NZ) Limited has a 31st December balance sheet date and is 100% owned by the Bank. It is dormant as at 30 June 2009.

19 Property, plant and equipment

	Banking Group			
	Office fixtures & fittings $000	Office equipment $000	Computer hardware $000	Total $000
Balance as at 30 June 2008				
Cost	6,014	509	2,354	8,877
Accumulated depreciation	(2,699)	(377)	(1,878)	(4,954)
Net book value	3,315	132	476	3,923
Balance as at 31 December 2008				
Cost	6,062	562	2,224	8,848
Accumulated depreciation	(3,051)	(400)	(1,902)	(5,353)
Net book value	3,011	162	322	3,495
Balance as at 30 June 2009				
Cost	6,247	552	1,778	8,577
Accumulated depreciation	(3,403)	(422)	(1,533)	(5,358)
Net book value	2,844	130	245	3,219

	Bank			
	Office fixtures & fittings $000	Office equipment $000	Computer hardware $000	Total $000
Balance as at 30 June 2008				
Cost	6,014	509	2,354	8,877
Accumulated depreciation	(2,699)	(377)	(1,878)	(4,954)
Net book value	3,315	132	476	3,923
Balance as at 31 December 2008				
Cost	6,062	562	2,224	8,848
Accumulated depreciation	(3,051)	(400)	(1,902)	(5,353)
Net book value	3,011	162	322	3,495
Balance as at 30 June 2009				
Cost	6,247	552	1,778	8,577
Accumulated depreciation	(3,403)	(422)	(1,533)	(5,358)
Net book value	2,844	130	245	3,219

Reconciliation

Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the period.

	Banking Group			
	Office fixtures & fittings $000	Office equipment $000	Computer hardware $000	Total $000
Balance as at 1 January 2008	3,548	19	447	4,014
Acquisitions	115	126	190	431
Disposals	-	-	-	-
Depreciation	(348)	(13)	(161)	(522)
Balance as at 30 June 2008	3,315	132	476	3,923
Acquisitions	48	52	22	122
Disposals	-	-	-	-
Depreciation	(352)	(22)	(176)	(550)
Balance as at 31 December 2008	3,011	162	322	3,495
Acquisitions	185	5	31	221
Disposals	-	(13)	(2)	(15)
Depreciation	(352)	(24)	(105)	(481)
Balance as at 30 June 2009	2,844	130	246	3,219

	Bank			
	Office fixtures & fittings $000	Office equipment $000	Computer hardware $000	Total $000
Balance as at 1 January 2008	3,548	19	447	4,014
Acquisitions	115	126	190	431
Disposals	-	-	-	-
Depreciation	(348)	(13)	(161)	(522)
Balance as at 30 June 2008	3,315	132	476	3,923
Acquisitions	48	52	22	122
Disposals	-	-	-	-
Depreciation	(352)	(22)	(176)	(550)
Balance as at 31 December 2008	3,011	162	322	3,495
Acquisitions	185	5	31	221
Disposals	-	(13)	(2)	(15)
Depreciation	(352)	(24)	(105)	(481)
Balance as at 30 June 2009	2,844	130	246	3,219

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
20 Intangible assets						
Computer Software						
Opening balance						
At cost	48	48	48	48	48	48
Less : accumulated amortisation	(43)	(41)	(41)	(43)	(41)	(41)
	5	7	7	5	7	7
Closing balance						
At cost	48	48	48	48	48	48
Less : accumulated amortisation	(45)	(42)	(43)	(45)	(42)	(43)
	3	6	5	3	6	5
Reconciliations						
Opening balance	5	7	7	5	7	7
Acquisitions	-	-	-	-	-	-
Amortisation	(2)	(1)	(2)	(2)	(1)	(2)
Closing balance	3	6	5	3	6	5
21 Due to other banks						
Bank overdraft	411	41,808	329	411	41,808	329
Total due to other banks	411	41,808	329	411	41,808	329
22 Unsecured deposits						
Raboplus deposits	1,916,637	1,868,764	2,026,744	1,916,637	1,868,764	2,026,744
Other deposits	441,500	506,579	526,427	441,500	506,579	526,427
Total unsecured deposits	2,358,137	2,375,343	2,553,171	2,358,137	2,375,343	2,553,171
23 Due to related entities						
Credit current account balances - wholly owned group*	202,694	91,733	153,245	201,392	91,733	151,943
Short term advances - wholly owned group*	3,695,941	2,423,318	2,990,636	3,695,941	2,423,318	2,990,636
Accrued interest payable - wholly owned group*	27,016	21,536	21,392	27,016	21,536	21,392
Total due to related entities	3,925,651	2,536,587	3,165,273	3,924,349	2,536,587	3,163,971

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 39 for further information on related party disclosures.

	Banking Group			Bank		
24 Creditors and accruals						
Interest accruals	5,162	18,001	12,114	5,162	18,001	12,114
Sundry creditors	2,664	4,819	5,230	2,664	4,819	5,230
Accrued expenses	5,035	4,285	5,008	5,035	4,285	5,008
Total creditors and accruals	12,861	27,105	22,352	12,861	27,105	22,352

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
25 Provisions						
Movements in provision for long service leave						
Opening balance	1,811	1,453	1,453	1,811	1,453	1,453
Additions	97	327	470	97	327	470
Used	(26)	(13)	(112)	(26)	(13)	(112)
Closing balance	1,882	1,767	1,811	1,882	1,767	1,811
Movements in provision for risks*						
Opening balance	6,452	6,452	6,452	6,452	6,452	6,452
Additions	2,788	-	-	2,788	-	-
Closing balance	9,240	6,452	6,452	9,240	6,452	6,452
Total Provisions	11,122	8,219	8,263	11,122	8,219	8,263

* The directors consider it appropriate to maintain the risk provisioning to allow for economic and financial risks inherent in the business. Refer to note 29 for further information on structured finance transactions.

26 Priority of financial liabilities in the event of a liquidation

The financial liabilities of the Bank reported in these financial statements are unsecured. Where the assets of the Bank are liquidated or the Bank ceases to trade, those financial liabilities would rank (under New Zealand law in relation to those assets) equally with the claims of the Bank's other unsecured creditors and behind the preferred creditors set out in Schedule 7 of the Companies Act 1993.

27 Contributed equity

Total paid up capital comprises 20,600,000 ordinary shares fully paid ranking equally as to dividends and voting rights and rights to share in any surplus on winding up (30 June 2008 and 31 December 2008: 20,600,000). Each share was issued at $2.

Ordinary share capital	41,200	41,200	41,200	41,200	41,200	41,200
Total contributed equity	41,200	41,200	41,200	41,200	41,200	41,200

28 Retained earnings

Opening balance	216,761	188,124	188,124	216,761	188,124	188,124
Net profit for the period	10,224	18,843	28,637	10,224	18,843	28,637
Closing balance	226,985	206,967	216,761	226,985	206,967	216,761

29 Contingent liabilities

Through the normal course of business, the Banking Group has been involved in litigation claims. The aggregate potential liability arising in respect of these claims cannot be accurately assessed. Provisions have been made where appropriate for likely loss of actual and potential claims after review has been made on a case by case basis.

The Banking Group does not consider that the outcome of any claims made either individually or in aggregate are likely to have a material effect on its operation or financial position.

The Banking Group 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 Banking Group'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 Banking Group's option.

The Banking Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
Guarantees	10,151	7,702	9,145	10,151	7,702	9,145
Commitments	513,582	448,246	456,843	513,582	448,246	456,843
Total	523,733	455,948	465,988	523,733	455,948	465,988

Guarantees represent conditional undertakings by the Bank to support the financial obligations of its customers to third parties. Commitments include the Bank's obligations to provide funding facilities which remain undrawn at balance date.

Structured finance transactions

The Inland Revenue Department ("IRD") is disputing conduit type financial transactions entered into by a number of New Zealand banks. In July 2009, a judgment on one of these court disputes was handed down in favour of the IRD. The bank involved in this court dispute has appealed the decision. Rabobank New Zealand Limited and its wholly-owned controlled entity have received Notices of Proposed Adjustments ("NOPAs") for the 2001 to 2004 tax years from the IRD with respect to a conduit type transaction. No amended assessments at this stage have been issued by the IRD in respect of this matter. The Bank has obtained independent legal advice at the time and subsequently that confirm the transaction complied with New Zealand tax law. The overall primary tax amount in dispute is approximately $14 million, with interest (net of tax) capped at $7 million, as the payment of the primary tax amount was made in November 2007.

30 Commitments

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
(a) Capital expenditure commitments						
Estimated capital expenditure contracted for at balance date, but not provided for, payable						
One year or less	1,980	271	940	1,980	271	940
	1,980	271	940	1,980	271	940
(b) Operating lease commitments						
One year or less	2,994	3,223	2,533	2,994	3,223	2,533
Between one and two years	2,280	1,990	1,003	2,280	1,990	1,003
Between two and five years	2,038	1,175	1,264	2,038	1,175	1,264
Over five years	209	7	48	209	7	48
Total operating lease commitments	7,521	6,395	4,848	7,521	6,395	4,848

Leases entered into by the Banking Group are for the purpose of accommodating the Banking Group's needs. Leases may be over commercial and residential premises and reflect the needs of the occupying business and market conditions. All leases are negotiated with external professional property resources acting for the Banking Group. Rental payments are determined in terms of the relevant lease requirements, usually reflecting market rentals as described by standard valuation practice.

The Banking Group as lessee has no purchase options over premises occupied. There are no restrictions imposed on the Banking Group's lease of space other than those forming part of the negotiated lease arrangements for each specific premises.

Lease obligations may also include operating leases for motor vehicles used by staff in conducting business and other leases for office equipment such as photocopiers and printers.

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

	Banking Group			Bank		
	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000	Period ended 30 June 2009 $000	Period ended 30 June 2008 $000	Year ended 31 December 2008 $000
Net profit after tax	10,224	18,843	28,637	10,224	18,843	28,637
Add / (deduct) non-cash items:						
Depreciation	481	521	1,072	481	521	1,072
Amortisation of intangible assets	2	1	2	2	1	2
Charge for provision for risks	2,788	-	-	2,788	-	-
Bad and doubtful debts	37,357	325	23,146	37,357	325	23,146
Management fees	14,162	10,607	22,749	14,162	10,607	22,749
(Profit) / loss on disposal of property, plant and equipment	(55)	(39)	(92)	(55)	(39)	(92)
Foreign exchange losses / (gains)	(38)	372	426	(38)	372	426
(Increase) / decrease in deferred tax assets	(12,555)	(873)	(8,021)	(12,555)	(873)	(8,021)
Increase / (decrease) in deferred tax liabilities	57	(78)	(61)	57	(78)	(61)
Add/(deduct) movements in operating assets or operating liabilities:						
(Increase) / decrease in loans and advances to customers	(588,401)	(362,032)	(1,124,036)	(588,401)	(362,032)	(1,124,036)
(Increase) / decrease in due from related entities	(13,921)	60,419	31,007	(13,921)	60,419	31,007
(Increase) / decrease in other assets	(319)	(1,838)	(96)	(319)	(1,838)	(96)
Increase / (decrease) in unsecured deposits	(194,996)	371,087	548,489	(194,996)	371,087	548,489
Increase / (decrease) in due to related entities	740,592	(141,422)	473,964	740,592	(142,724)	473,964
Increase / (decrease) in creditors & accruals	(2,539)	1,524	2,657	(2,539)	1,524	2,657
Add / (deduct) movements in working capital:						
(Increase) / decrease in derivative financial instruments	(5)	(2,913)	648	(5)	(2,913)	648
(Increase) / decrease in income tax receivable	(1,706)	(513)	7,695	(1,706)	789	7,695
(Increase) / decrease in accrued interest receivable	1,733	3,797	(2,434)	1,733	3,797	(2,434)
Increase / (decrease) increase in accrued interest payable	(729)	(3,124)	(8,449)	(729)	(3,124)	(8,449)
Increase / (decrease) in employee entitlements	71	314	358	71	314	358
Net cash flow provided by / (used in) operating activities	(7,797)	(45,022)	(2,339)	(7,797)	(45,022)	(2,339)

32 Risks arising from financial instruments

The major types of risk the Banking Group is exposed to are liquidity risk, market risk and credit risk.

(a) Liquidity risk

Liquidity risk is defined as the risk that the Banking Group will not have sufficient funds available to meet its financial and transactional cash flow obligations. The Banking Group's liquidity policies are designed to ensure that it has sufficient funds available, even in adverse circumstances, to meet its obligations, including advances to customers and maturities of deposits and other obligations. Liquidity policies have been reviewed and strengthened in 2008 in line with the conservative risk appetite of the Group. Rabobank's commitment to retail deposit clients and increased liquid asset provisions have supported the liquidity position during this period of turbulent financial markets.

Liquidity is managed at Rabobank Australia and New Zealand Group level by the Treasury team based in Sydney.

For Rabobank Australia and New Zealand Group, both long term and short term liquidity frameworks are in place.

- The long term framework measures the mismatch of assets and liabilities within one year and those greater than one year. The mismatch is measured monthly. A shortfall of long term liabilities above a defined acceptable limit triggers a request for long term funds.
- The short term framework focuses upon the net cash outflow on a 1 day, 7 day and 30 day horizon. A general principle of prudence is applied for all assets and liability payments.

In addition, a crisis scenario is calculated on a daily basis that measures the potential outflows from committed facilities and deposit withdrawals under stressful market conditions. The stress scenario control prevents the net position of cash inflows verses cash outflows from turning negative over a 5 day horizon.

Liquidity risk is disclosed based on both contractual maturity and expected maturity.

(i) Contractual below is based on the undiscounted cash flows (principal and interest) based on the actual period of the contract. The table in (i) summarises the maturity profile of the Banking Group's financial assets and financial liabilities based on the contractual undiscounted cash flows.

(ii) Expected maturity is based on how Treasury manages liquidity risk. The overriding principle which Treasury use is to take a prudent position. A key assumption regarding the expected maturity dates in the long term framework is that 75% of the Rural loan portfolio is equally distributed over a three year period whilst the remaining 25% is equally distributed over a 5 year period. The main reason for this approach is that the standard maturity for 'all-in-one' account holders is 15 years, however this does not correctly reflect the actual maturity profile experienced in the Rural portfolio. In the short term framework, corporate loans and assets held for collateral are always assumed to be rolled over, reflecting a worst case position. The table in (ii) below summarises the maturity analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled.

(i) Maturity analysis of financial assets and financial liabilities by remaining contractual undiscounted cash flows

	Banking Group as at 30 June 2009						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	6,435	6,435	-	-	-	-	-
Derivative financial instruments	5,753	5,753	-	-	-	-	-
Loans and advances to customers	10,677,331	623,077	409,943	826,975	1,258,933	7,558,403	-
Due from related entities	221,999	73,380	53,034	5,301	90,284	-	-
Other financial assets*	23,264	23,264	-	-	-	-	-
Total undiscounted financial assets	10,934,782	731,909	462,977	832,276	1,349,217	7,558,403	-
Financial liabilities							
Due to other banks	411	411	-	-	-	-	-
Unsecured deposits	2,367,249	2,302,678	23,538	25,931	15,102	-	-
Derivative financial instruments	5,606	5,606	-	-	-	-	-
Due to related entities	4,395,603	1,074,470	457,913	1,698,010	1,151,709	13,501	-
Creditors and accruals	12,861	12,861	-	-	-	-	-
Total undiscounted financial liabilities	6,781,730	3,396,026	481,451	1,723,941	1,166,811	13,501	-

	Banking Group as at 30 June 2008						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	13,166	13,166	-	-	-	-	-
Derivative financial instruments	3,996	3,996	-	-	-	-	-
Loans and advances to customers	9,482,798	442,328	232,275	429,030	1,285,262	7,093,903	-
Due from related entities	165,561	85,385	27,517	52,659	-	-	-
Other financial assets*	28,512	28,512	-	-	-	-	-
Total undiscounted financial assets	9,694,033	573,387	259,792	481,689	1,285,262	7,093,903	-
Financial liabilities							
Due to other banks	41,808	41,808	-	-	-	-	-
Unsecured deposits	2,391,982	2,267,800	97,210	13,021	13,951	-	-
Derivative financial instruments	3,550	3,550	-	-	-	-	-
Due to related entities	2,853,045	524,001	369,768	587,228	1,332,346	39,702	-
Creditors and accruals	27,105	27,105	-	-	-	-	-
Total undiscounted financial liabilities	5,317,490	2,864,264	466,978	600,249	1,346,297	39,702	-

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(i) Maturity analysis of financial assets and financial liabilities by remaining contractual undiscounted cash flows (continued)

	Banking Group as at 31 December 2008						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	14,301	14,301	-	-	-	-	-
Derivative financial instruments	8,212	8,212	-	-	-	-	-
Loans and advances to customers	8,901,692	690,696	359,399	767,854	898,180	6,185,563	-
Due from related entities	189,114	137,542	1,114	50,458	-	-	-
Other financial assets*	23,676	23,676	-	-	-	-	-
Total undiscounted financial assets	9,136,995	874,427	360,513	818,312	898,180	6,185,563	-
Financial liabilities							
Due to other banks	329	329	-	-	-	-	-
Unsecured deposits	2,561,058	2,479,338	49,197	24,773	7,750	-	-
Derivative financial instruments	8,128	8,128	-	-	-	-	-
Due to related entities	3,401,508	1,107,038	360,673	1,321,495	598,669	13,633	-
Creditors and accruals	22,352	22,352	-	-	-	-	-
Total undiscounted financial liabilities	5,993,375	3,617,185	409,870	1,346,268	606,419	13,633	-

	Bank as at 30 June 2009						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	6,435	6,435	-	-	-	-	-
Derivative financial instruments	5,753	5,753	-	-	-	-	-
Loans and advances to customers	10,677,331	623,077	409,943	826,975	1,258,933	7,558,403	-
Due from related entities	221,999	73,380	53,034	5,301	90,284	-	-
Other financial assets*	21,962	21,962	-	-	-	-	-
Total undiscounted financial assets	10,933,480	730,607	462,977	832,276	1,349,217	7,558,403	-
Financial liabilities							
Due to other banks	411	411	-	-	-	-	-
Unsecured deposits	2,367,249	2,302,678	23,538	25,931	15,102	-	-
Derivative financial instruments	5,606	5,606	-	-	-	-	-
Due to related entities	4,394,301	1,073,168	457,913	1,698,010	1,151,709	13,501	-
Creditors and accruals	12,861	12,861	-	-	-	-	-
Total undiscounted financial liabilities	6,780,428	3,394,724	481,451	1,723,941	1,166,811	13,501	-

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(i) **Maturity analysis of financial assets and financial liabilities by remaining contractual undiscounted cash flows (continued)**

	Bank as at 30 June 2008						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	13,166	13,166	-	-	-	-	-
Derivative financial instruments	3,996	3,996	-	-	-	-	-
Loans and advances to customers	9,482,798	442,328	232,275	429,030	1,285,262	7,093,903	-
Due from related entities	165,561	85,385	27,517	52,659	-	-	-
Other financial assets*	28,512	28,512	-	-	-	-	-
Total undiscounted financial assets	9,694,033	573,387	259,792	481,689	1,285,262	7,093,903	-
Financial liabilities							
Due to other banks	41,808	41,808	-	-	-	-	-
Unsecured deposits	2,391,982	2,267,800	97,210	13,021	13,951	-	-
Derivative financial instruments	3,550	3,550	-	-	-	-	-
Due to related entities	2,853,045	524,001	369,768	587,228	1,332,346	39,702	-
Creditors and accruals	27,105	27,105	-	-	-	-	-
Total undiscounted financial liabilities	5,317,490	2,864,264	466,978	600,249	1,346,297	39,702	-

	Bank as at 31 December 2008						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	14,301	14,301	-	-	-	-	-
Derivative financial instruments	8,212	8,212	-	-	-	-	-
Loans and advances to customers	8,901,692	690,696	359,399	767,854	898,180	6,185,563	-
Due from related entities	189,114	137,542	1,114	50,458	-	-	-
Other financial assets*	22,374	22,374	-	-	-	-	-
Total undiscounted financial assets	9,135,693	873,125	360,513	818,312	898,180	6,185,563	-
Financial liabilities							
Due to other banks	329	329	-	-	-	-	-
Unsecured deposits	2,561,058	2,479,338	49,197	24,773	7,750	-	-
Derivative financial instruments	8,128	8,128	-	-	-	-	-
Due to related entities	3,400,206	1,105,736	360,673	1,321,495	598,669	13,633	-
Creditors and accruals	22,352	22,352	-	-	-	-	-
Total undiscounted financial liabilities	5,992,073	3,615,883	409,870	1,346,268	606,419	13,633	-

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(ii) Maturity analysis of financial assets and financial liabilities by expected undiscounted cash flows

	Banking Group as at 30 June 2009						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	6,435	6,435	-	-	-	-	-
Derivative financial instruments	5,753	5,753	-	-	-	-	-
Loans and advances to customers	7,341,221	894,672	995,738	2,145,355	3,305,456	-	-
Due from related entities	221,999	73,380	53,034	5,301	90,284	-	-
Other financial assets*	23,264	23,264	-	-	-	-	-
Total undiscounted financial assets	7,598,672	1,003,504	1,048,772	2,150,656	3,395,740	-	-
Financial liabilities							
Due to other banks	411	411	-	-	-	-	-
Unsecured deposits	2,496,963	450,217	459,176	1,587,570	-	-	-
Derivative financial instruments	5,606	5,606	-	-	-	-	-
Due to related entities	4,395,603	1,074,470	457,913	1,698,010	1,151,709	13,501	-
Creditors and accruals	12,861	12,861	-	-	-	-	-
Total undiscounted financial liabilities	6,911,444	1,543,565	917,089	3,285,580	1,151,709	13,501	-

	Banking Group as at 30 June 2008						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	13,166	13,166	-	-	-	-	-
Derivative financial instruments	3,996	3,996	-	-	-	-	-
Loans and advances to customers	5,815,146	773,653	807,126	1,712,823	2,521,544	-	-
Due from related entities	165,561	85,385	27,517	52,659	-	-	-
Other financial assets*	28,512	28,512	-	-	-	-	-
Total undiscounted financial assets	6,026,381	904,712	834,643	1,765,482	2,521,544	-	-
Financial liabilities							
Due to other banks	41,808	41,808	-	-	-	-	-
Unsecured deposits	2,548,364	605,856	625,765	1,316,743	-	-	-
Derivative financial instruments	3,550	3,550	-	-	-	-	-
Due to related entities	2,853,045	524,001	369,768	587,228	1,332,346	39,702	-
Creditors and accruals	27,105	27,105	-	-	-	-	-
Total undiscounted financial liabilities	5,473,872	1,202,320	995,533	1,903,971	1,332,346	39,702	-

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

Rabobank Group actively monitor and manage the mismatch between assets and liabilities as part of standard banking operations. The management of the mismatch of assets against liabilities using expected cash flows allows for the repayment behaviour of assets and liabilities that are not aligned to the contractual maturity. Rabobank Group have access to diverse sources of short term funding programs that are supported in the market by its AAA rating. These funding programs support the renewal of maturing liabilities.

(ii) Maturity analysis of financial assets and financial liabilities by expected undiscounted cash flows (continued)

	Banking Group as at 31 December 2008						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	14,301	14,301	-	-	-	-	-
Derivative financial instruments	8,212	8,212	-	-	-	-	-
Loans and advances to customers	6,590,048	836,896	884,719	1,867,250	2,802,430	198,753	-
Due from related entities	189,114	137,542	1,114	50,458	-	-	-
Other financial assets*	23,676	23,676	-	-	-	-	-
Total undiscounted financial assets	6,825,351	1,020,627	885,833	1,917,708	2,802,430	198,753	-
Financial liabilities							
Due to other banks	329	329	-	-	-	-	-
Unsecured deposits	2,664,118	646,064	657,503	1,360,551	-	-	-
Derivative financial instruments	8,128	8,128	-	-	-	-	-
Due to related entities	3,401,508	1,107,038	360,673	1,321,495	598,669	13,633	-
Creditors and accruals	22,352	22,352	-	-	-	-	-
Total undiscounted financial liabilities	6,096,435	1,783,911	1,018,176	2,682,046	598,669	13,633	-

	Bank as at 30 June 2009						
	Total $000	Call-6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000	No specific maturity $000
Financial assets							
Due from other banks	6,435	6,435	-	-	-	-	-
Derivative financial instruments	5,753	5,753	-	-	-	-	-
Loans and advances to customers	7,341,201	894,672	995,738	2,145,335	3,305,456	-	-
Due from related entities	221,999	73,380	53,034	5,301	90,284	-	-
Other financial assets*	21,962	21,962	-	-	-	-	-
Total undiscounted financial assets	7,597,350	1,002,202	1,048,772	2,150,636	3,395,740	-	-
Financial liabilities							
Due to other banks	411	411	-	-	-	-	-
Unsecured deposits	2,496,963	450,217	459,176	1,587,570	-	-	-
Derivative financial instruments	5,606	5,606	-	-	-	-	-
Due to related entities	4,394,301	1,073,168	457,913	1,698,010	1,151,709	13,501	-
Creditors and accruals	12,861	12,861	-	-	-	-	-
Total undiscounted financial liabilities	6,910,142	1,542,263	917,089	3,285,580	1,151,709	13,501	-

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

Rabobank Group actively monitor and manage the mismatch between assets and liabilities as part of standard banking operations. The management of the mismatch of assets against liabilities using expected cash flows allows for the repayment behaviour of assets and liabilities that are not aligned to the contractual maturity. Rabobank Group have access to diverse sources of short term funding programs that are supported in the market by its AAA rating. These funding programs support the renewal of maturing liabilities.

(ii) Maturity analysis of financial assets and financial liabilities by expected undiscounted cash flows (continued)

	Bank as at 30 June 2008						
	Total	Call-6 months	6-12 months	12-24 months	24-60 months	Over 60 months	No specific maturity
	$000	$000	$000	$000	$000	$000	$000
Financial assets							
Due from other banks	13,166	13,166	-	-	-	-	-
Derivative financial instruments	3,996	3,996	-	-	-	-	-
Loans and advances to customers	5,815,146	773,653	807,126	1,712,823	2,521,544	-	-
Due from related entities	165,561	85,385	27,517	52,659	-	-	-
Other financial assets*	27,210	27,210	-	-	-	-	-
Total undiscounted financial assets	6,025,079	903,410	834,643	1,765,482	2,521,544	-	-
Financial liabilities							
Due to other banks	41,808	41,808	-	-	-	-	-
Unsecured deposits	2,548,364	605,856	625,765	1,316,743	-	-	-
Derivative financial instruments	3,550	3,550	-	-	-	-	-
Due to related entities	2,851,743	522,699	369,768	587,228	1,332,346	39,702	-
Creditors and accruals	27,105	27,105	-	-	-	-	-
Total undiscounted financial liabilities	5,472,570	1,201,018	995,533	1,903,971	1,332,346	39,702	-

	Bank as at 31 December 2008						
	Total	Call-6 months	6-12 months	12-24 months	24-60 months	Over 60 months	No specific maturity
	$000	$000	$000	$000	$000	$000	$000
Financial assets							
Due from other banks	14,301	14,301	-	-	-	-	-
Derivative financial instruments	8,212	8,212	-	-	-	-	-
Loans and advances to customers	6,590,048	836,896	884,719	1,867,250	2,802,430	198,753	-
Due from related entities	189,114	137,542	1,114	50,458	-	-	-
Other financial assets*	22,374	22,374	-	-	-	-	-
Total undiscounted financial assets	6,824,049	1,019,325	885,833	1,917,708	2,802,430	198,753	-
Financial liabilities							
Due to other banks	329	329	-	-	-	-	-
Unsecured deposits	2,664,118	646,064	657,503	1,360,551	-	-	-
Derivative financial instruments	8,128	8,128	-	-	-	-	-
Due to related entities	3,400,206	1,105,736	360,673	1,321,495	598,669	13,633	-
Creditors and accruals	22,352	22,352	-	-	-	-	-
Total undiscounted financial liabilities	6,095,133	1,782,609	1,018,176	2,682,046	598,669	13,633	-

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

Rabobank Group actively monitor and manage the mismatch between assets and liabilities as part of standard banking operations. The management of the mismatch of assets against liabilities using expected cash flows allows for the repayment behaviour of assets and liabilities that are not aligned to the contractual maturity. Rabobank Group have access to diverse sources of short term funding programs that are supported in the market by its AAA rating. These funding programs support the renewal of maturing liabilities.

(b) Market risk

Market risk is defined as the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The main types of market risk exposures for Rabobank Australia and New Zealand Group relate to interest rate risk and currency risk. The Banking Group's market risk is governed by the policies and procedures agreed by the Global Market Risk function of Rabobank Nederland and the policies serve a two-fold purpose: to protect the capital and earnings of the Bank and to allow traders to take market risk without unduly compromising the Bank's capital or the stability of its earnings.

The market risk from all activities across Rabobank Australia and New Zealand Group is warehoused and managed by the Global Financial Markets division (GFM). The appetite for market risk is determined by the Balance Sheet and Risk Management Committee and ultimately expressed by the level of Value at Risk (VaR) which is allocated to each GFM portfolio.

Position reports which include Interest rate sensitivities, Stress scenarios and VaR reports are prepared daily to manage the financial risks from changes in foreign exchange and interest rates. The production of all sensitivities is performed within trade capture systems. At the end of each day, independent market data is captured and used to discount all expected and replicated cash flows. The foreign currency and interest rate sensitivities are then used to derive the VaR and Stress Risk indicators. The VaR uses a 1 year historical simulation to compute the 97.5% confidence interval for loss on a 1 day holding period basis.

The VaR model is designed to measure market risk in normal market conditions. Although a valuable guide to risk, VaR has its limitations, for example:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- the use of a 1-day holding period assumes that all positions can be liquidated or hedged in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a 1-day holding period may be insufficient to liquidate or hedge all positions fully;
- the use of 97.5% confidence level, by definition, this does not take into account losses that might occur beyond this level of confidence; and
- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures.

(i) VaR

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
VaR at period end	631	244	358	631	244	358

(ii) Repricing analysis

	Banking Group as at 30 June 2009					
	Total $000	Call-6 months $000	6-12 months $000	12-60 months $000	Over 60 months $000	Non-interest bearing $000
Financial assets						
Due from other banks	6,435	6,435	-	-	-	-
Derivative financial instruments	5,753	-	-	-	-	5,753
Loans and advances to customers	6,316,891	2,514,721	970,714	2,788,389	43,066	-
Due from related entities	199,825	67,963	50,000	80,000	-	1,862
Other financial assets*	23,264	-	-	-	-	23,264
Total financial assets	6,552,168	2,589,120	1,020,714	2,868,389	43,066	30,879
Other assets	490	-	-	-	-	490
Deferred tax assets	26,168	-	-	-	-	26,168
Property, plant and equipment	3,219	-	-	-	-	3,219
Intangible assets	3	-	-	-	-	3
Total non-financial assets	29,880	-	-	-	-	29,880
Total assets	6,582,048	2,589,120	1,020,714	2,868,389	43,066	60,759
Financial liabilities						
Due to other banks	411	411	-	-	-	-
Unsecured deposits	2,358,137	2,293,905	26,714	37,518	-	-
Derivative financial instruments	5,606	-	-	-	-	5,606
Due to related entities	3,925,651	851,000	375,000	2,448,000	16,500	235,151
Creditors and accruals	12,861	-	-	-	-	12,861
Total financial liabilities	6,302,666	3,145,316	401,714	2,485,518	16,500	253,618
Deferred tax liabilities	75	-	-	-	-	75
Provisions	11,122	-	-	-	-	11122
Total non-financial liabilities	11,197	-	-	-	-	11,197
Total liabilities	6,313,863	3,145,316	401,714	2,485,518	16,500	264,815
Interest rate derivatives						
Swaps	-	(5,000)	5,000	-	-	
Repricing gap (interest bearing assets and liabilities)	472,241	(561,197)	624,000	382,872	26,566	
Cumulative mismatch	472,241	(561,197)	62,803	445,675	472,241	

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(ii) Repricing analysis (continued)

	Banking Group as at 30 June 2008					
	Total $000	Call-6 months $000	6-12 months $000	12-60 months $000	Over 60 months $000	Non-interest bearing $000
Financial assets						
Due from other banks	13,166	13,166	-	-	-	-
Derivative financial instruments	3,996	-	-	-	-	3,996
Loans and advances to customers	5,026,662	2,128,875	659,081	2,204,129	34,577	-
Due from related entities	157,148	79,500	25,000	50,000	-	2,648
Other financial assets*	28,512	-	-	-	-	28,512
Total financial assets	5,229,484	2,221,541	684,081	2,254,129	34,577	35,156
Other assets	903	-	-	-	-	903
Deferred tax assets	6,465	-	-	-	-	6,465
Property, plant and equipment	3,923	-	-	-	-	3,923
Intangible assets	6	-	-	-	-	6
Total non-financial assets	11,297	-	-	-	-	11,297
Total assets	5,240,781	2,221,541	684,081	2,254,129	34,577	46,453
Financial liabilities						
Due to other banks	41,808	41,808	-	-	-	-
Unsecured deposits	2,375,343	2,255,892	95,333	24,048	70	-
Derivative financial instruments	3,550	-	-	-	-	3,550
Due to related entities	2,536,587	437,500	310,000	1,635,000	36,500	117,587
Creditors and accruals	27,105	-	-	-	-	27,105
Total financial liabilities	4,984,393	2,735,200	405,333	1,659,048	36,570	148,242
Deferred tax liabilities	2	-	-	-	-	2
Provisions	8,219	-	-	-	-	8,219
Non-financial liabilities	8,221	-	-	-	-	8,221
Total liabilities	4,992,614	2,735,200	405,333	1,659,048	36,570	156,463
Interest rate derivatives						
Swaps	-	(5,000)	-	5,000	-	
Repricing gap (interest bearing assets and liabilities)	358,177	(518,659)	278,748	600,081	(1,993)	
Cumulative mismatch	358,177	(518,659)	(239,911)	360,170	358,177	

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(ii) Repricing analysis (continued)

	Banking Group as at 31 December 2008					
	Total $000	Call-6 months $000	6-12 months $000	12-60 months $000	Over 60 months $000	Non-interest bearing $000
Financial assets						
Due from other banks	14,301	14,301	-	-	-	-
Derivative financial instruments	8,212	-	-	-	-	8,212
Loans and advances to customers	5,765,847	2,850,059	805,220	2,078,411	31,157	-
Due from related entities	185,856	134,365	-	-	-	1,491
Other financial assets*	23,676	-	-	-	-	23,676
Total financial assets	5,997,892	2,998,725	805,220	2,078,411	31,157	33,379
Other assets	490	-	-	-	-	490
Deferred tax assets	13,613	-	-	-	-	13,613
Property, plant and equipment	3,495	-	-	-	-	3,495
Intangible assets	5	-	-	-	-	5
Total non-financial assets	17,603	-	-	-	-	17,603
Total assets	6,015,495	2,998,725	805,220	2,078,411	31,157	50,982
Financial liabilities						
Due to other banks	329	329	-	-	-	-
Unsecured deposits	2,553,171	2,472,334	50,254	30,583	-	-
Derivative financial instruments	8,128	-	-	-	-	8,128
Due to related entities	3,165,273	966,446	325,000	1,696,500	-	177,327
Creditors and accruals	22,352	-	-	-	-	22,352
Total financial liabilities	5,749,253	3,439,109	375,254	1,727,083	-	207,807
Deferred tax liabilities	18	-	-	-	-	18
Provisions	8,263	-	-	-	-	8,263
Total non-financial liabilities	8,281	-	-	-	-	8,281
Total liabilities	5,757,534	3,439,109	375,254	1,727,083	-	216,088
Interest rate derivatives						
Swaps	-	(5,000)	-	5,000	-	
Repricing gap (interest bearing assets and liabilities)	423,067	(445,384)	429,966	406,328	32,157	
Cumulative mismatch	423,067	(445,384)	(15,418)	390,910	423,067	

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(ii) **Repricing analysis (continued)**

	Bank as at 30 June 2009					
	Total $000	Call-6 months $000	6-12 months $000	12-60 months $000	Over 60 months $000	Non-interest bearing $000
Financial assets						
Due from other banks	6,435	6,435	-	-	-	-
Derivative financial instruments	5,753	-	-	-	-	5,753
Loans and advances to customers	6,316,891	2,514,721	970,714	2,788,389	43,066	-
Due from related entities	199,825	67,963	50,000	80,000	-	1,862
Other financial assets*	21,962	-	-	-	-	21,962
Total financial assets	6,550,866	2,589,120	1,020,714	2,868,389	43,066	29,577
Other assets	490	-	-	-	-	490
Deferred tax assets	26,168	-	-	-	-	26,168
Property, plant and equipment	3,219	-	-	-	-	3,219
Intangible assets	3	-	-	-	-	3
Total non-financial assets	29,880	-	-	-	-	29,880
Total assets	6,580,746	2,589,120	1,020,714	2,868,389	43,066	59,457
Financial liabilities						
Due to other banks	411	411	-	-	-	-
Unsecured deposits	2,358,137	2,293,905	26,714	37,518	-	-
Derivative financial instruments	5,606	-	-	-	-	5,606
Due to related entities	3,924,349	851,000	375,000	2,448,000	16,500	233,849
Creditors and accruals	12,861	-	-	-	-	12,861
Total financial liabilities	6,301,364	3,145,316	401,714	2,485,518	16,500	252,316
Deferred tax liabilities	75	-	-	-	-	75
Provisions	11,122	-	-	-	-	11,122
Total non-financial liabilities	11,197	-	-	-	-	11,197
Total liabilities	6,312,561	3,145,316	401,714	2,485,518	16,500	263,513
Interest rate derivatives						
Swaps	-	(5,000)	5,000	-	-	
Repricing gap (interest bearing assets and liabilities)	472,241	(561,197)	624,000	382,872	26,566	
Cumulative mismatch	472,241	(561,197)	62,803	445,675	472,241	

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(ii) Repricing analysis (continued)

	Bank as at 30 June 2008					
	Total $000	Call-6 months $000	6-12 months $000	12-60 months $000	Over 60 months $000	Non-interest bearing $000
Financial assets						
Due from other banks	13,166	13,166	-	-	-	-
Derivative financial instruments	3,996	-	-	-	-	3,996
Loans and advances to customers	5,026,662	2,128,875	659,081	2,204,129	34,577	-
Due from related entities	157,148	79,500	25,000	50,000	-	2,648
Other financial assets*	28,512	-	-	-	-	28,512
Total financial assets	5,229,484	2,221,541	684,081	2,254,129	34,577	35,156
Other assets	903	-	-	-	-	903
Deferred tax assets	6,465	-	-	-	-	6,465
Property, plant and equipment	3,923	-	-	-	-	3,923
Intangible assets	6	-	-	-	-	6
Total non-financial assets	11,297	-	-	-	-	11,297
Total assets	5,240,781	2,221,541	684,081	2,254,129	34,577	46,453
Financial liabilities						
Due to other banks	41,808	41,808	-	-	-	-
Unsecured deposits	2,375,343	2,255,892	95,333	24,048	70	-
Derivative financial instruments	3,550	-	-	-	-	3,550
Due to related entities	2,536,587	436,198	310,000	1,635,000	36,500	118,889
Creditors and accruals	27,105	-	-	-	-	27,105
Total financial liabilities	4,984,393	2,733,898	405,333	1,659,048	36,570	149,544
Deferred tax liabilities	2	-	-	-	-	2
Provisions	8,219	-	-	-	-	8,219
Total non-financial liabilities	8,221	-	-	-	-	8,221
Total liabilities	4,992,614	2,733,898	405,333	1,659,048	36,570	157,765
Interest rate derivatives						
Swaps	-	(5,000)	-	5,000	-	
Repricing gap (interest bearing assets and liabilities)	359,479	(507,357)	278,748	590,081	(1,993)	
Cumulative mismatch	359,479	(507,357)	(228,609)	361,472	359,479	

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(ii) Repricing analysis (continued)

	Bank as at 31 December 2008					
	Total $000	Call-6 months $000	6-12 months $000	12-60 months $000	Over 60 months $000	Non-interest bearing $000
Financial assets						
Due from other banks	14,301	14,301	-	-	-	-
Derivative financial instruments	8,212	-	-	-	-	8,212
Loans and advances to customers	5,765,847	2,850,059	805,220	2,078,411	31,157	-
Due from related entities	185,856	134,365	-	-	-	1,491
Other financial assets*	22,374	-	-	-	-	22,374
Total financial assets	5,996,590	2,998,725	805,220	2,078,411	31,157	32,077
Other assets	490	-	-	-	-	490
Deferred tax assets	13,613	-	-	-	-	13,613
Property, plant and equipment	3,495	-	-	-	-	3,495
Intangible assets	5	-	-	-	-	5
Total non-financial assets	17,603	-	-	-	-	17,603
Total assets	6,014,193	2,998,725	805,220	2,078,411	31,157	49,680
Financial liabilities						
Due to other banks	329	329	-	-	-	-
Unsecured deposits	2,553,171	2,472,334	50,254	30,583	-	-
Derivative financial instruments	8,128	-	-	-	-	8,128
Due to related entities	3,163,971	965,144	325,000	1,696,500	-	177,327
Creditors and accruals	22,352	-	-	-	-	22,352
Total financial liabilities	5,747,951	3,437,807	375,254	1,727,083	-	207,807
Deferred tax liabilities	18	-	-	-	-	18
Provisions	8,263	-	-	-	-	8,263
Total non-financial liabilities	8,281	-	-	-	-	8,281
Total liabilities	5,756,232	3,437,807	375,254	1,727,083	-	216,088
Interest rate derivatives						
Swaps	-	(5,000)	-	5,000	-	
Repricing gap (interest bearing assets and liabilities)	424,369	(444,082)	429,966	406,328	32,157	
Cumulative mismatch	424,369	(444,082)	(14,116)	392,212	424,369	

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

(c) Credit risk

Credit risk arises from the potential inability of a debtor or counterparty to meet their contractual obligations.

The Banking Group's credit policies focus, amongst other things, on facility terms, serviceability and relevant security. The Banking Group grants facilities only if it expects that a client will fully meet its payment commitment and the approval of facilities is undertaken by authorised personnel or an appropriate Credit Committee. Once a facility has been granted, the Banking Group monitors the extent to which the client meets its agreed obligations. In its approval process the Banking Group uses the Bank's Internal Risk Rating, which reflects the counterparty's probability of default. The credit processes, including compliance with policy, are subject to internal and external audit.

Concentration of credit risk is determined by management to be by industry sector. Industry sectors are determined by reference to the Standard Industrial Classification (SIC) Codes.

Credit risk exposure is managed before taking into account collateral held or other credit enhancements. No changes were made to the objectives, policies or processes from the prior year.

(i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
Credit exposures consist of :						
Due from other banks	6,435	13,166	14,301	6,435	13,166	14,301
Loans and advances to customers	6,316,891	5,026,662	5,765,847	6,316,891	5,026,662	5,765,847
Due from related entities	199,825	157,148	185,856	199,825	157,148	185,856
Other financial assets*	23,264	28,512	23,676	21,962	28,512	22,374
Derivative financial instruments	5,753	3,996	8,212	5,753	3,996	8,212
Commitment and guarantees	523,733	455,948	465,988	523,733	455,948	465,988
Total credit exposures	7,075,901	5,685,432	6,463,880	7,074,599	5,685,432	6,462,578

*Other financial assets consists of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

Analysis of credit exposures by type of borrowers:						
Accomodation and restaurants	-	3,383	-	-	3,383	-
Agriculture, forestry and fishery	6,202,885	5,187,386	5,375,664	6,202,885	5,187,386	5,375,664
Communications	-	2,915	-	-	2,915	-
Construction	3,470	4,030	4,148	3,470	4,030	4,148
Cultural and recreational services	-	852	-	-	852	-
Education	721	541	585	721	541	585
Finance and insurance	332,516	296,488	551,675	331,214	296,488	550,373
Government	1,950	1,378	1,842	1,950	1,378	1,842
Health and community services	5,306	117	5,293	5,306	117	5,293
Manufacturing	80,805	10,580	83,557	80,805	10,580	83,557
Mining	-	655	-	-	655	-
Personal and other services	10,765	73,758	8,088	10,765	73,758	8,088
Property and business services	371,567	99,920	372,773	371,567	99,920	372,773
Retail trade	7,787	571	4,553	7,787	571	4,553
Transport and storage	8,562	1,168	9,656	8,562	1,168	9,656
Wholesale trade	49,567	1,690	46,046	49,567	1,690	46,046
Total credit exposures	7,075,901	5,685,432	6,463,880	7,074,599	5,685,432	6,462,578

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
Analysis of credit exposure by geographical areas						
Australia	50,885	9,198	53,906	50,885	9,198	53,906
Netherlands	1,833	625	-	1,833	625	-
New Zealand	7,023,183	5,675,609	6,409,974	7,021,881	5,675,609	6,408,672
Total credit exposures	7,075,901	5,685,432	6,463,880	7,074,599	5,685,432	6,462,578

(ii) Concentration of credit exposure

Analysis of concentration of exposure to closely related counterparties

	Number of groups of closely related counterparties					
	Banking Group			Bank		
As at period end	30 June 2009	30 June 2008	31 December 2008	30 June 2009	30 June 2008	31 December 2008
Percentage of shareholders' equity						
60-70%	-	1	-	-	1	-
70-80%	1		1	1	-	1
90-100%	-	-	-	-	-	-
250-260%	-	-	-	-	-	-

Concentration of credit exposures to connected persons

	Banking Group			
	Exposures		Exposures as a % of Banking Group's tier one capital	
As at period end	30 June 2009 $000	30 June 2008 $000	30 June 2009 %	30 June 2008 %
Bank connected persons				
Aggregate at end-of-period	200,852	173,530	77.55%	69.92%
Peak end-of-day for the quarter	294,030	174,709	106.77%	70.40%
Contingent credit exposures arising from risk lay-off arrangements	-	-	-	-
Non-bank connected persons				
Aggregate at end-of-period	35	30	0.01%	0.01%
Peak end-of-day for the quarter	35	54	0.01%	0.02%
Contingent credit exposures arising from risk lay-off arrangements	-	-	-	-

Analysis of concentration of exposure to individual counterparties

	Number of individual counterparties					
	Banking Group			Bank		
As at period end	30 June 2009	30 June 2008	31 December 2008	30 June 2009	30 June 2008	31 December 2008
Percentage of shareholders' equity						
10-20%	5	3	-	5	3	-
20-30%	1	2	3	1	2	3
30-40%	1	1	1	1	1	1
40-50%	-	2	-	-	2	-
50-60%	1	-	1	1	-	1

Concentration of credit exposures to individual counterparties

	Banking Group	
	Number of counterparties	
As at period end	30 June 2009	30 June 2008
Bank counterparties:		
Percentage of shareholders' equity		
>10 - 20%	-	-

Peak credit exposure to individual counterparties

	Banking Group	
	Number of counterparties	
Peak end-of-day aggregate credit exposure	30 June 2009	30 June 2008
Bank counterparties:		
Percentage of shareholders' equity		
>10 - 20%	-	-
>20 - 30%	-	-
>30 - 40%	-	-
Non-bank counterparties:		
Percentage of shareholders' equity		
>10 - 20%	5	3
>20 - 30%	1	2
>30 - 40%	1	1
>40 - 50%	-	2
>50 - 60%	1	-

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.

Aggregate credit exposure

	Banking Group			
	30 June 2009		30 June 2008	
As at period end	$000	%	$000	%
Bank counterparties:				
At or above investment credit rating	-	100%	-	100%
Below investment credit rating	-	0%	-	0%
Credit rating not applicable	-	0%	-	0%
Non-bank counterparties:				
At or above investment credit rating	-	0%	-	0%
Below investment credit rating	-	0%	-	0%
Credit rating not applicable	510,602	100%	537,294	100%

An investment grade credit rating is a credit rating of BBB- or Baa3 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 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 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.

Because Rabobank New Zealand Limited's obligations are fully, irrevocably and unconditionally guaranteed by the parent entity with an AAA credit rating from a Reserve Bank approved rating agency, it is not subject to the condition of registration limiting exposures to connected persons.

(iii) Collateral and other credit enhancements

The main types of collateral obtained are as follows:

- For rural lending, mortgages over rural, residential and commercial properties.
- For corporate lending, a fixed and floating charge over the company, specific mortgages and personal guarantees from the shareholders.

Moreover, under a guarantee dated 14 December 2000, Rabobank Nederland New Zealand Branch has irrevocably guaranteed to the Bank the payment of all existing and future rural loans owing to the Bank.

It is the Banking Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. The Banking Group does not use or take repossessed properties for business use. During the period to 30 June 2009, the Banking Group did not take possession of any collateral (30 June 2008: Nil; 31 December 2008: Nil).

(iv) Credit quality per class of financial assets

	Banking Group						
	<-----------------Neither past due nor impaired--------------->						
	R0-R7	R8-R10	R11-R14	R15-R19	R20	Past due or individually impaired	Total
	$000	$000	$000	$000	$000	$000	$000
At 30 June 2009							
Due from other banks	6,435	-	-	-	-	-	6,435
Loans and advances to customers	97,499	1,045,133	2,832,099	1,511,108	227,882	603,171	6,316,891
Total	103,934	1,045,133	2,832,099	1,511,108	227,882	603,171	6,323,326
At 30 June 2008							
Due from other banks	13,166	-	-	-	-	-	13,166
Loans and advances to customers	50,996	1,235,696	2,980,717	392,144	8,304	358,805	5,026,662
Total	64,162	1,235,696	2,980,717	392,144	8,304	358,805	5,039,828
At 31 December 2008							
Due from other banks	14,301	-	-	-	-	-	14,301
Loans and advances to customers	52,676	1,309,352	3,002,860	823,186	65,237	512,536	5,765,847
Total	66,977	1,309,352	3,002,860	823,186	65,237	512,536	5,780,148

Credit rating descriptions

R0-R7 - Counterparties that are strong to extremely strong in meeting current and future financial commitments of the

R8-R10 - Counterparties that have adequate capacity to meet current and future financial commitments to the Group.

R11-R14 - Counterparties that have adequate capacity to meet current financial commitments of the Group.

R15-R19 - Counterparties that currently have the capacity to meet financial commitments but are vulnerable to adverse business, financial or economic conditions.

R20 - Counterparties that are currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments of the Group.

(iv) Credit quality per class of financial assets

	Bank						
	<-----------------Neither past due nor impaired--------------->						
	R0-R7	R8-R10	R11-R14	R15-R19	R20	Past due or individually impaired	Total
	$000	$000	$000	$000	$000	$000	$000
At 30 June 2009							
Due from other banks	6,435	-	-	-	-	-	6,435
Loans and advances to customers	97,499	1,045,133	2,832,099	1,511,108	227,882	603,171	6,316,891
Total	103,934	1,045,133	2,832,099	1,511,108	227,882	603,171	6,323,326
At 30 June 2008							
Due from other banks	13,166	-	-	-	-	-	13,166
Loans and advances to customers	50,996	1,235,696	2,980,717	392,144	8,304	358,805	5,026,662
Total	64,162	1,235,696	2,980,717	392,144	8,304	358,805	5,039,828
At 31 December 2008							
Due from other banks	14,301	-	-	-	-	-	14,301
Loans and advances to customers	52,676	1,309,352	3,002,860	823,186	65,237	512,536	5,765,847
Total	66,977	1,309,352	3,002,860	823,186	65,237	512,536	5,780,148

Credit rating descriptions

R0-R7 - Counterparties that are strong to extremely strong in meeting current and future financial commitments of the

R8-R10 - Counterparties that have adequate capacity to meet current and future financial commitments to the Group.

R11-R14 - Counterparties that have adequate capacity to meet current financial commitments of the Group.

R15-R19 - Counterparties that currently have the capacity to meet financial commitments but are vulnerable to adverse business, financial or economic conditions.

R20 - Counterparties that are currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments of the Group.

(v) Aging analysis of past due but not impaired loans per class of financial assets*

	Banking Group			
	Less than 60 days	61 to 90 days	More than 91 days	Total
	$000	$000	$000	$000
At 30 June 2009				
Loans and advances to customers	333,772	34,683	25,413	393,868
Estimated fair value of collateral on past due assets				2,253,115
At 30 June 2008				
Loans and advances to customers	347,929	5,800	4,596	358,325
Estimated fair value of collateral on past due assets				1,233,152
At 31 December 2008				
Loans and advances to customers	331,513	23,255	19,649	374,417
Estimated fair value of collateral on past due assets				2,119,829

	Bank			
	Less than 60 days	61 to 90 days	More than 91 days	Total
	$000	$000	$000	$000
At 30 June 2009				
Loans and advances to customers	333,772	34,683	25,413	393,868
Estimated fair value of collateral on past due assets				2,253,115
At 30 June 2008				
Loans and advances to customers	347,929	5,800	4,596	358,325
Estimated fair value of collateral on past due assets				1,233,152
At 31 December 2008				
Loans and advances to customers	331,513	23,255	19,649	374,417
Estimated fair value of collateral on past due assets				2,119,829

* Based on contractual due dates.

(vi) Estimated fair value of collateral on impaired loans

	Banking Group			Bank		
	30 June 2009	30 June 2008	31 December 2008	30 June 2009	30 June 2008	31 December 2008
	$000	$000	$000	$000	$000	$000
Fair value of collateral held*	157,706	72	112,750	157,706	72	112,750
Gross impaired loans (Note 15a)	209,302	480	134,814	209,302	480	134,814

* Loans are cross collaterised against all facilities held by a customer, the estimated fair value of collateral represents the total aggregate collateral relating to the customer.

33 Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business.

The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Reserve Bank of New Zealand (RBNZ) in supervising the Bank.

Tier one, or core, capital includes paid up ordinary shares, retained earnings, reserves, other approved capital resources, less deferred tax assets net of deferred tax liabilities. Tier two, or supplementary, capital includes general reserve for credit loss, term bond and note issues. The Bank currently does not have any tier two capital.

During 2007 the Bank implemented its Internal Capital Adequacy Assessment Process (ICAAP) as required by the RBNZ. The ICAAP document sets out the framework used by the Bank to determine the minimum levels of capital it requires given the nature of its business, and how the various risks it is exposed to will be managed.

The Bank has complied in full with all of its externally imposed capital requirements during 2008 and 2009 financial years. Refer to notes 34, 35 for details.

34 Risk weighted exposures and capital adequacy under the Basel I approach

(a) Capital

	Banking Group		Bank	
	30 June 2009 $000	30 June 2008 $000	30 June 2009 $000	30 June 2008 $000
Tier one capital				
Issued and fully paid up ordinary share capital	41,200	41,200	41,200	41,200
Perpetual fully paid up non-cumulative preference shares	-	-	-	-
Revenue and similar reserves	216,761	188,124	216,761	188,124
Current period's reviewed retained earnings	10,224	18,843	10,224	18,843
Tier one minority interests	-	-	-	-
Less: deductions from tier one capital	(9,200)	-	(9,200)	-
Plus: other adjustments to tier one capital	-	-	-	-
Total tier one capital	258,985	248,167	258,985	248,167
Tier two capital				
Upper tier two capital				
Unaudited retained profits	-	-	-	-
Revaluation services	-	-	-	-
Upper tier two capital instruments	-	-	-	-
Total upper tier two capital	-	-	-	-
Lower tier two capital				
Term subordinated debt	-	-	-	-
Others capital elements with original maturity of five years or more	-	-	-	-
Total lower tier two capital	-	-	-	-
Total tier two capital	-	-	-	-
Total tier one capital plus tier two capital	258,985	248,167	258,985	248,167
Less: deductions from total capital				
Equity investments in subsidiaries	-	-	-	-
Capital	258,985	248,167	258,985	248,167

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" (BS2) as amended from time to time.

(b) Risk weighted exposure

(i) Calculation of on-balance sheet exposure

As at 30 June 2009	Banking Group Principal amount $000	Banking Group Risk weight %	Banking Group Risk weighted exposure $000	Bank Principal amount $000	Bank Risk weight %	Bank Risk weighted exposure $000
Cash and short term claims on government	13	0%	-	13	0%	-
Long term claims on government	-	10%	-	-	10%	-
Claims on banks	6,422	20%	1,284	6,421	20%	1,284
Claims on public sector entities	-	20%	-	-	20%	-
Residential mortgages	-	50%	-	-	50%	-
Other*	14,069	0%	-	12,768	0%	-
Other **	6,479,949	20%	1,295,990	6,479,949	20%	1,295,990
Other ***	48,831	100%	48,831	48,831	100%	48,831
Non risk weighted assets ****	32,765	0%	-	32,765	0%	-
Total assets	6,582,049		1,346,105	6,580,746		1,346,105

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

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

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

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

(ii) Calculation of off-balance sheet exposure

	Banking Group				
As at 30 June 2009	Principal amount $000	Credit conversion factors %	Credit equivalent amount $000	Average counterparty risk weight %	Risk weighted exposure $000
Direct credit substitutes	10,152	100%	10,152	100%	10,152
Asset sales with recourse	-	100%	-	0%	-
Commitments with certain drawdown	33,215	100%	33,215	20%	6,643
Underwriting and sub-underwriting facilities	-	50%	-	0%	-
Transaction related contingent items	-	50%	-	0%	-
Short term, self liquidating trade related contingencies	-	20%	-	0%	-
Other commitments to provide financial services which have an original maturity of 1 year or more	64,832	50%	32,416	100%	32,416
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time	415,535	0%	-	0%	-
Market related contracts*					
(a) Foreign exchange swaps	-	N/A	-	0%	-
Foreign exchange swaps	5,123	N/A	61	20%	12
Foreign exchange swaps	1,562	N/A	19	50%	10
(b) Foreign exchange options	10,370	N/A	343	20%	69
Foreign exchange options	10,370	N/A	104	50%	52
(c) Interest rate swaps	183,514	N/A	779	20%	156
Interest rate swaps	122,514	N/A	3,614	50%	1,807
(d) Interest rate options	-	N/A	-	20%	-
Interest rate options	-	N/A	-	50%	-
Total off-balance sheet risk weighted exposures	857,186		80,702		51,317

	Bank				
As at 30 June 2009	Principal amount $000	Credit conversion factors %	Credit equivalent amount $000	Average counterparty risk weight %	Risk weighted exposure $000
Direct credit substitutes	10,152	100%	10,152	100%	10,152
Asset sales with recourse	-	100%	-	0%	-
Commitments with certain drawdown	33,215	100%	33,215	20%	6,643
Underwriting and sub-underwriting facilities	-	50%	-	0%	-
Transaction related contingent items	-	50%	-	0%	-
Short term, self liquidating trade related contingencies	-	20%	-	0%	-
Other commitments to provide financial services which have an original maturity of 1 year or more	64,832	50%	32,416	100%	32,416
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time	415,535	0%	-	0%	-
Market related contracts*					
(a) Foreign exchange swaps	-	N/A	-	0%	-
Foreign exchange swaps	5,123	N/A	61	20%	12
Foreign exchange swaps	1,562	N/A	19	50%	10
(b) Foreign exchange options	10,370	N/A	343	20%	69
Foreign exchange options	10,370	N/A	104	50%	52
(c) Interest rate swaps	183,514	N/A	779	20%	156
Interest rate swaps	122,514	N/A	3,614	50%	1,807
(d) Interest rate options	-	N/A	-	20%	-
Interest rate options	-	N/A	-	50%	-
Total off-balance sheet risk weighted exposures	857,186		80,702		51,317

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

(c) Capital ratios

	Banking Group		Bank	
	2009	2008	2009	2008
As at 30 June	%	%	%	%
Tier one capital expressed as a percentage of total risk weighted	18.53%	21.92%	18.53%	21.92%
Total capital expressed as a percentage of total risk weighted exposures	18.53%	21.92%	18.53%	21.92%

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" (BS2) as amended from time to time.

(d) 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.

	2008	2007
As at 31 December (audited)	%	%
Tier one capital expressed as a percentage of total risk weighted exposures	12.70%	10.70%
Qualifying capital* expressed as a percentage of total risk weighted exposures	13.00%	10.90%
Dutch Central Bank's minimum ratios :		
Tier one capital expressed as a percentage of total risk weighted exposures	4.00%	4.00%
Qualifying capital* expressed as a percentage of total risk weighted exposures	8.00%	8.00%

Rabobank Group is required by the Dutch Nederlandsche Bank to hold minimum capital at least equal to that specified under Basel framework 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.

35 Capital adequacy under the Basel II standardised approach

(a) Capital

	Banking Group		Bank	
	2009	2008	2009	2008
As at 30 June 2009	$000	$000	$000	$000
Tier one capital				
Issued and fully paid up ordinary share capital	41,200	41,200	41,200	41,200
Perpetual fully paid up non-cumulative preference shares	-	-	-	-
Revenue and similar reserves	216,761	188,124	216,761	188,124
Current period's reviewed retained earnings	10,224	18,843	10,224	18,843
Tier one minority interests	-	-	-	-
Less: deductions from tier one capital	(9,200)	-	(9,200)	-
Plus: other adjustments to tier one capital	-	-	-	-
Total tier one capital	258,985	248,167	258,985	248,167
Tier two capital				
Upper tier two capital				
Unaudited retained profits	-	-	-	-
Revaluation services	-	-	-	-
Upper tier two capital instruments	-	-	-	-
Total upper tier two capital	-	-	-	-
Lower tier two capital				
Term subordinated debt	-	-	-	-
Others capital elements with original maturity of five years or more	-	-	-	-
Total lower tier two capital	-	-	-	-
Total tier two capital	-	-	-	-
Total tier one capital plus tier two capital	258,985	248,167	258,985	248,167
Less: deductions from total capital				
Equity investments in subsidiaries	-	-	-	-
Capital	258,985	248,167	258,985	248,167

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" (BS2) as amended from time to time.

(b) Credit risk

(i) Calculation of on-balance sheet exposure

	Banking Group			
As at 30 June 2009	Total exposure afte credit risk mitigation $000	Risk weight %	Risk weighted exposure $000	Minimum pillar one capital requirement $000
Cash and gold bullion	13	0%	-	-
Sovereigns and central banks	14,844	0%	-	-
Multilateral development banks and other international organisations	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	6,422	20%	1,284	103
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 publicity traded	-	300%	-	-
All other equity holdings (not deducted from capital)	-	400%	-	-
Other*	6,479,949	20%	1,295,990	103,679
Other **	48,831	100%	48,831	3,906
Non risk weighted assets ***	31,990	0%	-	-
Total Assets	6,582,049		1,346,105	107,688

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

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

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

(ii) Calculation of off-balance sheet exposure

	Banking Group					
As at 30 June 2009	Total exposure $000	Credit conversion factor %	Credit equivalent amount $000	Average risk weight %	Risk weighted exposure $000	Minimum pillar one capital requirement $000
Direct credit substitutes	10,152	100%	10,152	100%	10,152	812
Asset sales with recourse	-	100%	-	0%	-	-
Forward asset purchase	-	100%	-	0%	-	-
Commitments with certain drawdown	33,215	100%	33,215	20%	6,643	531
Note issuance facility	-	50%	-	0%	-	-
Revolving underwriting facility	-	50%	-	0%	-	-
Performance-related contingency	-	50%	-	0%	-	-
Trade-related contingency	-	20%	-	0%	-	-
Placements of forward deposits	-	100%	-	0%	-	-
Other commitments where original maturity is more than or equal to one year	64,832	50%	32,416	100%	32,416	2,593
Other commitments where original maturity is less than or equal to one year	-	20%	-	0%	-	-
Other commitments that cancel automatically when when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior	415,535	0%	-	100%	-	-
						-
Market related contracts*						-
(a) Foreign exchange options	10,370	N/A	343	20%	69	6
Foreign exchange options	10,370	N/A	104	100%	104	8
Foreign exchange swaps	5,123	N/A	61	20%	12	1
Foreign exchange swaps	1,562	N/A	19	100%	19	2
(b) Interest rate options	-	N/A	-	20%	-	-
Interest rate options	-	N/A	-	100%	-	-
Interest rate swaps	183,514	N/A	779	20%	156	13
Interest rate swaps	122,514	N/A	3,614	100%	3,614	289
(c) Other - OTC etc	-	N/A	-	0%	-	-
Total off-balance sheet exposures	857,186		80,703		53,185	4,255

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

(c) Credit risk mitigation

As at 30 June 2009		Total value of on- and off- balance sheet exposures covered by eligible collateral (after haircutting) $000	Total value of on- and off- balance sheet exposures covered by guarantees or credit derivatives $000
Sovereign or central bank		-	-
Multilateral development bank		-	-
Public sector entities		-	-
Bank		-	6,422
Corporate		-	-
Other		-	6,513,164
Total	-	-	6,519,586

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.

(d) Operational risk

Operational risk capital requirement

As at 30 June 2009	Implied risk weighted exposure $000	Total operating risk capital requirement $000
Operational risk	347,917	27,833
Total	347,917	27,833

(e) Market risk period-end capital charges

As at 30 June 2009	Implied risk weighted exposure $000	Aggregate capital charges $000	Aggregate capital charge as a percentage of the Banking Group's equity %
Interest rate risk	128,500	10,280	3.97%
Foreign currency risk	10,375	830	0.32%
Total	138,875	11,110	4.29%

As at 30 June 2008	Implied risk weighted exposure $000	Aggregate capital charges $000	Aggregate capital charge as a percentage of the Banking Group's equity %
Interest rate risk	119,875	9,590	3.86%
Foreign currency risk	36,125	2,890	1.16%
Total	156,000	12,480	5.03%

(f) Market risk peak end-of-day capital charges

As at 30 June 2009	Implied risk weighted exposure $000	Aggregate capital charges $000	Aggregate capital charge as a percentage of the Banking Group's equity %
Interest rate risk	147,500	11,800	4.56%
Foreign currency risk	15,375	1,230	0.47%
Total	162,875	13,030	5.03%

As at 30 June 2008	Implied risk weighted exposure $000	Aggregate capital charges $000	Aggregate capital charge as a percentage of the Banking Group's equity %
Interest rate risk	142,000	11,360	4.58%
Foreign currency risk	76,125	6,090	2.45%
Total	218,125	17,450	7.03%

(g) 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) as amended from time to time.

(h) Total capital requirements

As at 30 June 2009	Total exposure after credit risk mitigation $000	Risk weighted exposure or implied risk weighted exposure $000	Capital requirement $000
Total credit risk	7,439,235	1,399,289	111,943
Operational risk	N/A	347,917	27,833
Market risk	N/A	138,875	11,110
Total	7,439,235	1,886,081	150,886

(i) Capital ratios

As at period end	30 June 2009 %	30 June 2008 %
Tier one capital / risk weighted exposure %	13.73%	15.54%
Capital / risk weighted exposure %	13.73%	15.54%

(j) Solo capital adequacy

As at period end	30 June 2009 %	30 June 2008 %
Tier one capital / risk weighted exposure %	13.73%	15.54%
Capital / risk weighted exposure %	13.73%	15.54%

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) as amended from time to time.

(k) Pillar 2 capital for other material risks

As at period end	30 June 2009 $000	30 June 2008 $000
Internal capital allocation for other material risks	7,544	6,386

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 specific explicit government restrictions or simply depleted foreign exchange funds in the non-industrial countries of Africa, Asia, Latin America and Central and Eastern Europe.

iii) Strategic/Business Risks : Current and prospective 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 banks 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.

(l) 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.

As at 31 December (audited)	2008 %	2007 %
Tier one capital expressed as a percentage of total risk weighted exposures	12.70%	10.70%
Qualifying capital* expressed as a percentage of total risk weighted exposures	13.00%	10.90%
Dutch Central Bank's minimum ratios :		
Tier one capital expressed as a percentage of total risk weighted exposures	4.00%	4.00%
Qualifying capital* expressed as a percentage of total risk weighted exposures	8.00%	8.00%

Rabobank Group is required by the Dutch Nederlandsche Bank to hold minimum capital at least equal to that specified under Basel framework 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.

36 Concentration of funding of financial liabilities

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
Analysis of funding by product:						
Due to other banks	411	41,808	329	411	41,808	329
Unsecured deposits	2,358,137	2,375,343	2,553,171	2,358,137	2,375,343	2,553,171
Due to related entities	3,925,651	2,536,587	3,165,273	3,924,349	2,535,285	3,163,971
Other financial liabilities	12,861	27,105	22,352	12,861	27,105	22,352
Total funding	6,297,060	4,980,843	5,741,125	6,295,758	4,979,541	5,739,823
Analysis of funding concentration by geographical areas:						
Australia	672	2,416	463	672	2,416	463
Canada	3,069	25	3,567	3,069	25	3,567
Netherlands	416	319	86	416	319	86
New Zealand	6,287,717	4,977,329	5,736,582	6,286,415	4,976,027	5,735,280
Switzerland	2,490	57	34	2,490	57	34
United Kingdom	914	132	218	914	132	218
United States of America	1,073	339	57	1,073	339	57
All other countries	709	226	118	709	226	118
Total funding	6,297,060	4,980,843	5,741,125	6,295,758	4,979,541	5,739,823
Analysis of funding by industry:						
Accommodation and restaurants	-	90	-	-	90	-
Agriculture, forestry and fishing	225,195	404,645	237,125	225,195	404,645	237,125
Communication services	-	21	-	-	21	-
Construction	20	151	76	20	151	76
Cultural and recreational services	13	342	1	13	342	1
Education	8	19	4	8	19	4
Finance and insurance	4,499,720	2,590,422	3,726,629	4,498,418	2,589,120	3,725,327
Government	2	1,181	2	2	1,181	2
Health and community services	99	180	32	99	180	32
Manufacturing	452	150	393	452	150	393
Personal and other services	1,553,494	1,976,816	1,758,452	1,553,494	1,976,816	1,758,452
Property and business services	17,842	6,477	18,067	17,842	6,477	18,067
Retail trade	36	45	87	36	45	87
Transport and storage	123	77	145	123	77	145
Wholesale trade	56	227	112	56	227	112
Total funding	6,297,060	4,980,843	5,741,125	6,295,758	4,979,541	5,739,823

37 Interest earning and discount bearing assets and liabilities

	Banking Group			Bank		
	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000	30 June 2009 $000	30 June 2008 $000	31 December 2008 $000
Total interest earning and discount bearing assets	6,521,289	5,194,328	5,913,513	6,521,289	5,194,328	5,913,513
Total interest and discount bearing liabilities	6,049,048	4,836,151	5,541,446	6,049,048	4,834,849	5,540,144

38 Fair value of financial instruments

The estimated fair value of the financial assets and liabilities are:

	Banking Group					
	30 June 2009		30 June 2008		31 December 2008	
	Carrying value $000	Fair value $000	Carrying value $000	Fair value $000	Carrying value $000	Fair value $000
Financial assets						
Due from other banks	6,435	6,435	13,166	13,166	14,301	14,301
Derivative financial instruments	5,753	5,753	3,996	3,996	8,212	8,212
Loans and advances to customers	6,316,891	6,443,014	5,026,662	4,980,807	5,765,847	5,934,570
Due from related entities	199,825	200,286	157,148	156,437	185,856	187,788
Other financial assets*	23,264	23,264	28,512	28,512	23,676	23,676
Total financial assets	6,552,168	6,678,752	5,229,484	5,182,918	5,997,892	6,168,547
Financial liabilities						
Due to other banks	411	411	41,808	41,808	329	329
Unsecured deposits	2,358,137	2,360,736	2,375,343	2,329,942	2,553,171	2,556,465
Derivative financial instruments	5,606	5,606	3,550	3,550	8,128	8,128
Due to related entities	3,925,651	4,014,200	2,536,587	2,525,265	3,165,273	3,296,604
Creditors and accruals	12,861	12,861	27,105	27,105	22,352	22,352
Total financial liabilities	6,302,666	6,393,814	4,984,393	4,927,670	5,749,253	5,883,878

	Bank					
	30 June 2009		30 June 2008		31 December 2008	
	Carrying Value $000	Fair value $000	Carrying Value $000	Fair value $000	Carrying Value $000	Fair value $000
Financial assets						
Due from other banks	6,435	6,435	13,166	13,166	14,301	14,301
Derivative financial instruments	5,753	5,753	3,996	3,996	8,212	8,212
Loans and receivables from customers	6,316,891	6,443,014	5,026,662	4,980,807	5,765,847	5,934,570
Due from related entities	199,825	200,286	157,148	156,437	185,856	187,788
Other financial assets*	21,962	21,962	28,512	28,512	22,374	22,374
Total financial assets	6,550,866	6,677,450	5,229,484	5,182,918	5,996,590	6,167,245
Financial liabilities						
Due to other banks	411	411	41,808	41,808	329	329
Unsecured deposits	2,358,137	2,360,736	2,375,343	2,329,942	2,553,171	2,556,465
Derivative financial instruments	5,606	5,606	3,550	3,550	8,128	8,128
Due to related entities	3,924,349	4,012,898	2,536,587	2,525,265	3,163,971	3,163,971
Creditors and accruals	12,861	12,861	27,105	27,105	22,352	22,352
Total financial liabilities	6,301,364	6,392,512	4,984,393	4,927,670	5,747,951	5,751,245

*Other financial assets consist of interest receivable, GST receivable, income tax receivables, sundry debtors, prepayments and unsettled trades.

The methods and assumptons used to determine the fair values for each class of financial instrument are detailed below:

Due from other banks and loans and advances to customers
Fair values were calculated using discounted cash flow models based on repricing dates, with discount rates at current interest rates for loans and advances with similar maturity. The carrying value and fair value are net of specific and collective provision for

Due from related entities
Fair values were calculated using discounted cash flow models based on repricing dates, with discount rates at current interest rates for loans with similar maturity.

Other assets, income tax receivable and creditors and accruals
The carrying value approximate their net fair value as they are short term in nature or are receivable or payable on demand.

Due to other banks, unsecured deposits and due to related entities
The fair value is estimated based on current market rates available to the Banking Group for debt of similar maturity.

Derivative financial instruments
The Banking Group uses the following heirarchy for determing and disclosing the fair value of derivatives:
Level 1: quoted prices in active markets for the same instrument;
Level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data;
Level 3: valuation techniques for which any significant input is not based on observable market data.

	Banking Group			
At 30 June 2009	Level 1	Level 2	Level 3	Total Fair Value
Derivative assets				
Interest rate swaps	-	5,220	-	5,220
Foreign exchange swaps	-	7	-	7
Foward foreign exchange contracts	-	287	-	287
Foreign exchange options	-	239	-	239
Foreign exchange spots	-	-	-	-
Total Derivative Assets	-	5,753	-	5,753
Derivative liabilities				
Interest rate swaps	-	5,072	-	5,072
Foreign exchange swaps	-	295	-	295
Foward foreign exchange contracts	-	-	-	-
Foreign exchange options	-	239	-	239
Foreign exchange spots	-	-	-	-
Total Derivative Assets	-	5,606	-	5,606

Comparative information has not been restated as it is not strictly required by the transition provisions.

	Bank			
At 30 June 2009	Level 1	Level 2	Level 3	Total Fair Value
Derivative assets				
Interest rate swaps	-	5,220	-	5,220
Foreign exchange swaps	-	7	-	7
Foward foreign exchange contracts	-	287	-	287
Foreign exchange options	-	239	-	239
Foreign exchange spots	-	-	-	-
Total Derivative Assets	-	5,753	-	5,753
Derivative liabilities				
Interest rate swaps	-	5,072	-	5,072
Foreign exchange swaps	-	295	-	295
Foward foreign exchange contracts	-	-	-	-
Foreign exchange options	-	239	-	239
Foreign exchange spots	-	-	-	-
Total Derivative Assets	-	5,606	-	5,606

Comparative information has not been restated as it is not strictly required by the transition provisions.

39 Related Party Disclosures

The Banking Group's parent entity is Rabobank International Holding B.V. The ultimate controlling party is Rabobank Nederland. Both the parent entity and the ultimate controlling party are incorporated in the Netherlands. Dealings with the parent and ultimate controlling entity include funding, deposits and derivative transactions. The amounts of principal and interest due from and due to the parent and ultimate controlling entity are included in the statement of comprehensive income, statement of financial position and the accompanying notes for those balances.

(a) Transactions with related parties

(1) The obligations of the Bank up to 17 February 2008 were guaranteed under a guarantee dated 18 February 1998 (as amended by a deed dated 19 February 1998) given by its ultimate parent bank, Rabobank Nederland, in favour of Permanent Trustee Company Limited (the "Trustee") as trustee for the creditors of the Bank (the "Old Guarantee"). The expiry of the Old Guarantee on 17 February 2008 does not affect any obligations which the Bank incurred prior to the expiry of that guarantee.

A new guarantee has been entered into solely between the Bank and Rabobank Nederland which contains substantially similar terms as the Old Guarantee (the "New Guarantee"). The New Guarantee became effective upon the expiry of the Old Guarantee on 17 February 2008 and the New Guarantee will expire on 17 February 2010.

(2) Pursuant to a Deed of Assignment dated 1 June 2000 to which Primary Industry Bank of Australia (now known as Rabobank Australia Limited), Cooperateive Centrale Raffeisen-Boerenleenbank B.A. (Rabobank Nederland New Zealand Branch) and the Bank are parties, Rabobank Nederland New Zealand Branch has guaranteed to the Bank the due and punctual payment by the Obligors (as defined in that Deed) of all of their respective obligations under or in respect of the Loans (which are the loans described in appendix 1 to the Deed along with associated loan, mortgage and guarantee documentation) as and when they fall due for payment in accordance with their terms and agrees to pay to the Bank on demand all moneys payable pursuant to that guarantee.

(3) Pursuant to a guarantee dated 14 December 2000, Rabobank Nederland New Zealand Branch has irrevocably guaranteed to the Bank the payment of all existing and future loans owing to the Bank.

(4) A management fee of $14.16 million (2008: $12.05million) was charged to the Banking Group by the Australian Branch of Rabobank Nederland for the provision of administrative and management services. Some operating expenses of the Banking Group are paid and re-charged to the Banking Group by this related entity.

(5) The Banking Group enters into a number of transactions with other related entities within the Rabobank International Group, but mainly with the Australian 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 the parent and ultimate controlling entity are included in the statement of comprehensive income, statement of financial position and the accompanying notes for those balances.

(b) Terms and conditions of transactions with related parties

Transactions with related parties are made in the ordinary course of business on normal terms and conditions. Outstanding balances at year end are unsecured and settlement occurs in cash. Interest is not charged on working capital balances of related parties.

(c) Provision for impairment

For the period ended 30 June 2009, the Banking Group has not made any provision for impairment relating to amounts owed by related parties as the payment history has been excellent (2008: Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Banking Group recognises a provision for impairment.

40 Key management personnel

(a) Details of key management personnel

(i) Directors

Bruce Raymond Dick

Johan Christoffel ten Cate

Erich Fraunschiel

William Patrick Gurry

Ruurd Weulen Kranenberg (resigned 31 July 2009)

John Leonard Palmer

Johannes Hendricus (Harry) de Roo (Alternate Director for Johan Christoffel ten Cate)

David Welsford Smithers

James Philip Graham (resigned 31 March 2009)

Roberto Henri Lodewijk ten Heggeler (resigned 21 May 2009)

(ii) Executives (non-directors)

Paul Beiboer

Danny Bigatton

Neil Francis Dobbin

Ben Russell

George Yau

(b) Compensation of key management personnel paid by Australian Branch of Rabobank Netherlands and New Zealand Branch of Rabobank Netherlands

	Banking Group			Bank		
	Period ended 30 June 2009 $	Period ended 30 June 2008 $	Year ended 31 December 2008 $	Period ended 30 June 2009 $	Period ended 30 June 2008 $	Year ended 31 December 2008 $
Short term employee benefits	4,765,883	2,700,657	5,626,127	4,765,883	2,700,657	5,626,127
Post employment benefits	135,458	173,971	271,840	135,458	173,971	271,840
Other long term benefits	46,948	23,106	117,802	46,948	23,106	117,802
	4,948,289	2,897,735	6,015,769	4,948,289	2,897,735	6,015,769

(c) Transactions and balances with key management personnel and their related parties

The following table provides the total amount of deposits and rents from, and interest paid to, key management personnel. The transactions are made in ordinary course of business on normal terms and conditions.

	Banking Group		
	Period ended 30 June 2009 $	Period ended 30 June 2008 $	Year ended 31 December 2008 $
Deposits outstanding at the beginning of the period / year	2,364	2,539	2,465
Net movement during the period / year	(759)	86,461	165
Deposits outstanding at the period / year end	1,605	89,000	2,630
Interest expense during the period / year	42	346	86
Rental expense during the period / year	-	-	-

The following table provides the total amount of loans to key management personnel. On average the interest payable on the loan is at market rates. Outstanding loan balances at 30 June 2009 are secured. No provision for impairment is recognised as at 30 June 2009 as the payment history has been excellent.

	Banking Group		
	30 June 2009 $	30 June 2008 $	31 December 2008 $
Loans outstanding at the beginning of the period / year	39,306	16,339	16,339
Loan repayments during the period / year	(17,539)	-	-
Loans outstanding at the period / year end	21,767	20,376	39,306
Redraws during the period / year	-	4,037	22,967
Interest revenue during the period / year	504	495	1,739

41 Segment information

For management purposes, the Banking Group is organised into two operating segments based on products and services as follows:

- Retail Banking (include rural and business banking) - Principally handling individual customers' deposits and providing loans and advances to customers, overdrafts and credit card facilities.
- Group Function - Treasury and finance and other central functions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating results which in certain respects is measured differently from operating results in the consolidated financial statements.

Interest income is reported net since the majority of the segments' revenues are from interest. Management primarily relies on net interest revenue, not the gross revenue and expense amounts.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Banking Group's total revenue in the relevant reporting periods.

The Banking Group operates within New Zealand.

At 30 June 2009	Banking Group Retail Banking $000	Group Functions $000	Unallocated $000	Total $000
Revenue				
Third party	54,504	33,403	-	87,907
Inter-segment	-	-	-	-
Total net operating income	54,504	33,403	-	87,907
Charge for provision for risk	-	(2,788)	-	(2,788)
Impairment losses on loans and advances to customers	(37,357)	-	-	(37,357)
Results				
Net interest income (expense)	54,123	31,589	-	85,712
Depreciation of property, plant and equipment	348	135	-	483
Amortisation of intangible assets	-	1	-	1
Segment profit (loss)	(8,229)	22,848	-	14,619
Income tax expense	-	-	(4,395)	(4,395)
Profit after tax				10,224
Total Assets	6,318,962	222,850	40,236	6,582,048
Total Liabilities	443,358	5,870,431	74	6,313,863

The mismatch between assets and liabilities and net interest income by segment is consistent with the information that is reported to the chief operating decision maker ("CODM"). The Retail Banking segment reports the loans and the Group Functions segment (Treasury) reports the funding. Interest income is allocated to Retail Banking by the Bank's transactions system based on the client margin, the remaining interest income is allocated to Group Functions (treasury), this enables the CODM to monitor the net interest income generated by the business line separate from treasury operations.

At 30 June 2008	Banking Group Retail Banking $000	Group Functions $000	Unallocated $000	Total $000
Revenue				
Third party	44,979	13,353	-	58,332
Inter-segment	-	-	-	-
Total net operating income	44,979	13,353	-	58,332
Charge for provision for risk	-	-	-	-
Impairment losses on loans and advances to customers	(325)	-	-	(325)
Results				
Net interest income (expense)	44,581	13,173	-	57,754
Depreciation of property, plant and equipment	336	185	-	521
Amortisation of intangible assets	-	1	-	1
Segment profit (loss)	19,465	7,448	-	26,913
Income tax expense	-	-	(8,070)	(8,070)
Profit after tax				18,843
Total Assets	5,026,628	188,419	25,734	5,240,781
Total Liabilities	496,421	4,496,189	4	4,992,614

The mismatch between assets and liabilities and net interest income by segment is consistent with the information that is reported to the chief operating decision maker ("CODM"). The Retail Banking segment reports the loans and the Group Functions segment (Treasury) reports the funding. Interest income is allocated to Retail Banking by the Bank's transactions system based on the client margin, the remaining interest income is allocated to Group Functions (treasury), this enables the CODM to monitor the net interest income generated by the business line separate from treasury operations.

At 31 December 2008	Banking Group Retail Banking $000	Group Functions $000	Unallocated $000	Total $000
Revenue				
Third party	91,845	37,536	-	129,381
Inter-segment	-	-	-	-
Total net operating income	91,845	37,536	-	129,381
Charge for provision for risk	-	-	-	-
Impairment losses on loans and advances to customers	(23,092)	-	-	(23,092)
Results				
Net interest income (expense)	90,998	36,614	-	127,612
Depreciation of property, plant and equipment	683	388	-	1,071
Amortisation of intangible assets	-	2	-	2
Segment profit (loss)	16,368	25,180	-	41,548
Income tax expense	-	-	(12,911)	(12,911)
Profit after tax				28,637
Total Assets	5,772,625	216,894	25,976	6,015,495
Total Liabilities	532,899	5,224,616	19	5,757,534

The mismatch between assets and liabilities and net interest income by segment is consistent with the information that is reported to the chief operating decision maker ("CODM"). The Retail Banking segment reports the loans and the Group Functions segment (Treasury) reports the funding. Interest income is allocated to Retail Banking by the Bank's transactions system based on the client margin, the remaining interest income is allocated to Group Functions (treasury), this enables the CODM to monitor the net interest income generated by the business line separate from treasury operations.

42 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 Banking Group, the results of those operations or the state of affairs of the Banking Group in subsequent financial years.

43 Dividends

Dividends proposed or paid by the Bank and the Banking Group for 2009 is Nil (2008: Nil).

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Auditor's Review Report

To the Members of Rabobank New Zealand Limited

We have reviewed the interim financial statements on pages 15 to 86 prepared and disclosed in accordance with Clause 22 of the Registered Bank Disclosure Statement (Full and Half-Year – New Zealand Incorporated Registered Banks) Order 2008 (the "Order"), and the supplementary information required by Schedules 4 to 9 and Clause 17 of Schedule 3 of the Order. The interim financial statements and supplementary information provide information about the past financial performance and cash flows of Rabobank New Zealand Limited (the "Registered Bank") and its subsidiary (the "Banking Group") and their financial position as at 30 June 2009. The information included in the financial statements and the supplementary information is stated in accordance with the accounting policies set out on pages 21 to 31 and Schedules 4 to 9 and Clause 17 of Schedule 3 of the Order.

This report is made solely to the Registered Bank's members in accordance with clause 19(2) of the Order. Our review has been undertaken so that we might state to the Registered Bank's members 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 members and Directors, for our review work, for this report, or for the opinions we have formed.

Directors' responsibilities

The directors are responsible for the preparation and presentation of:

- financial statements in accordance with Clause 22 of the Order which comply with generally accepted accounting practice in New Zealand and which give a true and fair view of the financial position of the Registered Bank and Banking Group as at 30 June 2009 and their financial performance and cash flows for the 6-month period ended on that date; and

- the supplementary information prescribed in Schedules 3 to 9 of the Order.

Reviewer's Responsibilities

We are responsible for reviewing the interim financial statements and supplementary information disclosed in accordance with Clause 22, Schedules 4 to 9 and Clause 17 of Schedule 3 of the Order and presented to us by the directors in order to state whether, on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the interim financial statements and supplementary information (excluding capital adequacy information) do not present a true and fair view of the matters to which they relate, and for reporting our findings to you.

In respect of disclosure in respect of Risk Weighted Exposures and Capital Adequacy under the Basel I approach and Capital adequacy under the standardised approach (together, the "capital adequacy information"), Clause 3(b) of Schedule 1 of the Order requires us to express a "true and fair view". "True and fair view" only has meaning in the context of financial information because of its prescribed basis of preparation, i.e. generally accepted accounting practice. The supplementary information disclosed in relation to capital adequacy does not, and is not intended to, comply with generally accepted accounting practice in New Zealand. Therefore we do not state whether capital adequacy information provides a "true and fair view", but on the basis of the procedures performed by us, we state whether anything has come to our attention to indicate that the capital adequacy information has not been presented in accordance with the Order, and report our findings to you.

ERNST & YOUNG

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 conducted our review of the interim financial statements and supplementary information of the Registered Bank and the Banking Group for the 6-month period ended on 30 June 2009 in accordance with RS-1: *Statement of 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 a moderate level of assurance as to whether the financial data is free of material misstatement, whether caused by fraud or error. We also evaluated the overall adequacy of the presentation of information in the interim financial statements and supplementary information.

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

Statement of review findings

We have reviewed the General Disclosure Statement prepared in accordance with Clause 22 of the Order and the supplementary information prescribed in Schedules 4 to 9 and Clause 17 of Schedule 3 of the Order. Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(a) the interim financial statements on page 15 to 86 (excluding the supplementary information included in Note 32c (ii), 34, 35) do not:
   i) comply with generally accepted accounting practice in New Zealand; and
   ii) give a true and fair view of the financial position of the Registered Bank and the Banking Group as at 30 June 2009 and their financial performance and cash flows for the 6-month period ended on that date; and

(b) the supplementary information disclosed in Note 32c (ii), 34 and 35 (excluding Note 34 (d) and 35 (j) & (l)) prescribed by Schedules 4 and 6 to 9 of the order do not fairly stated in accordance with those schedules; and

(c) the supplementary information relating to capital adequacy information in Note 34 (d) and 35 (j) & (l), as required by Schedule 5A of the Order, derived from the Registered Bank's interim financial statements and sources other than the Registered Bank's accounting records, is not in all material respects in accordance with:
   i) the Registered Bank's Conditions of Registration;
   ii) the Reserve Bank of New Zealand document Capital Adequacy Framework (Standardised Approach) (BS2A); and
   iii) the disclosure requirements of Schedule 5A of the Order.

Our review was completed on 4 September 2009 and our findings are expressed as at that date.

Ernst & Young

Ernst &Young

Sydney
4 September 2009

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Rabobank