Disclosure Statement

For the six months ended 30 June 2011

Rabobank New Zealand Limited

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Contents

General information and definitions

The information contained in this Disclosure Statement is as required by section 81 of the Reserve Bank of New Zealand Act 1989 and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2011 ("Order").

In this Disclosure Statement, unless the context otherwise requires:

- "Rabobank Nederland" refers to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., incorporated in The Netherlands.
- "Registered Bank" refers to Rabobank New Zealand Limited.
- "Banking Group" refers to the Registered Bank and its subsidiary Rabo Securities and Investments (NZ) Limited.

General matters

Composition of the board of directors

There has been a change in the composition of the Registered Bank's board of directors since 31 December 2010. Erich Fraunschiel resigned as a director of the Registered Bank with effect on 20 July 2011.

Signing of the disclosure statement

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

- William Patrick Gurry (Chairman)
- David Welsford Smithers
- John Leonard Palmer
- Theodorus Henny Lambertus Johannes Maria Gieskes
- Roelof Jan Dekker
- Bernardus Jacobus Marttin
- Jan Alexander Pruijs

Credit ratings

The Registered Bank has the following general credit rating applicable to its long term senior unsecured obligations, including obligations payable in New Zealand, in New Zealand dollars.

Rating Agency	Current Credit Rating
Standard & Poor's	AAA

Guarantee arrangements

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

Details of guarantor

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

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
Level 23
157 Lambton Quay
Wellington
New Zealand

Rabobank Nederland is not a member of the Banking Group.

Rabobank Nederland has the following credit ratings applicable to its long term senior unsecured obligations payable in the currency of the country of its incorporation (The Netherlands).

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

Details of guaranteed obligations

18 February 1998 to 17 February 2008

For the period 18 February 1998 to 17 February 2008 ("the First Period"), the obligations of the Registered Bank were guaranteed pursuant to a deed of guarantee dated 18 February 1998 (as amended by an amending deed dated 19 February 1998) by Rabobank Nederland in favour of Permanent Trustee Company Limited (the "Trustee") as trustee for the creditors of the Registered Bank (the "First Guarantee").

Whilst the First Guarantee expired on 17 February 2008 all obligations incurred by the Registered Bank during the First Period will continue to be covered by the First Guarantee until those obligations are repaid.

18 February 2008 to 17 February 2010

For the period 18 February 2008 to 17 February 2010 ("the Second Period"), the obligations of the Registered Bank were guaranteed pursuant to a deed of guarantee dated 6 February 2008 by Rabobank Nederland in favour of the creditors of the Registered Bank (the "Second Guarantee").

Whilst the Second Guarantee expired on 17 February 2010, all obligations incurred by the Registered Bank during the Second Period will continue to be covered by the Second Guarantee until those obligations are repaid.

18 February 2010 to 17 February 2012

For the period 18 February 2010 to 17 February 2012 ("the Current Period"), the obligations of the Registered Bank are guaranteed pursuant to a deed of guarantee dated 1 September 2009 by Rabobank Nederland in favour of the creditors of the Registered Bank (the "Current Guarantee").

The Current Guarantee will expire on 17 February 2012 and all obligations incurred by the Registered Bank during the Current Period will be covered by the Current Guarantee until those obligations are repaid.

There are no limits on the amount of the obligations guaranteed under the Current Guarantee. There are no material conditions applicable to the Current Guarantee other than non-performance by the principal obligator.

There are no material legislative or regulatory restrictions in the Netherlands which would have the effect of subordinating the claims under the Current Guarantee of any of the creditors of the Registered Bank on the assets of Rabobank Nederland, to other claims on Rabobank Nederland, in a winding up of Rabobank Nederland.

Further information about the guarantees

The Registered Bank's most recent full year disclosure statement contains further information about the above guarantees, including copies of them. The Registered Bank's most recent full year disclosure statement is available immediately, if the request is made at the Registered Bank's head office, or within five working days if a request is made at any branch or agency of the Registered Bank. Alternatively, it can also be accessed at the Registered Bank's internet address *www.rabobank.co.nz*.

Material cross guarantee

No material obligations of the Registered Bank are guaranteed under a cross guarantee arrangement.

Insurance business

The Banking Group does not conduct any insurance business.

Pending proceedings or arbitration

There are no pending legal proceedings or arbitration concerning any member of the Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Registered Bank or the Banking Group.

Risk management policies

There has been no material change in the Banking Group's policies for managing credit, currency, interest rate, liquidity, operational, and other material business risks. Similarly the Banking Group has not become exposed to a new category of risk in the period since 31 March 2011.

The Banking Group does not take any equity risk.

Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products

The Banking Group has no involvement in the origination of securitised assets, the marketing or servicing of securitisation schemes or the marketing and distribution of insurance products.

Since 31 December 2010, there has been no material change in the nature of the Banking Group's involvement in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities, or in any arrangements which have been put in place to ensure that difficulties arising from those activities would not impact adversely on the Banking Group.

Over the half year accounting period ended 30 June 2011, no services have been provided, other than on arm's length terms and conditions and at fair value, by a member of the Banking Group to any entity involved in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities.

Over the half year accounting period ended 30 June 2011, no assets have been purchased, other than on arms length terms and conditions and at fair value, by a member of the Banking Group from any entity involved in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities.

Other material matters

There have been no matters relating to the business or affairs of the Registered Bank and the Banking Group that:

(i) are not contained elsewhere in the Disclosure Statement; and

(ii) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Registered Bank or any member of the Banking Group is the issuer.

Auditor for the Registered Bank

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

Auditor's review report

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

Conditions of registration

There was no change to the Registered Bank's Conditions of Registration between 31 March 2011 and 30 June 2011.

Normal conditions of registration that do not apply

The Registered Bank is not subject to the following conditions of registration that would normally apply to New Zealand incorporated registered banks because its obligations are fully, irrevocably and unconditionally guaranteed by the parent entity (Rabobank Nederland) with a AAA credit rating from a Reserve Bank approved rating agency:

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

Directors' Statement

After due enquiry, each director believes that:

(i) as at the date on which the Disclosure Statement is signed:

- The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2011; and
- The Disclosure Statement is not false or misleading; and

(ii) over the six months accounting period:

- The Registered Bank has complied with all Conditions of Registration that applied during that period;
- Credit exposures to connected persons (if any) were not contrary to the interests of the Banking Group; and
- The Registered Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied (the Registered Bank does not have any equity risk, and therefore neither has nor requires any system to monitor or control equity risk).

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

Ben Russell

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Benjamin Russell
Dated: 22 August 2011

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Consolidated Statement of Comprehensive Income

		Banking Group		
		Unaudited	Unaudited	Audited
		6 months to 30/6/2011	6 months to 30/6/2010	Year to 31/12/2010
	Note	$000	$000	$000
Interest income		242,846	237,321	499,157
Interest expense		(145,344)	(143,655)	(296,418)
Net interest income		97,502	93,666	202,739
Other revenue	2	1,088	1,172	1,899
Other operating gains / (losses)	3	(6,050)	373	7,786
Total non-interest income / (loss)		(4,962)	1,545	9,685
Total net operating income		92,540	95,211	212,424
Operating expenses		(43,886)	(35,572)	(78,365)
Release of provision for risk		-	-	9,597
Impairment losses on loans and advances	4	(13,869)	(35,052)	(34,707)
Profit before income tax		34,785	24,587	108,949
Income tax expense		(9,768)	(7,384)	(36,960)
Profit after income tax		25,017	17,203	71,989
Other comprehensive income after tax		-	-	-
Total comprehensive income after tax		25,017	17,203	71,989
Attributable to:				
Members of the Banking Group		25,017	17,203	71,989
		25,017	17,203	71,989

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

Consolidated Statement of Financial Position

	Note	Banking Group		
		Unaudited 6 months to 30/6/2011 $000	Unaudited 6 months to 30/6/2010 $000	Audited Year to 31/12/2010 $000
Assets				
Due from other financial institutions		17,723	2,657	69,077
Derivative financial instruments		10,011	3,502	7,451
Loans and advances	5	7,306,646	6,776,310	7,034,671
Due from related entities	7	4,825	514,735	5,377
Other assets		14,207	18,571	10,330
Net deferred tax assets		54,904	57,681	49,268
Property, plant and equipment		1,958	2,351	1,950
Intangible assets		6	-	7
Total assets		7,410,280	7,375,807	7,178,131
Liabilities				
Due to other financial institutions		5,154	143	146
Deposits	8	3,375,492	2,210,018	2,675,864
Derivative financial instruments		10,484	4,165	4,578
Due to related entities	9	3,012,087	4,839,692	3,517,111
Subordinated debt	10	300,000	-	300,000
Current tax payable		-	-	9,591
Creditors and accruals		42,037	12,008	30,976
Provisions		1,564	26,122	1,420
Total liabilities		6,746,818	7,092,148	6,539,686
Net assets		663,462	283,659	638,445
Equity				
Contributed equity	11	341,200	41,200	341,200
Retained earnings		322,262	242,459	297,245
Total equity		663,462	283,659	638,445

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

Consolidated Statement of Changes in Equity

	Banking Group			
	Contributed equity $000	Retained earnings $000	Reserves $000	Total $000
Total equity at 1 January 2010	41,200	225,256	-	266,456
Six months ended 30 June 2010				
Total comprehensive income after tax	-	17,203	-	17,203
Total equity at 30 June 2010 (Unaudited)	41,200	242,459	-	283,659
Year ended 31 December 2010				
Ordinary Share Capital issued during the year	300,000	-	-	300,000
Total comprehensive income after tax	-	71,989	-	71,989
Total equity at 31 December 2010 (Audited)	341,200	297,245	-	638,445
Six months ended 30 June 2011				
Total comprehensive income after tax	-	25,017	-	25,017
Total equity at 30 June 2011 (Unaudited)	341,200	322,262	-	663,462

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

Condensed Consolidated Statement of Cash Flows

	Note	Banking Group		
		Unaudited 6 months to 30/6/2011 $000	Unaudited 6 months to 30/6/2010 $000	Audited Year to 30/12/2010 $000
Cash flows from operating activities				
Interest received		235,942	236,251	493,716
Interest paid		(140,346)	(141,506)	(281,111)
Other cash inflows provided by operating activities		1,088	1,926	1,702
Other cash outflows used in operating activities		(55,731)	(42,898)	(77,420)
Cash flows from operating activities before changes in operating assets and liabilities		40,953	53,773	136,887
Net changes in operating assets and liabilities		(96,934)	(53,266)	(669,951)
Net cash flow (used in) / provided by operating activities	14	(55,981)	507	(533,064)
Cash flows from investing activities				
Cash inflows provided by investing activities		18	73	76
Cash outflows used in investing activities		(399)	-	(15)
Net cash flow (used in) / provided by investing activities		(381)	73	61
Cash flows from financing activities				
Issuance of subordinated debt		-	-	300,000
Issue of share capital		-	-	300,000
Net cash flow provided by / (used in) financing activities		-	-	600,000
Net (decrease) / increase in cash and cash equivalents for the period / year		(56,362)	580	66,997
Cash and cash equivalents at the beginning of the period / year		68,931	1,934	1,934
Cash and cash equivalents at the end of the period / year		12,569	2,514	68,931
Cash and cash equivalents at the end of the period / year comprise:				
Cash at other financial institutions		17,723	2,657	69,077
Bank overdraft		(5,154)	(143)	(146)
Cash and cash equivalents at the end of the period / year		12,569	2,514	68,931

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

1. Statement of accounting policies

(a) Reporting entity and statement of compliance

Rabobank New Zealand Limited (the 'Bank') is domiciled in New Zealand. The consolidated financial statements of the Bank as at and for the six months ended 30 June 2011 comprise the Bank and its subsidiary (together referred to as the 'Banking Group'). The Banking Group primarily is involved in the provision of secured loans predominantly to borrowers in the rural industry and the raising of retail deposits. There were no significant changes during the six month period in the nature of the activities of the Banking Group.

These consolidated financial statements have been prepared and presented in accordance with the Order and the Reserve Bank Act.

These financial statements have been prepared in accordance with the requirements of the New Zealand equivalent to International Accounting Standard ('NZ IAS') 34 Interim Financial Reporting and should be read in conjunction with the Banking Group's financial statements for the year ended 31 December 2010.

(b) Basis of measurement

These interim 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) Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies. In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010.

(d) Principal accounting policies

There have been no material changes in accounting policies during the interim financial period. The accounting policies used in the preparation of these interim financial statements are consistent with the accounting policies used in the preparation of the Banking Group's financial statements for the year ended 31 December 2010.

The Banking Group's operations are not subject to seasonality.

(e) Functional and presentation currency

Unless otherwise indicated, all amounts are expressed in New Zealand dollars (NZD), the functional and presentation currency of the operations of the entities in the 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.

(f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary controlled by the Bank and the results of that subsidiary. The effects of transactions as well as balances between entities in the Banking Group are eliminated.

	Banking Group		
	Unaudited 6 months to 30/6/2011 $000	Unaudited 6 months to 30/6/2010 $000	Audited Year to 31/12/2010 $000
2 Other revenue			
Lending and credit facility related fee income	401	920	1,551
Other income	687	252	348
Total other revenue	1,088	1,172	1,899
3 Other operating gains / (losses)			
Net trading gains / (losses) on derivatives	(6,141)	(368)	7,210
Gains / (losses) on disposal of property, plant and equipment	18	69	76
Foreign exchange gains / (losses)	73	672	500
Total other operating gains / (losses)	(6,050)	373	7,786
4 Impairment losses on loans and advances			
Collective provisions	(447)	620	1,118
Specific provisions	14,316	34,432	33,614
Bad debt recovery	-	-	(25)
Total impairment losses on loans and advances	13,869	35,052	34,707
5 Loans and advances			
Overdrafts	5,886,118	5,183,000	5,507,651
Term loans	1,527,068	1,701,355	1,627,850
Finance leases	30,868	34,704	33,415
Gross loans and advances	7,444,054	6,919,059	7,168,916
Provisions for doubtful debts:			
Collective	(17,654)	(17,603)	(18,101)
Specific	(119,754)	(125,146)	(116,144)
Total net loans and advances	7,306,646	6,776,310	7,034,671

	Banking Group			
	Residential mortgages $000	Corporate exposure $000	Retail exposure $000	Total $000
6 Impaired assets				
(a) Individually impaired assets				
As at 30 June 2011 (Unaudited)				
Opening balance	-	-	390,775	390,775
Additions	-	-	27,699	27,699
Amounts written off	-	-	(3,601)	(3,601)
Returned to performing or repaid	-	-	(27,429)	(27,429)
Closing balance	-	-	387,444	387,444
Aggregate amount of undrawn balances on lending commitments	-	-	23,320	23,320
(b) Past due assets				
As at 30 June 2011 (Unaudited)				
Less than 30 days past due	-	-	178,247	178,247
At least 30 days but less than 60 days past due	-	-	61,670	61,670
At least 60 days but less than 90 days past due	-	-	7,661	7,661
At least 90 days past due	-	-	39,776	39,776
Total past due assets	-	-	287,354	287,354
(c) Provision for credit impairment				
As at 30 June 2011 (Unaudited)				
Collective provision				
Opening balance	-	-	18,101	18,101
Charge/(credit) to statement of comprehensive income	-	-	(447)	(447)
Other movements	-	-	-	-
Closing balance	-	-	17,654	17,654
Specific provision				
Opening balance	-	-	116,144	116,144
Charge/(credit) to statement of comprehensive income	-	-	14,316	14,316
Amounts written off	-	-	(2,903)	(2,903)
Recoveries	-	-	-	-
Reversals	-	-	-	-
Other movements	-	-	-	-
Discount unwind*	-	-	(7,803)	(7,803)
Closing balance	-	-	119,754	119,754

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

(d) Other assets under administration

There are no other assets under administration for the period (2010: Nil).

	Banking Group		
	Unaudited 6 months to 30/6/2011 $000	Unaudited 6 months to 30/6/2010 $000	Audited Year to 31/12/2010 $000
7 Due from related entities			
Debit current account balances - wholly owned group*	2	-	2
Short term advances - wholly owned group*	4,823	510,359	5,375
Accrued interest receivable - wholly owned group*	-	4,376	-
Total due from related entities	4,825	514,735	5,377

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 19 for further information on related party disclosures.

8 Deposits			
RaboDirect* deposits	2,987,665	1,881,394	2,326,219
Other deposits	387,827	328,624	349,645
Total deposits	3,375,492	2,210,018	2,675,864

* On 15 August 2010 Raboplus was renamed "RaboDirect".

9 Due to related entities			
Credit current account balances - wholly owned group*	141,826	276,291	340,073
Short term advances - wholly owned group*	2,851,683	4,533,856	3,152,843
Accrued interest payable - wholly owned group*	18,578	29,545	24,195
Total due to related entities	3,012,087	4,839,692	3,517,111

* The wholly owned group refers to other Rabobank Group related entities. Refer to note 19 for further information on related party disclosures.

10 Subordinated debt			
Due to wholly owned group	300,000	-	300,000
Total subordinated debt	300,000	-	300,000

The subordinated debt due to wholly owned group comprises of perpetual subordinated debt with a principle amount of NZ$300,000,000. The subordinated debt is subordinated in right of payment in the event of liquidation or wind up to the claims of depositors and all creditors of the Banking Group. The perpetual subordinated debt qualifies as Upper Level Tier Two Capital for capital adequacy purposes.

11 Contributed equity and capital management

(a) Contributed equity

Ordinary share capital	341,200	41,200	341,200
Total contributed equity	341,200	41,200	341,200

Total paid up capital comprises 170,600,000 ordinary shares fully paid ranking equally as to dividends and voting rights and rights to share in any surplus on winding up. Each share was issued at $2 and has no par value. There was a capital injection on the 11th August 2010, whereby the Bank issued 150,000,000 ordinary shares at a value of $2 per share.

(b) 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 and other approved capital resources. Tier two or supplementary capital includes unaudited retained earnings, general reserve for credit losses and subordinated debt.

The Bank documents 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 2010 and 2011 financial years.

12 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.

The following table shows the maximum amount payable for the following contingent liabilities.

	Banking Group		
	Unaudited 6 months to 30/6/2011 $000	Unaudited 6 months to 30/6/2010 $000	Audited Year to 31/12/2010 $000
Guarantees	9,890	8,799	10,773
Lending commitments	770,250	568,980	524,965
	780,140	577,779	535,738

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

13 Expenditure Commitments

(a) Capital expenditure commitments

Estimated capital expenditure contracted for at balance date, but not provided for, payable:			
One year or less	3,875	4,170	5,051
Between one and two years	1,963	-	-
	5,838	4,170	5,051

(b) Operating lease commitments

One year or less	3,607	2,729	2,807
Between one and two years	2,681	1,669	1,891
Between two and five years	3,435	982	1,135
Over five years	3,444	-	-
Total operating lease commitments	13,167	5,380	5,833

Lease arrangements entered into by the Banking Group are for the purpose of accommodating the Banking Group's needs. These include operating lease arrangements over premises, motor vehicles used by staff in conducting business and office equipment such as photocopiers and printers.

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 advisors 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.

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

	Banking Group		
	Unaudited 6 months to 30/6/2011 $000	Unaudited 6 months to 30/6/2010 $000	Audited Year to 31/12/2010 $000
Net profit after tax	25,017	17,203	71,989
Non-cash items	28,272	37,726	66,651
Deferrals or accruals of past or future operating cash receipts or payments	(109,270)	(54,422)	(671,704)
Other items	-	-	-
Net cash flow provided by / (used in) operating activities	(55,981)	507	(533,064)

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

The total balances in the table below may not agree to the statement of financial position as the table incorporates all cash flows on an undiscounted basis, which include both principal and associated future interest income/expense accruals.

(i) Maturity analysis of financial assets and financial liabilities by contractual maturity based on undiscounted cash flows (principal and interest)

	Banking Group as at 30 June 2011 (Unaudited)						
	Total $000	On Demand $000	Less than 6 months $000	6-12 months $000	12-24 months $000	24-60 months $000	Over 60 months $000
Financial assets							
Due from other financial institutions	17,723	17,723	-	-	-	-	-
Derivative financial instruments	10,011	-	3,137	198	933	5,743	-
Loans and advances	12,186,571	-	691,544	536,807	1,299,296	1,288,352	8,370,572
Due from related entities	4,832	87	4,745	-	-	-	-
Other financial assets*	8,489	-	8,489	-	-	-	-
assets	12,227,626	17,810	707,915	537,005	1,300,229	1,294,095	8,370,572
Financial liabilities							
Due to other financial institutions	5,154	-	5,154	-	-	-	-
Deposits	3,406,247	1,749,153	1,145,594	398,742	68,709	44,049	-
Derivative financial instruments	10,484	-	3,610	198	933	5,743	-
Due to related entities	3,169,609	144,437	893,277	753,228	1,245,313	122,908	10,446
Subordinated debt	826,452	-	9,655	9,708	19,416	58,088	729,585
Current tax payable	42,037	-	42,037	-	-	-	-
Total undiscounted financial liabilities	7,459,983	1,893,590	2,099,327	1,161,876	1,334,371	230,788	740,031

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

(ii) Maturity analysis of contingent liabilities based on contractual maturity

	Banking Group as at 30 June 2011 (Unaudited)						
	Total $000	On Demand $000	Less than 6 Months $000	6-12 Months $000	12-24 Months $000	24-60 Months $000	Over 60 Months $000
Guarantees	9,890	8,714	-	-	80	-	1,096
Commitments	770,250	623,784	84,022	2,693	1,641	16,343	41,767
Total guarantees and commitments	780,140	632,498	84,022	2,693	1,721	16,343	42,863

(b) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. The main types of market risk exposures for the Banking 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. The policies serve a two-fold purpose: to protect the capital and earnings of the Bank and to allow risk managers to benefit from movements in market risk without unduly compromising the Bank's capital or the stability of its earnings. The global market risk policy and procedures are continually updated in line with business developments. No material changes were made to the objectives, policies or processes impacting the Banking Group from the prior year.

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

Market Risk reports which include positions, 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 scenarios. 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 market 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, 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
	Unaudited
	30/6/2011
	$000
VaR at period end	938

(ii) Repricing analysis

The tables below show the repricing of assets and liabilities based on the earlier of repricing and contractual maturity date.

	Banking Group as at 30 June 2011 (Unaudited)						
	Total $000	Up to 3 months $000	3-6 months $000	6-12 months $000	12-24 months $000	Over 24 months $000	Non-interest bearing $000
Financial assets							
Due from other financial institutions	17,723	17,723	-	-	-	-	-
Derivative financial instruments	10,011	-	-	-	-	-	10,011
Loans and advances	7,306,646	2,955,110	1,042,650	1,260,449	1,107,417	941,020	-
Due from related entities	4,825	4,726	-	-	-	-	99
Other financial assets*	8,489	-	-	-	-	-	8,489
Total financial assets	7,347,694	2,977,559	1,042,650	1,260,449	1,107,417	941,020	18,599
Other assets**	5,718	-	-	-	-	-	5,718
Net deferred tax assets	54,904	-	-	-	-	-	54,904
Property, plant and equipment	1,958	-	-	-	-	-	1,958
Intangible assets	6	-	-	-	-	-	6
Total non-financial assets	62,586	-	-	-	-	-	62,586
Total assets	7,410,280	2,977,559	1,042,650	1,260,449	1,107,417	941,020	81,185
Financial liabilities							
Due to other financial institutions	5,154	5,154	-	-	-	-	-
Deposits	3,375,492	2,416,761	425,752	429,227	44,766	58,986	-
Derivative financial instruments	10,484	-	-	-	-	-	10,484
Due to related entities	3,012,087	1,031,478	80,000	481,000	660,000	592,500	167,109
Subordinated debt	300,000	-	-	-	-	300,000	-
Creditors and accruals	42,037	-	-	-	-	-	42,037
Total financial liabilities	6,745,254	3,453,393	505,752	910,227	704,766	951,486	219,630
Provisions	1,564	-	-	-	-	-	1,564
Total non-financial liabilities	1,564	-	-	-	-	-	1,564
Total liabilities	6,746,818	3,453,393	505,752	910,227	704,766	951,486	221,194
Interest rate derivatives							
Swaps	-	-	-	-	-	-	
Repricing gap (interest bearing assets and liabilities)	803,471	(475,834)	536,898	350,222	402,651	(10,466)	
Cumulative mismatch	803,471	(475,834)	61,064	411,286	813,937	803,471	

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

**Other assets consist of income tax receivable, prepayments and others.

(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.

The Bank has a Model Portfolio framework which is established based on approved risk appetite to provide benchmarks for measuring and monitoring the credit and concentration risks. The Model Portfolio parameters are specified in terms of Credit Key Risk Indicators. The actual portfolio is evaluated regularly against the Model Portfolio to ensure the risk profile is at an acceptable level.

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

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

The following tables show the maximum exposure to credit risk for the components of the balance sheet and off balance sheet, including derivatives and committments and guarantees by industry and geography.

	Banking Group Unaudited 30/6/2011 $000
Credit exposures consist of :	
Due from other financial institutions	17,723
Loans and advances	7,306,646
Due from related entities	4,825
Other financial assets*	8,489
Derivative financial instruments	10,011
Commitment and guarantees	780,140
Total credit exposures	8,127,834

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

Analysis of credit exposures by industry type of borrowers:	
Agriculture	7,551,779
Forestry and fishery	15,018
Construction	2,826
Education	375
Finance and insurance	195,438
Government	818
Health and community services	8,222
Manufacturing	71,125
Personal and other services	8,846
Property and business services	263,514
Retail trade	4,192
Transport and storage	4,602
Wholesale trade	1,079
Total credit exposures	8,127,834

Analysis of credit exposure by geographical areas	
New Zealand	8,127,834
Total credit exposures	8,127,834

(ii) Concentration of credit exposures to individual counterparties

	Banking Group Unaudited 30/6/2011 As at	Banking Group Unaudited 30/6/2011 Peak for the quarter
Bank counterparties:		
Percentage of shareholders' equity		
10-15%	-	-
15-20%	-	-
20-25%	-	-
Non-bank counterparties:		
Percentage of shareholders' equity		
10-15%	1	1
15-20%	1	1
20-25%	-	-
25-30%	1	1
30-35%	-	-
35-40%	-	-

All non-bank counterparties included in the preceding table do not have a long-term credit rating.

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

The peak end-of-day credit exposure is measured by taking the maximum end-of-day aggregate credit exposure during the quarter and dividing it by the Banking Group's equity as at the end of the quarter.

The information on credit exposure to connected persons has been derived in accordance with Rabobank New Zealand Limited's conditions of registration and is net of individual credit impairment provision, excluding advances of a capital nature and gross of set-offs.

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

(iii) Credit quality per class of financial assets

The credit quality of financial assets is managed by the Banking Group using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Banking Group's internal credit rating system. The amounts presented are gross of impairment provisions.

	Banking Group as at 30 June 2011 (Unaudited)						
	<-------------Neither past due nor impaired----------->						
	R0-R7 $000	R8-R10 $000	R11-R14 $000	R15-R20 $000	Past due but not impaired $000	Individually impaired $000	Total $000
Due from other financial institutions	17,723	-	-	-	-	-	17,723
Gross loans and advances (note 5)	73,700	776,709	3,776,617	2,142,230	287,354	387,444	7,444,054
Total	91,423	776,709	3,776,617	2,142,230	287,354	387,444	7,461,777

Credit rating descriptions

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

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

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

R15-R20 Counterparties that currently have the capacity to meet financial commitments but are vulnerable to adverse business, financial or economic conditions. The higher the rating the more sensitive the counterparty is to adverse changes in business, financial or economic conditions.

16 Capital adequacy under the Basel II standardised approach

(a) Capital

	Banking Group Unaudited 30/6/2011
As at 30 June (unaudited)	$000
Tier one capital	
Issued and fully paid up ordinary share capital	341,200
Perpetual fully paid up non-cumulative preference shares	-
Revenue and similar reserves	297,245
Current period's reviewed retained earnings	25,017
Tier one minority interests	-
Less: deductions from tier one capital	(39,498)
Plus: other adjustments to tier one capital	-
Total tier one capital	623,964
Tier two capital	
Upper tier two capital	
Term subordinated debt	300,000
Unaudited retained profits	-
Revaluation reserves	-
Upper tier two capital instruments	-
Total upper tier two capital	300,000
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	300,000
Total tier one capital plus tier two capital	923,964
Less: deductions from total capital	-
Plus: other adjustements to total capital	-
Total capital	923,964

The above balances are derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework (Standarised Approach)" (BS2A) dated October 2010.

(b) Credit risk

(i) Calculation of on-balance sheet exposure

	Banking Group			
	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum pillar one capital requirement
As at 30 June 2011 (Unaudited)	$000	%	$000	$000
Cash and gold bullion	17,723	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisations	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	-	20%	-	-
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*	3,856	0%	-	-
Other**	4,825	20%	965	77
Other ***	57,254	50%	28,627	2,290
Other ****	7,261,707	100%	7,261,707	580,937
Non-risk weighted assets *****	64,915	0%	-	-
Total Assets	7,410,280		7,291,299	583,304

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

** Other assets risk weighted at 20% comprise of related party loans.

*** Other assets that have been risk weighted at 50% comprise of loans and advances related to residential mortgage with LVR of 85%.

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

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

(ii) Calculation of off-balance sheet exposure

As at 30 June 2011 (Unaudited)	Banking Group					
	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	9,890	100%	9,890	100%	9,890	791
Asset sales with recourse	-	100%	-	0%	-	-
Forward asset purchase	-	100%	-	0%	-	-
Commitments with certain drawdown	88,398	100%	88,398	100%	88,398	7,072
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 one year	190,707	50%	95,354	100%	95,354	7,628
Other commitments where original maturity is less than or equal to one year	-	20%	-	100%	-	-
Other commitments which can be cancelled unconditionally at any time without prior notice	491,145	0%	-	100%	-	-
Market related contracts*						
(a) Foreign exchange forwards	3,928	N/A	147	20%	29	2
Foreign exchange forwards	3,853	N/A	142	100%	142	11
(b) Foreign exchange swaps	207,861	N/A	2,290	20%	458	37
Foreign exchange swaps	495	N/A	5	100%	5	-
(c) Foreign exchange options	-	N/A	-	20%	-	-
Foreign exchange options	-	N/A	-	100%	-	-
(c) Interest rate swaps	101,373	N/A	499	20%	100	8
Interest rate swaps	93,373	N/A	7,043	100%	7,043	563
Total off-balance sheet exposures	1,191,023		203,768		201,419	16,112

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

(iii) Residential mortgages

Residential mortgages by loan-to-valuation ratio ("LVR")
As at 30/6/2011 (unaudited)

LVR range	Banking Group		
	Drawn amounts $000	Undrawn amounts $000	Total $000
Do not exceed 80%	-	-	-
Exceeds 80% and not 90%	57,254	12,842	70,096
Exceeds 90%	-	-	-
Total	57,254	12,842	70,096

Reconciliation of mortgage related amounts
As at 30/6/2011 (unaudited)

	$000
Loans and advances - loans with residential mortgages	57,254
Plus: short term residential mortgage classified as overdrafts	-
Less: housing loans made to corporate customers	-
On-balance sheet residential mortgage exposures subject to the standardised approach	57,254
Off-balance sheet residential mortgage exposures subject to the standardised approach	12,842
Total residential mortgage exposures subject to the standardised approach (as per LVR analysis)	70,096

(c) Credit risk mitigation

	Banking Group	
	Total value of on- and off- balance sheet exposures covered by eligible collateral	Total value of on- and off- balance sheet exposures covered by guarantees or credit derivatives
As at 30 June 2011 (Unaudited)	$000	$000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	-	-
Residential mortgage	-	-
Other	-	-
Total	-	-

(d) Operational risk

Operational risk capital requirement

	Banking Group	
	Implied risk weighted exposure	Total operating risk capital requirement
As at 30 June 2011 (Unaudited)	$000	$000
Operational risk	449,073	35,926
Total	449,073	35,926

(e) Market risk period-end capital charges

	Banking Group	
	Implied risk weighted exposure	Aggregate capital charges
As at 30 June 2011 (Unaudited)	$000	$000
Interest rate risk	207,750	16,620
Foreign currency risk	11,250	900
Total	219,000	17,520

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

	Banking Group	
	Implied risk weighted exposure	Aggregate capital charges
As at 30 June 2011 (Unaudited)	$000	$000
Interest rate risk	217,875	17,430
Foreign currency risk	12,000	960
Total	229,875	18,390

(g) Method for deriving peak end-of-day aggregate capital charge

The above market risk information is derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated October 2010.

(h) Total capital requirements

	Banking Group		
	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
As at 30 June 2011 (Unaudited)	$000	$000	$000
Total credit risk	8,601,303	7,492,718	599,416
Operational risk	N/A	449,073	35,926
Market risk	N/A	219,000	17,520
Total	N/A	8,160,791	652,862

(i) Capital ratios

	Banking Group	
	Unaudited	
	30/06/2011	30/06/2010
As at period end (Unaudited)	%	%
Tier one capital / risk weighted exposure %	7.65%	13.73%
Capital / risk weighted exposure %	11.32%	13.73%

(j) Solo capital adequacy

	Banking Group	
	Unaudited	
	30/06/2011	30/06/2010
As at period end (Unaudited)	%	%
Tier one capital / risk weighted exposure %	7.65%	13.73%
Capital / risk weighted exposure %	11.32%	13.73%

The above ratios are derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated October 2010.

(k) Pillar 2 capital for other material risks

	Banking Group	
	Unaudited	
	30/06/2011	30/06/2010
As at period end	$000	$000
Internal capital allocation for other material risks	32,643	7,544

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

i) Reputation Risk : The risk of potential damage to the Bank due to deterioration of reputation.
ii) Transfer Risk : The risk that funds in foreign currencies cannot be transferred out of a country. The risk relates to specific explicit government restrictions or simply depleted foreign exchange funds in the non-industrial countries.
iii) Strategic/Business Risks : The impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.
iv) Human Resources Risk : Lack of availability of appropriately skilled and motivated people to undertake the Bank's activities including health, safety and staff action/disputes.
v) Tax Risk : Risk arising from adverse changes in relevant taxation laws, failure to correctly identify implications of existing taxation laws or breaches of tax laws.
vi) Legal Risk : Risk arising from legal proceedings or failure to legally enforce a contractual arrangement relating to the Bank's activities.
vii) Liquidity risk : Risk that the Bank fails to have sufficient liquidity to meet obligations as they fall due across a wide range of operating circumstances.

The Registered Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation. However, consistent with the Registered Bank's ICAAP and the Registered Bank's prudent capital management, it believes that 5% of Pillar 1 capital for Pillar 2 would provide sufficient capital given the current risk profile.

The Registered Bank will review this allocation methodology every reporting period in line with industry practice as this area evolves over time.

(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.

	2010	2009
As at 31 December (audited)	%	%
Tier one capital expressed as a percentage of total risk weighted exposures	15.70%	13.80%
Qualifying capital* expressed as a percentage of total risk weighted exposures	16.30%	14.10%
Dutch Nederlandsche 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.

17 Concentration of funding of financial liabilities

	Banking Group Unaudited 6 months to 30/6/2011 $000
Analysis of funding by product:	
Due to other financial institutions	5,154
Deposits	3,375,492
Due to related entities	3,012,087
Subordinated debt	300,000
Creditors and accruals	42,037
Total funding	6,734,770
Analysis of funding concentration by geographical areas:	
Australia	340
Japan	2
The Netherlands	91
New Zealand	6,733,622
United Kingdom	13
United States of America	633
All other countries	69
Total funding	6,734,770
Analysis of funding by industry:	
Agriculture, forestry and fishing	211,681
Construction	11
Cultural and recreational services	4
Finance and insurance	3,526,101
Government	11
Health and community services	191
Manufacturing	41
Personal and other services	2,989,814
Property and business services	6,825
Retail trade	13
Transport and storage	29
Wholesale trade	49
Total funding	6,734,770

18 Additional information on statement of financial position

	Banking Group Unaudited 6 months to 30/6/2011 $000
Total interest earning and discount bearing assets	7,329,095
Total interest and discount bearing liabilities	6,525,624
Financial assets pledged as collateral	-

19 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 entity are incorporated in the Netherlands. Dealings with the parent and ultimate controlling entity include funding, deposits and derivative transactions.

(a) Transactions with related parties

(1) For the period 18 February 1998 to 17 February 2008 ("the First Period"), the obligations of RNZL were guaranteed pursuant to a deed of guarantee dated 18 February 1998 (as amended by an amending deed dated 19 February 1998) by Rabobank Nederland in favour of Permanent Trustee Company Limited (the "Trustee") as trustee for the creditors of RNZL (the "First Guarantee"). of each and every obligation on and after 18 February 1998 owing or become owing by RNZL to each creditor during the Term of the Guarantee (the "First Guarantee").

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

For the period 18 February 2008 to 17 February 2010 ("the Second Period"), the obligations of RNZL were guaranteed pursuant to a deed of guarantee dated 6 February 2008 by Rabobank Nederland in favour of the creditors of RNZL (the "Second Guarantee").

Whilst the Second Guarantee expired on 17 February 2010 all obligations incurred by RNZL during the Second Period will continue to be covered by the Second Guarantee until those obligations are repaid.

For the period 18 February 2010 to 17 February 2012 ("the Current Period"), the obligations of RNZL are guaranteed pursuant to a deed of guarantee dated 1 September 2009 by Rabobank Nederland in favour of the creditors of RNZL (the "Current Guarantee").

The Current Guarantee will expire on 17 February 2012 and all obligations incurred by RNZL during the Current Period will be covered by the Current Guarantee until those obligations are repaid.

(2) Pursuant to a deed of assignment dated 1 June 2000 ("the Deed") to which Primary Industry Bank of Australia Limited (now known as Rabobank Australia Limited), Rabobank Nederland (acting through its New Zealand Branch)("Rabobank New Zealand Branch") and the Bank are parties, Rabobank New Zealand Branch has guaranteed the due and punctual payment by the Obligors (as defined in the Deed) of all of their respective obligations under or in respect of the Loans (as described in the Deed) as and when they fall due for payment in accordance with their terms and has agreed to pay to the Bank on demand all moneys payable pursuant to such guarantee as set out in clause 7 of the Deed.

(3) A management fee of $15.37 million 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.

(4) The Banking Group enters into a number of transactions with other related entities within the Rabobank Group of entities, but mainly with the Australia and New Zealand Branches of Rabobank Nederland. These include funding, deposits and derivative transactions. The amounts of principal and interest due from and due to 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

Except for the guarantees noted in note 19(a) above, all transactions with related parties are made in the ordinary course of business on normal terms and conditions.

Outstanding balances at period end are unsecured and settlement occurs in cash (Interest is not charged on current account of related parties).

(c) Provision for impairment

For the period ended 30 June 2011, the Banking Group has not made any provision for impairment relating to amounts owed by related parties as the payment history has been excellent. An impairment assessment is undertaken at each period end 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.

20 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.

21 Dividend

No dividend was proposed or paid by the Bank or the Banking group for 2011 (2010: Nil).

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Auditor's Independent Review Report

To the Directors of Rabobank New Zealand Limited

We have reviewed pages 2 to 29 of the Disclosure Statement for the six months ended 30 June 2011 of Rabobank New Zealand Limited ("the Bank") and its subsidiaries (the "Banking Group") which consists of the interim financial statements and the supplementary information required by schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2011 (the "Order"). The interim financial statements comprise the statement of financial position as at 30 June 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and a statement of accounting policies and other explanatory information for the Banking group.

This report is made solely to the Bank's directors. Our review has been undertaken so that we might state to the Bank's directors those matters we are required to state to them in an independent auditor's 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 Bank and the Bank's directors, for our review work, for this report, or for our findings.

Directors' Responsibilities

The directors of Rabobank New Zealand Limited (the "Directors") are responsible for the Disclosure statement which includes interim financial statements prepared in accordance with Clause 25 of the Order and that fairly present the financial position of the Banking Group as at 30 June 2011, and its financial performance and cash flows for the six months ended on that date. The Directors are also responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible for including supplementary information in the Disclosure Statement which complies with Schedules 3, 5, 7, 9, 13, 16, and 18 of the Order.

Reviewer's Responsibilities

We are responsible for reviewing the interim financial statements and the supplementary information, disclosed in accordance with Clause 25, Schedules 5, 7, 9, 13, 16, and 18 of the Order and presented to us by the Directors.

We are responsible for reviewing the financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting ("NZ IAS 34") and do not fairly present the financial position of the Banking Group as at 30 June 2011 and its financial performance and cash flows for the six months ended on that date.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion on the basis of procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

We are responsible for the reviewing the supplementary information relating to capital adequacy in order to report to you whether, in our opinion on the basis of procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information relating to capital adequacy is not in all material respects:

a) prepared in accordance with the Bank's Conditions of Registration; and

b) disclosed in accordance with Schedule 9 of the Order

Basis of Review Opinion

A review is limited primarily to enquiries of the Banking Group's personnel and analytical review procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit on the interim financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the interim financial statements, and the supplementary information required by Schedules 5, 7, 9, 13, 16 and 18 of the Order, of the Banking Group for the six months ended 30 June 2011 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are 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.

Ernst & Young provides regulatory audit and other assurance related services to the Bank and Banking Group. We have no other relationship with, or interest in, the Bank and the Banking Group.

Partners and employees of our firm deal with the Bank and Banking Group on normal terms within the ordinary course of trading activities of the business of the Bank and Banking Group. These matters have not impaired our independence as auditors of the Bank and Banking Group.

Statement of Review Findings

Based on our review nothing has come to our attention that causes us to believe that:

- the interim financial statements on pages 2 to 29 (excluding the supplementary information), which have been prepared in all material respects in accordance with NZ IAS 34, do not fairly present the financial position of the Banking Group as at 30 June 2011 and its financial performance and cash flows for the six month period ended on that date;
- the supplementary information (excluding supplementary information relating to capital adequacy) prescribed by Schedules 5, 7, 13, 16 and 18 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and
- the supplementary information relating to capital adequacy prescribed in Schedule 9 of the Order, is not, in all material respects:
    - prepared in accordance with the Bank's Conditions of Registration; and
    - disclosed in accordance with Schedule 9 of the Order

Our review was completed on 05 August 2011 and our findings are expressed as at that date

Ernst & Young

Ernst & Young

22 August 2011
Sydney

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