



RABOBANK NEW ZEALAND
LIMITED

BANKING GROUP

Disclosure Statements

31 March 2007

Key Information Summary

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
Key Information Summary
For the Period to 31.03.2007

1(a) Introductory information

The purpose of this Key Information Summary is to provide customers and potential customers with information about the financial condition of their bank. Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees or insures bank deposits.

The information contained in the Key Information Summary is explained in the Reserve Bank publication "Your Bank's Disclosure Statement – What's In It For You?", which can be obtained from the Reserve Bank and Rabobank New Zealand Limited.

The information and financials disclosed for the quarters ending 31 March 2007 and 31 March 2006 are unaudited.

All amounts referred to in this Key Information Summary are in New Zealand dollars unless otherwise stated.

1(b) Corporate Information

(i) *Name of Registered Bank*

Rabobank New Zealand Limited

(ii) *Ultimate Parent Bank*

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., trading as Rabobank Nederland domiciled in the Netherlands.

(iii) *Ultimate Holding Company*

Not applicable.

1(c) Credit Rating

(i) The Registered Bank has the following credit rating with respect to its long term senior unsecured obligations payable in New Zealand in New Zealand dollars. There have been no changes to the credit rating in the two years preceding the off quarter balance date.

(ii) The rating is:

Rating Agency	Current Credit Rating
Standard & Poor's	AAA

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1(d) Profitability

For the three months ended 31 March (unaudited)	2007 NZ\$m	2006 NZ\$m
Net profit after tax and extraordinary items	5.88	2.62
Percentage (on a twelve month rolling basis) of average total assets	0.39%	0.38%

1(e) Size

As at 31 March (unaudited)	2007 NZ\$m	2006 NZ\$m
Total assets	4,741.12	4,547.92
% Change over the previous 12 months	4.25%	17.76%

1(f) Capital Adequacy *

As at 31 March (unaudited)	2007 %	2006 %
Tier one capital as a percentage of risk weighted exposures	20.05%	16.58%
Total capital as a percentage of risk weighted exposures	20.62%	16.86%
Minimum tier one capital as a percentage of risk weighted exposures per the Registered Bank's Conditions of Registration	4.00%	4.00%
Minimum total capital as a percentage of risk weighted exposures per the Registered Bank's Conditions of Registration	8.00%	8.00%

*For the purposes of this disclosure in accordance with its conditions of registration, capital, tier one capital and risk weighted exposures have been calculated in accordance with the Reserve Bank of New Zealand document entitled "Capital Adequacy Framework" (BS2) dated March 2007 [see condition 1 of the conditions of registration].

1(g) Asset Quality

As at 31 March (unaudited)	2007 NZ\$m	2006 NZ\$m
Total impaired assets (before provisions and net of interest held in suspense)	5.84	0.61
Total impaired assets as a percentage of total assets (%)	0.12%	0.01%
Total specific provisions	0.22	0.57
Total specific provisions as a percentage of total impaired assets (%)	3.77%	93.44%

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1(h) Peak Credit Exposure Concentrations

Number of Counterparties with large credit exposures for the three months ended 31 March:

Peak Credit Exposure as a % of Shareholders' Equity	2007		2006	
	Banks	Non-Banks	Banks	Non-Banks
10 – 20%	-	6	-	3
20 – 30%	1	2	-	2
30 – 40%	-	-	-	-

The peak ratio is derived based on actual credit exposures and the Banking Group equity as at the end of the quarter.

The information excludes exposures to connected persons and any OECD government.

1(i) Peak Connected Person Credit Exposures

(i) Aggregate of peak end-of-day credit exposure for the three months to 31 March:

	2007		2006	
	NZ\$m	% of Tier One Capital	NZ\$m	% of Tier One Capital
All Connected Persons	625.75	301.26%	1,332.63	697.68%
Non-Bank Connected Persons	1.96	0.94%	-	-

- (ii) Rabobank New Zealand Limited is not subject to the conditions of registration limiting exposures to connected persons because its obligations are fully, irrevocably and unconditionally guaranteed by the parent entity with an AAA credit rating from a Reserve Bank approved rating agency.
- (iii) Exposures to connected persons are not on more favourable terms (e.g. as relates to such matters credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
- (iv) This information has been derived net of specific provisions, excluding advances to connected persons of a capital nature and gross of set-offs.
- (v) Credit exposure to connected persons has been calculated on a gross basis.
- (vi) The aggregate amount of contingent exposures of the Banking Group to connected persons, arising from risk lay-off arrangements in respect of credit exposures to counterparties (other than counterparties which are connected persons), as at 31.03.07 is Nil.
- (vii) The aggregate amount of the Banking Group's specific provision against credit exposures to connected persons as at 31.03.07 is Nil.
- (viii) The peak EOD credit exposure is measured over the Banking Group's tier one capital as at the end of the quarter.

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
Key Information Summary
For the Period to 31.03.2007

1(j) Availability of Disclosure Statements

Copies of Rabobank New Zealand Limited's most recent General Short Form 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 any of its branches within 5 working days.

*General Short Form Disclosure
Statement*

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
General Short Form Disclosure Statement
For the Period to 31.03.2007

1 GENERAL MATTERS

1.1 Name and Address for service

Rabobank New Zealand Limited is situated at, and the address for service is:

Level 12
80 The Terrace,
Wellington, New Zealand

1.2 Incorporation

Rabobank New Zealand Limited was incorporated under the Companies Act 1933 and was re-registered under the Companies Act 1993 on 28th May 1997.

1.3 Date of incorporation

Rabobank New Zealand Limited was incorporated on 7th February, 1935.

1.4 Ultimate Parent Bank

Rabobank Nederland
Head Office
Croeselaan 18.3521 CB Utrecht
The Netherlands

1.5 Ultimate Holding Company

Not applicable.

1.6 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.

2 OWNERSHIP OF RABOBANK NEW ZEALAND LIMITED

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.

3 CHANGES TO THE BOARD OF RABOBANK NEW ZEALAND LIMITED

There have been no changes in the composition of Rabobank New Zealand Limited's board of directors since the publication date of the previous Disclosure Statement.

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
General Short Form Disclosure Statement
For the Period to 31.03.2007

4 SIGNING OF THE DIRECTORS' STATEMENT TO THE SHORT FORM DISCLOSURE STATEMENT

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

James Philip Graham
Erich Fraunschiel
David Welsford Smithers
John Leonard Palmer
William Patrick Gurry
Johan Christoffel ten Cate

5 GUARANTEE ARRANGEMENTS

The obligations of Rabobank New Zealand Limited, are covered under a guarantee dated 18th February 1998 (as amended by a deed dated 19th 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 Rabobank New Zealand Limited. Rabobank Nederland is not part of the Banking Group.

The address for Service of the Guarantor is:

Rabobank Nederland
Head Office
Croeselaan 18.3521 CB Utrecht
The Netherlands

There are no limits on the amount of the obligations guaranteed. There are no material conditions applicable to the 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 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.

A copy of Rabobank New Zealand Limited's most recent Supplemental Disclosure Statement, which contains a copy of the formal guarantee document outlining the guarantee, will be provided immediately at no charge to any person requesting a copy where the request is made at Rabobank New Zealand Limited's head office or within five working days where the request is made at any of its branches.

The guarantor - Rabobank Nederland

As at 31 December	2006	2005
	€m	€m
Qualifying Capital*	27,114	25,272
Qualifying Capital* /RWA (%)	11.00%	11.80%

*Qualifying Capital consists of the sum of core capital (Tier1) and supplementary capital (Tier2). Tier2 capital includes the revaluation reserves, part of the subordinated loans less deductible items specified by the Dutch Central Bank.

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
General Short Form Disclosure Statement
For the Period to 31.03.2007

5 GUARANTEE ARRANGEMENTS (CONTINUED)

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 the off quarter balance date.

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

Descriptions of credit rating scales are contained in *Appendix 1*.

6 CONDITIONS OF REGISTRATION

A copy of Rabobank New Zealand Limited's most recent Supplemental Disclosure Statement, which contains a copy of the Conditions of Registration which have been applicable since 30 March 2007 and remain applicable as at the date on which the signing of the Disclosure Statement, for on behalf of all the Directors was completed, will be provided immediately at no charge to any person requesting a copy where the request is made at Rabobank New Zealand Limited's head office or at any of it's branches within five working days.

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 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 bank.

Refer to *Appendix 2* for a copy of the Conditions of Registration applicable as at the date on which the signing of the Disclosure Statement, for or on behalf of all Directors, is completed.

7 CREDIT RATINGS

Rabobank New Zealand Limited has the following general credit rating applicable to its long term senior unsecured obligations payable in New Zealand in New Zealand dollars. There have not been any changes made to the rating in the two years preceding the off quarter balance date.

Rating Agency	Current Credit Rating
Standard & Poor's	AAA

Descriptions of credit rating scales are contained in *Appendix 1*.

*Financial and Supplementary
Disclosures*

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
Financial and Supplementary Disclosures
For the Period to 31.03.2007

8 SHORT FORM FINANCIAL STATEMENTS AND SUPPLEMENTARY DISCLOSURES

See Schedules attached.

The financials and supplementary disclosures for the quarters ending 31 March 2007 and 31 March 2006 are unaudited.

9 INSURANCE BUSINESS

The Banking Group does not conduct any insurance business.

10 AUDITOR'S REPORT

Rabobank New Zealand Limited Disclosure Statement has not been audited and no Auditor's Report is attached.

11 OTHER MATERIAL MATTERS

1. 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.
2. Rabo Securities and Investments (NZ) Limited:
 - (i) is the only subsidiary of Rabobank New Zealand Limited; and
 - (ii) is not guaranteed by either Rabobank New Zealand Limited or Rabobank Nederland New Zealand Branch. 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.
3. On 14 February 2006 Rabobank New Zealand Limited launched RaboPlus. RaboPlus is an online banking service offering deposits and access to third party managed funds.

12 THE DIRECTORS' STATEMENT

See attachment.

Directors' Statement

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENTS
Directors' Statement
For the Period to 31.03.2007

After due enquiry, each director believes that:

- (i) as at the date on which the Disclosure Statement is signed:
- The Short Form Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Off-quarter – New Zealand Incorporated Registered Banks) Order 2005; and
 - The Short Form Disclosure Statement is not false or misleading.
- (ii) over the first quarter 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 risk, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risks 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

Director

Dated (Sydney): 28th May 2007

Supplemental Disclosure Statement

RABOBANK NEW ZEALAND LIMITED
REGISTERED BANK DISCLOSURE STATEMENT
Supplemental Disclosure Statement
For the Period to 31.03.2007

13 GUARANTORS

A copy of the formal guarantee document outlining the guarantee by Rabobank Nederland of Rabobank New Zealand Limited dated 18 February 1998 and as amended 19 February 1998 is attached as *Appendix 3*.

The Reserve Bank of New Zealand is to be given at least 6 months notice (or such shorter period as the Reserve Bank of New Zealand may agree to) if Rabobank Nederland intends to withdraw or alter the guarantee.

Copies of the most recent financial statements and audit report of the guarantor are attached as *Appendix 5*.

14 CONDITIONS OF REGISTRATION

A copy of the Conditions of Registration applicable to Rabobank New Zealand Limited from 30 March 2007 is attached as *Appendix 2*.

15 BILATERAL NETTING AGREEMENTS

There are no bilateral netting agreements with connected persons.

Appendix 1
Credit Rating Scales

Description of credit rating scales

Standard & Poors Rating Definitions

'AAA' rated corporations, financial institutions, governments or asset-backed financing structures (entities) have an extremely strong capacity to pay interest and repay principal in a timely manner.

'AA' rated entities have a very strong capacity to pay interest and repay principal in a timely manner and differ from the highest rated entities only in small degree.

'A' rated entities have a strong capacity to pay interest and repay principal in a timely manner although they may be somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than those in higher rating categories.

'BBB' rated entities have an adequate capacity to pay interest and repay principal in a timely manner. Protection levels are more likely to be weakened by adverse changes in circumstances and economic conditions than for borrowers in higher rating categories.

Entities rated 'BB', 'B', 'CCC', 'CC' and 'C' are regarded as having predominantly speculative characteristics with respect to the capacity to pay interest and repay principal. 'BB' indicates the least degree of speculation and 'C' the highest. While such entities will likely have some quality and protective characteristics, these are out weighed by large uncertainties or major exposures to adverse conditions.

'BB' rated entities have less near-term vulnerability to default than other speculative issues. However, rated entities face ongoing uncertainties or exposure to adverse business financial, or economic conditions which could lead to an inadequate capacity to meet timely debt service commitments.

'B' rated entities are more vulnerable to adverse business, financial or economic conditions than entities in other rating categories. Adverse business, financial or economic conditions are likely to impair the borrower's capacity or willingness to meet timely debt service commitments.

'CCC' rated entities have a currently identifiable vulnerability to default and are dependent upon favourable business, financial and economic conditions to meet timely debt service commitments. In the event of adverse business, financial or economic conditions, they are not likely to have the capacity to pay interest and repay principal.

'CC' is typically applied to debt subordinated to senior debt that is assigned an actual or implied 'CCC' rating.

'C' rated entities have a high risk of default or are reliant on arrangements with third parties to prevent defaults.

'D' rated entities are in default. The rating is assigned when interest payments or principal payments are not made on the date due, even if the applicable grace period has not expired. The 'D' rating is also used upon the filing of an insolvency petition or a request to appoint a receiver if debt service payments are jeopardised.

Moody's Long-Term Debt Ratings

'Aaa' - Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualised are most unlikely to impair the fundamentally strong position of such issues.

'Aa' - Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.

Moody's Long-Term Debt Ratings (Continued)

'A' - Bonds which are rated A possess many favourable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

'Baa' - Bonds which are rated Baa are considered as medium-grade obligations (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

'Ba' - Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterises bonds in this class.

'B' - Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

'Caa' - Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

'Ca' - Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

'C' - Bonds which are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Fitch IBCA Long-Term Debt Ratings Definitions

'AAA' rated corporations, financial institutions, governments or asset-backed financing structures (entities) have an extremely strong capacity to pay interest and repay principal in a timely manner.

'AA' rated entities have a very strong capacity to pay interest and repay principal in a timely manner and differ from the highest rated entities only in small degree.

'A' rated entities have a strong capacity to pay interest and repay principal in a timely manner although they may be somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than those in higher rating categories.

'BBB' rated entities have an adequate capacity to pay interest and repay principal in a timely manner. Protection levels are more likely to be weakened by adverse changes in circumstances and economic conditions than for borrowers in higher rating categories.

Entities rated **'BB'**, **'B'**, **'CCC'**, **'CC'** and **'C'** are regarded as having predominantly speculative characteristics with respect to the capacity to pay interest and repay principal. **'BB'** indicates the least degree of speculation and **'C'** the highest. While such entities will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major exposures to adverse conditions.

'BB' rated entities have less near-term vulnerability to default than other speculative issues. However, rated entities face ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to an inadequate capacity to meet timely debt service commitments.

'B' rated entities are more vulnerable to adverse business, financial or economic conditions than entities in other rating categories. Adverse business, financial or economic conditions are likely to impair the borrower's capacity or willingness to meet timely debt service commitments.

Fitch IBCA Long-Term Debt Ratings Definitions (Continued)

'**CCC**' rated entities have a currently identifiable vulnerability to default and are dependent upon favourable business, financial and economic conditions to meet timely debt service commitments. In the event of adverse business, financial or economic conditions, they are not likely to have the capacity to pay interest and repay principal.

'**CC**' is typically applied to debt subordinated to senior debt that is assigned an actual or implied 'CCC' rating.

'**C**' rated entities have a high risk of default or are reliant on arrangements with third parties to prevent defaults.

'**D**' rated entities are in default. The rating is assigned when interest payments or principal payments are not made on the date due, even if the applicable grace period has not expired. The 'D' rating is also used upon the filing of an insolvency petition or a request to appoint a receiver if debt service payments are jeopardised.

Appendix 2
Conditions of Registration

APPENDIX 1

Conditions of Registration as from 30 March 2007 - Rabobank New Zealand Limited

The registration of Rabobank New Zealand Limited ('the bank') as a registered bank is subject to the following conditions:

1. That the banking group complies with the following requirements:
 - Capital of the banking group is not less than 8 percent of risk weighted exposures.
 - Tier one capital of the banking group is not less than 4 percent of risk weighted exposures.
 - Capital of the banking group is not less than NZ\$15 million.

For the purposes of this condition of registration, capital, tier one capital and risk weighted exposures shall be calculated in accordance with the Reserve Bank of New Zealand document entitled "Capital Adequacy Framework" (BS2) dated March 2007.

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 18 February 1998 and as amended on 19 February 1998.
 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 (ie 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 intend to withdraw or alter the guarantees referred to in these conditions of registration.
 12. That the bank discloses information about the banking group's aggregate credit exposures (net of specific provisions and gross of set-offs) to connected persons in accordance with the "Registered Bank Disclosure Statement (Full and Half Year - New Zealand Incorporated Registered Banks) Order 2007", the "Registered Bank Disclosure (Off-Quarter - New Zealand Incorporated Registered Banks) Order 2007", and in accordance with the definitions set out in clause 4(e) to 4(k) of the Reserve Bank Document BS8: Connected Exposures Policy dated March 2007.
 13. That exposures to connected persons are not on more favourable terms (eg 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).

Appendix 4
Financial Statements of the Registered
Banking Group

RABOBANK NEW ZEALAND LIMITED

Financial Statements

31 December 2006

A member of the Rabobank Group



RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Banking Group		Bank	
		Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000
Interest and similar income	2	372,904	306,188	372,904	306,188
Interest expense and similar charges	3	(271,611)	(201,726)	(271,611)	(201,726)
Net interest income		101,293	104,462	101,293	104,462
Other revenue	4	863	2,280	863	2,280
Other operating gain / (loss)	5	(18,246)	(25,400)	(18,246)	(25,400)
Total net operating income before impairment losses and other operating expenses		83,910	81,342	83,910	81,342
Other operating expenses	6	(58,361)	(51,551)	(58,361)	(51,551)
Release / (charge) for provision for risk	22(b)	(3,114)	-	(3,114)	-
Impairment losses on loans and receivables	7	(12)	(1,704)	(12)	(1,704)
Profit / (loss) before income tax		22,423	28,087	22,423	28,087
Income tax expense	9	(7,415)	(8,762)	(7,415)	(8,762)
Net profit/ (loss) attributable to members of Rabobank New Zealand Limited		15,008	19,325	15,008	19,325

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

RABOBANK NEW ZEALAND LIMITED

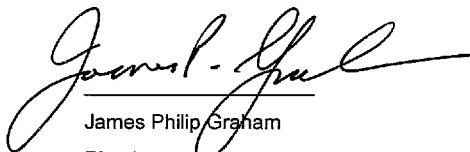
BANKING GROUP

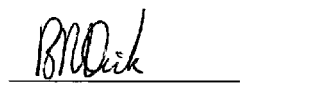
BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	Banking Group		Bank	
		As at 31 December 2006 \$000	As at 31 December 2005 \$000	As at 31 December 2006 \$000	As at 31 December 2005 \$000
Assets					
Cash at Banks and on Hand	10	8,467	13,596	8,467	13,596
Derivative financial instruments	11	6,184	15,386	6,184	15,386
Loans and receivables	12	4,090,400	3,621,743	4,090,400	3,621,743
Due from related entities	14	658,460	455,319	658,460	455,319
Income tax receivables		6,878	6,112	6,878	6,112
Other assets	15	27,247	21,655	27,247	21,655
Deferred tax assets	9(d)	4,023	2,955	4,023	2,955
Investment in controlled entity	16	-	-	-	-
Property, plant and equipment	17	4,455	4,262	4,455	4,262
Intangible assets	19	-	-	-	-
Total Assets		4,806,114	4,141,028	4,806,114	4,141,028
Liabilities					
Bank overdraft	10(a)	190	731	190	731
Unsecured deposits		1,158,723	838,910	1,158,723	838,910
Derivative financial instruments	11	6,164	238,567	6,164	238,567
Due to related entities	20	3,417,944	2,862,772	3,417,944	2,862,772
Deferred tax liabilities	9(e)	-	150	-	150
Creditors and accruals	21	9,456	4,618	9,456	4,618
Provisions	22	5,927	2,578	5,927	2,578
Total Liabilities		4,598,404	3,948,326	4,598,404	3,948,326
NET ASSETS		207,710	192,702	207,710	192,702
Equity					
Paid up capital	23	41,200	41,200	41,200	41,200
Retained earnings	24 (b)	166,510	151,502	166,510	151,502
Reserves	24 (a)	-	-	-	-
Total Equity		207,710	192,702	207,710	192,702

Signed in Sydney

For and on behalf of the Board who authorised these financial statements for issue on:


 James Philip Graham
 Director
 Date: 21 MAR 2007


 Bruce Raymond Dick
 Director
 Date: 21 MAR 2007

The above balance sheets should be read in conjunction with the accompanying notes.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Banking Group			
	Issued Capital	Retained Earnings	Reserves	Total
	\$000	\$000	\$000	\$000
Total equity at 1 January 2005	41,200	132,177	804	174,181
Year ended 31 December 2005				
Change in after-tax value of available-for-sale financial assets	-	-	(804)	(804)
Net income recognised directly in equity	-	-	(804)	(804)
Net profit attributable to equity holders of Banking Group	-	19,325	-	19,325
Total recognised income and expenses for the period	-	19,325	(804)	18,521
Total equity at 31 December 2005	41,200	151,502	-	192,702
Year ended 31 December 2006				
Net profit attributable to equity holders of Banking Group	-	15,008	-	15,008
Total recognised income and expenses for the period	-	15,008	-	15,008
Total equity at 31 December 2006	41,200	166,510	-	207,710
Bank				
	Issued Capital	Earnings	Reserves	Total
	\$000	\$000	\$000	\$000
Total equity at 1 January 2005	41,200	132,177	804	174,181
Year ended 31 December 2005				
Change in after-tax value of available-for-sale financial assets	-	-	(804)	(804)
Net income recognised directly in equity	-	-	(804)	(804)
Net profit attributable to equity holders of Banking Group	-	19,325	-	19,325
Total recognised income and expenses for the period	-	19,325	(804)	18,521
Total equity at 31 December 2005	41,200	151,502	-	192,702
Year ended 31 December 2006				
Net profit attributable to equity holders of Banking Group	-	15,008	-	15,008
Total recognised income and expenses for the period	-	15,008	-	15,008
Total equity at 31 December 2006	41,200	166,510	-	207,710

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

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Banking Group		Bank	
		Year ended	Year ended	Year ended	Year ended
		31 December	31 December	31 December	31 December
		2006	2005	2006	2005
		\$000	\$000	\$000	\$000
Cash Flows from Operating Activities					
<i>Cash was provided from:</i>					
Interest income - related entities		251,550	15,712	251,550	15,712
Interest income - non related entities		322,432	281,973	322,432	281,973
Other income		863	1,726	863	1,726
Bad debt recovery		188	-	188	-
<i>Cash was applied to:</i>					
Interest expense - related entities		(215,456)	(159,242)	(215,456)	(159,242)
Interest expense - other		(70,582)	(83,515)	(70,582)	(83,515)
Payments of derivative financial instruments		(248,835)	(121,966)	(248,835)	(121,966)
Other expenses		(37,131)	(27,388)	(37,131)	(27,388)
Tax payments		(9,419)	(14,821)	(9,419)	(14,821)
<i>(Increase) / decrease in operating assets:</i>					
Available-for-sale financial assets		-	236,739	-	236,739
Loans and receivables		(468,795)	(471,745)	(468,795)	(471,745)
Due from related entities		(388,088)	(123,383)	(388,088)	(123,383)
Other assets		(323)	(692)	(323)	(692)
<i>Increase / (decrease) in operating liabilities:</i>					
Unsecured deposits		327,271	86,267	327,271	86,267
Due to related entities		530,821	390,295	530,821	390,295
Creditors and accruals		2,131	66	2,131	66
Net cash flow provided by / (used in) operating activities	29	(3,373)	10,026	(3,373)	10,026
Cash Flows from Investing Activities					
<i>Cash was provided from:</i>					
Sales of fixed assets		277	283	277	283
<i>Cash was applied to:</i>					
Purchase of fixed assets		(1,492)	(761)	(1,492)	(761)
Net cash flow provided by / (used in) investing activities		(1,215)	(478)	(1,215)	(478)
Cash Flows from Financing Activities					
Net cash flow provided by / (used in) financing activities		-	-	-	-
Net Increase/(Decrease) in Cash for the Period		(4,588)	9,548	(4,588)	9,548
Cash and cash equivalents at beginning of the period		12,865	3,317	12,865	3,317
Cash and Cash Equivalents at End of the Period		8,277	12,865	8,277	12,865
Cash and balances at banks		8,467	13,596	8,467	13,596
Bank overdraft		(190)	(731)	(190)	(731)
Cash and Cash Equivalents at End of the Period		8,277	12,865	8,277	12,865

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

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies

Reporting Entity

In these financial statements Rabobank New Zealand Limited is referred to as the Bank and the Rabobank New Zealand Limited Banking Group (Banking Group) consists of the Bank and Rabo Securities and Investments (NZ) Limited (RSI).

The Bank is a company registered under the Companies Act 1993. The Bank is an issuer for the purposes of the Financial Reporting Act 1993.

(a) Basis of preparation

The financial statements of the Banking Group and the Bank have been prepared in accordance with the Financial Reporting Act 1993, the Reserve Bank of New Zealand Act 1989, the Companies Act 1993, NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1) and other authoritative pronouncements of the Accounting Standards Review Board, as appropriate for profit-oriented entities.

The preparation of the financial report in conformity with Basis of Preparation requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates although it is not anticipated that such differences would be material.

Unless otherwise indicated, all amounts are shown in \$ thousand and are expressed in New Zealand dollars.

(i) Statement of compliance

The financial report complies with the Basis of Preparation as defined in Note 1(a). Compliance with NZ IFRSs ensures that the consolidated financial statements and notes of the Banking Group and the financial statements and notes of the Bank comply with International Financial Reporting Standards (IFRS).

(ii) NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards

These financial statements for the year ended 31 December 2006 are the first prepared in accordance with NZ IFRS 1. The recognition and measurement principles of NZ IFRS, including NZ IFRS 1, have been applied in preparing this financial information as applied to the Banking Group as defined under Reporting Entity above.

Up until 31 December 2005, financial statements of the Banking Group had been prepared in accordance with previous New Zealand Generally Accepted Accounting Practice (NZ GAAP). NZ GAAP differs in certain aspects from New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). When preparing the financial statements, the Banking Group has amended certain accounting and valuation methods applied in the NZ GAAP financial statements to comply with NZ IFRS 1. The financial statements for the comparative periods have been restated to reflect these adjustments.

Reconciliation and description of the effects of transition from previous NZ GAAP to NZ IFRS on the Banking Group's and the Bank's equity and its net income are detailed in note 33.

(iii) Accounting standards development

The following standards and interpretations are available for early adoption but have not been applied by the Banking Group in the financial statements:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Banking Group*
NZ IFRS 7	<i>Financial Instruments: Disclosures</i>	New standard replacing disclosure requirements of NZ IAS 32	1-Jan-07	NZ IFRS 7 is a disclosure standard so will have no direct impact on the amounts included in the Banking Group's financial statements. However, the amendments will result in minimal impact to the financial instrument disclosures included in the Banking Group's financial report	1-Jan-07
NZ IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Prescribes the criteria for selecting and changing accounting policies, together with accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors.	1-Jan-07	Unless the Banking Group changes its accounting policies or estimates, or is to correct errors in prior periods' financial statements prepared in accordance with NZ IFRS, this Standard does not have any impact of the Banking Group's financial report.	1-Jan-07

1 Summary of Significant Accounting Policies (Continued)**(a) Basis of preparation (continued)***(iii) Accounting standards development (continued)*

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Banking Group*
NZ IFRIC 9	Reassessment of Embedded Derivatives	Clarifies that an entity reassesses whether an embedded derivative contained in a host contract must be separated from the host and accounted for as a derivative under NZ IAS 39 only when there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required.	1-Jun-06	Unless the Banking Group enters into arrangements containing embedded derivatives in future reporting periods, these amendments are not expected to have any impact on the Banking Group's financial report.	1-Jan-07

* designates the beginning of the applicable annual reporting period.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and derivative financial instruments that have been measured at fair value.

The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Banking Group as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Banking Group. Control is achieved where the Banking Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

(c) 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 accrual basis using the effective interest method. Further information is included in Note 1(g) Available-for-sale (AFS) financial assets and Note 1(i) Loans and receivables, 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 to 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 ongoing basis, and represent the recoupment of the costs of maintaining and administering existing loans, these fees are taken to income statement on an accrual 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 accrual basis.

(iv) Other operating gain / (loss)

Trading income is brought to account when earned based on changes in fair value of financial instruments and recorded from trade date. Further information is included in Notes 1(d) Foreign currency translation and 1(h) Derivative financial instruments.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the operations of the Banking Group has been determined to be New Zealand Dollars (NZD) as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Banking Group.

(ii) Transactions and balances

All foreign currency monetary items are revalued at spot rates of exchange prevailing at balance sheet date and changes in the spot rate are recorded in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into NZD at foreign exchange rates ruling at the dates 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.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes.

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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The Banking Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

The fair value of financial assets and liabilities disclosed in Note 28(b) is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Banking Group for similar financial instruments.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, nostro balances, bank overdrafts and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Bank overdrafts are shown within liabilities on the balance sheet.

Cash and cash equivalents are brought to account at the face value or the gross value of the outstanding balance where appropriate. Interest is taken to the income statement using effective interest rate method when earned.

(g) Available-for-sale (AFS) financial assets

AFS financial assets comprises principally short and long term bank, public and other securities including bonds, bills of exchange, commercial papers, certificates of deposit and equities.

Purchases and sales of AFS financial assets are recognised on trade-date - the date on which the Banking Group commits to purchase or sell the asset. AFS financial assets are initially recognised at fair value including transaction costs. Interest is recognised using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Banking Group has transferred substantially all the risks and rewards of ownership.

Unrealised gains or losses arising from changes in the fair value of AFS financial assets are recognised in equity in the AFS reserve net of applicable income tax. When AFS financial assets are sold, collected, otherwise disposed of, or become impaired, the accumulated fair value adjustments are included in the income statement as gains or losses as a part of other operating income.

The fair values of quoted investments are based on current bid prices. If the market for an AFS financial asset is not active and for unlisted securities, the Banking Group establishes the fair values by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(h) Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at balance date. A positive fair value of a contract is reported as an asset and a negative fair value of a contract as a liability.

1 Summary of Significant Accounting Policies (Continued)

(h) Derivative financial instruments (continued)

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

For fair value hedges, the change in fair value of both the hedging derivative and the hedged item, are recognised immediately in the income statement within other operating gain or loss. 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.

(i) Loans and receivables, and Due from related entities

Loans and receivables, 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 with effective hedge that 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 income statement as interest income over the term of the loan.

(j) Leases

(i) Finance leases

Leases where the Banking Group 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. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognised.

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 loans and receivables.

(ii) Operating leases

Leases where the Banking Group retains substantially all the risk and rewards incident to ownership of an asset are classified as operating leases. Operating lease rental revenue and expense is recognised in the income statement on a straight-line basis over the lease term. The Banking Group classifies assets leased out under operating leases as property, plant and equipment. These assets are depreciated over their expected useful lives on a basis consistent with similar fixed assets.

(k) Impairment of financial assets

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ("a loss event") and that loss event (or events) has had an impact on the estimated future cash flows of the financial asset.

The Banking Group follows the New Zealand disclosure requirements for impaired assets contained in NZ IAS 30: Disclosures in the Financial Statements of Banks and similar Financial Institutions.

(i) Loans and receivables

The Banking Group assesses at each balance date whether there is any objective evidence of impairment for loans and receivables.

Loans and receivables are presented net of provisions for loan impairment. The Banking Group has specific provisions and collective provisions.

(A) Specific provisions

Individually assessed provisions are raised where there is objective evidence of impairment and full recovery of principal 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.

1 Summary of Significant Accounting Policies (Continued)

(k) Impairment of financial assets (continued)

(i) Loans and receivables (continued)

(B) Collective provisions

All other loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. 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 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.

(ii) AFS financial assets

When a decline in the fair value of an AFS financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement.

(l) 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). 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.

A previously recognised 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, as if no impairment loss had been recognised in prior years.

(m) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly to 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 enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 enacted or substantially enacted at the balance sheet date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

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

(n) 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 fair value when impaired and a provision is raised as per Note 1(l) Impairment for non-financial assets.

1 Summary of Significant Accounting Policies (Continued)

(o) Property, plant and equipment

Property, plant and equipment is 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.

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.

Depreciation on property, plant and equipment assets is calculated using the straight line (SL) or diminishing (D) method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- | | |
|---------------------------------|-------------------|
| • Office fixture & fittings | 5 - 10 years (SL) |
| • Office equipment | 5 - 10 years (SL) |
| • Computer hardware | 3 - 5 years (SL) |
| • Assets under operating leases | 3 - 4 years (D) |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date to take 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.

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

Acquisition of property, plant and equipment not in 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 income statement.

(p) Intangible assets

(i) Capitalisation of 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 they will lead to future economic benefits that the Banking Group controls.

The Banking Group carries capitalised software assets at cost less amortisation and any impairment losses. These assets are amortised over their estimated useful lives on a straight-line basis.

Software maintenance costs are expensed as incurred.

(q) Other assets

Other assets include interest, fees and other income receivable and other financial and non-financial assets. These assets are recorded at the cash value to be realised when settled.

(r) 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 exchange. 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.

(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 when incurred.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies (Continued)

(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 the fair value including directly attributable transaction costs at inception. 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 unrealised expenses payable and all other financial and non-financial liabilities. They are recorded at the cash value to be paid when settled.

(v) Provisions

A provision is recognised in the balance sheet when 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) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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 non-accumulating sick leave are recognised when the leave is taken 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.

(x) 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.

(y) Finance guarantees

In the ordinary course of business, the Banking Group gives finance guarantees consisting of letters of credit, letters of guarantees, and acceptances. Financial guarantees are disclosed in the financial statements at fair value on the date that the guarantee was given. Income on financial guarantees is recognised in the income statement as interest income using the effective interest method over the term of the guarantee. Any obligation arising as a result of the guarantee is recognised in accordance with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets at the balance sheet date.

(z) Other taxes

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
- 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.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000
2 Interest and similar income				
Loans	334,470	289,046	334,470	289,046
Related entities	32,733	9,906	32,733	9,906
Impaired assets	62	53	62	53
Lease income	5,639	7,183	5,639	7,183
Total interest and similar income	372,904	306,188	372,904	306,188
3 Interest expense and similar charges				
Deposits and due to banks	60,787	34,379	60,787	34,379
Related entities	210,329	166,809	210,329	166,809
Fee expense - related entities	404	538	404	538
Others	91	-	91	-
Total interest expense and similar charges	271,611	201,726	271,611	201,726
4 Other revenue				
Lending and credit facility related fee income	697	887	697	887
Operating lease rental income	149	268	149	268
Trademark income	-	1,125	-	1,125
Other income	17	-	17	-
Total other revenue	863	2,280	863	2,280
5 Other operating gain / (loss)				
Gains / (losses) arising from				
- Fair value hedge ineffectiveness	603	44	603	44
- Net trading gain / (loss)	(19,306)	(25,566)	(19,306)	(25,566)
Profit/(loss) on disposal of property, plant and equipment	240	122	240	122
Foreign exchange gains / (losses)	217	-	217	-
Total other operating gain / (loss)	(18,246)	(25,400)	(18,246)	(25,400)

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	Year	Year	Year	Year
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	\$000	\$000	\$000	\$000
6 Other operating expenses				
Advertising expenses	5,348	984	5,348	984
Auditors' remuneration:				
Audit fees (Note 8)	-	-	-	-
Other services	146	149	146	149
Computer expenses	4,884	107	4,884	107
Consulting fees	318	596	318	596
Depreciation:				
- Office fixtures & fittings	595	523	595	523
- Office equipment	60	76	60	76
- Computer hardware	465	409	465	409
- Assets under operating leases	142	243	142	243
Amortisation of intangible assets	-	5	-	5
Management fee expenses	19,732	22,742	19,732	22,742
Office supplies	889	821	889	821
Other expenses	1,242	2,126	1,242	2,126
Personnel costs	18,763	17,222	18,763	17,222
Rental and operating lease costs	1,741	1,451	1,741	1,451
Telecommunication fees	1,352	1,504	1,352	1,504
Travel and lodging expenses	2,684	2,593	2,684	2,593
Total other operating expenses	58,361	51,551	58,361	51,551
7 Impairment losses on loans and receivables				
Collective provisions	121	850	121	850
Specific provisions	79	854	79	854
Bad debt recovery	(188)	-	(188)	-
Total impairment losses on loans and receivables	12	1,704	12	1,704
8 Auditors' Remuneration				
All auditors' fees are paid by the Australian branch of Rabobank Nederland.				
Amounts receivable or due and receivable by Ernst & Young New Zealand for:				
Audit or review of the financial report of the entity and any other entity in the Banking Group	28	16	24	13
Tax compliance	49	24	49	19
Assurance related	38	-	38	-
Total auditors' remuneration	115	40	111	32

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000
9 Income Tax				
(a) Income Tax Expense				
Current tax	8,652	9,224	8,652	9,224
(Increase) / decrease in deferred tax asset	(1,178)	(310)	(1,178)	(310)
Increase / (decrease) in deferred tax liabilities	(40)	57	(40)	57
Under/ (over) provided in prior years	(19)	(209)	(19)	(209)
	7,415	8,762	7,415	8,762
(b) Statement of changes in equity				
Deferred income tax related to items charged or credited directly to equity				
Unrealised gain on AFS investments	-	396	-	396
Income tax expense reported in equity	-	396	-	396
(c) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit / (loss) before income tax	22,423	28,087	22,423	28,087
Taxation at 33%	7,400	9,269	7,400	9,269
Exempt income	-	(330)	-	(330)
Permanent differences (net)	34	32	34	32
Under / (over) provided in prior years	(19)	(209)	(19)	(209)
Taxation expense	7,415	8,762	7,415	8,762
There are no unrecognised income tax losses or unrecognised timing differences carried forward.				
(d) Deferred Tax Assets				
The balance comprises temporary differences attributable to:				
Accruals	406	114	406	114
Depreciation	161	32	161	32
Derivatives held for trading	-	31	-	31
Doubtful debts	529	483	529	483
Employee benefits	341	399	341	399
Net unrealised (gain) / loss on effective fair value hedges	-	194	-	194
Others	167	86	167	86
Other provisions	1,965	1,227	1,965	1,227
Retirement benefit obligations	454	376	454	376
Treasury products	-	13	-	13
Total deferred tax assets	4,023	2,955	4,023	2,955

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000
9 Income Tax (continued)				
(d) Deferred Tax Assets (continued)				
Movements:				
Opening balance	2,955	2,392	2,955	2,392
Credited / (charged) to income statement:				
Accruals	292	36	292	36
Depreciation	129	-	129	-
Derivatives held for trading	(31)	(471)	(31)	(471)
Doubtful debts	46	101	46	101
Employee benefits	(58)	119	(58)	119
Net unrealised (gain) / loss on effective fair value hedges	(194)	(15)	(194)	(15)
Others	191	86	191	86
Other provisions	738	422	738	422
Retirement benefit obligations	78	57	78	57
Treasury products	(13)	(25)	(13)	(25)
	<u>1,178</u>	<u>310</u>	<u>1,178</u>	<u>310</u>
Credited / (charged) to equity				
AFS financial assets	-	396	-	396
	<u>-</u>	<u>396</u>	<u>-</u>	<u>396</u>
Under/ (over) provision from prior year	(110)	(143)	(110)	(143)
Closing balance	<u>4,023</u>	<u>2,955</u>	<u>4,023</u>	<u>2,955</u>
(e) Deferred Tax Liabilities				
The balance comprises temporary differences attributable to:				
Depreciation	-	17	-	17
Others	-	129	-	129
Prepayments	-	4	-	4
Total deferred tax liability	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>
Movements:				
Opening balance	150	261	150	261
Credited / (charged) to income statement:				
Depreciation	(17)	17	(17)	17
Others	(19)	39	(19)	39
Prepayments	(4)	-	(4)	-
	<u>(40)</u>	<u>56</u>	<u>(40)</u>	<u>56</u>
Under / (over) provision from prior year	(110)	(167)	(110)	(167)
Closing balance	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>

The Bank treats fair value adjustments as current tax items for 31 December 2006 in accordance with the IRD IFRS discussion paper released on 5 September 2006. For prior period comparatives, the Bank treats fair value adjustments as deferred tax items as they relate to periods prior to the adoption of Basis of Preparation.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
9 Income Tax (continued)				
(f) Imputation Credit Account				
Opening balance	36,360	21,539		
Net tax payment	9,419	14,821		
Closing balance	<u>45,779</u>	<u>36,360</u>		
10 Cash at Banks and on Hand				
Placements with other banks	8,454	13,583	8,454	13,583
Cash on hand	13	13	13	13
	<u>8,467</u>	<u>13,596</u>	<u>8,467</u>	<u>13,596</u>
10 (a) Cash and Cash Equivalents				
For the purpose of cash flow statement, cash and cash equivalents comprise:				
Cash at banks and on hand	8,467	13,596	8,467	13,596
Bank overdraft	(190)	(731)	(190)	(731)
Cash and cash equivalents	<u>8,277</u>	<u>12,865</u>	<u>8,277</u>	<u>12,865</u>
11 Derivative Financial Instruments				
Assets				
Interest rate swaps - fair value hedge (related)	-	6,649	-	6,649
Interest rate swaps - held for trading (related)	5,999	8,689	5,999	8,689
FX swaps - held for trading (related)	4	48	4	48
Currency options - held for trading (related)	55	-	55	-
Interest rate options - held for trading (non-related)	126	-	126	-
Total derivative financial instruments assets	<u>6,184</u>	<u>15,386</u>	<u>6,184</u>	<u>15,386</u>
Liabilities				
Interest rate swaps - fair value hedge (related)	-	187	-	187
Interest rate swaps - held for trading (related)	5,983	8,502	5,983	8,502
Cross currency swaps - held for trading (related)	-	229,878	-	229,878
Currency options - held for trading (non-related)	55	-	55	-
Interest rate options - held for trading (related)	126	-	126	-
Total derivative financial instruments liabilities	<u>6,164</u>	<u>238,567</u>	<u>6,164</u>	<u>238,567</u>
Net derivative financial instruments	<u>20</u>	<u>(223,181)</u>	<u>20</u>	<u>(223,181)</u>
12 Loans and receivables				
Lending	4,038,593	3,549,508	4,038,593	3,549,508
Finance leases (note 12(a))	53,409	73,699	53,409	73,699
Gross loans and receivables	<u>4,092,002</u>	<u>3,623,207</u>	<u>4,092,002</u>	<u>3,623,207</u>
Provisions for doubtful debts:				
Collective (note 13(a))	(1,054)	(933)	(1,054)	(933)
Specific (note 13(a))	(548)	(531)	(548)	(531)
Total net loans and receivables	<u>4,090,400</u>	<u>3,621,743</u>	<u>4,090,400</u>	<u>3,621,743</u>

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group			
	Lease	Future	Unguaranteed	Minimum Lease
	Receivables	Interest Income over Period	Residuals	Payments
	\$000	\$000	\$000	\$000
12 (a) Finance Leases (continued)				
At 31 December 2006				
Not later than one year	25,359	3,803	-	29,162
Later than one year and not later than two years	15,561	1,956	-	17,517
Later than two years and not later than five years	12,489	1,161	-	13,650
Total finance leases	53,409	6,920	-	60,329
At 31 December 2005				
Not later than one year	35,383	5,041	-	40,424
Later than one year and not later than two years	21,072	2,643	-	23,715
Later than two years and not later than five years	17,244	1,604	-	18,848
Total finance leases	73,699	9,288	-	82,987
Bank				
Lease	Future	Unguaranteed	Minimum Lease	
Receivables	Interest Income over Period	Residuals	Payments	
\$000	\$000	\$000	\$000	
At 31 December 2006				
Not later than one year	25,359	3,803	-	29,162
Later than one year and not later than two years	15,561	1,956	-	17,517
Later than two years and not later than five years	12,489	1,161	-	13,650
Total finance leases	53,409	6,920	-	60,329
At 31 December 2005				
Not later than one year	35,383	5,041	-	40,424
Later than one year and not later than two years	21,072	2,643	-	23,715
Later than two years and not later than five years	17,244	1,604	-	18,848
Total finance leases	73,699	9,288	-	82,987

Leasing Arrangements

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

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
13 Impaired and Past Due Assets				
(a) Non Accrual Assets				
Gross assets				
Opening balance *	635	4,520	635	4,520
Additions to non-accrual status	12,521	1,459	12,521	1,459
Bad debt write off	-	(1,344)	-	(1,344)
Repayments and deletions	(6,990)	(4,000)	(6,990)	(4,000)
Closing balance	6,166	635	6,166	635
Collective Provision				
Opening balance	933	83	933	83
Charge / (credit) to income statement (Note 7)	121	850	121	850
Closing balance	1,054	933	1,054	933
Specific provisions				
Opening balance	531	1,074	531	1,074
Charge / (credit) to income statement (Note 7)	79	854	79	854
Bad debt write off	-	(1,344)	-	(1,344)
Interest income on impaired assets taken to surplus	(62)	(53)	(62)	(53)
Closing balance	548	531	548	531
* Non accrual assets opening balances as at 1 January 2005 and 1 January 2006 for both the Bank and the Banking Group have been restated net of interest forgone. Previously disclosed non accrual assets were gross of interest forgone.				
(b) Past Due Assets				
Gross assets				
Opening balance	4,534	-	4,534	-
Additions	14,258	10,505	14,258	10,505
Repayments and deletions	(13,969)	(5,971)	(13,969)	(5,971)
Closing balance	4,823	4,534	4,823	4,534
Interest recognised with respect to impaired assets	333	60	333	60
Interest foregone with respect to impaired assets	373	475	373	475
14 Due from Related Entities				
Current account balances, advances and accrued interest from:				
- wholly owned group	658,460	455,319	658,460	455,319
	658,460	455,319	658,460	455,319
15 Other Assets				
Interest receivable	25,807	20,538	25,807	20,538
GST receivable	423	406	423	406
Sundry debtors	86	135	86	135
Others	931	576	931	576
Total other assets	27,247	21,655	27,247	21,655

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
16 Investment in Controlled Entity				
Investment in Rabo Securities and Investments (NZ) Ltd ¹	-	-	-	-
¹ Investment in controlled entity equal to \$100.				
Rabo Securities and Investments (NZ) Ltd has a 31st December balance date and is 100% owned by the Bank. It is dormant as at 31 December 2006.				
17 Property, Plant and Equipment				
Closing balance				
Office fixtures & fittings				
At cost	5,479	4,491	5,479	4,491
Less: accumulated depreciation	(1,683)	(1,088)	(1,683)	(1,088)
	<u>3,796</u>	<u>3,403</u>	<u>3,796</u>	<u>3,403</u>
Office equipment				
At cost	389	369	389	369
Less: accumulated depreciation	(326)	(266)	(326)	(266)
	<u>63</u>	<u>103</u>	<u>63</u>	<u>103</u>
Computer hardware				
At cost	1,995	1,907	1,995	1,907
Less: accumulated depreciation	(1,399)	(1,322)	(1,399)	(1,322)
	<u>596</u>	<u>585</u>	<u>596</u>	<u>585</u>
Assets under operating leases				
At cost	-	850	-	850
Less: accumulated depreciation	-	(679)	-	(679)
	<u>-</u>	<u>171</u>	<u>-</u>	<u>171</u>
Total property, plant and equipment				
At cost	7,863	7,617	7,863	7,617
Less: accumulated depreciation	(3,408)	(3,355)	(3,408)	(3,355)
Net book value	<u>4,455</u>	<u>4,262</u>	<u>4,455</u>	<u>4,262</u>
Opening balance				
Office fixtures & fittings				
At cost	4,491	4,175	4,491	4,175
Less: accumulated depreciation	(1,088)	(648)	(1,088)	(648)
	<u>3,403</u>	<u>3,527</u>	<u>3,403</u>	<u>3,527</u>
Office equipment				
At cost	369	352	369	352
Less: accumulated depreciation	(266)	(177)	(266)	(177)
	<u>103</u>	<u>175</u>	<u>103</u>	<u>175</u>

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	\$000	\$000	\$000	\$000
17 Property, Plant and Equipment (Continued)				
Opening balance (continued)				
Computer hardware				
At cost	1,907	1,935	1,907	1,935
Less: accumulated depreciation	(1,322)	(1,157)	(1,322)	(1,157)
	585	778	585	778
Assets under operating leases				
At cost	850	1,110	850	1,110
Less: accumulated depreciation	(679)	(677)	(679)	(677)
	171	433	171	433
Total property, plant and equipment				
At cost	7,617	7,572	7,617	7,572
Less: accumulated depreciation	(3,355)	(2,659)	(3,355)	(2,659)
Net book value	4,262	4,913	4,262	4,913

Reconciliation

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

Office fixtures & fittings

Opening balance	3,403	3,527	3,403	3,527
Acquisitions	988	536	988	536
Disposals	-	(137)	-	(137)
Depreciation	(595)	(523)	(595)	(523)
Closing balance	3,796	3,403	3,796	3,403

Office equipment

Opening balance	103	175	103	175
Acquisitions	20	5	20	5
Disposals	-	(1)	-	(1)
Depreciation	(60)	(76)	(60)	(76)
Closing balance	63	103	63	103

Computer hardware

Opening balance	585	778	585	778
Acquisitions	484	220	484	220
Disposals	(8)	(4)	(8)	(4)
Depreciation	(465)	(409)	(465)	(409)
Closing balance	596	585	596	585

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
17 Property, Plant and Equipment (Continued)				
Reconciliation (continued)				
Assets under operating leases				
Opening balance	171	433	171	433
Acquisitions	-	-	-	-
Disposals	(29)	(19)	(29)	(19)
Depreciation	(142)	(243)	(142)	(243)
Closing balance	-	171	-	171
Total property, plant and equipment				
Opening balance	4,262	4,913	4,262	4,913
Acquisitions	1,492	761	1,492	761
Disposals	(37)	(161)	(37)	(161)
Depreciation	(1,262)	(1,251)	(1,262)	(1,251)
Closing balance	4,455	4,262	4,455	4,262
18 Assets Leased Out under Operating Leases				
The aggregate future minimum lease payments are classified into their relevant time periods as follows:				
One year or less	-	156	-	156
Between one and two years	-	-	-	-
Total Assets Leased Out under Operating Leases	-	156	-	156
19 Intangible Assets				
Computer Software*				
Closing balance				
At cost	41	41	41	41
Less : accumulated amortisation	(41)	(41)	(41)	(41)
	-	-	-	-
Opening balance				
At cost	41	41	41	41
Less : accumulated amortisation	(41)	(36)	(41)	(36)
	-	5	-	5
Reconciliations				
Opening balance	-	5	-	5
Amortisation	-	(5)	-	(5)
Closing balance	-	-	-	-

* Capitalised computer software is an internally generated intangible asset

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
20 Due to Related Entities				
Credit current account balances - wholly owned group	4,654	4,197	4,654	4,197
Short term advances - wholly owned group	3,363,468	2,813,197	3,363,468	2,813,197
Accrued interest payable - wholly owned group	49,822	45,378	49,822	45,378
	3,417,944	2,862,772	3,417,944	2,862,772
21 Creditors and Accruals				
Interest accruals	4,225	1,518	4,225	1,518
Sundry creditors	1,763	473	1,763	473
Accrued expenses	3,468	2,627	3,468	2,627
Total creditors and accruals	9,456	4,618	9,456	4,618
22 Provisions				
Provision for long service leave *	1,375	1,140	1,375	1,140
Provision for risks #	4,552	1,438	4,552	1,438
Total Provisions	5,927	2,578	5,927	2,578
* Refer to Note 1(x)(ii) for the accounting policy of provision for long service leave.				
# The directors deemed it is appropriate to increase risk provisioning in 2006 to allow for economic risks inherent in the business. Further information has not been disclosed due to commercial sensitivity.				
22 (a) Movements in provision for long service leave				
Opening balance	1,140	966	1,140	966
Addition	276	174	276	174
Used	(41)	-	(41)	-
Closing balance	1,375	1,140	1,375	1,140
22 (b) Movements in provision for risks				
Opening balance	1,438	1,438	1,438	1,438
Addition	3,114	-	3,114	-
Closing balance	4,552	1,438	4,552	1,438

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
23 Capital				
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 (2005: 20,600,000).				
Ordinary shares	41,200	41,200	41,200	41,200
Total Paid Up Capital	41,200	41,200	41,200	41,200
24 Reserves and Retained Profits				
(a) Reserve				
AFS reserve	-	-	-	-
	-	-	-	-
Movements:				
AFS Reserve				
Opening balance	-	804	-	804
Revaluation - gross	-	(1,200)	-	(1,200)
Deferred tax	-	396	-	396
Closing balance	-	-	-	-
(b) Retained Earnings				
Opening balance	151,502	132,177	151,502	132,177
Net profit for the period	15,008	19,325	15,008	19,325
Closing balance	166,510	151,502	166,510	151,502

(c) Nature and Purpose of Reserves

(i) AFS Reserve

Changes in the fair value and exchange differences arising on translation of investments classified as AFS financial assets, are taken to the reserve as described in note 1(h). Amounts are recognised in the income statement when the associated assets are sold or impaired.

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NOTES TO THE FINANCIAL STATEMENTS

25 Maturity Analysis (continued)

	Bank as at 31 December 2006						
	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
Monetary assets							
Cash and balances at banks	8,467	8,467	-	-	-	-	-
Derivative financial instruments	6,184	-	-	4,447	1,737	-	-
Loans and receivables	4,090,400	41,656	43,336	26,778	200,946	3,777,684	-
Due from related entities	658,460	423,460	150,000	30,000	55,000	-	-
Other monetary assets	26,316	26,316	-	-	-	-	-
Total monetary assets	4,789,827	499,899	193,336	61,225	257,683	3,777,684	-
Non-monetary assets	16,287	-	-	-	-	-	16,287
Total Assets	4,806,114	499,899	193,336	61,225	257,683	3,777,684	16,287
Monetary liabilities							
Bank overdraft	190	190	-	-	-	-	-
Unsecured deposits	1,158,723	1,019,694	34,146	2,043	1,598	101,242	-
Derivative financial instruments	6,164	-	-	4,427	1,737	-	-
Due to related entities	3,417,944	1,711,743	255,000	534,700	874,001	42,500	-
Other monetary liabilities	9,456	9,456	-	-	-	-	-
Total monetary liabilities	4,592,477	2,741,083	289,146	541,170	877,336	143,742	-
Non-monetary liabilities	5,927	-	-	-	-	-	5,927
Total Liabilities	4,598,404	2,741,083	289,146	541,170	877,336	143,742	5,927
Bank as at 31 December 2005							
	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
Monetary assets							
Cash at Banks and on Hand	13,596	13,596	-	-	-	-	-
Derivative financial instruments	15,386	1,874	8,163	1,312	3,984	53	-
Loans and receivables	3,621,743	34,698	27,713	79,994	160,814	3,318,524	-
Due from related entities	455,319	93,428	250,072	25,249	86,570	-	-
Other monetary assets	21,079	21,079	-	-	-	-	-
Total monetary assets	4,127,123	164,675	285,948	106,555	251,368	3,318,577	-
Non-monetary assets	13,905	-	-	-	-	-	13,905
Total Assets	4,141,028	164,675	285,948	106,555	251,368	3,318,577	13,905
Monetary liabilities							
Bank overdraft	731	731	-	-	-	-	-
Unsecured deposits	838,910	184,823	551,488	-	22	102,577	-
Derivative financial instruments	238,567	2,012	231,392	1,312	3,798	53	-
Due to related entities	2,862,772	1,378,035	239,932	406,488	810,506	27,811	-
Other monetary liabilities	4,618	4,618	-	-	-	-	-
Total monetary liabilities	3,945,598	1,570,219	1,022,812	407,800	814,326	130,441	-
Non-monetary liabilities	2,728	-	-	-	-	-	2,728
Total Liabilities	3,948,326	1,570,219	1,022,812	407,800	814,326	130,441	2,728

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NOTES TO THE FINANCIAL STATEMENTS

26 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

	Banking Group		Bank	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	\$000	\$000	\$000	\$000
Guarantees	6,339	7,953	6,339	7,953
Commitments	316,207	307,347	316,207	307,347
Total	322,546	315,300	322,546	315,300

Structured finance transactions

The Inland Revenue Department (the "IRD") is carrying out a review of certain structured finance transactions in the banking industry.

The Bank 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 certain structured finance transactions.

These notices do not create a tax obligation for the Bank, but advise of the IRD's intention to issue amended assessments for those years.

The Bank is confident that the tax treatment it has applied is correct. The Bank has obtained independent legal advice that confirm the transactions complied with New Zealand tax law.

27 Commitments

	Banking Group		Bank	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	\$000	\$000	\$000	\$000
(a) Capital Expenditure Commitments				
Estimated capital expenditure contracted for a balance date, but not provided for, payable				
No later than one year	-	-	-	-
	-	-	-	-
(b) Operating Lease Commitments				
One year or less	2,063	1,908	2,063	1,908
Between one and two years	1,827	1,431	1,827	1,431
Between two and five years	1,650	2,040	1,650	2,040
Over five years	180	366	180	366
Total operating lease commitments	5,720	5,745	5,720	5,745

28 Risk Management Policies and Financial Instruments

(a) Nature of Activities and Management Policies with respect to Financial Instruments

(i) 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 (See Note 25 : Maturity Analysis).

Liquidity is controlled by monitoring and managing the current and future cash flows to contain the net cash outflow position during specified time intervals within acceptable parameters. Should circumstances require, funds are available to the Banking Group at short notice to meet its obligations and commitments.

(ii) Currency Risk

Currency Risk is the potential loss arising from movement in foreign currency exchange rates between New Zealand dollars and other currencies.

The Banking Group does not engage in active foreign exchange trading activities. The limit framework and policies are set in consultation with the Balance Sheet Risk Management Committee of Rabobank Netherland Australia Branch and the Market Risk Dept of Rabobank International. The day to day management of foreign exchange risk is carried out by the Global Financial Markets division of Rabobank Australia Branch and may include the establishment of fair value hedges which are primarily in the form of forward foreign exchange transactions. All foreign currency hedge transactions are internal transactions with Rabobank Australia Branch, which covers its position with off-setting transactions in the market place, or with other Rabobank International branches.

(iii) Interest Rate Risk

The Banking Group is funded by a combination of medium term fixed rate borrowings and short term floating rate borrowings. Interest rate swaps and forward rate agreements are used to limit interest rate exposure to a three month floating rate basis by converting the interest rate exposure from fixed to floating. However, where the Banking Group lends on a fixed rate basis loans are swapped to floating rate, or an equivalent amount of borrowings are maintained at fixed rates.

(iv) 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 risk weighted exposures are derived in accordance with the Reserve Bank of New Zealand's Capital Adequacy Framework as required by the Registered Bank Disclosure Statement (Full and Half-year New Zealand Incorporated Registered Banks) Order 2005 (New Zealand). The current exposure method has been used to calculate the credit equivalent of the market related contracts.

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

RABOBANK NEW ZEALAND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(iv) Credit Risk (continued)

	Banking Group as at 31 December 2006				
	Principal	Credit	Credit	Risk	Risk weighted
	Amount	Conversion	Equivalent	Weighting	Exposure
	\$000		\$000		\$000
Calculation of Balance Sheet Exposure					
Cash	13	100%	13	0%	-
Claims on banks	8,454	100%	8,454	20%	1,691
Derivative financial instruments	6,182	100%	6,182	0%	-
Derivative financial instruments	2	100%	2	20%	-
Loans and receivables (net of specific and collective provisions)	4,036,991	100%	4,036,991	20%	807,398
Loans and receivables (net of specific and collective provisions)	53,409	100%	53,409	100%	53,409
Loans to related entities	646,471	100%	646,471	20%	129,294
Accrued interest	25,807	100%	25,807	20%	5,161
Accrued interest (related)	11,989	100%	11,989	20%	2,398
All other assets	7,284	100%	7,284	0%	-
All other assets	5,489	100%	5,489	100%	5,489
Non risk weighted assets	4,023	100%	4,023	0%	-
Total Assets	4,806,114		4,806,114		1,004,840
Calculation of Off-Balance Sheet Exposure[^]					
Commitment and guarantees					
Guarantee	6,339	100%	6,339	100%	6,339
Commitments < 1 year	246,761	0%	-	100%	-
Commitments > 1 year	69,446	50%	34,723	100%	34,723
Total commitments & guarantees	322,546		41,062		41,062
Market related contracts (derivative financial instruments)					
FX swaps	2,520	N/A	334	0%	-
FX swaps	16,410	N/A	279	20%	56
FX swaps	6,505	N/A	897	50%	449
FX options	1,736	N/A	75	20%	15
FX options	1,736	N/A	20	50%	10
Interest rate swaps	847,747	N/A	2,619	20%	524
Interest rate swaps	9,999	N/A	50	50%	25
Interest rate options	10,499	N/A	52	20%	10
Interest rate options	10,499	N/A	179	50%	90
Total Market Related contracts	907,651		4,505		1,179

[^] Off - Balance Sheet disclosure is only for exposure calculation purposes.

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(iv) Credit Risk (continued)

	Banking Group as at 31 December 2005				
	Principal Amount \$000	Credit Conversion	Credit Equivalent \$000	Risk Weighting	Risk weighted Exposure \$000
Calculation of Balance Sheet Exposure					
Cash	13	100%	13	0%	-
Claims on banks	13,583	100%	13,583	20%	2,717
Derivative financial instruments	11,648	100%	11,648	0%	-
Derivative financial instruments	3,738	100%	3,738	20%	748
Loans to customers (net of specific and collective provisions)	72,576	100%	72,576	100%	72,576
Loans to customers (net of specific and collective provisions)	3,549,167	100%	3,549,167	20%	709,833
Loans to related entities	258,380	100%	258,380	20%	51,676
Loans to related entities	2	100%	2	100%	2
Accrued interest	20,538	100%	20,538	20%	4,108
Accrued interest (related)	196,937	100%	196,937	20%	39,387
All other assets	14,446	100%	14,446	100%	14,446
Total Assets	4,141,028		4,141,028		895,493
Calculation of Off-Balance Sheet Exposure[^]					
Commitment and guarantees					
Guarantee	7,953	100%	7,953	100%	7,953
Undrawn commitments with original commitment					
less than one year	215,544	0%	-	100%	-
greater than one year	91,803	50%	45,902	100%	45,902
Total commitments & guarantees	315,300		53,855		53,855
Market related contracts (derivative financial instruments)					
FX forwards	8,627	N/A	197	20%	39
FX forwards	4,133	N/A	163	50%	82
Currency swaps	349,482	N/A	3,495	20%	699
Interest rate swaps	2,069,817	N/A	20,677	20%	4,135
Forward purchase	570,802	N/A	570,802	20%	114,160
Total Market Related contracts	3,002,861		595,334		119,115

[^] Off - Balance Sheet disclosure is only for exposure calculation purposes.

RABOBANK NEW ZEALAND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(iv) Credit Risk (continued)

	Bank as at 31 December 2006				
	Principal	Credit	Credit	Risk	Risk weighted
	Amount	Conversion	Equivalent	Weighting	Exposure
	\$000		\$000		\$000
Calculation of Balance Sheet Exposure					
Cash	13	100%	13	0%	-
Claims on banks	8,454	100%	8,454	20%	1,691
Derivative financial instruments	6,182	100%	6,182	0%	-
Derivative financial instruments	2	100%	2	20%	-
Loans to customers (net of specific and collective provisions)	4,036,991	100%	4,036,991	20%	807,398
Loans to customers (net of specific and collective provisions)	53,409	100%	53,409	100%	53,409
Loans to related entities	646,471	100%	646,471	20%	129,294
Accrued interest (related)	25,807	100%	25,807	20%	5,161
Accrued interest	11,989	100%	11,989	20%	2,398
All other assets	7,284	100%	7,284	0%	-
All other assets	5,489	100%	5,489	100%	5,489
Non risk weighted assets	4,023	100%	4,023	0%	-
Total Assets	4,806,114		4,806,114		1,004,840
Calculation of Off-Balance Sheet Exposure[^]					
Commitment and Guarantees					
Guarantee	6,339	100%	6,339	100%	6,339
Commitments < 1 year	246,761	0%	-	100%	-
Commitments > 1 year	69,446	50%	34,723	100%	34,723
Total commitments & guarantees	322,546		41,062		41,062
Market related contracts (derivative financial instruments)					
FX swaps	2,520	N/A	334	0%	-
FX swaps	16,410	N/A	279	20%	56
FX swaps	6,505	N/A	897	50%	449
FX options	1,736	N/A	75	20%	15
FX options	1,736	N/A	20	50%	10
Interest rate swaps	847,747	N/A	2,619	20%	524
Interest rate swaps	9,999	N/A	50	50%	25
Interest rate options	10,499	N/A	52	20%	10
Interest rate options	10,499	N/A	179	50%	90
Total Market Related contracts	907,651		4,505		1,179

[^] Off - Balance Sheet disclosure is only for exposure calculation purposes.

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(iv) Credit Risk (continued)

	Bank as at 31 December 2005				
	Principal	Credit	Credit	Risk	Risk weighted
	Amount	Conversion	Equivalent	Weighting	Exposure
	\$000		\$000		\$000
Calculation of Balance Sheet Exposure					
Cash	13	100%	13	0%	-
Claims on banks	13,583	100%	13,583	20%	2,717
Derivative financial instruments	11,648	100%	11,648	0%	-
Derivative financial instruments	3,738	100%	3,738	20%	748
Loans to customers (net of specific and collective provisions)	72,576	100%	72,576	100%	72,576
Loans to customers (net of specific and collective provisions)	3,549,167	100%	3,549,167	20%	709,833
Loans to related entities	258,380	100%	258,380	20%	51,676
Loans to related entities	2	100%	2	100%	2
Accrued interest	20,538	100%	20,538	20%	4,108
Accrued interest (related)	196,937	100%	196,937	20%	39,387
All other assets	14,446	100%	14,446	100%	14,446
Total Assets	4,141,028		4,141,028		895,493
Calculation of Off-Balance Sheet Exposure[^]					
Commitment and guarantees					
Guarantee	7,953	100%	7,953	100%	7,953
Undrawn commitments with original commitment					
less than one year	215,544	0%	-	100%	-
greater than one year	91,803	50%	45,902	100%	45,902
Total commitments & guarantees	315,300		53,855		53,855
Market related contracts (derivative financial instruments)					
FX forwards	8,627	N/A	197	20%	39
FX forwards	4,133	N/A	163	50%	82
Currency swaps	349,482	N/A	3,495	20%	699
Interest rate swaps	2,069,817	N/A	20,677	20%	4,135
Forward purchase	570,802	N/A	570,802	20%	114,160
Total Market Related contracts	3,002,861		595,334		119,115

[^] Off - Balance Sheet disclosure is only for exposure calculation purposes.

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(v) Concentration of Credit Exposures

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
Credit Exposures Consist of :				
Cash at Banks and on Hand	8,467	13,596	8,467	13,596
Loans and receivables (net of provisions for doubtful debts)	4,090,400	3,621,743	4,090,400	3,621,743
Due from related entities	658,460	455,319	658,460	455,319
Other financial assets	26,316	21,079	26,316	21,079
Derivative financial instruments - related	3,025	595,335	3,025	595,335
Derivative financial instruments - non-related	1,480	-	1,480	-
Commitment and guarantees - non-related	41,062	53,854	41,062	53,854
Total Credit Exposures	4,829,210	4,760,926	4,829,210	4,760,926
Analysis of Credit Exposures by Type of Borrowers:				
Accommodation and restaurants	5,696	6,412	5,696	6,412
Agriculture, forestry and fishery	3,989,695	3,571,959	3,989,695	3,571,959
Communications	2,962	-	2,962	-
Construction	1,087	1,761	1,087	1,761
Cultural and Recreational Services	213	-	213	-
Finance and insurance	684,404	1,065,629	684,404	1,065,629
Government	-	1,327	-	1,327
Health and community services	-	1,722	-	1,722
Manufacturing	17,918	2,763	17,918	2,763
Mining	385	-	385	-
Personal and other services	56,763	50,025	56,763	50,025
Property and business services	67,654	54,528	67,654	54,528
Retail trade	612	241	612	241
Transport and storage	1,223	3,549	1,223	3,549
Wholesale trade	598	1,010	598	1,010
Total Credit Exposures	4,829,210	4,760,926	4,829,210	4,760,926
Analysis of Credit Exposure by Geographical Areas:				
Australia	7,170	772,622	7,170	772,622
Malaysia	319	-	319	-
Netherlands	-	17,334	-	17,334
New Zealand	4,821,471	3,970,969	4,821,471	3,970,969
United Kingdom	-	1	-	1
Uruguay	250	-	250	-
Total Credit Exposures	4,829,210	4,760,926	4,829,210	4,760,926

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(v) Concentration of Credit Exposures (continued)

Analysis of Concentrations of Exposure to Closely Related Counterparties

	Number of Groups of Closely Related Counterparties			
	Banking Group		Bank	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
Percentage of Shareholders' Equity				
20-30%	-	1	-	1
310-320%	1	-	1	-
500-510%	-	1	-	1

Analysis of Concentrations of Exposure to Individual Counterparties

	Number of Individual Counterparties			
	Banking Group		Bank	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
Percentage of Shareholders' Equity				
Non Bank Counterparties:				
10-20%	7	4	7	4
20-30%	1	1	1	1
30-40%	1	-	1	-

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NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(a) Nature of Activities and Management Policies with respect to Financial Instruments (continued)

(vi) Concentration of Funding

	Banking Group		Bank	
	31 December 2006 \$000	31 December 2005 \$000	31 December 2006 \$000	31 December 2005 \$000
Analysis of Funding by Product				
Bank overdraft	190	731	190	731
Unsecured deposits	1,158,723	838,910	1,158,723	838,910
Due to related entities	3,417,944	2,862,772	3,417,944	2,862,772
Other financial liabilities	9,456	4,618	9,456	4,618
Total Funding	4,586,313	3,707,031	4,586,313	3,707,031

Analysis of Funding Concentration by Geographical Areas:

Australia	1,537	360,431	1,537	360,431
Canada	16	10	16	10
Hong Kong	-	4	-	4
Ireland	3	-	3	-
Japan	4	-	4	-
Malaysia	2	-	2	-
Netherlands	474	192	474	192
New Zealand	4,583,532	3,346,215	4,583,532	3,346,215
Switzerland	64	62	64	62
Thailand	58	105	58	105
United Kingdom	73	10	73	10
United States of America	412	-	412	-
Vanuatu	137	-	137	-
Zimbabwe	1	2	1	2
Total Funding	4,586,313	3,707,031	4,586,313	3,707,031

Analysis of Funding by Industry:

Accommodation and restaurants	441	-	441	-
Agriculture, forestry and fishing	197,044	226,896	197,044	226,896
Communication services	41	-	41	-
Construction	875	109	875	109
Cultural and recreational services	576	-	576	-
Education	189	-	189	-
Finance and insurance	3,427,614	3,419,599	3,427,614	3,419,599
Government	-	1,916	-	1,916
Health and community services	7,960	123	7,960	123
Manufacturing	936	-	936	-
Mining	80	-	80	-
Personal and other services	933,775	57,251	933,775	57,251
Property and business services	15,161	1,079	15,161	1,079
Retail trade	644	18	644	18
Transport and storage	375	-	375	-
Wholesale trade	602	40	602	40
Total Funding	4,586,313	3,707,031	4,586,313	3,707,031

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(b) Fair Value of Financial Instruments

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

	Banking Group			
	31 December 2006	31 December 2006	31 December 2005	31 December 2005
	Carrying Value \$000	Net Fair Value \$000	Carrying Value \$000	Net Fair Value \$000
Financial assets				
Cash at Banks and on Hand	8,467	8,467	13,596	13,596
Derivative financial instruments	6,184	6,184	15,386	15,386
Loans and receivables	4,090,400	4,141,096	3,621,743	3,617,636
Due from related entities	658,460	654,886	455,319	453,270
Other financial assets	26,316	26,316	21,079	21,079
Total financial assets	4,789,827	4,836,949	4,127,123	4,120,967
Non-financial assets	16,287		13,905	
Total Assets	4,806,114		4,141,028	
Financial liabilities				
Bank overdraft	190	190	731	731
Unsecured deposits	1,158,723	1,158,590	838,910	838,908
Derivative financial instruments	6,164	6,164	238,567	238,567
Due to related entities	3,417,944	3,389,994	2,862,772	2,862,558
Creditors and accruals	9,456	9,456	4,617	4,617
Total financial liabilities	4,592,477	4,564,394	3,945,597	3,945,381
Non-financial liabilities	5,927		2,729	
Total Liabilities	4,598,404		3,948,326	
Unrecognised Financial Assets and Liabilities				
Net Fair Value				
Commitments & guarantees:				
Guarantee	6,339	6,339	7,953	7,953
Commitments	316,207	316,207	307,347	307,347

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(b) Fair Value of Financial Instruments (continued)

	Bank			
	31 December 2006	31 December 2006	31 December 2005	31 December 2005
	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
	\$000	\$000	\$000	\$000
Financial assets				
Cash at Banks and on Hand	8,467	8,467	13,596	13,596
Derivative financial instruments	6,184	6,184	15,386	15,386
Loans and receivables	4,090,400	4,141,096	3,621,743	3,617,636
Due from related entities	658,460	654,886	455,319	453,270
Other financial assets	26,316	26,316	21,079	21,079
Total financial assets	4,789,827	4,836,949	4,127,123	4,120,967
Non-financial assets	16,287		13,905	
Total Assets	4,806,114		4,141,028	
Financial liabilities				
Bank overdraft	190	190	731	731
Unsecured deposits	1,158,723	1,158,590	838,910	838,908
Derivative financial instruments	6,164	6,164	238,567	238,567
Due to related entities	3,417,944	3,389,994	2,862,772	2,862,558
Creditors and accruals	9,456	9,456	4,617	4,617
Total financial liabilities	4,592,477	4,564,394	3,945,597	3,945,381
Non-financial liabilities	5,927		2,729	
Total Liabilities	4,598,404		3,948,326	

Unrecognised Financial Assets and Liabilities

Net Fair Value

Commitments & guarantees:

Guarantee	6,339	6,339	7,953	7,953
Commitments	316,207	316,207	307,347	307,347

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

Loans and receivables

Fair values were calculated using discounted cash flow models based on repricing dates, with discount rates at current interest rates for loans and receivables with similar maturity. The book value and fair value are net of specific and collective provision for loss.

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.

Cash and balances at bank, Other financial assets and Creditors and accruals

The carrying value of cash and balances at bank, other financial assets and creditors and accruals approximate their net fair value as they are short term in nature or are receivable on demand.

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. The Banking Group anticipates that secured borrowings will be held to maturity and that settlement at fair value is unlikely.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(b) Fair Value of Financial Instruments (continued)

Bank overdraft

The carrying value is equivalent to the fair value.

Derivative Financial Instruments

The net fair value of derivative financial instruments were determined using discounted cashflow method.

Commitments to Extend Credit, Letters of Credit, and Guarantees

The fair value of these instruments is measured using their notional carrying amount.

(c) Repricing Analysis

	Banking Group as at 31 December 2006						
	Effective		Call-6	6-12	12-60	Over 60	Non-Interest
	Interest	Total	Months	Months	Months	Months	bearing
Rates	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets							
Cash and balances at banks	6.75%	8,467	8,467	-	-	-	-
Derivative financial instruments	N/A	6,184	-	-	-	-	6,184
Loans and receivables	8.86%	4,090,400	1,882,648	423,425	1,770,630	13,697	-
Due from related entities	7.19%	658,460	411,463	150,000	85,000	-	11,997
Other financial assets	N/A	26,316	-	-	-	-	26,316
Total Financial Assets		4,789,827	2,302,578	573,425	1,855,630	13,697	44,497
Non-financial assets		16,287					
Total Assets		4,806,114	2,302,578	573,425	1,855,630	13,697	44,497
Financial Liabilities							
Bank overdraft	7.80%	190	190	-	-	-	-
Unsecured deposits	6.93%	1,158,723	1,121,143	33,984	3,596	-	-
Derivative financial instruments	N/A	6,164	-	-	-	-	6,164
Due to related entities	7.03%	3,417,944	1,657,267	255,000	1,408,701	42,500	54,476
Other financial liabilities	N/A	9,456	-	-	-	-	9,456
Total Financial Liabilities		4,592,477	2,778,600	288,984	1,412,297	42,500	70,096
Non-financial liabilities		5,927					
Total Liabilities		4,598,404	2,778,600	288,984	1,412,297	42,500	70,096
Interest Rate Derivatives							
Swaps	N/A	-	2,391	-	(2,391)	-	-
Repricing gap (interest bearing assets and liabilities)		222,949	(473,631)	284,441	440,942	(28,803)	
Cumulative Mismatch		222,949	(473,631)	(189,190)	251,752	222,949	222,949

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(c) Repricing Analysis (continued)

	Banking Group as at 31 December 2005						
	Effective Interest Rates	Total \$000	Call-6 Months \$000	6-12 Months \$000	12-60 Months \$000	Over 60 Months \$000	Non-Interest bearing \$000
Financial Assets							
Cash and balances at banks	6.75%	13,596	13,596	-	-	-	-
Derivative financial instruments	N/A	15,386	-	-	-	-	15,386
Loans and receivables	8.54%	3,621,743	1,654,907	509,489	1,442,978	14,369	-
Due from related entities	6.54%	455,319	93,382	55,000	110,000	-	196,937
Other financial assets	N/A	21,079	-	-	-	-	21,079
Total Financial Assets		4,127,123	1,761,885	564,489	1,552,978	14,369	233,402
Non-financial assets		13,905					
Total Assets		4,141,028	1,761,885	564,489	1,552,978	14,369	233,402
Financial Liabilities							
Bank overdraft	7.80%	731	731	-	-	-	-
Unsecured deposits	7.27%	838,910	285,295	551,490	22	2,103	-
Derivative financial instruments	N/A	238,567	-	-	-	-	238,567
Due to related entities	6.83%	2,862,772	1,351,997	235,000	1,198,700	27,500	49,575
Other financial liabilities	N/A	4,617	-	-	-	-	4,617
Total Financial Liabilities		3,945,597	1,638,023	786,490	1,198,722	29,603	292,759
Non-financial liabilities		2,729					
Total Liabilities		3,948,326	1,638,023	786,490	1,198,722	29,603	292,759
Interest Rate Derivatives							
Swaps	N/A	-	(363,547)	25,000	338,547	-	-
Repricing gap (interest bearing assets and liabilities)		240,883	(239,685)	(197,001)	692,803	(15,234)	
Cumulative Mismatch		240,883	(239,685)	(436,686)	256,117	240,883	240,883

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(c) Repricing Analysis (continued)

	Bank as at 31 December 2006						
	Effective Interest Rates	Total \$000	Call-6 Months \$000	6-12 Months \$000	12-60 Months \$000	Over 60 Months \$000	Non-Interest bearing \$000
Financial Assets							
Cash and balances at banks	6.75%	8,467	8,467	-	-	-	-
Derivative financial instruments	N/A	6,184	-	-	-	-	6,184
Loans and receivables	8.86%	4,090,400	1,882,648	423,425	1,770,630	13,697	-
Due from related entities	7.19%	658,460	411,463	150,000	85,000	-	11,997
Other financial assets	N/A	26,316	-	-	-	-	26,316
Total Financial Assets		4,789,827	2,302,578	573,425	1,855,630	13,697	44,497
Non-financial assets		16,287					
Total Assets		4,806,114	2,302,578	573,425	1,855,630	13,697	44,497
Financial Liabilities							
Bank overdraft	7.80%	190	190	-	-	-	-
Unsecured deposits	6.93%	1,158,723	1,121,143	33,984	3,596	-	-
Derivative financial instruments	N/A	6,164	-	-	-	-	6,164
Due to related entities	7.03%	3,417,944	1,657,267	255,000	1,408,701	42,500	54,476
Other financial liabilities	N/A	9,456	-	-	-	-	9,456
Total Financial Liabilities		4,592,477	2,778,600	288,984	1,412,297	42,500	70,096
Non-financial liabilities		5,927					
Total Liabilities		4,598,404	2,778,600	288,984	1,412,297	42,500	70,096
Interest Rate Derivatives							
Swaps	N/A	-	2,391	-	(2,391)	-	-
Repricing gap (interest bearing assets and liabilities)		222,949	(473,631)	284,441	440,942	(28,803)	
Cumulative Mismatch		222,949	(473,631)	(189,190)	251,752	222,949	222,949

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

28 Risk Management Policies and Financial Instruments (continued)

(c) Repricing Analysis (continued)

	Bank as at 31 December 2005						
	Effective Interest Rates	Total \$000	Call-6 Months \$000	6-12 Months \$000	12-60 Months \$000	Over 60 Months \$000	Non-Interest bearing \$000
Financial Assets							
Cash and balances at banks	6.75%	13,596	13,596	-	-	-	-
Derivative financial instruments	N/A	15,386	-	-	-	-	15,386
Loans and receivables	8.54%	3,621,743	1,654,907	509,489	1,442,978	14,369	-
Due from related entities	6.54%	455,319	93,382	55,000	110,000	-	196,937
Other financial assets	N/A	21,079	-	-	-	-	21,079
Total Financial Assets		4,127,123	1,761,885	564,489	1,552,978	14,369	233,402
Non-financial assets		13,905					
Total Assets		4,141,028	1,761,885	564,489	1,552,978	14,369	233,402
Financial Liabilities							
Bank overdraft	7.80%	731	731	-	-	-	-
Unsecured deposits	7.27%	838,910	285,295	551,490	22	2,103	-
Derivative financial instruments	N/A	238,567	-	-	-	-	238,567
Due to related entities	6.83%	2,862,772	1,351,997	235,000	1,198,700	27,500	49,575
Other financial liabilities	N/A	4,617	-	-	-	-	4,617
Total Financial Liabilities	-	3,945,597	1,638,023	786,490	1,198,722	29,603	292,759
Non-financial liabilities		2,729					
Total Liabilities	-	3,948,326	1,638,023	786,490	1,198,722	29,603	292,759
Interest Rate Derivatives							
Swaps	N/A	-	(363,547)	25,000	338,547	-	-
Repricing gap (interest bearing assets and liabilities)		240,883	(239,685)	(197,001)	692,803	(15,234)	
Cumulative Mismatch	-	240,883	(239,685)	(436,686)	256,117	240,883	240,883

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

29 Reconciliation of Profit after Tax to Net Cash Flow from Operating Activities

	Banking Group		Bank	
	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000	Year ended 31 December 2006 \$000	Year ended 31 December 2005 \$000
Net profit after tax	15,008	19,325	15,008	19,325
<i>Add / (Deduct) Non Cash Items:</i>				
Depreciation	1,262	1,251	1,262	1,251
Amortisation of intangible assets	-	5	-	5
Charge for provision for risks	3,114	-	3,114	-
Bad and doubtful debts	200	1,704	200	1,704
Management fees	19,732	22,742	19,732	22,742
(Gain) / loss from fair value adjustments on unsecured deposits	(7,241)	(28,639)	(7,241)	(28,639)
(Gain) / loss from fair value adjustments on due to related parties	194	(194)	194	(194)
(Profit) / loss on disposal of property, plant and equipment	(240)	(122)	(240)	(122)
Foreign exchange (gains) / losses	(217)	-	(217)	-
<i>Add/(Deduct) Movements in Operating Assets or Operating Liabilities:</i>				
(Increase) / decrease in available-for-sale financial assets	-	236,739	-	236,739
(Increase) / decrease in loans and receivables	(468,795)	(471,745)	(468,795)	(471,745)
(Increase) / decrease in due from related entities	(388,088)	(123,383)	(388,088)	(123,383)
(Increase) / decrease in other assets	(323)	(692)	(323)	(692)
Increase / (decrease) in unsecured deposits	327,271	86,267	327,271	86,267
Increase / (decrease) in due to related entities	530,821	390,295	530,821	390,295
Increase / (decrease) in creditors & accruals	2,131	66	2,131	66
<i>Add / (Deduct) Movements in Working Capital:</i>				
(Increase) / decrease in derivative financial instruments	(223,205)	(63,066)	(223,205)	(63,066)
(Increase) / decrease in income tax receivable	(786)	(6,112)	(786)	(6,112)
(Increase) / decrease in deferred tax assets	(1,068)	(167)	(1,068)	(167)
(Increase) / decrease in accrued interest receivable	183,352	(36,073)	183,352	(36,073)
Increase / (decrease) in current tax liabilities	-	331	-	331
Increase / (decrease) in deferred tax liabilities	(150)	(111)	(150)	(111)
Increase / (decrease) in accrued interest payable	3,420	(18,560)	3,420	(18,560)
Increase / (decrease) in employee entitlements	235	165	235	165
Net cash flow provided by / (used in) operating activities	(3,373)	10,026	(3,373)	10,026

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

30 Related Party Disclosures

The Banking Group's parent entity as at 31 December 2006 is Rabobank International Holding B.V. The ultimate controlling party is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., of the Netherlands (Rabobank Nederland). Both the parent entity and the ultimate controlling party are incorporated in the Netherlands. Dealings include funding, deposits, interest rate swaps and forward rate agreements. The amounts of principal and interest due from and due to related entities are disclosed in the Balance Sheet and notes to the Financial Statements.

(a) Transactions with related parties

Other related parties

(1) Under the Deed of Guarantee dated 18th February 1998, Rabobank Nederland unconditionally guarantees the due and punctual payments of each and every obligation on and after 18 February 1998 owing or become owing by the Bank to each creditor during the Term of the Guarantee.

(2) Under the Deed of Assignment dated 1st June 2000, Rabobank Nederland has guaranteed the Bank, the due and punctual payment by the obligors of all their respective obligations under or in respect of the rural lending assets as and when they fall due for payment in accordance with their applicable terms and has agreed to pay on demand any moneys payable pursuant to that guarantee.

(3) The Bank was a party to a Forward Purchase Agreement dated 21st September 2000 between Soep Pty Limited (Soep) and the Bank (The Forward Purchase Agreement) whereby Soep sold and the Bank purchased the Aggregate Partnership Interest which was to be transferred to the Bank on 21st September 2006 or such earlier date as RNZL or Soep determined. The transfer was completed on 21st September 2006.

(4) Under a guarantee dated 14 December 2000, Rabobank Nederland has irrevocably guaranteed to the Bank the payment of all existing and future loans owing to the Bank.

(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 year ended 31 December 2006, the Banking Group has not made any provision for impairment relating to amounts owed by related parties as the payment history has been excellent (2005: \$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.

31 Key Management Personnel

(a) Details of Key Management Personnel

(i) Directors

Bruce R. Dick

John G.R. McLean (appointed on 19 April 2006)

Douglas Crombie (resigned on 24 February 2006)

David Owen (resigned on 30 September 2006)

(ii) Executives (non-directors)

Paul Beiboer (appointed on 1 July 2006)

Victor Cuyckens

Edward J. Debenham (appointed on 1 July 2006)

Neil F. Dobbin

Ruurd Weulen Kranenberg (appointed on 1 October 2006)

Andrew Davis (resigned on 10 November 2006)

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

	Banking Group		Bank	
	2006	2005	2006	2005
	\$	\$	\$	\$
31 Key Management Personnel (continued)				
(b) Compensation of Key Management Personnel paid by Australian Branch of Rabobank Netherland and New Zealand Branch of Rabobank Netherland				
Short term employee benefits	4,145,863	4,969,354	4,145,863	4,969,354
Post employment benefits	354,648	428,162	354,648	428,162
Other long term benefits	239,679	883,548	239,679	883,548
Termination benefits	2,855,997	-	2,855,997	-
Share based payment	-	-	-	-
	7,596,187	6,281,064	7,596,187	6,281,064

(c) Transactions and balances with Key Management Personnel and their related parties

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

	2006	2005
	\$	\$
Deposits outstanding at the year end	-	367
Deposits received during the year	2,000	3,140
Deposits withdrawn during the year	2,367	6,874
Interest expense during the year	1	23

32 Segment information

The Banking Group operates in the rural finance industry and retail deposit market within New Zealand.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

33 Explanation of Transition to NZ IFRS

(i) Reconciliation of Equity Reported under previous NZ GAAP to NZ IFRS

(a) At 1 January 2005

	Notes	Banking Group			Bank		
		Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
Assets							
Cash and balances at banks		7,465	-	7,465	7,465	-	7,465
AFS financial assets	(a)(f)	-	237,939	237,939	-	237,939	237,939
Derivative financial instruments	(b)(g)	-	50,983	50,983	-	50,983	50,983
Loans and receivables	(a)(h)	3,388,471	(236,822)	3,151,649	3,388,471	(236,822)	3,151,649
Due from related entities	(b)	312,161	(30,394)	281,767	312,161	(30,394)	281,767
Other assets		5,850	-	5,850	5,850	-	5,850
Deferred tax assets	(j)	1,791	601	2,392	1,791	601	2,392
Investment in controlled entity		-	-	-	-	-	-
Property, plant and equipment	(c)	4,918	(5)	4,913	4,918	(5)	4,913
Intangible assets	(c)	-	5	5	-	5	5
Total Assets		3,720,656	22,307	3,742,963	3,720,656	22,307	3,742,963
Liabilities							
Bank overdraft		4,148	-	4,148	4,148	-	4,148
Unsecured deposits	(b)(i)	1,063,414	(282,132)	781,282	1,063,414	(282,132)	781,282
Derivative financial instruments	(b)(g)	-	336,093	336,093	-	336,093	336,093
Due to related entities	(b)(i)	2,466,521	(31,223)	2,435,298	2,466,521	(31,223)	2,435,298
Current tax liabilities		428	-	428	428	-	428
Deferred tax liabilities	(j)	-	261	261	-	261	261
Creditors and accruals	(d)	11,272	(2,404)	8,868	11,272	(2,404)	8,868
Provisions	(d)	-	2,404	2,404	-	2,404	2,404
Total Liabilities		3,545,783	22,999	3,568,782	3,545,783	22,999	3,568,782
NET ASSETS		174,873	(692)	174,181	174,873	(692)	174,181
Equity							
Paid Up Capital		41,200	-	41,200	41,200	-	41,200
Retained earnings	(e)(k)	133,410	263	133,673	133,410	263	133,673
Recognition of collective and specific provisions		-	(56)	(56)	-	(56)	(56)
Adjustments in respect of fair value hedges on initial application of hedge accounting		-	(421)	(421)	-	(421)	(421)
Adjustments to fair value calculation for trading derivatives		-	(1,019)	(1,019)	-	(1,019)	(1,019)
Retained earnings		133,410	(1,233)	132,177	133,410	(1,233)	132,177
Reserves	(e)	263	(263)	-	263	(263)	-
Recognition of fair value for AFS financial assets	(l)	-	804	804	-	804	804
Reserves		263	541	804	263	541	804
TOTAL EQUITY		174,873	(692)	174,181	174,873	(692)	174,181

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

33 Explanation of Transition to NZ IFRS (continued)

(i) Reconciliation of Equity Reported under previous NZ GAAP to NZ IFRS

(b) At the End of the Last Reporting Period under previous NZ GAAP: 31 December 2005

	Notes	Banking Group			Bank		
		Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
Assets							
Cash and balances at banks		13,596	-	13,596	13,596	-	13,596
Derivative financial instruments	(b)(g)	-	15,386	15,386	-	15,386	15,386
Loans and receivables	(h)	3,622,627	(884)	3,621,743	3,622,627	(884)	3,621,743
Due from related entities	(b)	462,735	(7,416)	455,319	462,735	(7,416)	455,319
Income tax receivable		6,112	-	6,112	6,112	-	6,112
Other assets		21,655	-	21,655	21,655	-	21,655
Deferred tax assets	(j)	2,289	666	2,955	2,289	666	2,955
Investment in controlled entity		-	-	-	-	-	-
Property, plant and equipment		4,262	-	4,262	4,262	-	4,262
Intangible assets		-	-	-	-	-	-
Total Assets		4,133,276	7,752	4,141,028	4,133,276	7,752	4,141,028
Liabilities							
Bank overdraft		731	-	731	731	-	731
Unsecured deposits	(b)(i)	1,060,187	(221,277)	838,910	1,060,187	(221,277)	838,910
Derivative financial instruments	(b)(g)	-	238,567	238,567	-	238,567	238,567
Due to related entities	(b)(i)	2,871,413	(8,641)	2,862,772	2,871,413	(8,641)	2,862,772
Deferred tax liabilities	(j)	-	150	150	-	150	150
Creditors and accruals	(d)	7,196	(2,578)	4,618	7,196	(2,578)	4,618
Provisions	(d)	-	2,578	2,578	-	2,578	2,578
Total Liabilities		3,939,527	8,799	3,948,326	3,939,527	8,799	3,948,326
NET ASSETS		193,749	(1,047)	192,702	193,749	(1,047)	192,702
Equity							
Paid Up Capital		41,200	-	41,200	41,200	-	41,200
Retained earnings	(e)(k)	152,286	263	152,549	152,286	263	152,549
Recognition of collective provisions		-	(626)	(626)	-	(626)	(626)
Recognition of specific provisions		-	(3)	(3)	-	(3)	(3)
Interest income on impaired assets		-	36	36	-	36	36
Adjustments in respect of fair value hedges on initial application of hedge accounting		-	(391)	(391)	-	(391)	(391)
Adjustments to fair value calculation for trading derivatives		-	(63)	(63)	-	(63)	(63)
Retained earnings		152,286	(784)	151,502	152,286	(784)	151,502
General reserve	(e)	263	(263)	-	263	(263)	-
TOTAL EQUITY		193,749	(1,047)	192,702	193,749	(1,047)	192,702

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

NOTES TO THE FINANCIAL STATEMENTS

33 Explanation of Transition to NZ IFRS (continued)
(ii) Reconciliation of Profit after Income Tax Expense
For the Year Ended 31 December 2005

	Notes	Banking Group			Bank		
		Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
Interest and similar income	(a)(b)(c)(e)(h)	312,517	(6,329)	306,188	312,517	(6,329)	306,188
Interest expense and similar charges	(b)(e)	(235,534)	33,808	(201,726)	(235,534)	33,808	(201,726)
Net interest income		76,983	27,479	104,462	76,983	27,479	104,462
Other revenue	(c)	2,978	(698)	2,280	2,978	(698)	2,280
Other operating gain/(loss)	(a)(b)(d)(f)	-	(25,400)	(25,400)	-	(25,400)	(25,400)
Total net operating income before impairment losses and other operating expenses		79,961	1,381	81,342	79,961	1,381	81,342
Other operating expenses	(f)	(51,694)	143	(51,551)	(51,694)	143	(51,551)
Impairment losses on loans and receivables	(g)(h)	(850)	(854)	(1,704)	(850)	(854)	(1,704)
Profit / (loss) before income tax		27,417	670	28,087	27,417	670	28,087
Income tax expense	(i)	(8,541)	(221)	(8,762)	(8,541)	(221)	(8,762)
Net profit/ (loss) attributable to members of Rabobank New Zealand Limited		18,876	449	19,325	18,876	449	19,325

33 Explanation of Transition to NZ IFRS (Continued)

Notes to the reconciliation of Equity

Presentation changes:

- (a) AFS financial assets are shown on the face of the balance sheet and have been reclassified from Loans.
- (b) Derivative financial instruments are shown on the face of the balance sheet and have been reclassified from Due from/to related entities and Unsecured deposits.
- (c) Computer software has been reclassified from Property, plant and equipment to Intangible assets.
- (d) Provisions are shown on the face of the balance sheet and have been reclassified from Creditors and accruals for provision for long service leave and provision for risks since they are uncertain in timing.
- (e) General reserve has been reclassified from reserves to retained earnings.

Measurement changes:

(f) AFS financial assets

AFS financial assets are measured at fair value on acquisition and subsequently remeasured at fair value at balance date. Unrealised gains or losses arising from changes in the fair value of AFS financial assets are recognised in equity in the AFS reserve.

(g) Derivative financial instruments

Under NZ IFRS all derivative contracts, whether used as hedging instruments or otherwise, are carried at fair value on the balance sheet. Derivative assets being derivative financial instruments which have positive fair values and derivative liabilities being derivative financial instruments which have negative fair values.

(h) Loans and receivables

Under NZ IFRS, the Banking Group is required to apply an incurred loss approach for loan provisioning and follow specific rules on the measurement of incurred losses. Specific provisions would have been raised for losses that have already been incurred on loans that are known to be impaired. The estimated losses on these impaired loans would have been based on expected future cash flows discounted to their present value and as this discount unwind, interest would have been recognised in the income statement. Loans not found to be individually impaired would have been collectively assessed for impairment in pools of similar assets with similar risk characteristics. The size of the provision would have been estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience would have been adjusted based on current observable data. These have led to increase in the amounts of credit provisions.

(i) Unsecured deposits / Due to related entities

Certain unsecured deposits and term borrowing with a related entity have been designated as hedged liabilities and remeasured at fair value.

(j) Deferred tax assets and Deferred tax liabilities

Under NZ IFRS a balance sheet approach has been adopted for tax disclosure. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its tax base. Deferred taxation has been adjusted for the tax effect of measurement changes on derivative financial instruments and financial assets/liabilities.

(k) Retained earnings

The above measurement changes have resulted in after tax changes in Retained earnings.

At 1 January 2005

- (1) Recognition of collective and specific provisions (refer to note (h)) resulted in a decrease of \$56 thousand.
- (2) Adjustment in respect of fair value hedges on initial application of hedge accounting (refer to note (g) and (i)) resulted in a decrease of \$421 thousand.
- (3) Adjustment to fair value calculation for trading derivatives (refer to note (g)) resulted in a decrease of \$1,019 thousand.

At 31 December 2005

- (1) Recognition of collective and specific provisions net of discount unwind (refer to note (h)) resulted in a decrease of \$593 thousand.
- (2) Adjustment in respect of fair value hedges on initial application of hedge accounting (refer to note (g) and (i)) resulted in a decrease of \$391 thousand.
- (3) Adjustment to fair value calculation for trading derivatives (refer to note (g)) resulted in a decrease of \$63 thousand.

33 Explanation of Transition to NZ IFRS (Continued)

Notes to the reconciliation of Equity (continued)

Measurement changes: (continued)

(l) Reserves

The above measurement changes have also resulted in an after tax change in Reserves.

At 1 January 2005

Recognition of fair value for AFS financial assets resulted in an increase of \$804 thousand.

Notes to the reconciliation of Profit after Income Tax Expense

Presentation changes:

(a) Under NZ IFRS, revenue is defined as the gross inflow of economic benefits from ordinary activities. Certain income such as profit on sale of lease assets have been reclassified from Interest and similar Income to Other operating gain / (loss).

(b) Income or expense from trading derivatives previously reported under Interest and similar income and Interest expense and similar charges have been reclassified to Other operating gain/(loss).

(c) Fee income and direct cost relating to loan origination that were classified as Other income under previous NZ GAAP are deferred and amortised to interest income on advances over the life of the loans, using the effective interest method and reclassified to Interest and Similar income.

(d) Gains or losses on derivatives that are designated as hedging instruments are netted against the gains / loss on the hedged assets or liabilities and reported under Other operating gain / (loss).

(e) Interest income from hedging instruments for hedging an underlying deposit previously reported under Interest and similar income has been reclassified to Interest expenses and similar charges.

(f) Loss on sale of property, plant and equipment has been reclassified from Other operating expenses to Other operating gain/loss.

Measurement changes:

(g) Collective provisions

Collective provisioning was not required under NZ GAAP. Under NZ IFRS, loans not found to be individually impaired have been collectively assessed for impairment in pools of similar assets with similar risk characteristics. The size of the provision would have been estimated on the basis of historical loss experience against the size of the assets with credit characteristics similar to those in the collective pool.

For the year ended 31 December 2005

There is an additional collection provision of \$850 thousand under NZ IFRS.

(h) Specific provisions

(1) The practice of recording specific provisions for loan impairment continues after the adoption of NZ IFRS on 1 Jan 2005. However, such provisions (termed "provisions for individually significant impaired loans") are based on the discounted value of estimated future cash flows. This has resulted in some adjustments to the specific provision balances.

(2) The discount unwinded during the period on the initial recognition of the specific provisions and the eventual recovery of the written down amounts, resulting in the recording of interest in the income statement with Interest and similar income. This has resulted in some adjustments to the specific provision balances.

For the year ended 31 December 2005

There is an additional specific provision of \$4 thousand under NZ IFRS. There is a discount unwinded of \$54 thousand under NZ IFRS being included in the Interest and Similar Income.

(i) Income tax expenses

The above changes would also have affected income tax expense.

RABOBANK NEW ZEALAND LIMITED

BANKING GROUP

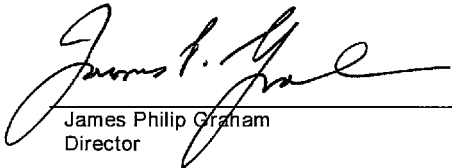
ANNUAL REPORT

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 31 December 2006 and the auditor's report thereon.

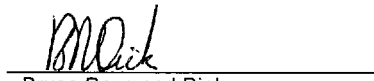
The shareholders of the Company have exercised their right under section 211 (3) of the Companies Act 1993 and unanimously agreed that the Annual report does not need to comply with any of paragraphs (a) and (e) to (j) of section 211 (1) of the Act.

Signed in Sydney

For and on behalf of the Board who authorised these financial statements for issue on:


James Philip Graham
Director

Date: 21 MAR 2007


Bruce Raymond Dick
Director

Date: 21 MAR 2007

UNQUALIFIED AUDIT REPORT FOR A COMPANY AND GROUP

Auditor's Report

To the Shareholders of Rabobank New Zealand Limited.

We have audited the financial statements on pages 1 to 49. The financial statements provide information about the past financial performance of the company and group and their financial position as at 31 December 2006. This information is stated in accordance with the accounting policies set out on pages 5 to 11.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibilities

The directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the company and group as at 31 December 2006 and of their financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the company or any of its subsidiaries.

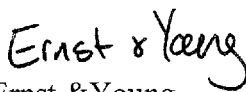
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 1 to 49:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of the company and group as at 31 December 2006 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 16 March 2007 and our unqualified opinion is expressed as at that date.


Ernst & Young

Sydney

21 March 2007

First Schedule

Short Form Financial Statements

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

First Schedule

1 There have been no changes in accounting policies in the three months to 31 March 2007

2 **Financial Performance of the Banking Group**

	2007	2006
For the three months ended 31 March (unaudited)	NZ\$m	NZ\$m
Interest and similar income	101.17	83.28
Interest expense and similar charges ¹	78.46	55.35
Net interest income	22.71	27.93
Other revenue ²	0.18	0.24
Other operating gain / (loss) ³	0.46	(10.66)
Total net operating income before impairment losses and other operating expenses	23.35	17.51
Other operating expenses	(14.56)	(14.31)
Impairment credits / (losses) on loans and receivables	-	0.54
Operating profit/(loss) before tax	8.79	3.74
Income tax credit / (expense)	(2.91)	(1.12)
Minority interest	-	-
Net profit/(loss) after tax	5.88	2.62
Extraordinary items	-	-
Net profit/(loss) after tax and extraordinary items	5.88	2.62
Dividend expense on ordinary shares	-	-
Other adjustments to current period's net profit/(loss)	-	-
Retained profit/(loss)	5.88	2.62

¹ Interest expense for the period ended 31 March 2006 has been decreased by NZ\$1.07m to reclassify loss on fair value hedge inefficiencies to Other operating gain / (loss).

² Other revenue for the period ended 31 March 2006 includes NZ\$0.18m of lending and credit financing related fee income and NZ\$0.06m of operating lease rental income, which were disclosed as part of Other operating revenue / (loss) in the prior period Disclosure Statements.

³ Other operating gain / (loss) for the period ended 31 March 2006 includes the following items disclosed in prior year Disclosure Statements:

(a) NZ\$0.59m of loss on trading derivative financial instruments under Net trading gains / (losses)

(b) NZ\$9.04m of loss on trading derivative financial instruments under Other operating revenue / (loss)

(c) NZ\$1.07m of loss on fair value hedge ineffectiveness under Interest expense and

(d) NZ\$0.04m of profit on disposal of property, plant and equipment under Other operating revenue / (loss).

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

First Schedule (continued)

3 Financial Position of the Banking Group	2007	2006
As at 31 March (unaudited)	NZ\$m	NZ\$m
ASSETS		
Cash and demand balances with Central Banks	-	-
Balances with other financial institutions which may be withdrawn without prior notice	20.29	113.18
Other Securities eligible for refinancing by Central Banks	-	-
Other Securities held for liquidity and other purposes	-	-
Equity investment securities	-	-
Other investment securities	-	-
Securities and other financial assets at fair value	-	-
Derivatives assets	6.54	10.39
Bills accepted but not held in a portfolio	-	-
Loans, advances and lease finance (net of provisions) *	4,673.33	4,405.04
Deferred tax assets	3.57	2.65
Intangible assets	-	-
Property, plant and equipment	4.18	4.22
Other assets *	33.21	12.44
Total Assets	4,741.12	4,547.92
LIABILITIES AND SHAREHOLDERS' FUNDS		
Issued & paid up capital	41.20	41.20
Balances of reserve accounts		
(a) Revaluation reserves	-	-
(b) Other capital reserves	-	-
(c) Other revenue reserves	-	-
(d) Cash flow hedge reserves	-	-
Sub-total	-	-
Balance of retained earnings	172.38	152.84
Minority interest	-	-
Total Shareholders' Funds	213.58	194.04
Term and/or perpetual subordinated debts	-	-
Balances with other financial institutions which may be withdrawn without prior notice	0.76	68.07
Deposits and other borrowings	4,503.48	4,081.68
Derivatives liabilities	6.54	196.68
Deferred tax liability	-	-
Other liabilities	16.76	7.45
Total Liabilities & Shareholders' Funds	4,741.12	4,547.92
Collective provision (previously called general provision)	0.97	0.54
Total interest earning and discount bearing assets	4,685.29	4,287.98
Total interest and discount bearing liabilities	4,465.99	4,103.78
Total assets used to secure any obligations	Nil	Nil
Total assets presented in the Statement of Financial Position, but not legally owned	Nil	Nil

* An accrued interest receivable from a related party of \$227.35m as at 31 March 2006 has been reclassified from Other assets to Loans, advances and lease finance (net of provisions) to align with current year treatment.

Second Schedule

*Capital Adequacy of the Banking
Group*

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Second Schedule

Capital Adequacy of the Banking Group

(1) CAPITAL

As at 31 March (unaudited)	2007 NZ\$m	2006 NZ\$m
Tier One Capital (before deductions)	207.71	191.43
Less : deductions from Tier One Capital	0.00	0.41
Plus: other adjustments to Tier One Capital	0.00	0.00
Total Tier One Capital	207.71	191.01
Upper Tier Two Capital	5.87	3.16
Less : deductions from Upper Tier Two Capital	0.00	0.00
Plus: other adjustments to Upper Tier Two Capital	0.00	0.00
Lower Tier Two Capital	0.00	0.00
Total Tier Two Capital	5.87	3.16
Total Tier One and Tier Two Capital	213.58	194.18
Less : deductions from Total Capital	0.00	0.00
Plus: other adjustments to Total Capital	0.00	0.00
Capital	213.58	194.18
Tier 1 Capital / Risk Weighted Exposure %	20.05%	16.58%
Capital / Risk Weighted Exposure %	20.62%	16.86%

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.

(2) RISK WEIGHTED EXPOSURES

Calculation of Balance Sheet Exposures

As at 31 March 2007 (unaudited)	Principal Amount NZ\$m	Risk Weights %	Risk Weighted Exposure NZ\$m
Cash and short term claims on Government	0.01	0%	-
Long term claims on Government	-	10%	-
Claims on banks	533.14	20%	106.63
Claims public sector entities	-	20%	-
Other	11.45	0%	-
Other	4,137.61	20%	827.52
Other	55.34	100%	55.34
Non risk weighted assets	3.57	0%	-
Total Assets	4,741.12		989.49

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Second Schedule

(2) RISK WEIGHTED EXPOSURES (continued)

Calculation of Off-Balance Sheet Exposures

As at 31 March 2007 (unaudited)	Principal Amount NZ\$m	Credit Conversion Factor %	Credit Equivalent Amount NZ\$m	Average Counterparty Risk Weight %	Risk Weighted Exposure NZ\$m
Direct credit substitutes	5.93	100%	5.93	100%	5.93
Asset sales with recourse	-	100%	-	0%	-
Commitments with certain drawdown	-	100%	-	0%	-
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	76.83	50%	38.42	100%	38.42
Other commitments with an original maturity of less than 1 year or which can be unconditionally cancelled at any time	284.82	0%	-	0%	-
Forward purchase	-	100%	-	20%	-
Market related contracts ¹	-				
(a) Foreign exchange options	0.98	N/A	0.04	20%	0.01
Foreign exchange options	0.98	N/A	0.01	50%	0.01
(b) Foreign exchange swaps	25.76	N/A	0.49	20%	0.10
Foreign exchange swaps	9.37	N/A	0.10	50%	0.05
(c) Currency swaps	-	N/A	-	20%	-
(d) Interest rate options	10.50	N/A	0.12	20%	0.02
Interest rate options	31.50	N/A	0.23	50%	0.12
(e) Interest rate swaps	743.19	N/A	9.33	20%	1.87
Total Off-Balance Sheet Exposures	<u>1,189.86</u>		<u>54.67</u>		<u>46.53</u>

¹ The current exposure method has been used to calculate the credit equivalent amount on all market related off-balance sheet exposures.

Third Schedule

Asset Quality

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Third Schedule

Asset Quality of the Banking Group

As at 31 March (unaudited)	2007 NZ\$m	2006 NZ\$m
1.1 Non-accrual assets	5.84	0.61
1.2 Restructured assets	-	-
1.3 Real estate assets acquired through the enforcement of security	-	-
1.4 Other assets acquired through the enforcement of security	-	-
1.5 Past due assets	0.82	3.57
1.6 Other assets under administration	-	-
1.7 Aggregate amount not recognised	-	-
1.8 Aggregate amount of specific provisions	0.22	0.57
1.9 Aggregate amount of collective provision (previously called general provision)	0.97	0.54

Interest foregone is the amount of interest income that would have been recorded had interest been accrued. It has been estimated using average rates for a range of facilities.

Interest forgone on non accrual assets for the period to 30.03.07 is NZD 0.15 million for the Banking group (for the accounting period to 30.03.06 NZD 0.03 million for the Banking group).

There are no unrecognised impaired assets.

2.0 Year-to-date Movements in Provisions

For the three months ended (unaudited)	2007 NZ\$m	2006 NZ\$m
2.1 Specific Provisions on Non-Accrual Assets		
Opening Balance	0.55	0.57
Charge / (Credit) to Statement of Financial Performance	0.08	-
Amounts written off	(0.41)	-
Write-down of assets acquired through enforcement of security	-	-
Recoveries of provisions and write-offs charged in previous periods	-	-
Other movements	-	-
Closing Balance	0.22	0.57
2.2 Collective Provisions (previously called general provision)		
Opening Balance	1.05	0.94
Charge / (Credit) to Statement of Financial Performance	(0.08)	(0.40)
Other movements	-	-
Closing Balance	0.97	0.54
2.3 Impaired asset expenses / (credit) charged to Financial Performance consists of:		
Specific provision	0.08	-
Collective provision (previously called general provision)	(0.08)	(0.40)
Bad debt recovery	-	(0.14)
Bad debt written off	-	-
Total Impaired Asset Expenses	-	(0.54)

Fourth Schedule

*Concentration of Credit Exposures to
Individual Counterparties*

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Fourth Schedule

Concentration of Credit Exposures to Individual Counterparties of the Banking Group

(a) As at balance date:

(Unaudited)	No of Counterparties	
	2007	2006
(i) Bank Counterparties:		
Percentage of Shareholders' equity		
>50 - 60%	-	1
(ii) Non Bank Counterparties:		
Percentage of Shareholders' equity		
>10 - 20%	6	3
>20 - 30%	2	2

(b) Peak credit exposure for the three months ended:

(Unaudited)	No of Counterparties	
	2007	2006
(i) Bank Counterparties:		
Percentage of Shareholders' equity		
>20 - 30%	1	-
>50 - 60%	-	1
(ii) Non Bank Counterparties:		
Percentage of Shareholders' equity		
>10 - 20%	6	3
>20 - 30%	2	2

The peak end-of-day credit exposure is measured over the Banking Group's Equity as at the end of the quarter.

Credit exposure is calculated on the basis of actual exposure net of specific provisions and excludes credit exposures to Connected Persons and OECD Governments.

(c) Aggregate Credit Exposure Concentrations

As at 31 March (unaudited)	Banking Group 2007		Banking Group 2006	
	NZ\$m	%	NZ\$m	%
(i) Bank Counterparties:				
At or above investment credit rating	19.69	100%	111.86	100%
Below investment credit rating	NIL	0%	NIL	0%
Credit rating not applicable	NIL	0%	NIL	0%
(ii) Non Bank Counterparties:				
At or above investment credit rating	NIL	0%	NIL	0%
Below investment credit rating	NIL	0%	NIL	0%
Credit rating not applicable	301.32	100%	165.58	100%

An investment grade credit rating is a credit rating of BBB- or Baa3 or above, or its equivalent.

Fifth Schedule

*Credit Exposures to Connected
Persons*

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Fifth Schedule

Credit Exposures to Connected Persons of the Banking Group

As at 31 March (unaudited)	NZD Millions		% of Group's Tier 1 Capital	
	2007	2006	2007	2006
(i) Connected Persons				
Aggregate at end-of-period	522.85	1,332.63	252%	698%
Peak end-of-day for the quarter	625.75	1,332.63	301%	698%
Contingent credit exposures arising from risk lay-off arrangements	Nil	Nil	Nil	Nil
(ii) Non Bank Connected Persons				
Aggregate at end-of-period	0.12	Nil	0%	Nil
Peak end-of-day for the quarter	1.96	Nil	1%	Nil
Contingent credit exposures arising from risk lay-off arrangements	Nil	Nil	Nil	Nil

The peak end-of-day credit exposure is measured over 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 net of specific provisions, 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 specific provisions 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 a AAA credit rating from a Reserve Bank approved rating agency, it is not subject to the condition of registration limiting exposures to Connected Persons.

Sixth Schedule

*Securitisation, Funds Management,
Other Fiduciary Activities and the
Marketing and Distribution of
Insurance Products*

Sixth Schedule

Securitisation, Funds Management, other Fiduciary Activities and Marketing and Distribution of Insurance Products

There are no securitisation, other fiduciary activities, nor marketing or distribution of insurance products.

On 14 February 2006 Rabobank New Zealand Limited launched RaboPlus, an online banking service offering access to third party managed funds. RaboPlus distributes managed fund investments to New Zealand residents for a fee. Distribution agreements are negotiated with selected unrelated fund managers and, on the basis of those agreements, RaboPlus is entitled to distribution fees from the fund managers.

No investment advice is provided to clients and the offer is limited to managed fund investments.

Rabobank New Zealand Limited purchases the investments and holds them as a nominee on behalf of clients.

Managed fund investments distributed by the Bank amounted to \$5.16m as at 31 March 2007 (\$0.16m as at 31 March 2006).

Seventh Schedule

Risk Management Policies

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Seventh Schedule

Risk Management Policies

- 1 There has been no material change in the three months to 31 March 2007 in Rabobank New Zealand Banking Group policies for managing credit risk, currency risk, interest rate risk, liquidity risk, and other material business risk.
- 2 The New Zealand Banking Group does not take any equity risk.
- 3 The New Zealand Banking Group has not become exposed to a new category of risk in the three months to 31 March 2007.

Eighth Schedule

Exposures to Market Risk

RABOBANK NEW ZEALAND LIMITED BANKING GROUP

Eighth Schedule

1 Exposures to Market Risk

Aggregate market risk exposures are derived in accordance with Schedule 9 of the Order.

Aggregate interest rate exposure is determined according to Clauses 2-7 of the Ninth Schedule. Aggregate foreign currency exposure is determined according to Clauses 9 and 10 of the Ninth Schedule.

The Banking Group does not have any equity exposure.

2 Aggregate Market Risk Exposure for three months ended

(Unaudited)	Banking Group			
	Exposures		Exposures as a % of Equity	
	2007 NZ\$m	2006 NZ\$m	2007 %	2006 %
(i) As at balance date:				
Interest Rate Exposure	4.44	8.10	2.08%	4.17%
Foreign Currency Exposure	1.69	Nil	0.79%	Nil
Equity Exposure	Nil	Nil	Nil	Nil
(ii) Peak End-of-Day for the three months ended:				
Interest Rate Exposure	10.38	10.12	4.86%	5.22%
Foreign Currency Exposure	2.44	Nil	1.14%	Nil
Equity Exposure	Nil	Nil	Nil	Nil

Equity of the Registered Banking Group used in the above calculation is based on the equity of Rabobank New Zealand Limited Banking Group as at the quarter end.