

Coöperatieve Rabobank U.A. New Zealand Banking Group

Disclosure Statement - 30 June 2021



Rabobank

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General Disclosures

General information and definitions

The information contained in this Disclosure Statement is as required by section 81 of the Reserve Bank of New Zealand Act 1989 (“Reserve Bank Act”) and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (“Order”).

In this Disclosure Statement:

- “Registered Bank” and “Rabobank” refer to Coöperatieve Rabobank U.A., incorporated in The Netherlands and trading as Rabobank.
- “Branch” refers to the New Zealand business of the Registered Bank.
- “Banking Group” or “Rabobank New Zealand Banking Group” refers to:
 - (a) the Branch;
 - (b) Rabobank New Zealand Limited (“RNZL”);
 - (c) De Lage Landen Limited; and
 - (d) AGCO Finance Limited.
- “Overseas Banking Group” means the Registered Bank and all entities included in the Registered Bank’s group for the purposes of public reporting of group financial statements in The Netherlands.

General matters

Directors

There have been the following changes to the Registered Bank’s Board of Directors since 31 December 2020:

- Gert-Jan van den Akker was appointed to the Registered Bank’s Supervisory Board with effect on 14 April 2021.

The directors of the Managing, Executive and Supervisory Boards, on whose behalf the New Zealand Chief Executive Officer has signed this Disclosure Statement, are listed as follows:

Managing Board

- W. Draijer (Wiebe), chairman
- B.C. Brouwers (Bas), member
- E.A. de Groot (Els), member
- M.P.J. Lichtenberg (Mariëlle), member
- C.M. Konst (Kirsten), member
- B.J. Marttin (Berry), member
- B. Leurs (Bart), member
- L. Sevinga (Ieko), member
- J. Vos (Janine), member

Executive Board

- W. Draijer (Wiebe), chairman
- B.C. Brouwers (Bas), member
- B.J. Marttin (Berry), member
- E.A. de Groot (Els), member
- C.M. Konst (Kirsten), member

Supervisory Board

- R. Teerlink (Ron), chairman
- M. Trompetter (Marjan), vice chairman
- G.J. van den Akker (Gert-Jan), member
- A.A.J.M. Kamp (Arian), member
- J. J. Nooitgedagt (Jan), member
- P.H.J.M. Visée (Pascal), member
- P.H.M. Hofsté (Petri), member

General Disclosures

General matters (continued)

- A.P. Aris (Antoinette), member
- M. Pensaert (Mark), member

New Zealand Chief Executive Officer

Todd Charteris is the New Zealand chief executive officer of the Registered Bank (as well as of Rabobank New Zealand Limited).

No subordination of claims of creditors

There are no material legislative or regulatory restrictions in the Netherlands that, in a liquidation of the Registered Bank, subordinate the claims of any class of unsecured creditors of the Branch on the assets of the Registered Bank to those of any other class of unsecured creditors of the Registered Bank.

Requirement to hold excess assets over deposit liabilities

The Registered Bank is not required to hold in New Zealand an excess of assets over deposit liabilities.

Requirement to maintain sufficient assets to cover ongoing obligation to pay deposit liabilities

The Registered Bank is not subject to any regulatory or legislative requirement in the Netherlands to maintain sufficient assets in the Netherlands to cover an ongoing obligation to pay deposit liabilities in that country. However, the Financial Supervision Act, the EU Capital Requirements Regulation and the EU Capital Requirements Directive requires the Overseas Banking Group to maintain certain liquid assets in order to cover an ongoing obligation to pay liabilities of the Overseas Banking Group. The requirement is based on the consolidated position of the Overseas Banking Group and any liquidity requirements of the Banking Group will form part of the Overseas Banking Group's consolidated position. This requirement has the potential to impact on the management of the liquidity of the Branch.

Auditors for the Banking Group

PricewaterhouseCoopers
One International Towers, Watermans Quay
Barangaroo, NSW 2000 Australia

Credit ratings

The Registered Bank has credit ratings applicable to its long term senior unsecured obligations payable in any country or currency, including obligations payable in New Zealand and in New Zealand dollars.

Rating Agency	Current Credit Rating
Standard & Poor's	A+ (stable)
Moody's	Aa2 (stable)
Fitch	A+ (negative)

Insurance business

The Banking Group does not conduct any insurance business.

Guarantee arrangements

No material obligations of the Registered Bank that relate to the Branch are guaranteed as at the date its directors and New Zealand Chief Executive Officer signed this Disclosure Statement.

General Disclosures

Non-consolidated activities

The Registered Bank does not conduct any insurance business or non-financial activities in New Zealand that are outside the Banking Group.

Risk management policies

Since 31 December 2020:

- there has been no material change in the Banking Group's policies for managing credit, currency, interest rate, liquidity, operational, and other material business risks (the Banking Group does not take any equity risk); and
- the Banking Group has not become exposed to a new category of risk to which the Banking Group was not previously exposed.

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

Since 31 December 2020, there have been no material changes in:

- involvement in the establishment, marketing, or sponsorship of trust, custodial, funds management, or other fiduciary activities; or
- arrangements to ensure that difficulties arising from those activities would not impact adversely on the Banking Group.

Conditions of registration

There has been a change to the Conditions of Registration between 31 December 2020 and 30 June 2021. The change reinstated residential mortgage loan-to-valuation ratio restrictions as follows:

From 1 March 2021:

- LVR restrictions for owner-occupiers were reinstated to a maximum of 20% of new lending at LVRs above 80% (after exemptions).
- LVR restrictions for investors were reinstated to a maximum of 5% of new lending at LVRs above 70% (after exemptions).

From 1 May 2021:

- LVR restrictions for owner-occupiers remain at a maximum of 20% of new lending at LVRs above 80% (after exemptions).
- LVR restrictions for investors were further tightened to a maximum of 5% of new lending at LVRs above 60% (after exemptions).

Other material matters

Interest rate derivatives

The Registered Bank enters into interest rate derivatives with Dutch business customers who wish to reduce interest rate risk. In March 2016, the Dutch Minister of Finance appointed an independent committee which published a recovery framework (the Recovery Framework) on the reassessment of Dutch interest rate derivatives. The Registered Bank decided to take part in the Recovery Framework.

The Registered Bank is involved in civil proceedings in the Netherlands relating to interest rate derivatives concluded with Dutch business customers. Claimants in these proceedings in general claim to have been misinformed. The Registered Bank takes the stance that it has substantive and convincing legal and factual defences against these claims. The Registered Bank intends to continue to defend itself against these claims.

With respect to the (re-)assessment of the interest rate derivatives of its Dutch business customers and advance payments made and due on grounds of settlements having been concluded, the Registered Bank has recognised a provision of 8 million euros as at 30 June 2021 (31 December 2020: 12 million euros).

General Disclosures

Other material matters (continued)

Compensation Scheme Consumer Credit Facilities

As at 30 June 2021, the Registered Bank recognised a provision as a result of its decision to compensate customers who took out certain revolving credit facilities and/or overdraft consumer products with variable interest rates. Following Kifid (the Dutch Institute for Financial Disputes) rulings, the Registered Bank has established that for a part of its clients (~15%), it did not consistently adjust its interest rates in accordance with a particular reference rate. In the coming months, the Registered Bank will investigate further which customers are affected and how to compensate them.

Imtech

On 30 January 2018, the Registered Bank received a letter indicating that legal proceedings may be started with respect to a potential collective action in relation to certain share offerings of Royal Imtech N.V. in which the Registered Bank was involved. Furthermore, the receivers in August 2018 sent a letter in which they describe the possible grounds on which their future claim(s) towards the Registered Bank in its capacity of lender will be based. No legal proceedings have been started and no further (legal) actions have been taken by any of the aforementioned parties. The Registered Bank considers the Imtech case to be a contingent liability because it is not possible to assess the outcome of these (possible) claims at this moment. No provision has been made.

London Interbank Offer Rate (Libor)/Euro Interbank Offer Rate (Euribor)

The Registered Bank has been involved for a number of years in several regulatory proceedings in relation to interest rate benchmark-related issues. The Registered Bank is cooperating with those regulators in these investigations.

In 2013, the Registered Bank entered into settlement agreements with various authorities in relation to their investigations into the historical Libor and Euribor submission processes of the Registered Bank. All amounts payable under these settlement agreements were fully paid and accounted for in 2013.

The Registered Bank, along with a large number of other panel banks and brokers, has been named as a defendant in a number of putative class action suits and individual civil court cases brought before the United States Courts. These proceedings relate to the US Dollar (USD) Libor, British Pound Sterling Libor, Japanese Yen Libor, Tibor and Euribor. The Registered Bank and/or its subsidiaries have also been summoned to appear before various Dutch, Argentine, United Kingdom, Irish and Israeli courts in civil proceedings (including class action suits) relating to interest rate benchmarks.

The Registered Bank considers that it has substantive and convincing legal and factual defences against these claims and intends to continue to defend itself against these claims.

The Registered Bank considers these cases to be a contingent liability. No provision has been made

Other Cases

The Registered Bank is subject to other legal proceedings for which provisions have been recognised. These cases are individually less significant in size and are therefore not separately disclosed (as discussed above). The total provision for these cases amounts to 64 million euros (31 December 2020: 73 million euros). The maximum amount of non-remote measurable contingent liabilities relating to claims is 221 million euros (31 December 2020: 474 million euros).

There are no other material matters relating to the business or affairs of the Registered Bank and/or the Banking Group that:

- (i) are not contained elsewhere in this Disclosure Statement; and
- (ii) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Registered Bank or any member of the Banking Group is the issuer.

General Disclosures

Financial Statements of Registered Bank and Overseas Banking Group

The most recent publicly available financial statements of the Registered Bank and the Overseas Banking Group are available at the internet address:
www.rabobank.com/en/about-rabobank/results-and-reports/index.html

Directors' and New Zealand Chief Executive Officer's Statement

After due enquiry, each director and the New Zealand Chief Executive Officer believe that:

- (i) as at the date on which the Disclosure Statement is signed:
 - The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended); and
 - The Disclosure Statement is not false or misleading; and
- (ii) over the six month period ended 30 June 2021:
 - The Registered Bank has complied, in all material respects, with all conditions of registration that applied during that period; and
 - The Branch and the other members of the Banking Group had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, liquidity risk and other business risks, and those systems were being properly applied (the Banking Group does not have any equity risk, and therefore neither has nor requires any system to monitor or control equity risk).

Signed by Todd Charteris in his capacity as New Zealand Chief Executive Officer of the Registered Bank and as agent authorised in writing by each director.



Todd Charteris

Dated: 30 August 2021

Statement of Comprehensive Income

In thousands of NZD	Note	Unaudited 6 months to 30/06/2021	Unaudited 6 months to 30/06/2020	Audited Year to 31/12/2020
Interest income		268,129	303,581	581,834
Interest expense		(62,948)	(126,881)	(208,045)
Net interest income		205,181	176,700	373,789
Other income	3	13,057	9,917	21,986
Other expense	4	(8,554)	(7,219)	(14,763)
Other operating gains/(losses)	5	(1,791)	(30,615)	(36,146)
Non-interest income / (expense)		2,712	(27,917)	(28,923)
Operating income		207,893	148,783	344,866
Operating expenses		(78,276)	(73,849)	(160,889)
Impairment (losses)/releases	6	(4,330)	(33,988)	(15,591)
Profit before income tax		125,287	40,946	168,386
Income tax expense		(35,194)	(11,565)	(47,195)
Profit after income tax		90,093	29,381	121,191
Other comprehensive income for the period / year				
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of financial assets at fair value through other comprehensive income (gross)	16.2	(3,588)	2,536	1,275
Tax associated with changes in the fair value of financial assets through other comprehensive income	16.2	1,005	(710)	(357)
Total items that may be reclassified subsequently to profit or loss		(2,583)	1,826	918
Items that will not be reclassified subsequently to profit or loss				
Total items that will not be reclassified subsequently to profit or loss		-	-	-
Total other comprehensive income for the period / year		(2,583)	1,826	918
Total comprehensive income attributable to members of Rabobank New Zealand Banking Group		87,510	31,207	122,109

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

In thousands of NZD	Note	Unaudited At 30/06/2021	Unaudited At 30/06/2020 Restated	Audited At 31/12/2020 Restated
Assets				
Cash and cash equivalents		454,682	682,458	531,341
Derivative financial instruments		171,203	175,401	170,964
Financial assets at fair value through other comprehensive income	7	583,474	913,311	676,470
Loans and advances	8	14,501,995	14,060,016	14,157,133
Due from related entities	10	1,883,549	1,863,418	1,842,693
Other assets		69,068	68,293	68,728
Current tax receivables		2,905	21,466	14,155
Net deferred tax assets		21,506	27,676	21,470
Property, plant and equipment	11	6,682	10,446	8,711
Intangible assets		2,005	928	2,304
Total assets		17,697,069	17,823,413	17,493,969
Liabilities				
Derivative financial instruments		120,733	226,976	249,123
Debt securities in issue		2,815,311	1,573,714	3,265,078
Deposits	12	5,410,986	6,190,844	5,732,025
Due to related entities	13	7,090,716	7,749,823	6,073,517
Interest bearing liabilities		828	2,643	1,935
Current tax payable		1,496	-	1,427
Other liabilities	14	21,584	24,530	21,829
Provisions		7,954	3,971	7,225
Total liabilities		15,469,608	15,772,501	15,352,159
Net Assets		2,227,461	2,050,912	2,141,810
Equity				
Contributed equity	16.1	551,200	551,201	551,200
Reserves	16.2	675	4,166	3,258
Retained earnings		1,329,783	1,189,923	1,257,112
Retained earnings - Branch		345,803	305,622	330,240
Total equity		2,227,461	2,050,912	2,141,810

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

The Head Office account in the Branch comprising of retained earnings of the Branch has been reclassified and presented as Equity during the period ended 30 June 2021. This account was historically classified as a Liability. Relevant prior period information has been restated to aid comparability. Refer to Note 2.6 for further details.

Statement of Changes in Equity

In thousands of NZD	Contributed equity	Retained earnings - Branch	Retained earnings	Reserves	Total
At 1 January 2020 (Audited) (Restated)	551,201	319,470	1,146,694	2,340	2,019,705
Net profit	-	(13,848)	43,229	-	29,381
Other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	1,826	1,826
At 30 June 2020 (Unaudited) (Restated)	<u>551,201</u>	<u>305,622</u>	<u>1,189,923</u>	<u>4,166</u>	<u>2,050,912</u>
At 1 January 2020 (Audited) (Restated)	551,201	319,470	1,146,694	2,340	2,019,705
Net profit	-	10,772	110,419	-	121,191
Other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	918	918
Cash dividends	(1)	-	(1)	-	(2)
At 31 December 2020 (Audited) (Restated)	<u>551,200</u>	<u>330,242</u>	<u>1,257,112</u>	<u>3,258</u>	<u>2,141,812</u>
At 1 January 2021 (Audited) (Restated)	551,200	330,242	1,257,111	3,258	2,141,811
Net profit	-	15,561	74,532	-	90,093
Other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	(2,583)	(2,583)
Cash dividends	-	-	(1,860)	-	(1,860)
At 30 June 2021 (Unaudited)	<u>551,200</u>	<u>345,803</u>	<u>1,329,783</u>	<u>675</u>	<u>2,227,461</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

The Head Office account in the Branch comprising of retained earnings of the Branch has been reclassified and presented as Equity during the period ended 30 June 2021. This account was historically classified as a Liability. Relevant prior period information has been restated to aid comparability. Refer to Note 2.6 for further details.

Condensed Statement of Cash Flows

		Unaudited	Unaudited	Audited
		6 months to	6 months to	Year to 31
		30/06/2021	30/06/2020	December
				2020
In thousands of NZD	Note			
Cash flows from operating activities				
Interest income		270,103	305,681	575,299
Interest paid		(74,537)	(149,620)	(237,481)
Other cash inflows provided by operating activities		12,466	10,724	26,538
Other cash outflows used in operating activities		(228,081)	(133,870)	(212,698)
Net changes in operating assets and liabilities		(607,026)	(48,100)	(296,527)
Net cash flows used in operating activities	27	(627,075)	(15,185)	(144,869)
Cash flows from Investing activities				
Net changes in investing activities		(15,626)	(7,879)	(22,749)
Net cash flows used in investing activities		(15,626)	(7,879)	(22,749)
Cash flows from financing activities				
Principal elements of lease payments		(1,942)	(2,032)	(4,052)
Net changes in other financing liabilities		567,984	286,785	282,242
Net cash flows from financing activities		566,042	284,753	278,190
Net change in cash and cash equivalents		(76,659)	261,689	110,572
Cash and cash equivalents at the beginning of the period / year		531,341	420,769	420,769
Cash and cash equivalents at the end of the period / year		454,682	682,458	531,341

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Reporting entity

The reporting entity is the Registered Bank (Coöperatieve Rabobank U.A.). These interim financial statements relate to the Rabobank New Zealand Banking Group, which comprises the Registered Bank's New Zealand Branch, Rabobank New Zealand Limited, De Lage Landen Limited and AGCO Finance Limited.

These interim financial statements as at and for the six months ended 30 June 2021 are an aggregation of the interim financial statements of the above entities.

2. Basis of preparation

2.1 Statement of compliance

The interim financial statements have been prepared and presented in accordance with the Order, and the Reserve Bank of New Zealand Act 1989. For this purpose the Banking Group comprises entities and operations as required by the RBNZ but it does not constitute a group in accordance with New Zealand equivalent to International Financial Reporting Standards ('NZ IFRS') 10 Consolidated Financial Statements.

These interim financial statements have been prepared in accordance with the requirements of the New Zealand equivalent to International Accounting Standard ('NZ IAS') 34 Interim Financial Reporting. These financial statements also comply with IAS 34 'Interim Financial Reporting'. These interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2020.

2.2 Basis of measurement

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

2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies. In preparing these interim financial statements, the significant judgements made by management in applying the Banking Group's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2020.

The Banking Group has applied accounting estimates in the financial statements based on the forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that directors believe are reasonable in circumstances. There is a considerable degree of judgement involved in preparing the forecasts. The underlying assumptions are also subject to uncertainties which are often outside of the control of the Banking Group. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequency do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in the financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are related to expected credit losses calculations.

Provision for expected credit losses (ECL)

Details on specific judgements in relation to the impact of COVID-19 on the calculation of provisions for ECL are included in Note 9.

2.4 Principal accounting policies

The accounting policies used in the preparation of these interim financial statements are consistent with the accounting policies used in the preparation of the Banking Group's financial statements for the year ended 31 December 2020. The Banking Group has not early adopted any NZ equivalents to International Financial Reporting Standards ('NZ IFRS') that are not yet in effect.

Notes to the Financial Statements

2. Basis of preparation (continued)

2.5 Functional and presentation currency

Unless otherwise indicated, all amounts are expressed in New Zealand dollars (NZD), the functional and presentation currency of the Banking Group, as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Banking Group. All financial information presented in NZD has been rounded to the nearest thousand unless otherwise stated.

2.6 Comparative figures

As a result of review of classification in the current period, it has been determined that the New Zealand Branch Head Office account is in the nature of retained earnings, and therefore qualified as equity. Historically this account was classified and disclosed as a liability. Where applicable, the comparative period information has been restated to aid comparability and the Head Office account has been re-titled to 'Retained Earnings - Branch'. The correction has been applied by restating each of the affected financial statement line items for the prior periods. The following tables summarise the line items that have been impacted by this change on the entity's financial statements. As a result, some of the sub-totals and totals disclosed have also been revised.

in thousands of NZD	As reported at 31 December 2020	Change	As restated at 31 December 2020
Statement for Financial Position			
Head office account	330,242	(330,242)	-
Total Liabilities	15,682,400	(330,242)	15,352,159
Retained Earnings - Branch		330,240	330,240
Total Equity	1,811,569	330,240	2,141,810
	As reported at 30 June 2020	Change	As restated at 30 June 2020
Statement for Financial Position			
Head office account	305,624	(305,624)	-
Total Liabilities	16,078,123	(305,624)	15,772,501
Retained Earnings - Branch	-	305,622	305,622
Total Equity	1,745,290	305,622	2,050,912

2.7 Principles of aggregation

The basis of aggregation incorporates the assets and liabilities of all entities within the Banking Group and the results of those entities. The effects of transactions as well as balances between entities in the Banking Group have been eliminated.

Notes to the Financial Statements

3. Other income

	Unaudited 6 months to 30/06/2021	Unaudited 6 months to 30/06/2020	Audited Year to 31 December 2020
In thousands of NZD			
Transaction related commission income	1,166	474	934
Other income	1,081	432	1,240
Fee and commission income	723	449	2,406
Rental income from operating lease	10,087	8,562	17,406
Total other income	13,057	9,917	21,986

4. Other expense

	Unaudited 6 months to 30/06/2021	Unaudited 6 months to 30/06/2020	Audited Year to 31/12/2020
In thousands of NZD			
Commission and fee expense*	(225)	(252)	(537)
Depreciation expense on operating lease	(8,329)	(6,967)	(14,226)
Total other expense	(8,554)	(7,219)	(14,763)

* Balance includes fees charged for the obligations guarantees provided by Rabobank. Refer to note 29 for further information on guarantees.

5. Other operating gains / (losses)

	Unaudited 6 months to 30/06/2021	Unaudited 6 months to 30/06/2020	Audited Year to 31/12/2020
In thousands of NZD			
Net trading gains / (losses) on derivatives	(2,005)	(30,659)	(37,376)
Fair value hedge amortisation	-	1,026	1,026
Credit risk adjustments on derivatives	239	(1,014)	-
Losses on disposal/write off of property, plant and equipment	-	-	(34)
Foreign exchange gains / (losses)	(25)	32	238
Total other operating gains / (losses)	(1,791)	(30,615)	(36,146)

6. Impairment (losses) / releases

	Unaudited 6 months to 30/06/2021	Unaudited 6 months to 30/06/2020	Audited Year to 31/12/2020
In thousands of NZD			
Collective provisions releases / (charges)	(1,077)	(25,905)	(4,833)
Specific provisions releases / (charges)	(2,006)	(7,878)	(11,342)
Other gains	-	317	-
Bad debt (losses)/recovery	(1,247)	(522)	584
Total impairment releases / (losses)	(4,330)	(33,988)	(15,591)

In accordance with NZ IFRS 9, collective provision consists of collective provision 12-Month ECL (stage 1), collective provision lifetime ECL not credit impaired (stage 2), collective provision lifetime ECL credit impaired (stage 3A). Specific provision consists of specific provision lifetime ECL credit impaired (Stage 3B).

Notes to the Financial Statements

7. Financial assets at fair value through other comprehensive income (FVOCI)

In thousands of NZD	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
New Zealand Government Securities	442,922	717,734	482,818
Kauri debt securities	140,552	195,577	193,652
Total Financial assets FVOCI	583,474	913,311	676,470

The impairment allowance relating to financial assets at fair value through other comprehensive income is \$5 thousand (December 2020: nil).

The Banking Group holds a portfolio of high quality liquid securities to support liquidity risk management. The size of the Banking Group's liquidity portfolio is based on the amount required to meet its liquidity requirements.

8. Loans and advances

In thousands of NZD	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
Lending	13,823,421	13,421,162	13,470,222
Finance leases	728,541	717,311	735,950
Gross loans and advances	14,551,962	14,138,473	14,206,172
Accrued interest	10,255	9,058	10,387
Provisions for impairment			
Stage 3B	(17,750)	(24,641)	(17,926)
Stage 3A	(17,228)	(12,767)	(13,240)
Stage 2	(7,777)	(22,224)	(9,619)
Stage 1	(17,467)	(27,883)	(18,641)
Net loans and advances	14,501,995	14,060,016	14,157,133

9. Credit quality, impaired assets and provision for impairment

9.1 Individually impaired assets

in thousands of NZD	At 30 June 2021 (Unaudited)			
	Residential mortgages	Corporate	Retail*	Total
Opening balance	-	120,197	379,131	499,328
Additions	-	10,435	116,340	126,775
Amounts written off	-	-	(3,809)	(3,809)
Returned to performing or repaid	-	(532)	(123,536)	(124,068)
Closing balance	-	130,100	368,126	498,226

Notes to the Financial Statements

9. Credit quality, impaired assets and provision for impairment (continued)

9.2 Past due assets but not impaired

	At 30 June 2021 (Unaudited)			
	Residential mortgages	Corporate	Retail*	Total
in thousands of NZD				
Less than 30 days past due	-	-	23,174	23,174
At least 30 days but less than 60 days past due	-	-	4,027	4,027
At least 60 days but less than 90 days past due	-	-	153	153
At least 90 days past due	-	-	113	113
Closing balance	-	-	27,467	27,467

9.3 Other asset quality information

Aggregate amount of undrawn balances on corporate lending commitments on individually impaired assets as at 30 June 2021 (Unaudited) is \$ 5,300 thousand. Aggregate amount of undrawn balances on retail lending commitments on individually impaired assets as at 30 June 2021 (Unaudited) is \$18,539 thousand.

There were no other assets under administration as at 30 June 2021.

9.4 Provision for impairment on loans and advances

9.4.1 Provisions for impairment on loans and advances (excluding commitments and financial guarantees)

	At 30 June 2021 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands of NZD					
Residential mortgages					
Opening balance	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance residential mortgages	-	-	-	-	-

	At 30 June 2021 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands of NZD					
Corporate					
Opening balance	1,121	69	1,238	8,314	10,742
Charge/(Benefit) to statement of comprehensive income	(747)	(5)	61	(13)	(704)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	9	-	-	6	15
Closing balance corporate	383	64	1,299	8,307	10,053

Notes to the Financial Statements

9. Credit quality, impaired assets and provision for impairment (continued)

	At 30 June 2021 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands of NZD					
Retail*					
Opening balance	16,062	9,362	11,945	9,612	46,981
Charge/(Benefit) to statement of comprehensive income	(580)	(1,935)	3,925	3,266	4,676
Amounts written off	-	-	-	(3,809)	(3,809)
Recoveries	-	-	-	201	201
Reversals	-	-	-	-	-
Other movements	37	-	4	131	172
Closing balance retail	15,519	7,427	15,874	9,401	48,221

* Retail exposures include lending to rural clients together with all other lending to small and medium businesses.

9.4.2 Provision for impairment on commitments and financial guarantees associated with loans and advances

	At 30 June 2021 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands of NZD					
Opening balance	1,458	188	57	-	1,703
Charge/(Benefit) to statement of comprehensive income	107	98	(2)	-	203
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	49	49
Closing balance on loan commitments and financial guarantees	1,565	286	55	49	1,955

9.4.3 Total provisions for impairment on loans and advances

	At 30 June 2021 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands of NZD					
Opening balance	18,641	9,619	13,240	17,926	59,426
Charge/(Benefit) to statement of comprehensive income	(1,220)	(1,842)	3,984	3,253	4,175
Amounts written off	-	-	-	(3,809)	(3,809)
Recoveries	-	-	-	201	201
Reversals	-	-	-	-	-
Other movements	46	-	4	179	229
Closing balance on loans and advances and loan commitments and financial guarantees	17,467	7,777	17,228	17,750	60,222

Notes to the Financial Statements

9. Credit quality, impaired assets and provision for impairment (continued)

9.5 Provision for impairment due from related entities

Impairment allowances on due from related entities

In thousands of NZD	At 30 June 2021 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	841	-	-	-	841
Charge/(Benefit) to statement of comprehensive income	155	-	-	-	155
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance related parties	996	-	-	-	996

The provision is a requirement under NZ IFRS 9 to recognise impairment allowance for Stage 1, it is not a determination of credit quality or collectability.

9.6 Impact of changes in gross financial assets on loss allowance (unaudited)

The following explains how significant changes in the gross carrying amount of financial assets during the period have contributed to the changes in the provision for doubtful debts. Provision for doubtful debts reflects ECL measured using the three-stage approach under NZ IFRS 9.

Overall, the net increase in the total provision for doubtful debts since 31 December 2020 was driven by increase in stage 3A provision which was offset by decreases in provisioning across stages 1 and 2.

Stage 1 credit exposures increased by \$559 million from 31 December 2020. The increase is driven by overall increase in loans as well as improvement in the portfolio (i.e. movement of loans from Stage 2 into Stage 1) during half year period. Collective provision 12-months ECL (Stage 1) decreased by \$1,174 thousand mainly driven by improved macro-economic forecasts.

Collective provision lifetime ECL - not credit impaired (Stage 2) decreased by \$1,842 thousand, mainly due to reduction of gross loans in Stage 2 by \$231 million from 31 December 2020 reflecting overall improvement in portfolio.

Collective provision lifetime ECL - credit impaired (Stage 3A) increased by \$3,988 thousand, mainly due to the movement of clients into Stage 3A.

Specific provision lifetime ECL- credit impaired (Stage 3B) decreased by \$176 thousand, reflecting slight decrease in credit risk which is offset by reduction in impaired assets

9.7 Forward-looking information and macro-economic scenarios

Modelled provision for ECL

The estimation of ECL for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as forecasts of future events and economic conditions (forward looking information). There is a considerable degree of judgement involved in preparing these forecasts due to the uncertainty around the impact of COVID-19. The Bank uses three, probability-weighted, macroeconomic scenarios (consisting of a baseline, a baseline minus and a baseline plus scenario) in the ECL models to determine the expected credit losses.

Baseline scenario is most likely scenario and is based on internal forecasts prepared by Rabobank research.

Notes to the Financial Statements

9. Credit quality, impaired assets and provision for impairment (continued)

The Bank uses a statistical simulation method from the National Institute Global Econometric Model (NiGEM) to generate plus and minus scenarios. The procedure for the formulation involves two steps:

1. Use the stochastic function of NiGEM to run 1000 scenarios starting in the first quarter where the plus and minus scenarios may differ from the baseline. NiGEM uses historical residuals (randomly chosen) from the model equations to give shocks during the forecast period (Monte Carlo simulation). The result is the distribution of macroeconomic outcomes. The impact of these scenarios on the volume of world trade is used in step 2.
2. Look up the two scenarios which represent the 20% (2020: 15%) plus scenarios and the 20% (2020: 15%) minus scenarios of the distribution. Based on economic considerations (including impact of COVID-19), MES probabilities were changed since 31 December 2020.

The increase in weighting to both plus and minus scenarios since 31 December 2020 reflect increased uncertainty around economic assumptions used in baseline scenario. Increased uncertainty is mainly driven by COVID-19 pandemic. The development of the virus itself (e.g. mutations), the timing and impact of the vaccination process and possibly postponed waves of defaults create above-average negative uncertainty. At the same time, the recovery may well be faster than currently expected, posing considerable upside risk.

Important variables in MES are gross domestic product growth, private sector investments and exports of goods and services. These forward looking macroeconomic forecasts require judgment and are largely based on internal Rabobank research.

The base case scenario uses current Rabobank research forecasts and reflects the latest available macroeconomic view which shows recovery from 2021. The latest view considers both the economic and societal impacts of COVID-19. The forecast assume the following:

- Forecast growth of GDP per capita of 3.45% in 2021;
- Forecast growth in private sector investments of 1.61% in 2021; and
- Forecast growth in exports of goods and services of 5.52% in 2021.

An analysis on the sensitivity of key forward-looking macroeconomic inputs used in the ECL modelling process for stage 1 and stage 2 provisioning and the probability-weights applied to each of the three scenarios is presented below.

Notes to the Financial Statements

9. Credit quality, impaired assets and provision for impairment (continued)

New Zealand		2021	2022	2023	ECL unweighted Probability	Weighted ECL in thousands of NZD
Plus	GDP per capita	3.55%	3.37%	2.34%	12,992	20%
	Private sector investments	2.75%	5.87%	3.58%		
	Exports of Goods & Services	5.99%	12.88%	4.16%		
Baseline	GDP per capita	3.45%	2.25%	1.75%	14,871	60%
	Private sector investments	1.61%	2.89%	2.38%		
	Exports of Goods & Services	5.52%	9.99%	4.09%		
Minus	GDP per capita	3.26%	0.10%	0.58%	19,440	20%
	Private sector investments	-0.54%	-2.86%	-0.37%		
	Exports of Goods & Services	4.65%	4.59%	3.87%		

COVID 19 overlay

Where there is increased uncertainty regarding the forward-looking economic conditions under NZ IFRS 9, or limitations of the historical data used to calibrate the models to current stressed environments, overlays are typically used to address areas of potential risk not captured in the underlying modelled ECL.

The COVID-19 pandemic is leading to material structural shifts in the behaviour of the economy and customers, and unprecedented actions by banks, governments and regulators in response. ECL models are expected to be subject to a higher than usual level of uncertainty during this period.

Overlays for COVID-19 decreased in the six months to 30 June 2021 to \$5,791 thousand (31 December 2020: \$10,631 thousand).

The overlay reflects:

- Government stimulus packages insulating the shock to the economy, but these packages are being reduced as the economic outlook is improving which may expose certain sectors.
- Rural clients impacted by commodity price volatility or reduced income from supply chain disruption have the ability to liquidate productive assets or utilise working capital facilities as a means to manage and absorb periods of uncertainty, however the effects of these decisions don't necessarily surface immediately. As a result delaying defaults to the 2nd half of 2021 and into 2022.
- Continuing impact on availability to seasonal labour and availability of shipping for sectors focussed on exports still remains uncertain.

10. Due from related entities

In thousands of NZD	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
Current account balances - wholly owned group*	1,532	127,240	73,169
Advances - wholly owned group*	1,882,227	1,734,844	1,769,897
Accrued interest receivable - wholly owned group*	786	2,122	468
Stage 1 provision for impairment (note 9.5)	(996)	(788)	(841)
Total due from related entities	1,883,549	1,863,418	1,842,693

* The wholly owned group refers to other Rabobank related entities. Refer to note 29 for further information on related party disclosures. There were no stages 2, 3A or 3B provisions for impairment.

Notes to the Financial Statements

11. Property, plant and equipment

	Right-of-use asset - Property	Right-of-use asset - Cars	Office Fixtures & Fittings	Office Equipment	Computer Hardware	Total
In thousands of NZD						
Balance as at 30 June 2020 (Unaudited)						
Cost	10,542	3,639	10,754	162	1,443	26,540
Accumulated depreciation	(3,986)	(1,485)	(9,166)	(83)	(1,374)	(16,094)
Net book value	6,556	2,154	1,588	79	69	10,446
Balance as at 31 December 2020 (Audited)						
Cost	10,579	3,724	11,225	171	893	26,592
Accumulated depreciation	(5,345)	(2,115)	(9,508)	(97)	(816)	(17,881)
Net book value	5,234	1,609	1,717	74	77	8,711
Balance as at 30 June 2021 (Unaudited)						
Cost	10,344	3,595	11,222	170	876	26,207
Accumulated depreciation	(6,402)	(2,300)	(9,881)	(110)	(832)	(19,525)
Net book value	3,942	1,295	1,341	60	44	6,682

In respect of Right-of-use asset, refer to Note 19.2 for further information on the nature of leasing contracts.

For the six months ended 30 June 2021, the Depreciation Charge on the Right-of-use assets was \$1,388 thousand for properties (30 June 2020: \$1,467 thousand), and \$560 thousand for cars (30 June 2020: \$586 thousand). There were additions of \$29 thousand for the Right-of-use assets (30 June 2020: \$814 thousand).

Notes to the Financial Statements

12. Deposits

	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
In thousands of NZD			
Call deposits	2,834,144	2,405,474	2,689,829
Term deposits	2,560,514	3,751,194	3,020,611
Accrued interest	16,328	34,176	21,585
Total deposits	5,410,986	6,190,844	5,732,025

13. Due to related entities

	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
In thousands of NZD			
Current account balances - wholly owned group*	312,028	694,736	496,241
Advances - wholly owned group*	6,775,941	7,051,915	5,576,038
Accrued interest payable - wholly owned group*	2,747	3,172	1,238
Total due to related entities	7,090,716	7,749,823	6,073,517

* The wholly owned group refers to other Rabobank related entities. Refer to note 29 for further information on related party disclosures.

14. Other liabilities

	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
In thousands of NZD			
Lease liabilities	5,476	9,000	7,024
Sundry creditors	6,840	8,497	5,798
Accrued expenses	9,268	7,033	9,007
Total other liabilities	21,584	24,530	21,829

Interest expense on lease liabilities amounted to \$109 thousand for the six months ended 30 June 2021 (30 June 2020: \$161 thousand), and is included within 'Interest expense' in the Statement of Comprehensive Income.

15. Asset quality of Registered Bank's Overseas Banking Group

	At 30/06/2021 EURm
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	11,957
Total individually impaired assets as a percentage of total assets (%)	1.8%
Total individual credit impairment allowance	2,814
Total individual credit impairment allowance as a percentage of total individually impaired assets (%)	23.5%
Total collective credit impairment allowance	1,345

Notes to the Financial Statements

16. Contributed equity, Reserves and Capital management

16.1 Contributed equity

In thousands of NZD	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Unaudited At 31/12/2020
Ordinary share capital	551,200	551,201	551,200
Total contributed equity	551,200	551,201	551,200

As at 30 June 2021, total authorised and paid up capital of Rabobank New Zealand Limited comprises 275,600,000 ordinary shares fully paid ranking equally as to dividends, voting rights and rights to share in any surplus on winding up (31 December 2020: 275,600,000; 30 June 2020: 275,600,000). Each share was issued at \$2 and has no par value.

Total authorised and paid up capital of Rabo Capital Securities Limited (RCSL) comprised 1,000 ordinary shares fully paid ranking equally as to dividends, voting rights and rights to share in any surplus on winding up (31 December 2020: 0; 30 June 2020: 1,000). Each share was issued at \$1 and has no par value. On 21 October 2021, RCSL paid final dividend and was deregistered on 15 January 2021.

16.2 Reserves

In thousands of NZD	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
FVOCI financial assets reserve			
Opening balance	3,258	2,340	2,340
Changes in FVOCI financial assets revaluation reserve (gross)	(3,588)	2,536	1,275
Changes in FVOCI financial assets revaluation reserve (deferred tax)	1,005	(710)	(357)
Total FVOCI reserve	675	4,166	3,258

The nature and purpose of the FVOCI financial assets revaluation reserve is to record the unrealised gains or losses arising from changes in the fair value of FVOCI financial assets.

16.3 Capital management

The Banking Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Banking Group's capital is monitored by management of the Banking Group using, amongst other things, capital, financial and risk information.

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

During the six month period ended 30 June 2021 and the 2020 financial year, the Banking Group complied in full with all its externally imposed financial requirements.

RNZL documents its Internal Capital Adequacy Assessment Process (ICAAP) as required by the Reserve Bank of New Zealand (RBNZ). The ICAAP document sets out the framework used by RNZL to determine the minimum levels of capital it requires given the natures of its businesses, and how the various risks it is exposed to will be managed.

The Banking Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of its activities. In order to maintain or adjust the capital structure, the Banking Group may adjust the amount of dividend payment to members, return capital to members or issue capital securities. No changes were made to the objectives, policies or processes from the prior year.

Notes to the Financial Statements

17 Priority of financial liabilities in the event of a liquidation

The financial liabilities of the Branch reported in these financial statements are unsecured. Where the assets of the Branch in New Zealand are liquidated or the Branch ceases to trade, those financial liabilities would rank (under New Zealand law in relation to those assets) equally with the claims of the Branch's other unsecured creditors and behind the preferred creditors set out in Schedule 7 of the Companies Act 1993. However the same priority may not exist for any inter branch funding of the Branch. The claims of the Branch's unsecured and preferred creditors in relation to the assets of the Branch in New Zealand are, in general terms, broadly equivalent to the claims of the unsecured and preferred creditors of Coöperatieve Rabobank U.A. in relation to assets in countries other than New Zealand in which Coöperatieve Rabobank U.A. carries on business.

18. Contingent liabilities and credit related commitments

Through the normal course of business, the Banking Group may be 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 a review has been made on a case by case basis. The Banking Group does not consider that the outcome of any claims made either individually or in aggregate are likely to have a material effect on its operation or financial position.

The Banking Group is party to financial instruments with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers and in managing its own risk profile. These financial instruments include commitments to extend credit facilities, financial guarantees, and standby letters of credit. The Banking Group's exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract or notional amount of those instruments. However, some commitments to extend credit and provide underwriting facilities can be cancelled or revoked at any time at the Banking Group's option. The Banking Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

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

	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
In thousands of NZD			
Guarantees	92,807	96,469	87,912
Lending commitments			
Irrevocable lending commitments	1,017,198	758,285	905,344
Revocable lending commitments	2,065,725	2,408,485	2,127,620
Total contingent liabilities	3,175,730	3,263,239	3,120,876

Guarantees represent conditional undertakings by the Banking Group to support the financial obligations of its customers to third parties. Lending commitments include the Banking Group's obligations to provide funding facilities which remain undrawn at balance date, or where letters of offer have been issued but not yet accepted.

19. Expenditure Commitments

19.1 Capital expenditure commitments

Estimated capital expenditure contracted for at balance date, but not provided for, or payable:

	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
In thousands of NZD			
One year or less	2,119	194	-
Total capital expenditure commitments	2,119	194	-

19.2 Non-cancellable operating lease commitments

Notes to the Financial Statements

19. Expenditure Commitments (continued)

In thousands of NZD	Unaudited At 30/06/2021	Unaudited At 30/06/2020	Audited At 31/12/2020
One year or less	862	818	1,186
Between one and two years	1,081	534	1,302
Between two and five years	1,900	2,100	1,688
Over five years	3,611	4,177	3,419
Total operating lease commitments	7,454	7,629	7,595

Operating lease commitments include short-term leases, service portion of lease payments under operating leases and leases entered into by the Banking Group before lease commencement date.

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

Leases may be over commercial and residential premises and reflect the needs of the occupying business and market conditions. All leases are negotiated with external professional property advisors acting for the Banking Group. Rental payments are determined in terms of the relevant lease requirements, usually reflecting market rentals as described by standard valuation practice. The Banking Group as lessee has no purchase options over premises occupied. There are no restrictions imposed on the Banking Group's lease of space other than those forming part of the negotiated lease arrangements for each specific premises.

20. Risks arising from financial instruments

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

20.1 Liquidity risk

Liquidity portfolio

The Banking Group holds a portfolio of high quality liquid securities to support liquidity risk management. The size of the liquidity portfolio is based on the amount required to meet its liquidity risk appetite and regulatory obligations.

in thousands of NZD	At 30 June 2021 (Unaudited)
Cash at banks	112,991
Balances with Central Bank	341,691
New Zealand Government Securities	442,922
Kauri debt securities	140,552
Total liquid assets	1,038,156

The following maturity analysis for financial assets and financial liabilities and contingent liabilities presents the contractual undiscounted cash flows receivable and payable, and is based on the remaining period as at the reporting date to the contractual maturity.

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

Notes to the Financial Statements

20. Risks arising from financial instruments (continued)

The Banking Group actively monitors and manages the mismatch between assets and liabilities as part of standard banking operations. The management of the mismatch of assets against liabilities using expected flows allows for the repayment behaviour of assets and liabilities that are not aligned to the contractual maturity. The Banking Group has access to various sources of short and long term funding via its retail and SME deposit portfolio, and intercompany funding arrangements with Rabobank. These funding options support the renewal of maturing liabilities.

Notes to the Financial Statements

20. Risks arising from financial instruments (continued)

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

	Total	On Demand	Up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years and up to 5 years	Over 5 years
In thousands of NZD							
At 30 June 2021 (Unaudited)							
Financial assets							
Cash and cash equivalents	454,682	454,682	-	-	-	-	-
Derivative financial instruments	172,857	-	72,335	31,710	39,199	25,402	4,211
Financial assets at fair value through other comprehensive income	590,357	-	325,908	1,212	165,983	97,254	-
Loans and advances Due from related entities	14,783,517	-	3,284,916	2,399,577	4,634,411	3,733,331	731,282
Other financial assets	1,883,969	1,532	1,882,437	-	-	-	-
	3,956	-	3,956	-	-	-	-
Total financial assets	17,889,338	456,214	5,569,552	2,432,499	4,839,593	3,855,987	735,493
Financial liabilities							
Derivative financial instruments	122,817	-	48,009	15,445	20,819	29,249	9,295
Debt securities in issue	2,830,544	-	1,944,097	350,960	195,376	340,111	-
Deposits Due to related entities	5,424,327	2,834,144	1,608,582	523,756	202,062	255,783	-
Interest bearing liabilities	7,113,687	312,028	4,780,898	1,358,476	364,667	297,618	-
Other financial liabilities	828	-	555	213	60	-	-
	30,673	-	26,640	1,289	1,908	836	-
Total financial liabilities	15,522,876	3,146,172	8,408,781	2,250,139	784,892	923,597	9,295
Contingent liabilities							
Guarantees	92,807	6,557	6,141	-	2,036	75,873	2,200
Lending commitments	3,082,923	1,512,762	136,743	502,679	186,972	473,916	269,851
Total contingent liabilities	3,175,730	1,519,319	142,884	502,679	189,008	549,789	272,051

20.2 Market risk

Repricing analysis

The table below shows the repricing of assets and liabilities based on the earlier of repricing and contractual maturity date.

Notes to the Financial Statements

20. Risks arising from financial instruments (continued)

	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non-interest bearing
In thousands of NZD							
At 30 June 2021 (Unaudited)							
Financial assets							
Cash and cash equivalents	454,682	454,682	-	-	-	-	-
Derivative financial instruments	171,203	-	-	-	-	-	171,203
Financial assets at fair value through	583,474	114,474	210,000	-	164,000	95,000	-
Loans and advances	14,501,995	8,087,713	1,350,876	1,496,890	2,327,320	1,228,712	10,484
Due from related entities	1,883,549	1,870,693	-	-	-	-	12,856
Other financial assets	3,956	-	-	-	-	-	3,956
Total financial assets	17,598,859	10,527,562	1,560,876	1,496,890	2,491,320	1,323,712	198,499
Other assets	65,112	-	-	-	-	-	65,112
Income tax receivable	2,905	-	-	-	-	-	2,905
Net deferred tax assets	21,506	-	-	-	-	-	21,506
Property, plant and equipment	6,682	-	-	-	-	-	6,682
Intangible assets	2,005	-	-	-	-	-	2,005
Total non-financial assets	98,210	-	-	-	-	-	98,210
Total assets	17,697,069	10,527,562	1,560,876	1,496,890	2,491,320	1,323,712	296,709
Financial liabilities							
Derivative financial instruments	120,733	-	-	-	-	-	120,733
Debt securities in issue	2,815,311	1,188,876	949,519	346,706	190,535	136,300	3,375
Deposits	5,410,986	3,788,366	662,823	499,505	191,034	252,929	16,329
Due to related entities	7,090,716	5,041,118	1,177,352	854,213	9,039	-	8,994
Interest bearing liabilities	828	341	214	213	60	-	-
Other financial liabilities	21,584	836	724	1,225	1,848	791	16,160
Total financial liabilities	15,460,158	10,019,537	2,790,632	1,701,862	392,516	390,020	165,591
Current tax liabilities	1,496	-	-	-	-	-	1,496
Provisions	7,954	-	-	-	-	-	7,954
Total non-financial liabilities	9,450	-	-	-	-	-	9,450
Total liabilities	15,469,608	10,019,537	2,790,632	1,701,862	392,516	390,020	175,041

Notes to the Financial Statements

20. Risks arising from financial instruments (continued)

Swaps	-	1,238,495	(111,300)	716,200	(1,538,016)	(305,379)
Repricing gap (interest bearing assets and liabilities)	<u>2,105,793</u>	<u>1,746,520</u>	<u>(1,341,056)</u>	<u>511,227</u>	<u>560,788</u>	<u>628,313</u>
Cumulative mismatch	<u>2,105,793</u>	<u>1,746,520</u>	<u>405,465</u>	<u>916,692</u>	<u>1,477,480</u>	<u>2,105,793</u>

Notes to the Financial Statements

20. Risks arising from financial instruments (continued)

20.3 Credit risk

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

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

No material changes were made to the objectives, policies or processes from prior year.

20.3.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

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

Credit exposures consist of:

	30 June At 30/06/2021
In thousands of NZD	
Cash and cash equivalents	454,682
Financial assets at fair value through other comprehensive income	583,474
Loans and advances	14,501,995
Due from related entities	1,883,549
Other financial assets	3,956
Derivative financial instruments	171,203
Commitment and guarantees (note 18)	3,175,730
Total credit exposures	<u>20,774,589</u>

Analysis of credit exposures by industry:

	30 June At 30/06/2021
In thousands of NZD	
Agriculture	13,691,088
Finance and insurance	2,364,559
Forestry and fishery	372,705
Government	785,704
Manufacturing	2,158,168
Property and business services	261,559
Wholesale trade	463,145
Other	677,661
Total credit exposures	<u>20,774,589</u>

Notes to the Financial Statements

20. Risks arising from financial instruments (continued)

Analysis of credit exposures by geographical areas:

	30 June
	At 30/06/2021
In thousands of NZD	
New Zealand	18,253,097
The Netherlands	1,896,404
Australia	406,481
United States of America	102,660
Finland	51,419
Germany	22,589
Philippines	31,484
Luxembourg	10,455
Total credit exposures	<u>20,774,589</u>

21. Capital and market risk exposures and capital adequacy

21.1 Additional residential mortgages information

Residential mortgages by loan-to-valuation ratio ("LVR")

	At 30 June 2021 (Unaudited)		
	Drawn	Undrawn	Total
In thousands of NZD			
LVR range			
Do not exceed 80%	11,459	6,998	18,457
Exceeds 80% and not 90%	577	419	996
Exceeds 90%	-	-	-
Total value of residential mortgage exposures	<u>12,036</u>	<u>7,417</u>	<u>19,453</u>

21.2 Residential mortgages

Reconciliation of mortgage related accounts

	Unaudited
	At 30/06/2021
In thousands of NZD	
Loans and advances - loans with residential mortgages	12,036
Plus short term residential mortgage classified as overdrafts	-
Less housing loans made to corporate customers	-
On-balance sheet residential mortgage exposures subject to the standardised approach	12,036
Off-balance sheet residential mortgages exposures subject to the standardised approach	7,417
Total residential mortgage exposures subject to the standardised approach	<u>19,453</u>

Notes to the Financial Statements

21. Capital and market risk exposures and capital adequacy (continued)

21.3 Market risk period-end capital charges

In thousands of NZD	At 30/06/2021 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
Interest rate risk	691,250	55,300
Foreign currency risk	193,500	15,480
Total	884,750	70,780

The bank does not take any equity risk.

21.4 Market risk peak end-of-day capital charges

In thousands of NZD	At 30/06/2021 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
Interest rate risk	720,250	57,620
Foreign currency risk	216,625	17,330
Total	936,875	74,950

The bank does not take any equity risk.

21.5 Method for delivering peak end-of-day aggregate capital charge

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

21.6 Capital adequacy of Overseas Banking Group - Rabobank

Capital adequacy of Rabobank

Capital adequacy ratios for Rabobank are publicly available in the Rabobank Interim Report.

At 30 June (Unaudited)	2021	2020
	%	%
Common equity Tier 1 capital ratio	17.20%	16.60%
Tier 1 capital ratio	19.00%	18.40%
Total capital ratio	23.00%	24.30%

Minimum capital requirements

Rabobank is required by Dutch Central Bank (DNB) to hold minimum capital at least equal to that specified under Basel III framework and those requirements imposed on it by the DNB have been met as at the reporting date.

Rabobank calculates its regulatory capital for credit risk for almost the entire loan portfolio using the Advanced Internal Ratings Based Approach approved by the supervisory authority. In consultation with the DNB, Rabobank applies the Standardised Approach to portfolios with relatively limited exposure and to some smaller portfolios outside the Netherlands which are not suitable for the Advanced Internal Ratings Based Approach.

Notes to the Financial Statements

21. Capital and market risk exposures and capital adequacy (continued)

Rabobank measures operational risk using an internal model, approved by DNB, that is based on the Advanced Measurement Approach. For market risk exposure, DNB has given Rabobank permission to calculate the general and specific position risk using its own internal value-at-risk (VaR) models, based on the The Capital Requirements Regulation (CRR).

Rabobank's Capital Adequacy and Risk Management Report (pillar 3) are publicly available on <https://www.rabobank.com/en/images/pillar-3-report-2020.pdf>
Rabobank's Interim Report is publicly available on <https://www.rabobank.com/en/images/02-interim-report-2021.pdf>

22. Concentration of funding

22.1 Total funding comprised

	<u>30 June</u> <u>At 30/06/2021</u>
In thousands of NZD	
Debt securities in issue	2,815,311
Deposits	5,410,986
Due to related entities	7,090,716
Interest bearing liabilities	828
Other financial liabilities	21,584
Total funding	<u>15,339,425</u>

22.2 Analysis of funding by industry

	<u>30 June</u> <u>At 30/06/2021</u>
In thousands of NZD	
Agriculture	693,539
Finance and Insurance	11,087,742
Personal and other services	3,182,511
Other	375,633
Total funding	<u>15,339,425</u>

Notes to the Financial Statements

22. Concentration of funding (continued)

22.3 Analysis of funding by geographic area

	30 June At 30/06/2021
In thousands of NZD	
New Zealand	6,196,741
The Netherlands	7,962,191
Australia	732,225
United Kingdom	387,975
United States of America	38,868
All other countries	21,425
Total funding	<u>15,339,425</u>

23. Additional information on statement of financial position

	Banking Group Unaudited At 30/06/2021
In thousands of NZD	
Total interest earning and discount bearing assets	17,400,360
Total interest and discount bearing liabilities	15,294,567
Financial assets pledged as collateral	-
	Branch Unaudited At 30/06/2021
In thousands of NZD	
Liabilities of the Registered Bank in New Zealand, net of amounts due to related parties	3,417,257
Retails deposits of the Registered Bank in New Zealand	-

24. Fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost, in accordance with NZ IFRS 13 'Fair Value Measurement' which requires the Banking Group to disclose the fair value of those financial instruments not already carried at fair value in the Statement of Financial Position.

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

Notes to the Financial Statements

24. Fair values of financial instruments (continued)

	Unaudited At 30 June 2021		Unaudited At 30 June 2020 Restated		Audited At 31 December 2020 Restated	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
In thousands of NZD						
Financial assets						
Cash and cash equivalents	454,682	454,682	682,458	682,458	531,341	531,341
Derivative financial instruments	171,203	171,203	175,401	175,401	170,964	170,964
Financial assets at fair value through other comprehensive income	583,474	583,474	913,311	913,311	676,470	676,470
Loans and advances	14,501,995	14,721,380	14,060,016	14,260,431	14,157,133	14,347,202
Due from related entities	1,883,549	1,883,696	1,863,418	1,863,441	1,842,693	1,843,001
Other financial assets	3,956	3,956	10,398	10,398	7,589	7,589
Total financial assets	17,598,859	17,818,391	17,705,002	17,905,440	17,386,190	17,576,567
Financial liabilities						
Derivative financial instruments	120,733	120,733	226,976	226,976	249,123	249,123
Debt securities in issue	2,815,311	2,833,980	1,573,714	1,605,523	3,265,078	3,295,430
Deposits	5,410,986	5,465,921	6,190,844	6,270,211	5,732,025	5,802,931
Due to related entities	7,090,716	7,101,856	7,749,823	7,759,500	6,073,516	6,086,771
Interest bearing liabilities	828	748	2,643	2,931	1,935	1,828
Other financial liabilities	21,584	21,584	22,480	22,480	20,172	20,172
Total financial liabilities	15,460,158	15,544,822	15,766,480	15,887,621	15,341,849	15,456,255

The Head Office account in the Branch comprising of retained earnings of the Branch has been reclassified and presented as Equity during the period ended 30 June 2021. This account was historically classified as a Liability. Relevant prior period information has been restated to aid comparability. Refer to Note 2.6 for further details.

Notes to the Financial Statements

24. Fair values of financial instruments (continued)

Fair value hierarchy

The Banking Group categorises its fair value measurements on the basis of inputs used in measuring fair value using the fair value hierarchy below:

Level 1: Financial instruments that have been valued by reference to unadjusted quoted prices in active markets for identical financial instruments. This category includes financial instruments valued using quoted yields where available for specific debt securities.

Level 2: Financial instruments that have been valued through valuation techniques incorporating inputs other than quoted prices within Level 1 that are observable for a similar financial asset or liability, either directly or indirectly.

Level 3: Financial instruments that have been valued using valuation techniques which incorporate significant inputs that are not based on observable market data (unobservable inputs).

Valuation methodology

Financial assets and financial liabilities at fair value

For financial assets and financial liabilities carried at fair value, fair value has been derived as follows:

Derivative financial instruments and FVOCI financial assets

Fair values are based on quoted market prices. Where a quoted price is not available, fair values are estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or market accepted valuation models as appropriate (including discounted cash flow models) based on current market yields for similar types of instruments and the maturity of each instrument.

A Credit Valuation Adjustment (CVA) is applied to the Banking Group's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. The Banking Group uses a Bilateral Credit Valuation Adjustment (BCVA) methodology to calculate the expected future credit exposure for all derivative exposures including inputs regarding probabilities of default (PDs) and loss given default (LGD).

The following tables categorise financial assets and financial liabilities that are recognised and measured at fair value according to the three levels of hierarchy.

	Level 1	Level 2	Level 3	Total
In thousands of NZD				
At 30 June 2021 (Unaudited)				
Financial assets				
Derivative financial instruments	-	171,203	-	171,203
Financial assets at fair value through other comprehensive income	583,474	-	-	583,474
Financial liabilities				
Derivative financial instruments	-	120,733	-	120,733
	Level 1	Level 2	Level 3	Total
In thousands of NZD				
At 30 June 2020 (Unaudited)				
Financial assets				
Derivative financial instruments	-	175,401	-	175,401
Financial assets at fair value through other comprehensive income	913,311	-	-	913,311
Financial liabilities				
Derivative financial instruments	-	226,976	-	226,976

Notes to the Financial Statements

24. Fair values of financial instruments (continued)

In thousands of NZD	Level 1	Level 2	Level 3	Total
At 31 December 2020 (Unaudited)				
Financial assets				
Derivative financial instruments	-	170,964	-	170,964
Financial assets at fair value through other comprehensive income	676,470	-	-	676,470
Financial liabilities				
Derivative financial instruments	-	249,123	-	249,123

Transfers in and transfers out of fair value hierarchy levels are reported using the end-of-period fair values. There were no transfers between fair value hierarchy levels during the period.

Financial assets and financial liabilities carried at amortised cost

For financial assets and financial liabilities carried at amortised cost, an estimate of the fair value has been derived as follows, and are categorised as level 3 (with the exception of cash and cash equivalents which are level 1, and due from other financial institutions and deposits which are level 2).

Cash and cash equivalents

Fair value approximates carrying value due to their short term nature, frequent repricing or high credit rating.

Loans and advances and Due from related entities

The carrying value of loans and advances and due from related entities is net of collective and specific provisions. Fair value of call and variable rate loans and advances approximate their carrying value as they are short term in nature or payable on demand. Fair value of term loans and advances are estimated using discounted cash flows, applying market rates offered for loans of similar remaining maturities.

Other financial assets and Other financial liabilities

For all other financial assets and financial liabilities fair value approximates carrying value due to their short term nature, frequent repricing or high credit rating.

Due to financial institutions, Debt securities in issue, Deposits and Due to related entities

Fair value of call and variable rate deposits/debt securities in issue approximate their carrying value as they are short term in nature or payable on demand.

Fair value of term deposits/debt securities in issue are estimated using discounted cash flows, applying market rates offered for deposits of similar remaining maturities.

25. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Rabobank New Zealand Banking Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 30 June 2021 and 30 June 2020. The column 'net amount' shows the impact on the Banking Group's balance sheet if all set-off rights were exercised.

Notes to the Financial Statements

25. Offsetting financial assets and financial liabilities (continued)

30/06/2021 (Unaudited)	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject master agreements	Financial instrument collateral	Net amount
In thousands of NZD						
Financial Assets						
Cash and cash equivalents	454,682	-	454,682	-	-	454,682
Derivative financial instruments	171,203	-	171,203	12,211	-	158,992
Total financial assets	625,885	-	625,885	12,211	-	613,674
Financial Liabilities						
Derivative financial instruments	120,733	-	120,733	12,211	-	108,522
Effects of offsetting on the balance sheet						
30/06/2020 (Unaudited)	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject master agreements	Financial instrument collateral	Net amount
In thousands of NZD						
Financial Assets						
Cash and cash equivalents	682,458	-	682,458	-	-	682,458
Derivative financial instruments	175,401	-	175,401	492	-	174,909
Total financial assets	857,859	-	857,859	492	-	857,367
Financial Liabilities						
Derivative financial instruments	226,976	-	226,976	492	-	226,484

Notes to the Financial Statements

26. Maturity analysis of assets and liabilities

The table below shows a maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled within 12 months (current) and greater than 12 months (non-current).

	At 30 June 2021 (Unaudited)			At 31 December 2020(Audited) Restated		
	Current	Non-Current	Total	Current	Non-Current	Total
In thousands of NZD						
Assets						
Cash and cash equivalents	454,682	-	454,682	531,341	-	531,341
Derivative financial instruments	104,045	67,158	171,203	76,589	94,375	170,964
FVOCI financial assets	324,474	259,000	583,474	467,470	209,000	676,470
Loans and advances Due from related entities	6,973,917	7,528,078	14,501,995	6,702,300	7,454,833	14,157,133
Other assets	1,883,549	-	1,883,549	1,842,693	-	1,842,693
Income tax receivable	7,823	61,245	69,068	27,763	40,982	68,745
Net deferred tax assets	2,905	-	2,905	14,155	-	14,155
Property, plant and equipment	-	21,506	21,506	-	21,470	21,470
Intangible assets	-	6,682	6,682	-	8,711	8,711
	-	2,005	2,005	-	2,304	2,304
Total Assets	9,751,395	7,945,674	17,697,069	9,662,311	7,831,675	17,493,986
Liabilities						
Derivative financial instruments	63,454	57,279	120,733	191,007	58,116	249,123
Debt securities in issue	2,287,250	528,061	2,815,311	2,788,944	476,134	3,265,078
Deposits Due to related entities	3,893,972	1,517,014	5,410,986	4,136,359	1,595,666	5,732,025
Interest bearing liabilities	6,441,777	648,939	7,090,716	5,472,685	600,831	6,073,516
Income tax payable	769	59	828	1,660	275	1,935
Other liabilities	1,496	-	1,496	1,427	-	1,427
Provisions	17,549	4,035	21,584	18,280	3,549	21,829
	5,655	2,299	7,954	4,705	2,520	7,225
Total Liabilities	12,711,922	2,757,686	15,469,608	12,615,067	2,737,091	15,352,158

The Head Office account in the Branch comprising of retained earnings of the Branch has been reclassified and presented as Equity during the period ended 30 June 2021. This account was historically classified as a Liability. Relevant prior period information has been restated to aid comparability. Refer to Note 2.6 for further details.

Notes to the Financial Statements

27. Reconciliation of net cash flows from operating activities

In thousands of NZD	Unaudited 6 months to 30/06/2021	Unaudited 6 months to 30/06/2020	Audited Year to 31/12/2020
Net profit after tax	90,093	29,381	121,191
Non-cash items	15,013	44,744	33,970
Deferrals or accruals of past or future operating cash receipts or payments			
Change in net operating assets and liabilities	(607,026)	(48,100)	(296,527)
Change in interest receivable/payable	(9,800)	(21,195)	(27,553)
Change in other deferrals or accruals	(115,355)	(20,015)	24,051
Net cash flows from / (used in) operating activities	(627,075)	(15,185)	(144,868)

28. Additional information for Registered Bank' Overseas Banking Group

	2021 EURm	2020 EURm
For the six months ended 30 June 2021 (Unaudited)		
Net profit after income tax	2,160	227
Total assets	650,997	620,117
% change over the previous twelve months	4.7%	2.2%
	2020 EURm	2019 EURm
For the year ended 31 December 2020 (Unaudited)		
Net profit for the year	1,096	2,203
Percentage (on twelve month rolling basis) of average total assets	0.2%	0.4%

29. Related party disclosures

The Banking Group consists of RNZL, a wholly owned subsidiary of Rabobank International Holdings B.V. whose ultimate parent is Rabobank; the Branch, RCSL, De Lage Landen Limited and AGCO Finance Limited. Dealings with the parent and ultimate controlling entity include lending, funding, deposits and derivative transactions.

29.1 Transactions with related parties

29.1.1 Guarantees

The first period

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

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

The second period

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

Notes to the Financial Statements

29. Related party disclosures (continued)

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

The third period

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

Whilst Third Guarantee expired on 17 February 2012, all obligations incurred by RNZL during the Third Period will continue to be covered by the Third Guarantee until those obligations are repaid.

The fourth period

For the period 18 February 2012 to 17 February 2013 (“the Fourth Period”), the obligations of RNZL were guaranteed pursuant to a deed of guarantee dated 10 October 2011 by Rabobank in favour of the creditors of RNZL (the “Fourth Guarantee”).

Whilst the Fourth Guarantee expired on 17 February 2013, all obligations incurred by RNZL during the Fourth Period will be covered by the Fourth Guarantee until those obligations are repaid.

The fifth period

For the period 18 February 2013 to 17 February 2014 (“the Fifth Period”), the obligations of RNZL are guaranteed pursuant to a deed of guarantee dated 9 July 2012 by Rabobank in favour of the creditors of RNZL (the “Fifth Guarantee”).

Whilst the Fifth Guarantee expired on 17 February 2014 all obligations incurred by RNZL during the Fifth Period will be covered by the Fifth Guarantee until those obligations are repaid.

The sixth period

For the period 18 February 2014 to 17 February 2015 (“the Sixth Period”), the obligations of RNZL are guaranteed pursuant to a deed of guarantee dated 20 August 2013 by Rabobank in favour of the creditors of RNZL (the “Sixth Guarantee”).

Whilst the Sixth Guarantee expired on 17 February 2015 all obligations incurred by RNZL during the Sixth Period will be covered by the Sixth Guarantee until those obligations are repaid.

The seventh period

For the period 18 February 2015 to 30 April 2015 (“the Seventh Period”), the obligations of RNZL will be guaranteed pursuant to a deed of guarantee dated 19 September 2014 by Rabobank in favour of the creditors of RNZL (the “Seventh Guarantee”).

Whilst the Seventh Guarantee expired on 30 April 2015, all obligations incurred by RNZL up to the close of 30 April 2015 will continue to be covered by the Seventh Guarantee or one of the earlier guarantees described above (as applicable), until those obligations are repaid or otherwise satisfied.

Further information about the expiry of the guarantee can be found at www.rabobank.co.nz.

29.1.2 Guarantee fees

A fee of \$0.19 million was charged to RNZL by Rabobank in consideration for providing the obligations guarantees for the six month period ended 30 June 2021 (twelve month period December 2020: \$0.46 million; six month period June 2020: \$0.25 million).

29.1.3 Management fees

Management expenses and recharges mainly consisted of the following types, namely expenses incurred in relation to services received from Australian Branch of Rabobank; overseas Rabobank Head Office, De Lage Landen Pty Limited and De Lage Landen International B.V.

Notes to the Financial Statements

29. Related party disclosures (continued)

Expenses that are related to provision of administrative and management services to the Banking Group (e.g. employee expenses, rent, professional fees) incurred by Australia Branch of Rabobank are recharged as per service level agreements. In total, management expenses and recharge costs of \$23.5 million were charged by the Australia Branch of Rabobank (twelve month period December 2020: \$47.1 million; six month period June 2020: \$22.1 million).

A management fee of \$5.7 million (twelve month period December 2020: \$14 million; six month period June 2020: \$5.8 million) was charged to the Banking Group by the Rabobank Head Office for the provision of administrative and management services.

An amount of \$2.8 million (twelve month period 31 December 2020: \$5.4 million; six month period June 2020: \$2.6 million) was charged to the Banking Group as management fees by De Lage Landen Pty Limited.

Corporate center expenses of \$1.7 million (twelve month period 31 December 2020: \$2.1 million; six month period June 2020: \$1.4 million) were charged to the Banking Group by De Lage Landen International B.V.

29.1.4 Other transactions

The Banking Group enters into a number of transactions with other related entities of Rabobank. These transactions include funding, loans, deposits and accrued interest. Interest recorded and charged was on normal commercial terms throughout the year. The balances and transactions are summarised in table below:

	Unaudited 30 June 2021	Unaudited 6 months to 30/06/2021	Unaudited 30 June 2020	Unaudited 6 months to 30/06/2020	Audited 31 December 2020	Audited Year to 31/12/2020
In thousands of NZD						
Interest income due from related parties	-	6,054	-	15,756	-	12,205
Interest expense due to related parties	-	17,181	-	40,645	-	61,624
Due from related entities	1,883,550	-	1,863,418	-	1,842,692	-
Due to related entities	7,090,716	-	7,749,821	-	6,073,516	-

Derivatives with a combined notional of \$17,616 million and a net fair value asset position of \$63.8 million (December 2020: \$17,298 million; June 2020: \$14,053 million and December 2020: (\$54.6 million); June 2020: (\$56 million) respectively) are held with the Rabobank.

Loan Facility Agreement

A loan facility of EUR 4.4 billion was granted by Rabobank to the New Zealand Branch of Rabobank on 1 April 2021. The unused amount at 30 June 2021 was EUR 0.816 billion.

29.2 Terms and conditions of transactions with related parties

All transactions with related parties are made in the ordinary course of business on normal terms and conditions.

Outstanding balances at period end are unsecured and settlement occurs in cash.

29.3 Provision for impairment

For the period ended 30 June 2021, the Banking Group has not made any specific provision for impairment relating to amounts owed by related parties (2020: Nil). Provision has not been recognised on grounds of it being minimal and immaterial. The Banking Group recognises collective impairment allowance relating to amounts owed by related parties in accordance with expected credit loss impairment model. The Banking Group recognised stage 1 impairment allowance relating to amounts owned by related parties of \$0.99 million as at 30 June 2021 (31 December 2020 \$0.84 million; 30 June 2020: \$0.79 million).

Notes to the Financial Statements

29. Related party disclosures (continued)

29.4 Dividend

AGCO paid dividend to AGCO Australia of \$1,860 thousand during the six months period ended 30 June 2021 (2020: Nil).

30. Subsequent events

From 18 August 2021, New Zealand entered nationwide lockdown due to a case of community transmission of COVID-19. The Banking Group continues to monitor the impacts of COVID-19 related restrictions on our clients and our lending portfolio. As disclosed in Note 9, a COVID-19 overlay has been recognised as at 30 June 2021 to address ongoing uncertainty of this pandemic. The directors are not aware of any other event or circumstances since the end of the period not otherwise dealt with in this report that has or may significantly affect the operations of the Banking Group, the results of those operations or the state of affairs of the Banking Group in subsequent financial years.



Independent auditor's review report

To the Directors of Coöperatieve Rabobank U.A.

Report on the Disclosure Statement

Our conclusions

We have reviewed the “Insurance business” section on page 2, “Non-consolidated activities” section, “Risk management policies” section and “Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products” section on page 3 and pages 7 to 42 of the Disclosure Statement for the six months ended 30 June 2021 (the ‘Disclosure Statement’) of Coöperatieve Rabobank U.A. – New Zealand Banking Group (the ‘Banking Group’) which includes the interim financial statements (the ‘financial statements’) required by Clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the ‘Order’) and the supplementary information required by Schedules 5, 7, 9, 12 and 14 of the Order.

The Banking Group represents Coöperatieve Rabobank U.A.’s operations in New Zealand, which comprises of Rabobank New Zealand Limited, Coöperatieve Rabobank U.A. - New Zealand Branch, De Lage Laden Limited and AGCO Finance Limited.

The financial statements on pages 7 to 42 comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the condensed statement of cash flows for the six months then ended, and significant accounting policies and other explanatory information.

The supplementary information is included within the “Insurance business” section on page 2, “Non-consolidated activities” section, “Risk management policies” section and “Securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products” section on page 3 and notes to the financial statements.

We have examined the financial statements and supplementary information and based on our review, nothing has come to our attention that causes us to believe that:

- a) the financial statements on pages 7 to 42 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34);
- b) the supplementary information that is required to be disclosed under Schedules 5, 7, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and
- c) the supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 9 of the Order, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

Basis for conclusions

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the financial statements and supplementary information* section of our report.

We are independent of the Banking Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as auditor, we have no relationship with, or interest in, the Banking Group. Certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading activities of the Banking Group. These matters have not impaired

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our independence as auditor of the Banking Group.

Directors' responsibility for the Disclosure Statement

The Directors of Coöperatieve Rabobank U.A. (the 'Directors') are responsible on behalf of the Banking Group for the preparation and fair presentation of the Disclosure Statement, which includes financial statements prepared in accordance with Clause 26 of the Order and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible, on behalf of the Banking Group, for the preparation and fair presentation of supplementary information in the Disclosure Statement which complies with Schedules 3, 5, 7, 9, 12 and 14 of the Order.

Auditor's responsibility for the review of the financial statements and supplementary information

Our responsibility is to express the following conclusions on the financial statements and the supplementary information presented by the Directors based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that:

- the financial statements (excluding the supplementary information), taken as a whole, have not been prepared, in all material respects, in accordance with IAS 34 and NZ IAS 34;
- the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy), taken as a whole, does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 12 and 14 of the Order; and
- the supplementary information relating to credit and market risk exposures and capital adequacy, taken as a whole, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

A review in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

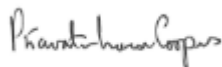
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the financial statements and the supplementary information.

Who we report to

This report is made solely to the Directors, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Coöperatieve Rabobank U.A. and Coöperatieve Rabobank U.A.'s Directors, as a body, for our review procedures, for this report, or for the conclusions we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Sam Hinchliffe.

For and on behalf of:



Chartered Accountants

Sydney, Australia

30 August 2021