Coöperative Rabobank U.A. NZ Banking Group

Disclosure Statement - 30 June 2023

Rabobank

Contents

General information and definitions

The information contained in this Disclosure Statement is as required by section 81 of the Banking (Prudential Supervision) Act 1989 ("Banking 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.

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 2023:

- 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: 29 August 2023

Statement of Comprehensive Income

In thousands of NZD	Note	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Interest income		625,719	318,709
Interest expense		(373,236)	(102,568)
Net interest income		**252,483**	**216,141**
Other income		10,447	12,444
Other expense		(6,578)	(7,210)
Other operating gains/(losses)	3	1,912	(2,486)
Non-interest income / (expense)		**5,781**	**2,748**
Operating income		**258,264**	**218,889**
Operating expenses		(101,117)	(85,653)
Impairment (losses)/releases	4	(10,894)	450
Profit before income tax		**146,253**	**133,686**
Income tax expense		(41,065)	(37,511)
Profit after income tax		**105,188**	**96,175**
Other comprehensive income for the period			
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)	11.2	4,119	(9,001)
Tax associated with changes in the fair value of financial assets through other comprehensive income	11.2	(1,153)	2,520
Total items that may be reclassified subsequently to profit or loss		**2,966**	**(6,481)**
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		**2,966**	**(6,481)**
Total comprehensive income attributable to members of Rabobank New Zealand Banking Group		**108,154**	**89,694**

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 30/06/2023	Audited At 31/12/2022
Assets			
Cash and cash equivalents		1,429,236	1,414,771
Derivative financial instruments		206,542	270,219
Financial assets at fair value through other comprehensive income		344,176	631,385
Loans and advances	6	16,255,981	16,072,810
Due from related entities	5	1,086,706	1,024,086
Other assets		56,457	62,819
Current tax receivables		6,197	-
Net deferred tax assets		19,271	19,359
Financial assets at fair value through profit and loss		1,000	-
Property, plant and equipment		13,929	15,133
Intangible assets		964	1,203
Total assets		**19,420,459**	**19,511,785**
Liabilities			
Derivative financial instruments		203,579	327,396
Deposits	8	6,270,255	5,734,660
Debt securities in issue		4,156,384	3,915,018
Due to related entities	9	5,954,205	6,785,799
Payables due to central bank		167,716	163,902
Current tax payable		-	22,378
Other liabilities	10	33,943	36,154
Provisions		4,754	5,009
Total liabilities		**16,790,836**	**16,990,316**
Net Assets		**2,629,623**	**2,521,469**
Equity			
Contributed equity	11.1	551,200	551,200
Reserves	11.2	(12,723)	(15,689)
Retained earnings		1,670,385	1,575,480
Retained earnings - Branch		420,761	410,478
Total equity		**2,629,623**	**2,521,469**

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

Statement of Changes in Equity

In thousands of NZD	Contributed equity	Retained earnings - Branch	Retained earnings	Reserves	Total
At 1 January 2022 (Audited)	**551,200**	**378,537**	**1,415,023**	**(4,275)**	**2,340,485**
Net profit	-	21,871	74,304	-	96,175
Other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	(6,481)	(6,481)
At 30 June 2022 (Unaudited)	**551,200**	**400,408**	**1,489,327**	**(10,756)**	**2,430,179**
At 1 January 2023 (Audited)	**551,200**	**410,478**	**1,575,480**	**(15,689)**	**2,521,469**
Net profit	-	10,283	94,905	-	105,188
Other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	2,966	2,966
At 30 June 2023 (Unaudited)	**551,200**	**420,761**	**1,670,385**	**(12,723)**	**2,629,623**

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

Condensed Statement of Cash Flows

In thousands of NZD	Note	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Cash flows from operating activities			
Interest income		624,469	313,008
Interest paid		(342,981)	(98,288)
Other cash inflows provided by operating activities		9,751	10,496
Other cash outflows used in operating activities		(228,196)	(167,373)
Net changes in operating assets and liabilities		535,627	(888,848)
Net cash flows from/(used in) operating activities	17	**598,670**	**(831,005)**
Cash flows from Investing activities			
Net changes in investing activities		(2,549)	(9,561)
Net cash flows used in investing activities		**(2,549)**	**(9,561)**
Cash flows from financing activities			
Principal elements of lease payments		(1,621)	(1,706)
Net changes in other financing liabilities		(580,035)	1,507,194
Net cash flows (used in)/from financing activities		**(581,656)**	**1,505,488**
Net change in cash and cash equivalents		14,465	664,922
Cash and cash equivalents at the beginning of the year		1,414,771	772,652
Cash and cash equivalents at the end of the period		**1,429,236**	**1,437,574**

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 2023 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 2022.

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit and loss 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 2022.

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 2023 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.

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 2022. 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 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.

3. Other operating gains / (losses)

In thousands of NZD	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Net trading gains / (losses) on derivatives	2,076	(2,080)
Credit risk adjustments on derivatives	33	90
Losses on disposal/write off of property, plant and equipment	-	(7)
Gain on disposal/write off of FVOCI financial assets	-	(254)
Foreign exchange gains / (losses)	(197)	(235)
Total other operating gains / (losses)	**1,912**	**(2,486)**

4. Impairment (losses) / releases

In thousands of NZD	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Collective provisions (charges) / releases	(10,835)	777
Specific provisions (charges) / releases	1,004	(100)
Bad debt (losses)/recovery	(1,063)	(227)
Total impairment releases / (losses)	**(10,894)**	**450**

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).

5. Due from related entities

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Current account balances - wholly owned group*	5,148	4,017
Advances - wholly owned group*	1,082,111	1,020,541
Accrued interest receivable - wholly owned group*	95	108
Stage 1 provision for impairment (note 7.2)	(648)	(580)
Total due from related entities	**1,086,706**	**1,024,086**

* The wholly owned group refers to other Rabobank related entities. Refer to note 18 for further information on related party disclosures. There were no stages 2, 3A or 3B provisions for impairment.

Notes to the Financial Statements

6. Loans and advances

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Lending	15,343,659	15,165,935
Finance leases	918,587	907,021
Gross loans and advances	**16,262,246**	**16,072,956**
Accrued interest	31,174	27,529
Provisions for impairment		
Stage 3B	(1,599)	(2,622)
Stage 3A	(3,896)	(2,809)
Stage 2	(9,394)	(5,611)
Stage 1	(22,550)	(16,633)
Net loans and advances	**16,255,981**	**16,072,810**

7. Provision for expected credit losses

7.1 Provision for impairment on loans and advances

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

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Corporate					
Opening balance	972	82	-	-	1,054
Charge/(Benefit) to statement of comprehensive income	786	(41)	-	-	745
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance corporate	**1,758**	**41**	**-**	**-**	**1,799**

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Retail					
Opening balance	14,717	5,244	2,808	2,622	25,391
Charge/(Benefit) to statement of comprehensive income	5,415	3,966	1,087	60	10,528
Amounts written off	-	-	-	(1,188)	(1,188)
Recoveries	-	-	-	125	125
Reversals	-	-	-	-	-
Other movements	2	-	-	(20)	(18)
Closing balance retail	**20,134**	**9,210**	**3,895**	**1,599**	**34,838**

Provisions for impairment on loans and advances (excluding commitments and financial guarantees) relate to corporate exposures and retail exposures (which include lending to rural clients together with all other lending to small and medium businesses).

Notes to the Financial Statements

7. Provision for expected credit losses (continued)

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

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Corporate					
Opening balance	43	17	-	-	60
Charge/(Benefit) to statement of comprehensive income	24	(17)	-	-	7
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance on loan commitments and financial guarantees	**67**	**-**	**-**	**-**	**67**

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Retail					
Opening balance	901	268	1	-	1,170
Charge to statement of comprehensive income	(348)	(105)	-	-	(453)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	38	(20)	-	-	18
Closing balance residential mortgages	**591**	**143**	**1**	**-**	**735**

Provisions for impairment on commitments and financial guarantees relate to corporate exposures and retail exposures (which include lending to rural clients together with all other lending to small and medium businesses).

Notes to the Financial Statements

7. Provision for expected credit losses (continued)

7.1.3 Total provisions for impairment on loans and advances

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	16,633	5,611	2,809	2,622	27,675
Charge/(Benefit) to statement of comprehensive income	5,877	3,803	1,087	60	10,827
Amounts written off	-	-	-	(1,188)	(1,188)
Recoveries	-	-	-	125	125
Reversals	-	-	-	-	-
Other movements	40	(20)	-	(20)	-
Closing balance on loans and advances and loan commitments and financial guarantees	**22,550**	**9,394**	**3,896**	**1,599**	**37,439**

7.2 Provision for impairment due from related entities

Impairment allowances on due from related entities

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	580	-	-	-	580
Charge/(Benefit) to statement of comprehensive income	68	-	-	-	68
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance related parties	**648**	**-**	**-**	**-**	**648**

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.

7.3 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 2022 was driven by increase in stage 1, 2, and 3A which was offset by decrease in provisioning in stage 3B.

tage 1 and stage 2 provisions increased due to worsening macro-economic outlook arising from high inflation and rising interest rates.

Stage 3B provision has decreased in line with improved recovery expectations.

Notes to the Financial Statements

7. Provision for expected credit losses (continued)

7.4 Significant increase in credit risk (unaudited)

Transferring assets from stage 1 to stage 2 requires judgment. To demonstrate the sensitivity of the ECL to the PD thresholds, an analysis was performed, which assumed all assets were below the PD thresholds and apportioned a 12-month ECL. On the same asset base, an analysis was performed which assumed all assets were above the PD thresholds and apportioned a lifetime ECL. Both analyses were performed without taking the impact of portfolio overlays into account and resulted in ECLs of $12,080 thousand (31 December 2022: $15,921 thousand) and $42,989 thousand (31 December 2022: $92,805 thousand), respectively. The total stage 1 and stage 2 impairment allowances as at 30 June 2023 are $13,790 thousand (31 December 2022: $19,314 thousand).

7.5 Forward-looking information and macro-economic scenarios (unaudited)

Modelled provision for ECL

When estimating expected credit losses for each stage and assessing significant increases in credit risk, the Banking Group uses information about past events and current conditions as well as reasonable and supportable 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 economic conditions.

The Banking Group uses three probability-weighted macroeconomic scenarios (a baseline scenario, a baseline minus scenario and a baseline plus scenario) in its ECL models to determine the expected credit losses. A probability weighting of 20% for the minus scenario (31 December 2022: 30%), a probability weighting of 20% for the plus scenario (31 December 2022: 10%) and a probability weighting of 60% for the baseline scenario (31 December 2022: 60%) is used.

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

An analysis on the sensitivity of key forward-looking macroeconomic inputs used in the ECL modelling process for stage 1, stage 2 and the model-based stage 3 provisioning, and the probability weights applied to each of the three scenarios is presented below, without taking into account the impact of portfolio overlays.

New Zealand		***31/12/2023***	***31/12/2024***	***31/12/2025***	***ECL unweighted***	***Probability***	**Weighted ECL in thousands of NZD** ***30 June 2023***
Plus	GDP per capita	0.8%	2.0%	2.3%	14,475	20%	
	Private sector investments	-2.6%	-0.3%	1.2%			
	Exports of Goods & Services	12.4%	8.2%	6.2%			
Baseline	GDP per capita	0.8%	0.9%	1.5%	16,952	60%	16,889
	Private sector investments	-3.6%	-3.1%	-0.6%			
	Exports of Goods & Services	11.9%	5.5%	5.8%			
Minus	GDP per capita	0.7%	-0.1%	0.7%	20,265	20%	
	Private sector investments	-4.5%	-5.7%	-2.4%			
	Exports of Goods & Services	11.5%	3.0%	5.4%			

A probability weighting of 15% for both the minus and plus scenarios and a probability weighting of 70% for the baseline scenario would decrease the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by $56 thousand. If the probability weighting was 25% for both the minus and plus scenarios and 50% for the baseline scenario, it would increase the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by $56 thousand.

Notes to the Financial Statements

7. Provision for expected credit losses (continued)

Portfolio overlays

Portfolio overlays are used to address areas of risk, including significant uncertainties that are not captured in the underlying modelled ECL. Determination of portfolio overlays requires a significant degree of management judgement and is documented and subject to internal governance and oversight. Overlays are continually reassessed and if the risk is judged to have changed (increased or decreased), or is subsequently captured in the modelled ECL, the overlay will be released or remeasured.

The total portfolio overlays as at 30 June 2023 were $17,073 thousand (31 December 2022: $4,147 thousand). Included in the total overlays were:

- The overlay associated with delayed defaults was released as at 30 June 2023 (31 December 2022: .$4,147 thousand). This overlay used to address the ongoing secondary effects from COVID-19 including logistics disruption and labour availability, and consequently inflationary pressures coupled with the rising interest rate environment and the ongoing Russia/Ukraine conflict. These effects are now considered through the forward looking PD adjustment.
- The modelled outcome is heavily correlated to the default losses observed in the last 12 months which remain substantially lower than pre COVID-19 period and do not capture the full impact of the recent trend of rapid interest rate rises and high inflation. A 'Forward Looking probability of default adjustment' portfolio overlay of $14,644 thousand was raised on 30 June 2023 to reflect the expected lagged impact from increasing interest rates, high inflation and softening commodity prices not captured in the modelled outcome.
- A severe Tropical Cyclone Gabrielle had a devastating impact on the North Island of New Zealand in February 2023. 'Physical Climate Risk' portfolio overlay of $2,429 thousand (31 December 2022: nil) was raised on 30 June 2023, as this event was not captured in the modelled provision.

8. Deposits

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Call deposits	2,384,967	2,496,681
Term deposits	3,821,331	3,203,184
Accrued interest	63,957	34,795
Total deposits	**6,270,255**	**5,734,660**

9. Due to related entities

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Current account balances - wholly owned group*	78,422	67,397
Advances - wholly owned group*	5,835,794	6,684,617
Accrued interest payable - wholly owned group*	39,989	33,785
Total due to related entities	**5,954,205**	**6,785,799**

* The wholly owned group refers to other Rabobank related entities. Refer to note 18 for further information on related party disclosures.

Notes to the Financial Statements

10. Other liabilities

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Lease liabilities	8,989	9,901
Sundry creditors	10,365	12,557
Accrued expenses	14,589	13,696
Total other liabilities	**33,943**	**36,154**

Interest expense on lease liabilities amounted to $123 thousand for the six months ended 30 June 2023 (30 June 2022: $147 thousand), and is included within 'Interest expense' in the Statement of Comprehensive Income.

11. Contributed equity and Reserves

11.1 Contributed equity

In thousands of NZD	Unaudited At 30/06/2023	Unaudited At 31/12/2022
Ordinary share capital	551,200	551,200
Total contributed equity	**551,200**	**551,200**

As at 30 June 2023, 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 2022: 275,600,000). Each share was issued at $2 and has no par value.

11.2 Reserves

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
FVOCI financial assets reserve		
Opening balance	(15,689)	(4,275)
Changes in FVOCI financial assets revaluation reserve (gross)	4,119	(15,853)
Changes in FVOCI financial assets revaluation reserve (deferred tax)	(1,153)	4,439
Total FVOCI reserve	**(12,723)**	**(15,689)**

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.

12 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.

Notes to the Financial Statements

13. 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:

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Guarantees	99,262	96,663
Lending commitments		
Irrevocable lending commitments	2,503,565	920,552
Revocable lending commitments	164,876	2,110,054
Total contingent liabilities	**2,767,703**	**3,127,269**

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.

14. Expenditure Commitments

14.1 Capital expenditure commitments

The Banking Group has $1,970 thousand commitments as at 30 June 2023 (31 December 2022: nil).

Notes to the Financial Statements

15. 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:

	Unaudited At 30 June 2023		Audited At 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
In thousands of NZD				
Financial assets				
Cash and cash equivalents	1,429,236	1,429,236	1,414,771	1,414,771
Derivative financial instruments	206,542	206,542	270,219	270,219
Financial assets at fair value through other comprehensive income	344,176	344,176	631,385	631,385
Loans and advances	16,255,981	16,113,872	16,072,810	15,886,883
Due from related entities	1,086,706	1,086,299	1,024,086	1,024,045
Other financial assets	5,942	5,942	8,169	8,169
Financial assets at fair value through profit and loss	1,000	1,000	-	-
Total financial assets	**19,329,583**	**19,187,067**	**19,421,440**	**19,235,472**
Financial liabilities				
Derivative financial instruments	203,579	203,579	327,396	327,396
Deposits	6,270,255	6,232,822	5,734,660	5,718,542
Debt securities in issue	4,156,384	4,159,721	3,915,018	3,912,609
Due to related entities	5,954,205	5,966,145	6,785,799	6,807,295
Payables due to central bank	167,716	169,523	163,902	168,335
Other financial liabilities	31,220	31,220	33,445	33,445
Total financial liabilities	**16,783,359**	**16,763,010**	**16,960,220**	**16,967,622**

Prior year fair value of deposits have been restated as this better reflects the used valuation techniques. The impact of this restatement is reduction in fair value of $21,366 thousand.

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:

Notes to the Financial Statements

15. Fair values of financial instruments (continued)

Derivative financial instruments, financial assets at fair value through profit and loss 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.

In thousands of NZD	Level 1	Level 2	Level 3	Total
At 30 June 2023 (Unaudited)				
Financial assets				
Derivative financial instruments	-	206,542	-	206,542
Financial assets at fair value through other comprehensive income	344,176	-	-	344,176
Financial assets at fair value through profit and loss	-	-	1,000	1,000
Financial liabilities				
Derivative financial instruments	-	203,579	-	203,579

In thousands of NZD	Level 1	Level 2	Level 3	Total
At 31 December 2022 (Unaudited)				
Financial assets				
Derivative financial instruments	-	270,219	-	270,219
Financial assets at fair value through other comprehensive income	572,582	58,803	-	631,385
Financial liabilities				
Derivative financial instruments	-	327,396	-	327,396

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.

Notes to the Financial Statements

16. 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 2023 (Unaudited)			At 31 December 2022 (Audited)		
	Current	Non-Current	Total	Current	Non-Current	Total
In thousands of NZD						
Assets						
Cash and cash equivalents	1,429,236	-	1,429,236	1,414,771	-	1,414,771
Derivative financial instruments	75,393	131,149	206,542	102,211	168,008	270,219
FVOCI financial assets	42,976	301,200	344,176	294,395	336,990	631,385
Loans and advances	5,950,994	10,304,987	16,255,981	5,914,924	10,157,886	16,072,810
Due from related entities	1,086,706	-	1,086,706	966,456	57,630	1,024,086
Financial assets at fair value through profit and loss	-	1,000	1,000	-	-	-
Other assets	11,081	45,376	56,457	21,837	40,982	62,819
Income tax receivable	6,197	-	6,197	-	-	-
Net deferred tax assets	-	19,271	19,271	-	19,359	19,359
Property, plant and equipment	-	13,929	13,929	-	15,133	15,133
Intangible assets	-	964	964	-	1,203	1,203
Total Assets	**8,602,583**	**10,817,876**	**19,420,459**	**8,714,594**	**10,797,191**	**19,511,785**
Liabilities						
Derivative financial instruments	64,643	138,936	203,579	157,026	170,370	327,396
Debt securities in issue	3,281,384	875,000	4,156,384	3,227,918	687,100	3,915,018
Deposits	2,483,758	3,786,497	6,270,255	1,814,203	3,920,457	5,734,660
Due to related entities	3,754,205	2,200,000	5,954,205	4,392,074	2,393,725	6,785,799
Payables due to central bank	6,716	161,000	167,716	2,902	161,000	163,902
Income tax payable	-	-	-	22,378	-	22,378
Other liabilities	27,352	6,591	33,943	29,090	7,064	36,154
Provisions	2,514	2,240	4,754	3,208	1,801	5,009
Total Liabilities	**9,620,572**	**7,170,264**	**16,790,836**	**9,648,799**	**7,341,517**	**16,990,316**

Notes to the Financial Statements

17. Reconciliation of net cash flows from operating activities

In thousands of NZD	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Net profit after tax	105,188	96,175
Non-cash items	19,853	9,499
Deferrals or accruals of past or future operating cash receipts or payments		
Change in net operating assets and liabilities	535,627	(888,848)
Change in interest receivable/payable	28,300	(2,585)
Change in other deferrals or accruals	(90,298)	(45,246)
Net cash flows from / (used in) operating activities	**598,670**	**(831,005)**

18. 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, De Lage Landen Limited and AGCO Finance Limited. Dealings with the parent and ultimate controlling entity include lending, funding, deposits and derivative transactions.

18.1 Transactions with related parties

18.1.1 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").

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").

Notes to the Financial Statements

18. Related party disclosures (continued)

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 RZNL (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.

18.1.2 Guarantee fees (unaudited)

A fee of $0.13 million was charged to RNZL by Rabobank in consideration for providing the obligations guarantees for the six month period ended 30 June 2023 (six month period June 2022: $0.14 million).

18.1.3 Management fees (unaudited)

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.

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 $28.5 million were charged by the Australia Branch of Rabobank (six month period June 2022: $24.1 million).

A management fee of $11.2 million (six month period June 2022: $8.3 million) was charged to the Banking Group by the Rabobank Head Office for the provision of administrative and management services.

A management fee of $1.4 million (six month period June 2022: nil) was charged to the Banking Group by Rabobank Australia Limited for the provision of administrative and management services.

An amount of $3.22 million (six month period June 2022: $3.1 million) was charged to the Banking Group as management fees by De Lage Landen Pty Limited.

Corporate centre expenses of $2.12 million (six month period June 2022: $1.8 million) were charged to the Banking Group by De Lage Landen International B.V.

18.1.4 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:

Notes to the Financial Statements

18. Related party disclosures (continued)

In thousands of NZD	Unaudited 30 June 2023	Unaudited 6 months to 30/06/2022	Audited 31 December 2022
Interest income due from related parties	15,315	4,823	-
Interest expense due to related parties	142,577	27,518	-
Due from related entities	1,086,706	-	1,024,085
Due to related entities	5,954,205	-	6,785,799

Derivatives with a combined notional of $16,036 million and a net fair value asset position of $47.36 million (December 2022: $14,664 million; and December 2022: ($4.37 million)) are held with the Rabobank.

Loan Facility Agreement
A loan facility of EUR 5.33 billion was granted by Rabobank to the New Zealand Branch of Rabobank. The unused amount at 30 June 2023 was EUR 2.2 billion (31 December 2022: EUR 1.7 billion).

18.2 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.

18.3 Provision for impairment

For the period ended 30 June 2023, the Banking Group has not made any specific provision for impairment relating to amounts owed by related parties (2022: 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 $0.65 million as at 30 June 2023 (31 December 2022 $0.58 million).

18.4 Dividend

No dividend was proposed or paid by the Banking Group for the six months period ended 30 June 2023 (30 June 2022: nil).

19. Subsequent events

The directors are not aware of any event or circumstances since the end of the period not otherwise dealt with in this report that has or may significantly affect the operations of the Banking Group, the results of those operations or the state of affairs of the Banking Group in subsequent financial years.

Registered bank disclosures

1. General matters

Directors

There have been the following changes to the Registered Bank's Board of Directors since 31 December 2022:

- Stefaan Decraene joined the Registered Bank's Managing Board with effect on 1 January 2023.
- Vincent Maagdenberg joined the Registered Bank's Managing Board with effect on 1 April 2023.
- Gail Alfreda Klintworth joined the Registered Bank's Supervisory Board with effect on 28 June 2023.
- Matthew Elderfield joined the Registered Bank's Supervisory Board with effect on 28 June 2023.
- Els de Groot resigned from the Registered Bank's Managing Board with effect on 31 January 2023.

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

Managing Board

- S.L.G Decraene (Stefaan), Chair
- B.C. Brouwers (Bas), Member
- P.G.R Vollott (Philippe), Member
- M.P.J. Lichtenberg (Mariëlle), Member
- C.M. Konst (Kirsten), Member
- B.J. Marttin (Berry), Member
- B. Leurs (Bart), Member
- J. Vos (Janine), Member
- V. Maagdenberg (Vincent), Member

Supervisory Board

- M. Trompetter (Marjan), Chair
- J. van Hall (Johan), Vice Chair
- G.J. van den Akker (Gert-Jan), Member
- A.A.J.M. Kamp (Arian), Member
- P.H.J.M. Visée (Pascal), Member
- P.H.M. Hofsté (Petri), Member
- M. R.C. Pensaert (Mark), Member
- G.A. Klintworth (Gail Alfreda), Member
- M. Elderfield (Matthew), 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.

Registered bank disclosures

1. General matters (continued)

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+ (stable)

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.

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.

Conditions of registration

There have been the following changes to the Bank's Conditions of Registration between 31 December 2022 and 30 June 2023:

- That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the bank's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 65%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period; and
- That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

Registered bank disclosures

Other material matters

Consumer Credit Products

The Dutch Authority for the Financial Markets (AFM) has questioned the Registered Bank's procedures to assess the creditworthiness of clients in specific situations. The Registered Bank has responded to those findings and is waiting for the conclusions of AFM. The Dutch Financial Services Complaints Tribunal (Kifid) ruled that lenders of certain consumer products should have followed the movement of the market rate while determining the variable interest rate of these products. The Registered Bank recognised that it did not consistently adjust the interest rate of certain consumer credit products in accordance with the reference rate selected by Kifid. Based on both cases the Registered Bank recognised a provision of EUR 211 million (31 December 2022: EUR 301 million).

Anti-Money Laundering, Counter Terrorism Financing and Sanctions

At the end of 2021, the Dutch Central Bank (DNB) ordered the Registered Bank to remedy deficiencies regarding its Dutch Retail division's compliance with the Anti-Money Laundering and Anti-Terrorist Financing Act (the Act). The deficiencies mainly concerned the execution, recording, and outsourcing of client due diligence, transaction monitoring, and reporting of unusual transactions. The Registered Bank must meet DNB's instruction by 31 December 2024.

Delivering on its mediation plan is the Registered Bank's highest priority and a provision of EUR 43 million is included (31 December 2022: EUR 146 million). The Registered Bank further strengthened its detection and prevention activities in Financial Economic Crime (FEC), with an increase of FEC staff worldwide from approximately 7,000 FTEs on 31 December 2022 to 7,800 FTEs in the first half of 2023. The Registered Bank has employed a Chief Financial Economic Crime Officer to further strengthen the FEC leadership team, in combination with the hiring of experienced Global Heads for Transaction Monitoring, CDD, and Sanctions Monitoring. The Registered Bank has spent approximately EUR 471 million on FEC compliance (including DLL and Obvion). The total expenses recognised in the income statement for the first half year of 2023 were EUR 368 million.

In December 2022, the Dutch Public Prosecutor's Office announced that it had started a criminal investigation in connection with an alleged violation of the Act by the Registered Bank. The Registered Bank is fully co-operating with this investigation. It is currently too early to determine the timeframe or potential outcome of the ongoing investigation. The nature and materiality of subsequent fines, penalties, or other related actions cannot be reliably estimated beyond stating that they have the potential to be significant.

Sanctions

The Registered Bank is closely monitoring the situation regarding the Russia-Ukraine conflict. Sanctions related to the Russia-Ukraine conflict concern targeted restrictive measures against individuals and entities involved in the threat to the sovereignty of Ukraine as well as economic sanctions, including export and import restrictions on Russia. The Registered Bank had relatively few commercial interests in Russia prior to the imposition of the sanctions. The Registered Bank's subsidiary DLL completed the winding down of its activities in Russia and has subsequently left Russia.

The Registered Bank will continue to monitor the situation and implement new, applicable sanctions packages, including additions to existing restrictive measures, as and when they are released. Furthermore, the Registered Bank is in close contact with DNB and the Dutch Ministry of Finance regarding sanctions developments. It is expected that the sanction landscape will continue to be highly volatile and complex. This leads to increasing fragmentation and divergence in sanctions issued and makes adherence increasingly challenging.

European Union Competition Law Proceedings

The European Commission initiated antitrust proceedings against the Registered Bank and one other bank. These proceedings relate to conduct on the secondary market for Euro-denominated "Sovereign, SSA (Supra-Sovereign, Foreign Sovereign, Sub-Sovereign/Agency), Covered and Government Guaranteed bonds". The Commission is investigating bilateral contacts between certain traders at the Registered Bank and the other bank in Europe in the period between 2005 and 2016 that the Commission is concerned may have infringed EU competition law. The Registered Bank is cooperating with this investigation.

Registered bank disclosures

Other material matters (continued)

The Commission issued a statement of objections (SO) informing the parties of the objections raised against them. The SO reflects the Commission’s preliminary views on the matter and does not prejudge the outcome of the investigation. If the Commission, after having heard the oral and written replies from the parties, concludes that there is sufficient evidence of an infringement, it can adopt a decision establishing an infringement and imposing a fine. There is no legal deadline for the Commission to complete its investigation. The duration of such investigation depends on a number of factors, including the complexity of the case. The parties have a right to appeal the Commission’s decision before the court.

The Registered Bank does not admit the preliminary allegations raised by the Commission and is strongly defending itself against these allegations. Without acknowledging any liability, the Registered Bank considers the probability of an outflow of funds as a consequence of the Commission’s investigation more likely than not given the Commission's past practice of issuing a fining decision following this phase of the procedure. Against this background, the Registered Bank has recognised a provision.

Relatedly, a putative class action suit was brought against the Registered Bank and the other bank by civil plaintiffs before the United States District Court for the Southern District of New York on 9 December 2022. These civil proceedings are at an early stage and no claim for damages has been quantified as yet. The Registered Bank takes the stance that it has substantive and convincing legal and factual defences against the claims made, and the Registered Bank intends to continue to defend itself against these claims. The Registered Bank has not taken a provision in respect of these civil proceedings as it considers the outflow of funds more than remote but less than likely. As it is currently difficult to predict an eventual outcome the Registered Bank is not able to quantify this contingent liability.

Imtech

The Imtech Group was declared bankrupt in August 2015. The Registered Bank was one of the banks that extended financing to this group and participated in the rights offerings of both July 2013 and October 2014.

On 30 January 2018, the Registered Bank received a letter from a group of shareholders indicating that legal proceedings may be started with respect to a potential collective action based on alleged misstatements in the prospectuses and for alleged fraudulent preference. The Registered Bank received a letter in December 2022 interrupting the time limit. By letters dated 28 March 2018, and (also as an interruption of the limitation period) 10 June 2022, the VEB (a Dutch party aimed at promoting the interests of shareholders in general) held parties including the Registered Bank liable for damage allegedly suffered by the Imtech investors.

On 10 August 2018, the Registered Bank received formal notification from Imtech’s trustees that they were seeking to nullify a large number of transactions and claim various damages. The letter aimed to interrupt limitation periods in view of the possible claims.

To date, no legal proceedings have been started. 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.

BBA and ICE Libor/ Euribor

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 U.S. Dollar Libor, British Pound Sterling Libor, Japanese Yen Libor, Tibor (note: the Registered Bank was never a member of the Tibor panel) and Euribor. The Registered Bank also received complaints and writs of summons ordering the Registered Bank to appear before various Dutch, Argentine, United Kingdom and Israeli courts in civil proceedings (including class action suits) relating to interest rate benchmarks.

Since the civil proceedings set out above are intrinsically subject to uncertainties, it is difficult to predict their outcome. 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 the Libor/Euribor group of cases to be a contingent liability because the probability of an outflow of funds is neither probable nor remote. No provision has been made.

Registered bank disclosures

Other material matters (continued)

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. The total provision for these cases amounts to EUR 70 million (31 December 2022: EUR 103 million). The maximum amount of non-remote measurable contingent liabilities relating to claims not specified above is EUR 185 million 31 (December 2022: EUR 180 million).

Prudential Consultation - Branches

The Reserve Bank of New Zealand (RBNZ) is currently reviewing its policy on the registration of branches of overseas banks in New Zealand. The review covers existing registered branches and future applicants seeking branch registration. The RBNZ has identified the key issues being that the current policy is not applied consistently across branches, it is limited in its ability to apply regulatory standards to branches, and also limited in its ability to supervise branches. The objective of the review is to create a simple, coherent and transparent policy framework for branches of overseas banks. The RBNZ has signalled that it expects to publish its revised policy settings by the end of 2023.

Prudential Consultation - Liquidity

The second consultation of the Reserve Bank of New Zealand's multi-year review of Banking Standard 13 (Liquidity) concluded in May 2023. The consultation considered, among other things: (i) the potential adoption of Basel's quantitative liquidity framework (e.g., the Liquidity Coverage Ratio and the Net Stable Funding Ratio); (ii) proportionate liquidity requirements across the spectrum of banks; and (iii) the eligibility criteria for liquid assets.

The Deposit Takers Act

The second consultation of the Reserve Bank of New Zealand's multi-year review of Banking Standard 13 (Liquidity) concluded in May 2023. The consultation considered, among other things: (i) the potential adoption of Basel's quantitative liquidity framework (e.g., the Liquidity Coverage Ratio and the Net Stable Funding Ratio); (ii) proportionate liquidity requirements across the spectrum of banks; and (iii) the eligibility criteria for liquid assets.

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.

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

Registered bank disclosures

2. Additional financial disclosures

Additional information on statement of financial position

In thousands of NZD	Banking Group Unaudited At 30/06/2023
Total interest earning and discount bearing assets	19,077,546
Total interest and discount bearing liabilities	16,432,562
Financial assets pledged as collateral*	**169,523**

* As at 30 June 2023, the Bank has undertaken repurchase agreements with the Reserve Bank under the Funding for Lending Programme. $169 million of securities were pledged as collateral to the Reserve Bank under this repurchase agreement. The repurchase cash amount of $167 million is recorded under Payables due to central bank in the Statement of Financial Position.

In thousands of NZD	Branch Unaudited At 30/06/2023
Liabilities of the Registered Bank in New Zealand, net of amounts due to related parties	4,386,338
Retails deposits of the Registered Bank in New Zealand	-

Additional information on concentrations of credit risk

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.

In thousands of NZD	At 30/06/2023 (Unaudited)
Cash and cash equivalents	1,429,236
Derivative financial instruments	206,542
Financial assets at fair value through other comprehensive income	344,176
Loans and advances	16,255,981
Due from related entities	1,086,706
Other financial assets	5,942
Financial assets at fair value through profit and loss	1,000
Commitment and guarantees (note 13)	2,767,703
Total credit exposures	**22,097,286**

Registered bank disclosures

2. Additional financial disclosures (continued)

Analysis of credit exposures by industry:

In thousands of NZD	At 30/06/2023 (Unaudited)
Agriculture	14,682,547
Finance and insurance	1,973,272
Forestry and fishery	338,619
Government	1,165,431
Manufacturing	2,016,283
Property and business services	378,606
Wholesale trade	642,371
Other	900,157
Total credit exposures	**22,097,286**

Analysis of credit exposures by geographical areas:

In thousands of NZD	At 30/06/2023 (Unaudited)
New Zealand	19,523,152
The Netherlands	1,201,908
Australia	980,727
United States of America	235,188
Finland	6,567
Germany	40,014
Philippines	81,820
Luxembourg	27,910
Total credit exposures	**22,097,286**

Additional information on concentration of funding

Total funding comprised

In thousands of NZD	At 30/06/2023
Debt securities in issue	4,156,384
Deposits	6,270,255
Due to related entities	5,954,205
Payables due to central bank	167,716
Other financial liabilities	31,220
Total funding	**16,579,780**

Analysis of funding by industry

In thousands of NZD	At 30/06/2023
Agriculture	777,830
Finance and Insurance	10,729,326
Personal and other services	4,611,685
Other	460,939
Total funding	**16,579,780**

Registered bank disclosures

2. Additional financial disclosures (continued)

Analysis of funding by geographic area

In thousands of NZD	At 30/06/2023
New Zealand	8,750,293
The Netherlands	7,263,793
Australia	380,988
United Kingdom	151,087
United States of America	15,490
All other countries	18,129
Total funding	**16,579,780**

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on interest rate sensitivity

Interest rate repricing analysis

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

In thousands of NZD	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
At 30 June 2023 (Unaudited)							
Financial assets							
Cash and cash equivalents	1,429,236	1,429,236	-	-	-	-	-
Derivative financial instruments	206,542	-	-	-	-	-	206,542
Financial assets at fair value through	344,176	-	-	64,150	23,337	256,689	-
Loans and advances	16,255,982	11,190,674	1,482,140	889,170	1,483,588	1,178,817	31,593
Due from related entities	1,086,706	1,079,745	-	-	-	-	6,961
Other financial assets	5,942	-	-	-	-	-	5,942
Financial assets at fair value through profit and loss	1,000	-	-	-	-	-	1,000
Total financial assets	**19,329,584**	**13,699,655**	**1,482,140**	**953,320**	**1,506,925**	**1,435,506**	**252,038**
Financial liabilities							
Derivative financial instruments	203,579	-	-	-	-	-	203,579
Deposits	6,270,255	3,453,602	1,055,210	1,291,238	266,861	139,385	63,959
Debt securities in issue	4,156,384	2,366,391	967,806	818,814	-	-	3,373
Due to related entities	5,954,205	5,113,876	789,390	-	-	-	50,939
Payables due to central bank	167,716	161,000	-	-	-	-	6,716
Other financial liabilities	31,220	683	651	1,064	1,715	4,876	22,231
Total financial liabilities	**16,783,359**	**11,095,552**	**2,813,057**	**2,111,116**	**268,576**	**144,261**	**350,797**
Swaps	-	(727,449)	1,286,260	571,796	(725,092)	(405,515)	
Repricing gap (interest bearing assets and liabilities)	2,644,985	1,876,654	(44,657)	(586,000)	513,258	885,730	
Cumulative mismatch	**2,644,985**	**1,876,654**	**1,831,997**	**1,245,997**	**1,759,255**	**2,644,985**	

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on liquidity risk

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.

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.

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

In thousands of NZD	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
At 30 June 2023 (Unaudited)							
Financial assets							
Cash and cash equivalents	1,429,236	1,429,236	-	-	-	-	-
Derivative financial instruments	226,573	-	59,017	17,664	54,459	93,998	1,435
Financial assets at fair value through other comprehensive income	389,769	-	7,872	50,099	37,422	294,376	-
Loans and advances	17,762,605	-	3,591,253	3,264,627	6,149,200	4,159,146	598,379
Due from related entities	1,834,596	9,366	1,092,869	30,083	123,614	537,183	41,481
Other financial assets	5,942	-	5,942	-	-	-	-
Financial assets at fair value through profit and loss	1,000	-	-	-	-	-	1,000
Total financial assets	**21,649,721**	**1,438,602**	**4,756,953**	**3,362,473**	**6,364,695**	**5,084,703**	**642,295**

Registered bank disclosures

2. Additional financial disclosures (continued)

In thousands of NZD	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
Financial liabilities							
Derivative financial instruments	226,704	-	55,533	9,964	52,007	92,498	16,702
Deposits	6,394,766	1,937,157	2,712,001	1,319,149	276,769	149,690	-
Debt securities in issue	4,363,693	-	2,320,288	1,089,062	405,473	548,870	-
Due to related entities	6,152,816	78,422	3,368,866	441,507	656,369	1,607,652	-
Payables due to central bank	181,176	-	10,238	3,561	167,377	-	-
Other financial liabilities	32,611	-	26,404	1,160	1,870	3,177	-
Total financial liabilities	**17,351,766**	**2,015,579**	**8,493,330**	**2,864,403**	**1,559,865**	**2,401,887**	**16,702**
Contingent liabilities							
Guarantees	99,262	4,050	70	4,107	2,418	86,417	2,200
Lending commitments	2,668,441	1,708,194	117,648	217,882	229,680	364,913	30,124
Total contingent liabilities	**2,767,703**	**1,712,244**	**117,718**	**221,989**	**232,098**	**451,330**	**32,324**

Registered bank disclosures

2. Additional financial disclosures (continued)

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 2023 (Unaudited)
Cash at banks	309,042
Balances with Central Bank	1,120,194
New Zealand Government Securities	44,271
Kauri debt securities	299,908
Total liquid assets	**1,773,415**

3. Asset quality

Individually impaired assets

Individually impaired assets include all loans that have been assessed as credit impaired in accordance with NZ IFRS9. Rabobank classifies loans as individually impaired regardless of whether a specific provision is recognised. i.e. even loans where full recovery is expected are treated as individually impaired if a credit impairment event has occurred.

As at 30 June 2023, out of $247,945 thousand of individually impaired assets only $28,107 thousand had specific provision of $1,599 thousand recognised.

	At 30 June 2023 (Unaudited)			
in thousands of NZD	Residential mortgages	Corporate	Retail*	Total
Opening balance	-	66,078	198,922	265,000
Additions	-	2,733	52,946	55,679
Amounts written off	-	-	(1,188)	(1,188)
Returned to performing or repaid	-	(19,041)	(52,505)	(71,546)
Closing balance	**-**	**49,770**	**198,175**	**247,945**

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

Past due assets but not impaired

	At 30 June 2023 (Unaudited)			
in thousands of NZD	Residential mortgages	Corporate	Retail*	Total
Less than 30 days past due	-	-	20,081	20,081
At least 30 days but less than 60 days past due	-	-	11,679	11,679
At least 60 days but less than 90 days past due	-	-	2,413	2,413
At least 90 days past due	-	-	5,454	5,454
Closing balance	**-**	**-**	**39,627**	**39,627**

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

Registered bank disclosures

3. Asset quality (continued)

Other asset quality information

Aggregate amount of undrawn balances on corporate lending commitments on individually impaired assets as at 30 June 2023 (Unaudited) is $14,019 thousand. Aggregate amount of undrawn balances on retail lending commitments on individually impaired assets as at 30 June 2023 (Unaudited) is $5,628 thousand.

There were $1,474 thousand assets under administration as at 30 June 2023.

Asset quality of Registered Bank's Overseas Banking Group

	At 30/06/2023 EURm
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	9,344
Total individually impaired assets as a percentage of total assets (%)	1.48
Total individual credit impairment allowance	1,946
Total individual credit impairment allowance as a percentage of total individually impaired assets (%)	20.83
Total collective credit impairment allowance	1,014

4. Additional information for Registered Bank' Overseas Banking Group

	2023 EURm	2022 EURm
For the six months ended 30 June (Unaudited)		
Net profit after income tax	2,528	1,276
Total assets	630,203	666,844
% change over the previous twelve months	-5.5%	2.4%

	2022 EURm	2021 EURm
For the year ended 31 December (Unaudited)		
Net profit for the year	2,786	3,692
Percentage (on twelve month rolling basis) of average total assets	0.4%	0.6%

5. Capital and market risk exposures and capital adequacy

Additional residential mortgages information

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

	At 30 June 2023 (Unaudited)		
In thousands of NZD	Drawn	Undrawn	Total
LVR range			
Do not exceed 80%	-	-	-
Exceeds 80% and not 90%	-	-	-
Exceeds 90%	-	-	-
Total value of residential mortgage exposures	**-**	**-**	**-**

Registered bank disclosures

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

Residential mortgages

Reconciliation of mortgage related accounts

In thousands of NZD	Unaudited At 30/06/2023
Loans and advances - loans with residential mortgages	-
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	-
Off-balance sheet residential mortgages exposures subject to the standardised approach	-
Total residential mortgage exposures subject to the standardised approach	**-**

Market risk period-end capital charges

	At 30/06/2023 (Unaudited)	
In thousands of NZD	Implied risk weighted exposure	Aggregate capital charges
Interest rate risk	609,500	48,760
Foreign currency risk	97,375	7,790
Total	**706,875**	**56,550**

The bank does not take any equity risk.

Market risk peak end-of-day capital charges

	At 30/06/2023 (Unaudited)	
In thousands of NZD	Implied risk weighted exposure	Aggregate capital charges
Interest rate risk	747,250	59,780
Foreign currency risk	97,375	7,790
Total	**844,625**	**67,570**

The bank does not take any equity risk.

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 "Banking Prudential Requirement (BPR) 140: Market risk exposure".

Capital adequacy of Overseas Banking Group - Rabobank

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

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

	2023 %	2022 %
At 30 June (Unaudited)		
Common equity Tier 1 capital ratio	16.70%	15.10%
Tier 1 capital ratio	18.70%	17.00%
Total capital ratio	21.50%	19.90%

Minimum capital requirements

The "Capital Requirements Regulation (CRR)" and "Capital Requirements Directive (CRD V)" together constitute the European implementation of the Basel Capital and Liquidity Accord of 2010 which are applied by Rabobank.

Rabobank must comply with a number of minimum solvency positions as stipulated under law. The solvency position is determined on the basis of ratios. These ratios compare the qualifying capital (total capital ratio), the tier 1 capital (tier 1 ratio) and the core capital (common equity tier 1 ratio) with the total of the risk-adjusted assets. The minimum percentages are determined on the basis of CRD V/ CRR and reflect the application of article 104a of the CRR to partly fulfil the pillar 2 requirement with additional tier 1 and tier 2 capital.

Risk-weighted assets are determined based on separate and distinct methods for each of the credit, operational and market risks. For credit risk purposes, the risk-weighted assets are determined in several ways dependent on the nature of the asset. For the majority of assets the risk weighting is determined by reference to internal ratings and a number of characteristics specific to the asset concerned. For off-balance sheet items the balance sheet equivalent is calculated firstly on the basis of internal conversion factors and the resulting equivalent amounts are then also assigned risk-weightings. For operational risk purposes, an Advanced Measurement Approach model is used to determine the amount of risk-weighted assets. For market risk purposes, the Internal Model Approach is applied on the majority of the exposures in scope, with very small exposures following standardized methods.

Rabobank's Capital Adequacy and Risk Management Report (pillar 3) is publicly available on https://www.rabobank.com/about-us/organization/results-and-reports/downloads
Rabobank's Interim Report is publicly available on https://www.rabobank.com/about-us/organization/results-and-reports/downloads

6. Insurance business

The Banking Group does not conduct any insurance business.

7. Risk management policies

Since 31 December 2022:

- 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.

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

Since 31 December 2022, 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.

Independent auditor's review report

To the Directors of Coöperatieve Rabobank U.A.

Report on the interim financial statements and the supplementary information (excluding credit and market risk exposures and capital adequacy information disclosed in accordance with Schedule 9)

This report is for Cooperatieve Rabobank U.A. New Zealand Banking Group (the "NZ Banking Group"), which is an aggregation of the New Zealand business of Cooperatieve Rabobank U.A., incorporated in the Netherlands and trading as Rabobank (the "Overseas Bank"). The NZ Banking Group comprises Rabobank New Zealand Branch, Rabobank New Zealand Limited, De Lage Landen Limited and AGCO Finance Limited at 30 June 2023 and for the six months then ended.

Our conclusion

We have reviewed the interim financial statements (the 'Financial Statements') of NZ Banking Group for the six month period ended 30 June 2023 as required by clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information disclosed in accordance with Schedules 5, 7, 12 and 14 of the Order (the "Supplementary Information"), excluding the information relating to credit and market risk exposures and capital adequacy required to be disclosed in accordance with the Schedule 9 of the Order contained in the half year disclosure statement (the "Disclosure Statement").

The Financial Statements comprise the statement of financial position as at 30 June 2023, the related statement of comprehensive income, statement of changes in equity and condensed statement of cash flows for the six month period ended and explanatory notes.

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

- Financial Statements of the NZ Banking Group disclosed on pages 3 to 21 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); and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 12 and 14 of the Order disclosed on pages 27 to 36 (excluding Note 5 - Capital and market risk exposures and capital adequacy of the Registered bank disclosures on pages 34 to 36 except "Additional residential mortgages information" section on pages 34 and 35):
  - does not present fairly, in all material respects, the matters to with it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

Basis for conclusion

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 responsibilities are further described in the *Auditor's responsibilities for the review of the Financial Statements and Supplementary Information* section of our report.

We are independent of the NZ 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 auditors and providers of other related assurance services, we have no relationship with, or interests in, the NZ Banking Group. Certain partners and employees of our firm may deal with the NZ Banking Group on normal terms within the ordinary course of trading activities of the NZ Banking Group. The provision of these other services and relationships have not impaired our independence.

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Responsibilities of the Directors for the Disclosure Statement
The Directors of the Overseas Bank (the "Directors") are responsible on behalf of the NZ Banking Group for the preparation and fair presentation of the Financial Statements in accordance with clause 26 of the Order, IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Information that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible on behalf of the NZ Banking Group for the preparation and fair presentation of the Disclosure Statement which includes:

- all of the information prescribed in Schedule 3 of the Order; and
- the information prescribed in Schedules 5, 7, 9, 12 and 14 of the Order.

Auditor's responsibilities for the review of the Financial Statements and Supplementary Information
Our responsibility is to express a conclusion on the Financial Statements and Supplementary Information 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, taken as a whole, have not been prepared in all material respects, in accordance with IAS 34 and NZ IAS 34; and
- Supplementary Information that is required to be disclosed in accordance with Schedule 5, 7, 12 and 14 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules; or
  - if applicable, has not been prepared, in all material respects, in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

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 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 to them 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 the Directors, as a body, for our review procedures, for this report, or for the conclusion 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:

PricewaterhouseCoopers

Chartered Accountants
Sydney, Australia

29 August 2023

Independent Assurance Report

To the Directors of Coöperatieve Rabobank U.A.

Limited assurance report on compliance with the information required on credit and market risk exposures and capital adequacy

This report is for Cooperatieve Rabobank U.A. New Zealand Banking Group (the "NZ Banking Group"), which is an aggregation of the New Zealand business of Cooperatieve Rabobank U.A., incorporated in the Netherlands and trading as Rabobank (the "Overseas Bank"). The NZ Banking Group comprises Rabobank New Zealand Branch, Rabobank New Zealand Limited, De Lage Landen Limited and AGCO Finance Limited at 30 June 2023 and for the six months then ended.

Our conclusion

We have undertaken a limited assurance engagement on the NZ Banking Group's compliance, in all material respects, with clause 23 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") which requires information prescribed in Schedule 9 of the Order relating to credit and market risk exposures and capital adequacy to be disclosed in its half year Disclosure Statement for the six month period ended 30 June 2023 (the "Disclosure Statement").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order and disclosed on pages 34 to 36 under Note 5 - Capital and market risk exposures and capital adequacy of the Registered bank disclosures (excluding "Additional residential mortgages information" section on pages 34 and 35) of the Disclosure Statement, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

Basis for conclusion

We have conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* ("SAE 3100 (Revised)") issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Directors' responsibilities

The Directors are responsible on behalf of Cooperatieve Rabobank U.A. for compliance with the Order, including clause 23 of the Order which requires information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the NZ Banking Group's Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

Our independence and quality management
We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the NZ Banking Group. Other than in our capacity as auditors and providers of other related assurance services, we have no relationship with, or interests in, the NZ Banking Group. Certain partners and employees of our firm may deal with the NZ Banking Group on normal terms within the ordinary course of trading activities of the NZ Banking Group. The provision of these other services and these relationships have not impaired our independence.

Assurance practitioner's responsibilities
Our responsibility is to express a limited assurance conclusion on whether the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 23 of the Order in respect of the information relating to credit and market risk exposures and capital adequacy is likely to arise.

Given the circumstances of the engagement we:

- obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to credit and market risk exposures and capital adequacy;
- obtained an understanding of the NZ Banking Group's compliance framework and internal control environment to ensure the information relating to credit and market risk exposures and capital adequacy is in compliance with the Reserve Bank of New Zealand's (the "RBNZ") prudential requirements for banks;
- obtained an understanding and assessed the impact of any matters of non-compliance with the RBNZ's prudential requirements for banks that relate to credit and market risk exposures and capital adequacy and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the interim financial statements; and

- agreed the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order to information extracted from the NZ Banking Group's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clauses 5 and 6 of Schedule 9 of the Order.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the compliance requirements may occur and not be detected.

A limited assurance engagement on the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 23 of the Order does not provide assurance on whether compliance will continue in the future.

Use of report

This report has been prepared for use by the Directors, as a body, for the purpose of establishing that these compliance requirements have been met.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors, as a body, or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance report is Sam Hinchliffe.

PricewaterhouseCoopers

Chartered Accountants
Sydney, Australia

29 August 2023