Coöperative Rabobank U.A. NZ Banking Group

Disclosure Statement - 31 December 2023

Rabobank

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” and "Bank");
    - (c) De Lage Landen Limited; and
    - (d) AGCO Finance Limited.
- “De Lage Landen Companies” means New Zealand-incorporated companies De Lage Landen Limited and AGCO Finance Limited.
- “Companies” means New Zealand-incorporated companies Rabobank New Zealand Limited, De Lage Landen Limited and AGCO Finance Limited.
- “Core Banking Group” means the Banking Group excluding the De Lage Landen Companies.
- “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.

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

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 this 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 full year ended 31 December 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 has immaterial 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: 27 March 2024

Statement of Comprehensive Income

in thousands	Note	For the year ended 31 December 2023	2022
Interest income	4	1,364,964	792,641
Interest expense	5	(857,413)	(333,921)
Net interest income		**507,551**	**458,720**
Other income	6	22,136	24,229
Other expense	7	(13,097)	(14,080)
Other operating gains/(losses)	8	9,424	(14,674)
Non-interest income / (expense)		**18,463**	**(4,525)**
Operating income		**526,014**	**454,195**
Operating expenses	9	(203,708)	(183,102)
Impairment (losses)/releases	10	(18,306)	(2,223)
Profit before income tax		**304,000**	**268,870**
Income tax expense	11.1	(85,538)	(75,472)
Net profit for the year		**218,462**	**193,398**
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income (gross)	27.2	13,175	(15,853)
Tax associated with changes in the fair value of financial assets through other comprehensive income	27.2	(3,689)	4,439
Total items that may be reclassified subsequently to profit or loss		**9,486**	**(11,414)**
Items that will not be reclassified to profit or loss			
Total items that will not be reclassified to profit or loss		**-**	**-**
Total other comprehensive income for the year		**9,486**	**(11,414)**
Total comprehensive income attributable to shareholder of Rabobank New Zealand Banking Group		**227,948**	**181,984**

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

Statement of Financial Position

in thousands	Note	At 31 December 2023	At 31 December 2022
Assets			
Cash and cash equivalents	13	2,104,812	1,414,771
Derivative financial instruments	14	179,658	270,219
Financial assets at fair value through other comprehensive income	15	696,698	631,385
Loans and advances	16	16,606,516	16,075,349
Due from related entities	17	1,113,121	1,024,086
Other assets	19	68,333	62,819
Net deferred tax assets	11.3	23,165	19,359
Financial assets at fair value through profit and loss		1,700	-
Property, plant and equipment	20	17,962	15,133
Intangible assets and goodwill	21	1,060	1,203
Total assets		20,813,025	19,514,324
Liabilities			
Derivative financial instruments	14	153,787	327,396
Deposits	22	6,570,544	5,734,660
Debt securities in issue	23	5,187,013	3,915,018
Due to related entities	24	5,909,623	6,785,799
Payables due to central bank		172,155	163,902
Current tax payable		18,447	22,378
Other liabilities	25	43,932	36,154
Provisions	26	8,106	7,547
Total liabilities		18,063,607	16,992,854
Net assets		2,749,418	2,521,470
Equity			
Contributed equity	27.1	551,200	551,200
Reserves	27.2	(6,203)	(15,689)
Retained earnings	27.3	1,771,235	1,575,481
Retained earnings - Branch	27.4	433,186	410,478
Total equity		2,749,418	2,521,470

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

Signed in Utrecht, The Netherlands. For and on behalf of the Board of Coöperatieve Rabobank U.A., trading as Rabobank:

B.C. Brouwers

Director
27 March 2024

E. G. Kamphof

Director
27 March 2024

Statement of Changes in Equity

in thousands	Contributed equity	Retained earnings Branch	Retained earnings Companies	Reserves	Total
At 1 January 2022	551,200	378,537	1,415,024	(4,275)	2,340,486
Net profit	-	31,941	161,457	-	193,398
Total other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	(11,414)	(11,414)
Total comprehensive income for the year	**-**	**31,941**	**161,457**	**(11,414)**	**181,984**
Transactions with owner:					
Cash dividends	-	-	(1,000)	-	(1,000)
At 31 December 2022	**551,200**	**410,478**	**1,575,481**	**(15,689)**	**2,521,470**
At 1 January 2023	551,200	410,478	1,575,481	(15,689)	2,521,470
Net profit	-	22,708	195,754	-	218,462
Total other comprehensive income:					
Revaluation reserve - FVOCI financial assets	-	-	-	9,486	9,486
Total comprehensive income for the year	**-**	**22,708**	**195,754**	**9,486**	**227,948**
At 31 December 2023	**551,200**	**433,186**	**1,771,235**	**(6,203)**	**2,749,418**

Statement of Cash Flows

in thousands	Note	For the year ended 31 December 2023	2022
Cash flows from operating activities			
Cash was provided from:			
Interest income		1,359,523	779,360
Other income		12,274	4,269
Cash was applied to:			
Interest paid		(801,202)	(284,859)
Derivative financial instruments *		(73,605)	162,032
Other expense	7	(418)	(376)
Management fees and other operating expenses		(180,213)	(166,519)
Tax payments		(96,963)	(69,649)
Cash flows from operating activities before changes in operating assets and liabilities		**219,396**	**424,258**
Cash was applied to:			
Payables to central bank		8,253	163,902
Financial assets at fair value through other comprehensive income		(52,136)	(79,605)
Loans and advances		(545,065)	(1,264,938)
Due from related entities		(89,320)	255,273
Deposits		783,241	171,064
Changes in operating assets and liabilities arising from cash flow movements		**104,973**	**(754,304)**
Net cash flows from/(used in) operating activities	**35**	**324,369**	**(330,046)**
Cash flows from investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		(21,939)	(15,570)
Purchase of intangible assets		(425)	(311)
Purchase of financial instruments		(1,700)	-
Net cash flows used in investing activities		**(24,064)**	**(15,881)**
Cash flows from financing activities			
Cash in financing liabilities:			
Debt securities in issue		1,274,693	1,275,835
Interest bearing liabilities		-	272
Due to related parties		(881,296)	(283,442)
Dividends paid		-	(1,000)
Principal elements of lease payments		(3,661)	(3,619)
Net cash flows from financing activities		**389,736**	**988,046**
Net change in cash and cash equivalents		**690,041**	**642,119**
Cash and cash equivalents at the beginning of the year		1,414,771	772,652
Cash and cash equivalents at the end of the year		**2,104,812**	**1,414,771**

* Transactions are settled on a net basis.

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

1. Reporting entity

In accordance with the Financial Markets Conduct Act 2013, a reporting entity is required to prepare financial statements for its New Zealand business. Cooperatieve Rabobank U.A ("Rabobank") is a reporting entity. The New Zealand business of Cooperatieve Rabobank U.A comprises of Rabobank New Zealand Branch (the "Branch"), Rabobank New Zealand Limited ("Bank"), De Lage Landen Limited ("DLL") and AGCO Finance Limited ("AGCO") (collectively referred to as "Rabobank New Zealand Banking Group" or the "Group"). The Bank, DLL and AGCO are incorporated under the Companies Act 1993.

These financial statements are an aggregation of the financial statements of the above entities as at and for the year ended 31 December 2023, which comprise all the activities of the Rabobank Group in New Zealand.

The Group is a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013. A copy of the climate statements will be accessible at https://www.rabobank.co.nz/ by 30 April 2024.

2. Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the requirements of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) ('Order') for the Banking Group, for the purpose of reporting the New Zealand business of Rabobank as represented by the Banking Group.

The Banking Group comprises entities and operations as required by the Reserve Bank of New Zealand which does not constitute a group in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") 10 Consolidated Financial Statements. Consequently, this financial information has been prepared to comply with the Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'), NZ IFRS and other authoritative pronouncements of the External Reporting Board, as appropriate for for-profit entities, except for compliance with NZ IFRS 10 and it does not constitute a complete set of financial statements as required in accordance with NZ IFRS. These financial statements also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board ('IASB'), except for compliance with IFRS 10 Consolidated Financial Statements.

These financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The financial statements are presented in New Zealand dollars (NZD), which is the Banking Group's functional and presentation currency. All financial information presented in NZD has been rounded to the nearest thousand unless otherwise stated.

2.4 New and amended standards adopted by the Banking Group

The accounting policies adopted by the Bank are consistent with those adopted and disclosed in the prior period. The Bank has applied, where relevant, all new or revised accounting standards and interpretations effective and applicable to the year ended 31 December 2023. Refer to note 3.17 for further details.

2. Basis of preparation (continued)

2.5 Significant accounting judgments and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts for assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. This primarily concerns the determination of impairment. This involves an assessment of the situations, based on the financial data and information available. Although these assessments are made based on the best estimate by the management of current events and actions, actual results may vary from these estimates. If different assumptions or estimates were applied, the resulting value would change, impacting the net assets and income of the Banking Group.

The most significant uses of judgment and estimates are as follows:

2.5.1 Impairment of financial assets

In line with relevant accounting standards, the Banking Group applies the three-stage expected credit loss (ECL) impairment models for measuring and recognising expected credit losses. The Banking Group's accounting policy for loan impairment is set out in note 3.5.

The Banking Group uses estimates and management judgement in the determination of ECL for the following attributes:

- Significant increase in credit risk: judgement is required to transfer assets from stage 1 to stage 2.
- Forward-looking information: the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions (forward looking information). The estimation of forward-looking information may require significant judgement.
- Macro-economic scenarios: The Banking Group uses three global macroeconomic scenarios in their ECL models to determine the expected credit losses which reflect information available on current conditions and forecasts of future economic conditions. These forward-looking macroeconomic forecasts require judgment and are mostly based on internal Rabobank research.
- Measurement of expected credit losses: The probability of default (PD) x loss given default (LGD) x exposure at default (EAD) inputs are used to estimate expected credit losses. These inputs require estimates in the following way:
  - PD - The probability of default is an estimate of the likelihood of default over a given time horizon.
  - EAD - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date.
  - LGD - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that Rabobank would expect to receive, including cash flows expected from collateral and other credit enhancements.

Further information regarding the model based impairment allowances is included in Note 18 " Provision for expected credit losses".

On top of the model-outcomes in certain circumstances the Banking Group applies portfolio overlays to adjust for elements that are not captured in the NZ IFRS 9 models. These portfolio overlays, which are described in Note 18 "Provision for expected credit losses", often require a significant degree of management judgment.

Measurement of individually assessed financial asset: For credit-impaired financial assets that are assessed on an individual basis, a discounted cash flow calculation is performed. In many cases, judgement is required for the estimation of the expected future cash flows and the weighting of the three scenarios.

2.6 Change in comparatives

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. If there has been a material restatement of comparative information the nature of, and the reason for, the restatement is disclosed in the relevant note.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In addition, the Banking Group adopted Amendments to NZ IAS 1 - Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves or impacted the accounting policy information disclosed in below.

3.1 Basis of aggregation

The aggregated financial statements comprise the financial statements of the Banking Group as at and for the year ended 31 December 2023. The Banking Group comprises entities and operations as required to be included by the RBNZ and the Financial Markets Conduct Act 2013 that do not constitute a group in accordance with NZ IFRS 10.

3.1.1 Subsidiaries

Subsidiaries are those entities over which the Banking Group has control. Control exists when the Banking Group is exposed to, or has rights, to variable returns from its involvement with an entity, and has the ability to affect those returns through its power over that entity.

The financial statements of subsidiaries are included in the aggregated financial statements from the date that control commences and until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

3.1.2 Transactions eliminated on aggregation

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

3.2 Revenue and expense recognition

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

3.2.1 Interest income and expense

For all interest bearing financial instruments, interest income or expense are recognised in profit or loss using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, a shorter period, where appropriate) to the net carrying amount of the financial asset or liability. The calculation includes all transaction costs and fees that are directly attributable to the instrument and are an integral part of the effective interest method. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.2.2 Fee and commission income and expense

Commitment fees to originate a loan, which is unlikely to be drawn down, are recognised as fee income over the commitment period.

Fees and commissions that relate to the execution of a significant act (for example, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed. Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

Fees and commissions paid for guarantees on deposits and other liabilities are recognised as an expense over the period the guarantee is provided.

3.2.3 Rental income

Rental income from operating leases is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

3. Material accounting policies (continued)

3.2.4 Other expenses

Operating expenses are recognised on an accrual basis.

Management expenses are charged to the Banking Group to reflect the cost of resources and services provided by related parties.

3.3 Foreign currency

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities resulting from foreign currency transactions are subsequently translated at the spot rate at reporting date.

Translation differences arising on the settlement of monetary items, or on translating monetary items at rates different to those at which they were initially recognised or included in a previous financial report, are recognised in the Statement of Comprehensive Income in the period in which they arise.

Translation differences on non-monetary items are reported as part of the fair value gains or losses on these items. Translation differences on non-monetary items measured at fair value through equity, such as securities classified as fair value through other comprehensive income financial assets, are recognised in equity through other comprehensive income.

3.4 Income tax

Income tax expense comprises of current tax and movements in deferred tax balances. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.5 Financial assets

3.5.1 Classification of financial assets

The Banking Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on:

3. Material accounting policies (continued)

1. Business model assessment:

The Banking Group assesses its business models at a level that reflects how financial assets are managed and seen from a strategic point of view. The Banking Group considers all relevant evidence available at the assessment date, such as how the performance of the business model and the financial assets held in that model is evaluated and reported and how the risks affecting the performance of the business model are managed. This assessment results in the following business models:

- Hold to collect: where the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; or
- Hold to collect and sell: where the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; or
- Other business model.

The Banking Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The business models of the Bank are as follows:

- Hold to collect - the Bank's loans and advances to the rural sector in New Zealand and the Branch's loans and advances to wholesale clients.
- Hold to collect and sell - the Bank's portfolio of debt securities held for liquidity management purposes.

2. Contractual cash flow assessment:

The Banking Group assesses whether the cash flows of the financial assets are solely payment of principal and interest on the principal amount outstanding (SPPI test) and, hence, consistent with basic lending arrangements. In basic lending arrangements, the consideration for the time value of money and credit risk are typically the most significant elements of interest. However in such arrangements, interest may also include consideration for other basic lending risks (such as liquidity risk) and costs (such as administrative costs) associated with holding financial assets for a particular period of time. Additionally, interest may include a profit margin consistent with a basic lending arrangement.

The business model assessment can be made on a portfolio basis, whereas the contractual cash flow assessment is assessed for each individual financial asset. Rabobank only reclassifies debt instruments when the business model for managing those assets changes.

A debt instrument that is held within a business model "hold to collect" and meets the SPPI test is measured at amortized cost unless the asset is designated at fair value through profit or loss. A debt instrument that is held within a business model "hold to collect and sell" and meets the SPPI test is measured at fair value with fair value adjustments recognized in other comprehensive income unless the asset is designated at fair value through profit or loss. All other debt instruments are mandatorily measured at fair value through profit or loss.

3.5.2 Measurement of financial assets

At initial recognition, the Banking Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivative financial instruments are recognised initially at fair value and are subsequently measured at fair value through profit or loss.

Subsequent measurement of debt instruments depends on the Banking Group's business model for managing the asset and the cash flow characteristics of the asset.

3.5.3 Loans and advances

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost and presented as 'Loans and advances to customers' or 'Due from other financial institutions' or ' Due from related entities'. At initial recognition, the Banking Group measures these financial assets at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

3. Material accounting policies (continued)

Interest income from these financial assets is included in net interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'gains/ (losses) arising from the derecognition of financial assets measured at amortised cost'. Impairment losses are included in 'Impairment losses' in the Statement of Comprehensive Income.

3.5.4 Cash and cash equivalents

Cash equivalents are highly liquid short-term investments held to meet current obligations in cash, rather than for investments or other purposes. Such investments have remaining terms of less than 90 days at inception. It includes cash at bank, central bank settlement accounts and nostro balances. Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

3.5.5 Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variability. They include foreign exchange contracts, options, interest rate swaps, commodity derivatives and currency swaps. Derivative financial instruments are used as part of the Banking Group's sales, trading and hedging activities.

All derivative financial instruments are recognised at fair value through profit or loss. The fair value is determined using listed market prices, prices offered by brokers or cash flow discounting models based on current market prices and contracted prices for the underlying instruments, as well as the time value of money, yield curves and the volatility of the underlying assets and liabilities.

All derivative financial instruments are included under assets if their fair value is positive and under liabilities if their fair value is negative. This fair value hierarchy is described in more detail in note 33.

3.5.6 Financial assets at fair value through other comprehensive income

Investments in debt instruments are measured at FVOCI where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus direct attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment gains and losses and interest revenue are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

3.5.7 Financial assets at fair value through profit and loss

Investments in equity instruments are measured at fair value through profit and loss if they are held neither in a business model to hold financial assets to collect the contractual cash flows nor in a business model to both collect the contractual cash flows and sell financial assets.

These equity instruments are initially recognised at fair value plus direct attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in profit and loss. Impairment gains and losses and interest revenue are recognised in profit and loss.

3.5.8 Leases

The Banking Group as Lessee

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

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

3. Material accounting policies (continued)

Extension and termination options are included in a number of property leases across the Banking Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension and termination options held are exercisable only by the Banking Group and not by the respective lessor.

At lease commencement date, the Banking Group recognises a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Banking Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Banking Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Banking Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Banking Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate being the rate that the Banking Group would have to borrow the funds necessary to obtain an asset of similar value with similar terms.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Lease liabilities are net of any lease incentives receivables.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Banking Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other liabilities.

The Banking Group as Lessor

Upon initial recognition the leased asset is presented as a receivable and measured at an amount equal to the net investment in the lease.

Income on finance lease transactions to be recognised on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the finance lease. The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method. Refer to note 3.9.1. for Operating Leases.

3.5.9 Offsetting

Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. It generally arises in the following circumstances:

- where transaction costs form an integral part of the effective interest rate of a financial instrument which is measured at amortised cost, these are offset against the interest income generated by the financial instrument; or
- where gains and losses relating to fair value hedges are assessed as being effective; or
- where gains and losses arise from a group of similar transactions, such as foreign exchange gains and losses.

Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is:

- a current enforceable legal right to offset the asset and liability; and
- an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. Material accounting policies (continued)

3.5.10 Regular way purchase and sale of financial assets

All financial assets and liabilities are initially recognised on the trade date. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

3.5.11 Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred; or when the Banking Group has transferred substantially all the risks and rewards of ownership. In transactions where substantially all the risks and rewards are neither retained nor transferred, the Banking Group derecognises the assets when control is no longer retained, or when control is retained, the assets are recognised to the extent of the Banking Group's continuing involvement.

3.6 Impairment of financial assets

Impairment allowances apply to financial assets at amortised cost and financial assets at FVOCI, as well as to lease receivables, contract assets, trade receivables, certain loan commitments and financial guarantees. At initial recognition, an allowance is recognised for the amount of the expected credit losses from possible defaults in the coming 12 months (stage 1). If credit risk increased significantly since origination (but remains non-credit-impaired), an allowance will be required for the amount that equals the expected credit losses from possible defaults during the expected lifetime of the financial asset (stage 2). If the financial instrument becomes credit-impaired the allowance will remain at the Lifetime ECL (stage 3). Stage 3 allowance is assessed either on collective (stage 3A) or individual (stage 3B) basis. For these instruments the interest income will be recognised by applying the effective interest rate on the net carrying amount (including the allowance). Financial instruments become credit-impaired when one or more events have occurred that had an adverse impact on estimated future cash flows. The Bank does not use the low credit risk exemption for any financial instrument.

Two fundamental drivers of the NZ IFRS 9 impairments requirements are a) the methodology for the measurement of 12-Month and Lifetime Expected Credit Losses and b) the criteria used to determine whether a 12-month ECL (stage 1), Lifetime ECL non-credit-impaired (stage 2), or Lifetime ECL credit-impaired (stage 3) should be applied (also referred to as stage determination criteria).

3.6.1 Methodology to determine expected credit losses

In order to determine ECLs the Banking Group utilises point in time Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD) models for the majority of the portfolio in scope. Three global macroeconomic scenarios (consisting of a baseline, a baseline minus and a baseline plus scenario) are incorporated into these models and probability weighted in order to determine the expected credit losses. For credit-impaired financial assets that are assessed on an individual basis (stage 3B), a discounted cash flow calculation is performed which is based on the weighted average of the net present value of expected future cash flows in three different scenarios: a sustainable cure, an optimizing and a liquidation scenario.

When unexpected external developments or data quality issues are not sufficiently covered by the outcome of the ECL models, an adjustment will be made.

3.6.2 Stage determination criteria

In order to allocate financial instruments in scope between stage 1, stage 2 and stage 3 a framework of qualitative and quantitative factors has been developed. The criteria for allocating a financial instrument to stage 3 are fully aligned with the criteria for assigning a defaulted status, for example 90 days past due status, or if a debtor is likely to become unable to pay its credit obligations without liquidation of collateral by the Bank. In order to allocate financial instruments between stages 1 and 2, Rabobank uses criteria, such as days past due status, special asset management status and deterioration of the PD since origination.

For portfolios without individual PD's or with PD's that are not updated on a frequent basis such that an assessment of the change in PD is not possible, a collective assessment on groups of financial instruments with shared credit risk characteristics is made for the purpose of stage determination.

Significant increases in credit risk (SICR)

At each reporting date, the Banking Group assesses whether the credit risk on financial instruments has increased significantly since initial recognition. There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when the contractual payments are over 30 days past due. The rebuttable presumption is not an absolute indicator that lifetime ECL should be recognised, but is presumed to be the latest point at which lifetime ECL should be recognised.

3. Material accounting policies (continued)

The assessment of whether lifetime ECL are recognised is based on significant increases in the likelihood or default risk occurring since initial recognition - irrespective of whether a financial instrument has been repriced to reflect an increase in credit risk - instead of based on evidence of a financial instrument being credit-impaired at the reporting date or an actual default occurring. Generally, there will be a SICR before a financial instrument becomes credit impaired or an actual default occurs. For loan commitments, the Bank considers changes in the default risk occurring on the loan to which a loan commitment relates. For financial guarantee contracts, it considers the changes in the risk that the specified debtor will default on the contract.

The assessment of changes in credit risk analysis is a multifactor and holistic analysis. Whether a specific factor is relevant (and its weight compared to other factors) depends on the type of product, characteristics of the financial instruments and the borrower as well as geographical region. The methods used to determine whether credit risk on financial instruments has increased significantly since initial recognition considers the mentioned characteristics of the instruments (or a group of instruments) and the default patterns in the past for comparable financial instruments.

Default definition

In defining default for the purposes of determining the risk of a default occurring, the Bank applies a default definition consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators when appropriate.

However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, unless Rabobank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The definition of default used for these purposes is applied consistently to all financial instruments, unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Collective versus individual assessment

Some factors or indicators may not be identifiable on an individual instrument level. In that case, the factors or indicators are assessed for appropriate portfolios, groups of portfolios or a portion of a portfolio to determine whether the requirements for recognition of lifetime ECL have been met. The aggregation of financial instruments to assess whether there are changes in credit risk on a collective basis may change over time when new information becomes available on groups of, or individual, financial instruments.

Depending on the nature of the financial instruments and the credit risk information available for particular groups of financial instruments, Rabobank may not be able to identify SICR for an individual instrument before that instrument becomes past due. This may be the case for financial assets (such as retail loans) for which there is little or no updated credit risk information routinely obtained and monitored on an individual instrument level until a customer breaches the contractual terms. If changes in the credit risk for an individual instrument is not captured before it becomes past due, a loss allowance based solely on credit information at an individual instrument level would not represent the changes in credit risk since initial recognition.

In some circumstances, the Bank has no reasonable and supportable information available without undue cost or effort to measure lifetime ECL on an individual instrument basis. Lifetime ECL is then recognized by collectively considering comprehensive credit risk information, which not only incorporates past due information but also all relevant credit information (including forward-looking macroeconomic information) to approximate the result of recognizing lifetime ECL when there has been a SICR since initial recognition on an individual instrument level.

For the purpose of determining SICR and recognizing a loss allowance on a collective basis, the Bank may group financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis designed to enable SICR to be identified on a timely basis. However, when Rabobank is unable to group financial instruments for which the credit risk is considered to have increased significantly since initial recognition based on shared credit risk characteristics, it recognizes lifetime ECL on a portion of the financial instruments for which credit risk is deemed to have increased significantly.

Shared credit risk characteristics may include but are not limited to: instrument types, credit risk ratings, collateral types, initial recognition dates, remaining terms to maturity, industries, geographical location, and collateral value relative to the financial instrument if it has an impact on the PD (for instance, non-recourse loans in some jurisdictions or LTV ratios).

3.6.3 Past due loans

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

3. Material accounting policies (continued)

3.6.4 Restructured assets

Restructured assets are those impaired loans on which the original contractual terms have been formally modified due to the financial difficulties of borrowers, and on which interest continues to be accrued at a rate which is equal to or greater.

3.7 Property, plant and equipment

Property, plant and equipment are carried at cost, which includes direct and incremental acquisition cost, less accumulated depreciation and impairments if applicable. Subsequent costs are capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is expensed as incurred. Straight-line depreciation is applied to these assets in accordance with the schedule below. Each asset is depreciated to its residual value over its estimated useful life:

Office fixtures & fittings	10 years
Office equipment	5 years
Computer hardware	5 years

Each year, the Banking Group assesses whether there are indications of impairment of property, plant and equipment. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount. Impairment losses of property, plant and equipment are included in the Statement of Comprehensive Income. Gains and losses on the disposal of items of property, plant and equipment are determined in proportion to their carrying amounts and taken into account when determining the operating result.

3.8 Intangible assets

Other intangible assets consist of acquired and internally developed computer software and are stated at cost less accumulated amortisation and impairment if any.

Internal and external costs directly incurred in the purchase or development of computer software, including subsequent upgrades and enhancements, are recognised as intangible assets when it is probable that they will generate future economic benefits attributable to the Banking Group. These assets are amortised using the straight-line method over their estimated useful life of five years.

3.9 Other assets

Other assets include accrued interest, accrued fees, other income receivable and all other financial assets. These are measured at amortised cost using the effective interest method. All other non-financial assets are recorded at the cash value to be realised when settled.

3.9.1 Operating lease asset

The Banking Group, as lessor, leases property, plant and equipment under operating leases. Operating lease assets are measured at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives for the current and comparative periods are between 1 to 7 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Lease income from operating leases where the Banking Group is a lessor is recognised in income on a straight-line basis over the lease term. The Banking Group operating lease portfolio mainly comprises material handling equipment with the lease terms being 3 to 5 years and other assets have lease terms of 1 to 7 years. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The recoverability of the lease assets is tested at least annually. The testing involves estimates of future rentals and residual values based on historical experience and information received routinely from independent appraisers where required. The testing indicates the Banking Group is not exposed to any significant impairment risk in relation to its operating lease portfolio. The Banking Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3. Material accounting policies (continued)

3.10 Impairment of non-financial assets

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

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

A previously recognised impairment loss is assessed at each reporting date for any indications that the loss has decreased or no longer exists. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

3.11 Financial liabilities

The Banking Group classifies significant financial liabilities in the following categories: due to other financial institutions, deposits, debt securities in issue, due to related entities and other liabilities. Financial liabilities are recognised when an obligation arises and derecognised when it is discharged, cancelled or expired.

Financial liabilities are initially recognised at fair value less transaction costs, except where they are designated at fair value, in which case transaction costs are expensed as incurred. They are subsequently measured at amortised cost, except for derivatives and financial liabilities at fair value, which are held at fair value through profit or loss.

3.11.1 Due to other financial institutions, deposits and due to related entities

Due to other financial institutions includes deposits placed by other financial institutions, Vostro balances, bank overdrafts and settlement account balances due to other financial institutions. Deposits include term deposits, savings deposits and other demand deposits. Due to related entities includes deposits and settlement account balances due to related parties.

They are brought to account at fair value less directly attributable transaction costs at inception, and are subsequently measured at amortised cost. Interest expense and yield related fees are taken to the Statement of Comprehensive Income using the effective interest method.

3.11.2 Debt securities in issue

Debt securities in issue include bonds, notes and medium term notes that have been issued by the Banking Group. They are brought to account at fair value less directly attributable transaction costs at inception, and are subsequently measured at amortised cost. Interest expense and yield related fees are taken to the Statement of Comprehensive Income using the effective interest method.

3.11.3 Other liabilities

Other liabilities include interest, fees and other accrued expenses payable and all other financial liabilities. They are recognised initially at their fair value, and subsequently measured at the carrying value to be paid when settled.

3.11.4 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

3.11.5 Contingent liabilities

Contingent liabilities mainly include financial guarantees and lending commitments.

3. Material accounting policies (continued)

Financial guarantees are contracts that require the Banking Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Lending commitments are defined amounts (unutilised credit lines or undrawn portions of credit lines) against which clients can borrow money under defined terms and conditions.

Financial guarantees and other contingent liabilities are accounted for as off balance sheet items. Provisioning for these exposures is calculated under NZ IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

3.12 Provisions

A provision is recognised if the Banking Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation.

A provision for dividends is recognised when dividends are declared by the directors.

3.13 Head Office Account

The Head Office Account for NZ Banking Group is classified as equity in accordance with NZ IAS 32 Financial Instruments: Presentation. The New Zealand Branch Head Office account is in the nature of retained earnings, and therefore qualified as equity.

3.14 Employee benefits

3.14.1 Wages and salaries and annual leave

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

3.14.2 Long service leave

The liability for long service leave is recognised in the provision for the employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee turnover and periods of service.

3.15 Equity

3.15.1 Contributed equity

Contributed equity consists of ordinary share capital and is the amount of fully and partly paid up capital from the issue of ordinary shares.

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

3.15.2 Reserves

Fair value through other comprehensive income (FVOCI) financial assets revaluation reserve

This reserve includes changes in the fair value of FVOCI financial assets, net of tax. These changes are transferred to the Statement of Comprehensive Income when the asset is derecognised or impaired.

3.16 Goods and services tax

Income, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST) except where the GST incurred on purchase of goods and services is not recoverable from the taxation authority. The non-recoverable GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to the taxation authority, is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the taxation authority, are classified as operating cash flows.

3. Material accounting policies (continued)

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

3.17 Accounting standards not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Banking Group. These standards are not expected to have a material impact on the Banking Group in the current or future reporting periods and on foreseeable future transactions.

4. Interest income

in thousands	2023	2022
Loans and advances	1,202,927	745,650
Related entities	48,447	10,201
Financial assets at fair value through other comprehensive income	15,466	11,716
Cash and balances with central bank	85,746	22,768
Due from other financial institutions	12,378	2,306
Total interest income	**1,364,964**	**792,641**

5. Interest expense

in thousands	2023	2022
Deposits	283,382	120,787
Related entities	315,111	110,554
Payable to central bank	8,253	2,903
Debt securities in issue	250,367	99,361
Interest bearing liabilities	-	3
Lease liabilities	300	313
Total interest expense	**857,413**	**333,921**

6. Other income

in thousands	2023	2022
Lending and credit facility related fee income	1,961	1,343
Other income	2,868	2,562
Rental income from operating leases	15,680	16,794
Fee and commission income	1,627	3,530
Total other income	**22,136**	**24,229**

7. Other expense

in thousands	2023	2022
Commission and fee expense**	418	376
Depreciation expense on operating leases	12,679	13,704
Total other expense	**13,097**	**14,080**

** Balance relates to fee charged for the obligations under guarantees provided by Rabobank. Refer to note 36 for further information guarantees.

8. Other operating gains/(losses)

in thousands	2023	2022
Net trading gains / (losses) on derivatives	9,549	(15,695)
Losses on disposal/write off of property, plant and equipment	(19)	-
Foreign exchange gains / (losses)	(106)	(77)
Other	-	1,098
Total other operating gains/(losses)	**9,424**	**(14,674)**

9. Operating expenses

in thousands	2023	2022
Advertising and marketing	3,872	2,962
Professional fees	3,588	4,392
Depreciation and amortisation	5,361	5,302
Management expenses and recharge costs	89,472	81,842
Personnel	84,534	75,663
Telecommunication	1,123	1,012
Travel and lodging	5,240	4,286
Office supplies	581	779
Rental charges payable under operating leases	2,408	2,336
Other	7,529	4,528
Total operating expenses	**203,708**	**183,102**

10. Impairment losses/(releases)

in thousands	2023	2022
Collective provision charges/(releases)	14,350	2,967
Specific provision charges/(releases)	2,153	(1,466)
Bad debt losses/(recovery)	1,803	722
Total impairment (releases)/losses	**18,306**	**2,223**

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).

11. Income tax

11.1 Income tax expense

in thousands	2023	2022
Current income tax	93,992	74,563
Decrease in net deferred tax assets	(8,545)	886
(Over)/Under provided in prior years relating to deferred tax	1,047	(421)
(Over)/Under provision in current tax liabilities	(956)	444
Total income tax expense	**85,538**	**75,472**

11. Income tax (continued)

11.2 Numerical reconciliation of income tax expense to prima facie tax payable

in thousands	2023	2022
Profit before income tax	304,000	268,870
Taxation @ 28% (2022: 28%)	85,120	75,284
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income :		
Non-deductible expenses	327	165
Under/(over) provision	1,047	(421)
Under provision in current tax liabilities	(956)	444
Income tax expense	**85,538**	**75,472**

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

11.3 Net deferred tax assets

in thousands	2023	2022
The balance comprises temporary differences attributable to:		
Accruals	(130)	(86)
Depreciation	797	850
Impairment provisions	12,536	8,073
Employee benefits	4,142	767
Others	2,194	2,528
Provision for long service leave	1,215	1,126
FVOCI financial assets revaluation reserve	2,411	6,101
Total net deferred tax assets	**23,165**	**19,359**

Net deferred tax assets are non current.

Movements:

in thousands	2023	2022
Opening balance	19,359	15,302
Credited / (charged) to statement of comprehensive income:		
Accruals	(44)	(495)
Depreciation	(53)	(154)
Impairment provisions	4,463	617
Employee benefits	3,375	(1,669)
Others	(334)	1,321
Provision for long service leave	89	(2)
Debited to equity reserve:		
FVOCI financial assets revaluation reserve	(3,690)	4,439
Total movement	3,806	4,057
Closing balance	23,165	19,359

11.4 Imputation credit account

in thousands	2023	2022
Imputation credits available for use in future periods	722,489	632,106

12. Auditors' remuneration

	2023	2022
in whole		
Audit and/or review of the financial statements	635,927	597,457

Auditor's remuneration includes fees for audit and review of financial statements and limited assurance engagements over capital adequacy and regulatory liquidity requirements included in Disclosure Statement.

13. Cash and cash equivalents

	2023	2022
in thousands		
Cash at banks	209,397	216,557
Balances with Central Bank	1,895,415	1,198,214
Total cash and cash equivalents	**2,104,812**	**1,414,771**

All cash and cash equivalents balances are highly liquid and recoverable on demand.

14. Derivative financial instruments

Derivative contracts include forwards, swaps and options; all of which are bilateral contracts or payment exchange agreements, whose fair values are derived from the notional value of an underlying asset, reference rate or index. The derivative instruments are classified as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. The fair value is volatile to fluctuations in market interest rates or foreign exchange rates relative to their terms. The Bank uses derivatives as part of its asset and liability management activities.

	2023			2022		
	Notional amount	Fair value assets	Fair value liabilities	Notional amount	Fair value assets	Fair value liabilities
in thousands						
Held for trading derivatives						
Interest rate derivatives						
Swaps (related entities)*	10,995,245	120,099	76,748	10,965,456	194,067	132,566
Swaps (non-related entities)	749,769	3,440	23,567	574,469	82	39,494
Foreign exchange derivatives						
Swaps (related entities)*	1,053,989	24,714	14,642	2,812,109	24,753	104,827
Swaps (non-related entities)	397,326	357	7,250	285,838	3,778	3,301
Forwards (related entities)*	456,505	19,919	789	593,130	21,251	5,596
Forwards (non-related entities)	445,284	979	20,527	585,201	6,383	21,534
Currency options (related entities)*	153,752	3,551	2,398	181,247	4,861	5,057
Currency options (non-related entities)	153,752	2,289	3,501	181,247	4,982	4,861
Commodities derivatives						
Commodities (related entities)*	36,781	4,001	266	112,857	8,821	1,339
Commodities (non-related entities)	36,781	261	4,001	112,857	1,241	8,821
Commodities options (related entities)*	16,330	48	50	-	-	-
Commodities options (non-related entities)	16,330	-	48	-	-	-
Total derivatives	**14,511,844**	**179,658**	**153,787**	**16,404,411**	**270,219**	**327,396**

* Balance relates to other Rabobank related entities. Refer to note 36 for further information on related party disclosures.

The Banking Group enters into derivative transactions as part of its funding, sales and trading activities and for economic hedging purposes.

14. Derivative financial instruments (continued)

The notional amounts provide a basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end, but do not indicate the Banking Group's exposure to credit or market risks.

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

	2023	2022
in thousands		
New Zealand Government Securities	143,687	287,743
Other debt securities (Kauri)	553,011	343,642
Total financial assets FVOCI	**696,698**	**631,385**

The impairment allowance relating to financial assets at fair value through other comprehensive income was $4 thousand (2022: $1 thousand).

16. Loans and advances

	2023	2022
in thousands		
Lending	15,662,486	15,165,935
Finance leases	952,514	907,021
Gross loans and advances	**16,615,000**	**16,072,956**
Accrued interest	34,406	27,529
Provisions for impairment		
Stage 3B	(4,741)	(2,157)
Stage 3A	(9,679)	(2,808)
Stage 2	(9,649)	(5,326)
Stage 1	(18,821)	(14,845)
Total provisions	**(42,890)**	**(25,136)**
Net loans and advances	**16,606,516**	**16,075,349**

16. Loans and advances (continued)

16.1 Finance leases

in thousands	2023 Net investments	Unearned income	Unguaranteed residuals	Minimum lease payments
One year or less	413,403	52,400	-	465,803
Between one and two years	526,522	55,963	-	582,486
Between two and five years	12,589	793	-	13,382
Total finance leases	**952,514**	**109,156**	**-**	**1,061,671**

in thousands	2022 Net investment	Unearned income	Unguaranteed residuals	Minimum lease payments
One year or less	388,155	41,884	-	430,039
Between one and two years	502,522	44,521	-	547,043
Between two and five years	16,344	1,003	-	17,347
Total finance leases	**907,021**	**87,408**	**-**	**994,429**

Leasing arrangements

RNZL, DLL and AGCO provide equipment and motor vehicle finance under hire purchase and leasing contracts to a broad range of food and agricultural industries. Contract terms are generally up to 5 years with either regular monthly payments or structured payments to match the customers' seasonal income patterns. The Banking Group only undertakes contracts where the underlying equipment or vehicle is used for a business purpose.

17. Due from related entities

in thousands	2023	2022
Current account balances - wholly owned group*	6,660	4,017
Advances - wholly owned group*	1,106,520	1,020,541
Accrued interest receivable - wholly owned group*	445	108
Stage 1 provision for impairment (note 18.3)	(504)	(580)
Total due from related entities	1,113,121	1,024,086

There were no stages 2, 3A or 3B provisions for impairment. * The wholly owned group refers to other Rabobank related entities. Refer to note 36 for further information on related parties.

18. Provision for expected credit losses

18.1 Provision for impairment loans and advances

in thousands	Stage 1	Stage 2	2023 Stage 3A	Stage 3B	Total
Corporate					
Opening balance	972	82	-	-	1,054
Charge/(Benefit) to statement of comprehensive income	864	360	-	-	1,224
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance corporate	**1,836**	**442**	**-**	**-**	**2,278**

in thousands	Stage 1	Stage 2	2022 Stage 3A	Stage 3B	Total
Corporate					
Opening balance	583	184	-	-	767
Charge/(Benefit) to statement of comprehensive income	361	(102)	-	-	259
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	28	-	-	-	28
Closing balance corporate	**972**	**82**	**-**	**-**	**1,054**

in thousands	Stage 1	Stage 2	2023 Stage 3A	Stage 3B	Total
Retail					
Opening balance	13,873	5,244	2,808	2,157	24,082
Charge/(Benefit) to statement of comprehensive income (note 10)	3,112	3,963	6,871	4,420	18,366
Amounts written off	-	-	-	(2,100)	(2,100)
Recoveries	-	-	-	297	297
Reversals	-	-	-	-	-
Other movements	-	-	-	(33)	(33)
Closing balance retail	**16,985**	**9,207**	**9,679**	**4,741**	**40,612**

in thousands	Stage 1	Stage 2	2022 Stage 3A	Stage 3B	Total
Retail					
Opening balance	9,185	6,995	3,452	3,981	23,613
Charge/(Benefit) to statement of comprehensive income	4,689	(1,755)	(643)	(1,209)	1,082
Amounts written off	-	-	-	(883)	(883)
Recoveries	-	-	-	161	161
Reversals	-	-	-	-	-
Other movements	(1)	4	(1)	107	109
Closing balance retail	**13,873**	**5,244**	**2,808**	**2,157**	**24,082**

18. Provision for expected credit losses (continued)

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).

18.2 Provisions for impairment on loan commitments and financial guarantees

			2023		
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
Corporate					
Opening balance	43	18	-	-	61
Charge/(Benefit) to statement of comprehensive income (note 10)	(17)	12	-	-	(5)
Amounts written off	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance corporate	**26**	**30**	**-**	**-**	**56**

			2022		
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
Corporate					
Opening balance	35	3	-	-	38
Charge/(Benefit) to statement of comprehensive income (note 10)	8	15	-	-	23
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance corporate	**43**	**18**	**-**	**-**	**61**

			2023		
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
Retail					
Opening balance	1,743	268	2	464	2,477
Charge/(Benefit) to statement of comprehensive income (note 10)	(719)	(19)	4	(464)	(1,198)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance retail	**1,024**	**249**	**6**	**-**	**1,279**

18. Provision for expected credit losses (continued)

in thousands	Stage 1	Stage 2	2022 Stage 3A	Stage 3B	Total
Retail					
Opening balance	1,295	266	13	-	1,574
Charge/(Benefit) to statement of comprehensive income (note 10)	448	2	(11)	464	903
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance retail	**1,743**	**268**	**2**	**464**	**2,477**

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).

18.3 Provision for impairment due from related entities

in thousands	Stage 1	Stage 2	2023 Stage 3A	Stage 3B	Total
Opening balance	580	-	-	-	580
Charge to statement of comprehensive income	(76)	-	-	-	(76)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance due from related parties	**504**	**-**	**-**	**-**	**504**

in thousands	Stage 1	Stage 2	2022 Stage 3A	Stage 3B	Total
Opening balance	573	-	-	-	573
Charge to statement of comprehensive income	7	-	-	-	7
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance due from related parties	**580**	**-**	**-**	**-**	**580**

18. Provision for expected credit losses (continued)

18.4 Significant increase in credit risk

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 $12,457 thousand (2022: $15,921 thousand) and $34,331 thousand (2022: $92,805 thousand), respectively.

18.5 Forward-looking information and macro-economic scenarios (MES)

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.

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.

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 and stage 2 provisioning, and the probability weights applied to each of the three scenarios is presented below, without taking into account the impact of portfolio overlays.

18. Provision for expected credit losses (continued)

New Zealand		*2024*	*2025*	*2026*	*ECL unweighted In thousands*	*Probability*	**Weighted ECL in thousands** *31 December 2023*
Plus	GDP per capita	1%	2%	2%			
	Private sector investments	-2%	2%	3%	13,026	20%	
	Exports of Goods & Services	10%	7%	3%			
Baseline	GDP per capita	0%	1%	2%			
	Private sector investments	-4%	-1%	3%	14,498	60%	14,517
	Exports of Goods & Services	8%	6%	4%			
Minus	GDP per capita	0%	0%	2%			
	Private sector investments	-6%	-5%	3%	16,067	20%	
	Exports of Goods & Services	6%	4%	4%			

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 31 December 2023 were $8,205 thousand (2022: $4,147 thousand). Included in the total overlays were:

- A 'Forward Looking probability of default adjustment' portfolio overlay of $7,880 thousand was raised at 31 December 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 $325 thousand (2022: nil) was raised at 31 December 2023, as this event was not captured in the modelled provision.
- The overlay associated with delayed defaults was released as at 31 December 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.

19. Other assets

in thousands	2023	2022
Accrued interest receivable	2,360	5,001
GST receivable	2,524	849
Sundry debtors	6,250	2,319
Prepayments	853	663
Others	2,982	3,244
Operating lease asset	53,364	50,743
Total other assets	**68,333**	**62,819**

Operating lease assets

DLL and AGCO have entered into operating leases with its customers on its property, plant, and equipment, consisting of mainly forklift equipment with lease terms of 3 to 5 years and other assets with lease terms of 1 to 7 years.

in thousands	2023	2022
At cost	87,580	83,859
Less accumulated depreciation	(34,216)	(33,116)
Carrying amount as at 31 December	**53,364**	**50,743**

The table below describes the future minimum lease payments that apply to operating lease assets:

in thousands	2023	2022
No later than one year	19,845	17,268
Later than one year but no later than five years	33,006	32,749
Later than five years	513	726
Total	**53,364**	**50,743**

Reconciliation of the carrying amounts for operating lease assets:

in thousands	2023	2022
Carrying amount as at 1 January	50,743	57,731
Net additions	15,300	6,716
Depreciation	(12,679)	(13,704)
Carrying amount as at 31 December	**53,364**	**50,743**

20. Property, plant and equipment

in thousands	Right-of-use asset	Office Equipment	Office Fixtures & Fittings	Computer Hardware	Total
Cost	20,872	574	15,857	493	37,796
Accumulated depreciation	(9,963)	(323)	(9,158)	(390)	(19,834)
Total	**10,909**	**251**	**6,699**	**103**	**17,962**

in thousands 2022	Right-of-use asset	Office Equipment	Office Fixtures & Fittings	Computer Hardware	Total
Cost	20,039	566	13,273	501	34,379
Accumulated depreciation	(10,132)	(222)	(8,452)	(440)	(19,246)
Total	**9,907**	**344**	**4,821**	**61**	**15,133**

Reconciliation

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

in thousands 2023	Right-of-use asset	Office Equipment	Office Fixtures & Fittings	Computer Hardware	Total
Balance as at 1 January	9,907	344	4,821	61	15,133
Acquisitions	4,778	8	2,778	74	7,638
Depreciation	(3,776)	(101)	(900)	(32)	(4,809)
Total	**10,909**	**251**	**6,699**	**103**	**17,962**

in thousands	Right-of-use asset	Office equipment	Office Fixtures & Fittings	Computer Equipment	Total
Balance as at 1 January	10,481	45	1,012	77	11,615
Acquisitions	3,211	436	4,753	20	8,420
Disposals	-	(4)	-	(7)	(11)
Depreciation	(3,785)	(133)	(944)	(29)	(4,891)
Total	**9,907**	**344**	**4,821**	**61**	**15,133**

20.1 Leases

20.1.1 Banking Group as a lessee

The statement of financial position shows the following amounts relating to leases:

	2023	2022
Properties	8,479	7,380
Motor vehicles	2,430	2,527
Total right of use assets	**10,909**	**9,907**

20. Property, plant and equipment (continued)

	2023	2022
Current lease liabilities	2,863	2,837
Non current lease liabilities	8,083	7,064
Total lease liabilities	**10,946**	**9,901**

The following are the amounts recognised in profit or loss:

	2023	2022
Depreciation expense of right-of-use assets	3,776	3,785
Interest expense on lease liabilities	300	313
Variable lease payments (included in cost of sales)	630	571
Total amount recognised in profit or loss	4,706	4,669

The total cash outflow for leases in 2023 was $3,955 thousand (2022: was $4,005 thousand). All property, plant and equipment assets are non current.

21. Intangible assets

	2023	2022
in thousands		
Computer software		
At cost	2,535	2,481
Less accumulated amortisation	(1,475)	(1,278)
Net book value	**1,060**	**1,203**

Reconciliation

Reconciliation of the carrying amount of intangible assets at the beginning and end of the year

	2023	2022
in thousands		
Opening balance	1,203	1,418
Acquisitions	426	311
Write-off	(20)	(66)
Amortisation	(549)	(460)
Closing balance	**1,060**	**1,203**

22. Deposits

	2023	2022
in thousands		
Call deposits	2,324,689	2,496,681
Term deposits	4,158,417	3,203,184
Accrued interest on term deposits	87,438	34,795
Total deposits	**6,570,544**	**5,734,660**

23. Debt securities in issue

in thousands	2023	2022
Notes	1,399,303	549,673
Bonds	137,004	336,375
Commercial Paper/Certificates of deposits	3,644,715	3,020,284
Accrued interest	5,991	8,686
Total debt securities on issue	**5,187,013**	**3,915,018**

24. Due to related entities

in thousands	2023	2022
Current account balances - wholly owned group	103,212	67,397
Advances - wholly owned group	5,766,356	6,684,617
Accrued interest payable - wholly owned group	40,055	33,785
Total due to related entities	**5,909,623**	**6,785,799**

The wholly owned group refers to other Rabobank related entities. Refer to note 36 for further information on related party disclosures.

25. Other liabilities

in thousands	2023	2022
Lease liabilities	10,946	9,901
Sundry creditors	16,271	12,557
Accrued expenses	16,715	13,696
Total other liabilities	**43,932**	**36,154**

26. Provisions

in thousands	2023	2022
Provision for long service leave	4,752	4,161
Sustainability contribution	1,594	-
Employee remediation provisions	-	423
Impairment allowances on loan commitments and financial guarantees	1,335	2,538
Make good provision	425	425
Total provisions	**8,106**	**7,547**

Changes in provisions for employee benefits, remediation and Sustainability Contribution were as follows:

in thousands	2023	2022
Opening balance	5,009	6,733
Additions	10,176	15,150
Used	(1,547)	(2,599)
Releases	(6,867)	(14,275)
Closing balance	**6,771**	**5,009**

Impairment allowances on loan commitments and financial guarantees

A reconciliation from the opening balance to the closing balance of the impairment allowances of credit related contingent liabilities in included in Note 18 Provision for expected credit losses.

27. Equity

in thousands	2023	2022
Contributed equity (note 27.1)	551,200	551,200
Reserves (note 27.2)	(6,203)	(15,689)
Retained earnings (note 27.3)	1,771,235	1,575,481
Retained earnings - Branch (note 27.4)	433,186	410,478
Total equity	**2,749,418**	**2,521,470**

27.1 Contributed equity

in thousands	2023	2022
Paid up capital in Rabobank New Zealand Limited	551,200	551,200

Total authorised and paid up capital 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.

27.2 Reserves

in thousands	2023	2022
Opening balance	(15,689)	(4,275)
Changes in FVOCI financial assets revaluation reserve (gross)	13,175	(15,853)
Changes in FVOCI financial assets revaluation reserve (deferred tax)	(3,689)	4,439
Closing balance	**(6,203)**	**(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.

27.3 Retained earnings

in thousands	2023	2022
Opening balance	1,575,481	1,415,024
Dividend paid	-	(1,000)
Net profit for the year	195,754	161,457
Closing balance	**1,771,235**	**1,575,481**

27.4 Retained earnings - Branch

in thousands	2023	2022
Opening balance	410,478	378,537
Net profit of the Branch	22,708	31,941
Closing balance	**433,186**	**410,478**

28. Priority of financial liabilities in the event of a liquidation

The financial liabilities of the Branch reported in these financial statements as part of the liabilities of the Banking Group 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. 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.

29. Contingent liabilities

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 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.

	2023	2022
in thousands		
Guarantees	92,974	96,663
Lending commitments		
Irrevocable lending commitments	2,827,167	920,552
Revocable lending commitments	259,921	2,110,054
Total contingent liabilities	**3,180,062**	**3,127,269**

Letters of credit are undertakings by the Banking Group to repay a loan obligation in the event of a default by a customer or undertakings to pay overseas suppliers of goods in the event of payment default by a customer who is importing goods.

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 lending facilities which remain undrawn at balance date, or where letter of offers have been issued but not accepted yet.

30. Expenditure commitments

30.1 Operating lease commitments

	2023	2022
in thousands		
One year or less	1,056	852
Between one and two years	542	615
Between two and five years	605	749
Over five years	562	452
Total operating lease commitments	**2,765**	**2,668**

30. Expenditure commitments (continued)

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

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

31. Risk arising from financial instruments

The Banking Group has an integrated framework of responsibilities and functions to manage the credit, market and liquidity risk of the groups balance sheet, which can be influenced by financial instruments.

Risk is managed through a risk management framework and policies applicable to the entities comprising Rabobank New Zealand Banking Group. The risk management framework and appetite statement has been set by the Board and Risk Committee of the Bank, or the ultimate parent as appropriate. The risk management framework deals with risk and compliance matters down to operational levels, covering all material risks: credit, market, liquidity, operational and compliance risk.

Oversight and monitoring of risk is undertaken by the Risk Management functions of the Bank, the Branch, DLL & AGCO and also the ultimate parent. References to risk management of operations implicitly involves oversight by the individual entities and ultimate parent.

31.1 Liquidity risk

Liquidity risk is defined as the risk that the Core Banking Group and the De Lage Landen Companies will not have sufficient funds available to meet its financial and transactional cash flow obligations and regulatory obligations. The Core Banking Group's liquidity policies are designed to ensure that it has sufficient funds available, even in adverse circumstances, to meet its obligations, including loans and advances to customers and maturities of deposits and other obligations. Liquidity policies are reviewed periodically and at least annually. Rabobank’s commitment to maintain appropriate level of retail deposit clients and liquid assets have supported the liquidity position during this period.

For the Core Banking Group, a liquidity management framework in in place where maturity transformation is used to manage the mismatch between assets and liabilities, according to Board’s risk appetite and in line with the RBNZ Banking Supervision BS13:

- The long term liquidity management measures the mismatch of core assets and liabilities with expected maturities greater than one year, which is maintained for the principle of having stable assets funded by stable funding
- The short term liquidity management focuses on the net cash outflow on a 1 day, 7 day and 30 day horizon. It considers both contractual and expected maturity of all assets and liabilities.

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

- Contractual maturity is based on the undiscounted cash flows (principal and interest) based on the actual period of the contract. The tables in contractual maturity summarises the maturity profile of the Core Banking Group's financial assets and financial liabilities and contingent liabilities based on the contractual undiscounted cash flows.
- Expected maturity is based on an internally approved model and reflects how the Core Banking Group manages liquidity risk. The overriding principle is to match fund assets to the expected maturity of the liquidity commitment. Key assumptions regarding the expected maturity dates in the long term framework are applied to both the Rural asset portfolio and retail deposit liabilities.
- In the short term framework, the expected maturity of corporate and rural loans and assets held for collateral are always assumed to be rolled over, reflecting a conservative position whereby Rabobank commits to refinancing its core client base. The tables in expected maturity summarises the maturity analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled.

31. Risk arising from financial instruments (continued)

Similarly, the De Lage Landen Companies identify liquidity risk by business products, with the main distinction being short-term assets (such as Commercial Finance) and long-term assets (being amortizing lease and loan portfolios).

The identified funding and liquidity risks must be measured using a risk indicator. DLL cascades key risk indicators (KRIs) related to liquidity risk to all subsidiaries within DLL Group. These KRIs are based on a simplified approach of gap reporting with an escalation process based on possible loss.

Concentration in funding sources increases liquidity risk, so the aim of DLL Group is to continue to diversify its funding base further by expanding securitization programs, attracting further development bank funding (e.g. EIB, BNDES, FIRA) and sourcing external funding where appropriate. All transactions/new funding lines/routes must be approved by DLL Group Treasury. DLL Treasury discuss and seek approval where required from the necessary DLL and Rabobank Committees to ensure a fully aligned funding approach within the wider Rabobank group.

Rabobank manages the consolidated Group liquidity requirements, with De Lage Landen Companies having obtained a waiver from solo supervision at a DLL Group level. Rabobank therefore sets liquidity policies and limits within which the De Lage Landen Companies must operate, to ensure that De Lage Landen Companies' liquidity positions are catered for within Rabobank consolidated regulatory reporting. However, DLL is responsible for managing regulatory liquidity ratios, such as loan cover ratios, in certain territories where the DLL subsidiary is solo supervised.

De Lage Landen Companies must apply a 'matched-funding' policy, except for a 10% liquidity limit, DLL's own equity, minority interests and other working capital items such as deferred tax. DLL Group Treasury must ensure that the DLL Group wide liquidity risk exposures remain within this limit. Such limits are reviewed for the consolidated DLL Group by DLL Group Treasury on a monthly basis.

The following compliance monitoring is in place to address DLL liquidity risk:
1. Annual Review of the liquidity standard performed by DLL Group Treasury.
2. Preparation of gap reports and asset & liability reconciliations on a monthly basis by the country finance manager. These reports are reviewed by the local Loan Risk Committee and documented in the LRC minutes.
3. Reports outlining the KPI's on country liquidity risks is issued to DLL Treasury, Internal Audit and Group Risk staff.
4. A risk dashboard on the balance sheet risks is prepared on a daily basis and reviewed on a monthly basis.

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

Liquidity portfolio

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

	Note	2023	2022
in thousands			
Cash at banks	13	209,397	216,557
Balances with Central Bank	13	1,895,415	1,198,214
New Zealand Government Securities	15	143,687	287,743
Kauri debt securities	15	553,011	343,642
Total liquid assets		**2,801,510**	**2,046,156**

31. Risk arising from financial instruments (continued)

31.1.1 Contractual maturity

The tables below show the maturity analysis of financial liabilities and contingent liabilities by contractual maturity based on undiscounted cash flows (principal and interest)

in thousands	Total	On Demand	Less than 6 months	6-12 months	12-24 months	24-60 months	Over 60 months
At 31 December 2023							
Financial liabilities							
Derivative financial instruments	166,175	-	31,823	34,489	20,200	74,303	5,360
Deposits	6,712,735	1,861,187	2,998,456	1,497,813	181,153	174,126	-
Debt securities in issue	5,483,710	-	1,571,327	2,621,471	414,526	876,386	-
Due to related entities	6,162,338	103,212	2,599,764	923,482	1,629,034	906,846	-
Payables due to central bank	182,602	-	14,872	3,758	163,972	-	-
Interest bearing liabilities	-	-	-	-	-	-	-
Other financial liabilities	42,390	-	32,260	1,495	2,500	3,986	2,149
Total financial liabilities	**18,749,950**	**1,964,399**	**7,248,502**	**5,082,508**	**2,411,385**	**2,035,647**	**7,509**
Contingent liabilities							
Guarantees	92,974	1,343	3,940	2,488	4,006	78,997	2,200
Lending commitments	3,087,088	1,697,354	329,243	133,805	205,929	490,897	229,860
Total contingent liabilities	**3,180,062**	**1,698,697**	**333,183**	**136,293**	**209,935**	**569,894**	**232,060**

31. Risk arising from financial instruments (continued)

in thousands	Total	On Demand	Less than 6 months	6-12 months	12-24 months	24-60 months	Over 60 months
At 31 December 2022							
Financial liabilities							
Derivative financial instruments	359,609	-	116,203	41,890	67,698	110,184	23,634
Debt securities in issue	4,058,113	-	2,057,858	1,279,731	362,242	358,282	-
Deposits	5,842,397	2,496,687	1,808,434	1,147,941	217,756	171,579	-
Due to related entities	7,107,571	400,044	3,074,350	1,119,105	1,544,034	970,038	-
Payables due to central bank	183,897	-	7,054	4,197	8,326	164,320	-
Other financial liabilities	34,291	-	25,370	1,313	1,904	3,304	2,400
Total financial liabilities	**17,585,878**	**2,896,731**	**7,089,269**	**3,594,177**	**2,201,960**	**1,777,707**	**26,034**
Contingent liabilities							
Guarantees	96,663	5,135	-	70	6,118	83,140	2,200
Lending commitments	3,030,606	1,740,584	37,197	110,518	299,840	594,437	248,030
Total contingent liabilities	**3,127,269**	**1,745,719**	**37,197**	**110,588**	**305,958**	**677,577**	**250,230**

The FX derivatives contracts are presented on a net basis by each counterparty, on the basis that settlement at maturity happens simultaneously which presents a more relevant view of the contractual cash flows.

31. Risk arising from financial instruments (continued)

31.1.2 Expected maturity

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 31 December 2023			At 31 December 2022		
	Current	Non-Current	Total	Current	Non-Current	Total
In thousands						
Assets						
Cash and cash equivalents	2,104,812	-	2,104,812	1,414,771	-	1,414,771
Derivative financial instruments	91,502	88,156	179,658	102,211	168,008	270,219
FVOCI financial assets	395,498	301,200	696,698	294,395	336,990	631,385
Loans and advances	5,812,476	10,794,040	16,606,516	5,917,463	10,157,886	16,075,349
Due from related entities	1,113,121	-	1,113,121	966,456	57,630	1,024,086
Financial assets at fair value through profit and loss	-	1,700	1,700	-	-	-
Other assets	34,814	33,519	68,333	21,837	40,982	62,819
Net deferred tax assets	-	23,165	23,165	-	19,359	19,359
Property, plant and equipment	-	17,962	17,962	-	15,133	15,133
Intangible assets	-	1,060	1,060	-	1,203	1,203
Total Assets	**9,552,223**	**11,260,802**	**20,813,025**	**8,717,133**	**10,797,191**	**19,514,324**
Liabilities						
Derivative financial instruments	65,108	88,679	153,787	157,026	170,370	327,396
Debt securities in issue	3,987,013	1,200,000	5,187,013	3,227,918	687,100	3,915,018
Deposits	2,670,570	3,899,974	6,570,544	1,814,203	3,920,457	5,734,660
Due to related entities	3,465,898	2,443,725	5,909,623	4,392,074	2,393,725	6,785,799
Payables due to central bank	11,155	161,000	172,155	2,902	161,000	163,902
Income tax payable	18,447	-	18,447	22,378	-	22,378
Other liabilities	35,934	7,998	43,932	29,090	7,064	36,154
Provisions	5,870	2,236	8,106	5,746	1,801	7,547
Total Liabilities	**10,259,995**	**7,803,612**	**18,063,607**	**9,651,337**	**7,341,517**	**16,992,854**

31.2 Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument that may fluctuate because of changes in market prices. The Core Banking Group's main types of market risk relate to interest rate and currency risks from non trading activities that arise from the banking book. In relation to RNZL, the Core Banking Group's market risk is governed by the policies and procedures agreed by RNZL Board. The policies serve a two-fold purpose: to protect the capital and earnings of the Core Banking Group, and to allow the Core Banking Group to benefit from movements in market risk without unduly compromising its capital or the stability of its earnings. The market risk policy and procedures are regularly updated in line with business developments. No material changes were made to the objectives, policies or processes impacting the Core Banking Group from the prior year with the exception of internal measures.

31. Risk arising from financial instruments (continued)

Normal day-to-day banking activities can give rise to either of the aforementioned market risks. Currency risk arises from activities such as executing derivative products denominated in a foreign currency and holding balances in a foreign currency. Interest rate risk arises from activities such as borrowing and lending to customers, obtaining funding from the retail market and from borrowing and lending with related parties. Market risks for the Core Banking Group result from the maturity mismatch of asset and liabilities giving rise to interest rate and foreign exchange risks. Since client activity is almost entirely in local currency, and funding is broadly sourced from local markets, there is only residual exposure to foreign exchange risk for the Core Banking Group. The Core Banking Group has no exposure to market risk for equities and commodities.

Structural interest rate risk that arises from the investment of large capital base of the Core Banking Group and the residual interest rate risks resulting from the asset and liability activities are captured as part of interest rate risk in the banking book. The Core Banking Group measures interest rate risk in banking book with both ‘economic value’ and ‘earnings’ based measures to calculate the impact of interest rate movements on the economic value of equity and the net interest income. The Core Banking Group reported using the measures of Basis Point Value (BPV) and Earnings at Risk (EaR).

Basis Point Value shows the absolute change in economic value resulting from a one basis point parallel upward shock of the relevant yield curves (per currency).

Earnings-at-Risk is measuring the largest deviation in negative terms of the expected Net Interest Income in the next twelve months as a result of different interest rate scenarios.

Earnings at risk is calculated once a month based on a standard interest-rate-sensitivity analysis. This analysis shows the main reduction of the projected interest income over the next 12 months triggered by a set of scenarios: two in which all money market and capital market interest rates assume each currencies’ yield curve receives its own size of shock in the upwards and downwards parallel scenario’s where the shock is based on historical analysis, two in which the full shock amount is applied to the yield curve at near time zero in the instantaneous up and down scenarios, and by two scenarios in which the yield curve steepens or flattens. The projected interest rate income is based on a scenario in which all interest rates and other rates remain equal.

	2023	2022
in thousands		
BPV at year end	(528)	(551)
EaR at year end	(4,569)	(2,642)

The De Lage Landen Companies main type of market risk is interest rate risk. The De Lage Landen Companies will always have some limited interest rate risk, as the subsidiaries are continually writing fixed rate business and applying a mix of pre-hedging for ‘rate-card’ business, hedging as transacted for larger deals (>€ 1 million) and hedging generally weekly in arrears for other flow business.

Interest rate exposures on finance lease portfolios are mitigated based on their expected maturity terms (or repricing if shorter) or on contractual maturity terms (or repricing if shorter). The policy of match-funding is applied to all De Lage Landen Companies’ asset financing business from an interest rate perspective. Where equity or shorter-term liquidity is used to fund assets, derivative transactions may be used to cover the longer-term interest rate risk with the approval of DLL Group Treasury.

DLL’s Group Interest Rate Risk Standard is structured around the limits granted to the De Lage Landen Companies by Rabobank and the De Lage Landen Companies’ Risk Appetite. This standard applies to all entities and countries within DLL Group.

31.3 Credit Risk

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

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

31. Risk arising from financial instruments (continued)

The Core Banking Group has a credit framework (including the credit policies) which is described in the Core Banking Group's Risk Management Strategy and is in line with the RNZL Board approved Risk Appetite Statement for RNZL. The Core Banking Group uses Key Risk Indicators for RNZL, Rabobank New Zealand Branch, and Rabobank Australia & New Zealand (RANZ) to measure and monitor credit and concentration risk.

These are described in the Risk Appetite Statements for RNZL and the Core Banking Group. The portfolio is measured against the Key Risk Indicators on a quarterly basis to ensure the risk profile of the portfolio remains at an acceptable level and in accordance with the risk appetite. The key concentration risks that are monitored via the Key Risk Indicators are sector, exposure and geographical concentration.

In the case of the De Lage Landen Companies, credit risks are managed under a hierarchy of Risk Committees and Credit Committees within the Rabobank Group, including DLL's Local (i.e. Australia/New Zealand) Credit Committee (LCC). The maximum exposure to individual customers is subject to limits granted and reviewed annually by DLL's Global Risk Committee (GRC), ensuring the credit risk is not concentrated with any one customer or counterparty. The LCC has certain delegated authorities for deciding on customer credit limits, financial products and contractual structures. Each new customer is analysed individually for creditworthiness prior to any agreement being made. The LCC meets on a weekly basis, or more often as required.

Risk policies include the management and control of customer credit limits; external customer risk ratings; vendor and dealer relationships; portfolio management; asset management and residual value setting; contracts management; and operational risk management. The Local Risk Committee (LRC) manages and monitors overall risk management at the local level. The LRC is also responsible for overseeing the implementation of and adherence to local and global risk policies, together with overall operational risk management. Concentrations of credit risk are also minimised by offering equipment financing to several industry sectors including food and agriculture; construction, transportation and industrials; office technology and healthcare. To manage credit risk, the De Lage Landen Companies accept collateral and other credit enhancements from end-users, vendors and third parties, including guarantees and vendor loss pool programs.

Industry sectors are determined by reference to the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

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

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

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

Credit exposures consist of:

in thousands	2023	2022
Cash and cash equivalents	2,104,812	1,414,771
Financial assets at fair value through profit and loss	1,700	-
Financial assets at fair value through other comprehensive income	696,698	631,385
Loans and advances	16,606,516	16,075,349
Due from related entities	1,113,121	1,024,086
Other financial assets	9,472	8,169
Derivative financial instruments	179,658	270,219
Commitment and guarantees (note 29)	3,180,062	3,127,269
Total credit exposures	**23,892,039**	**22,551,248**

31. Risk arising from financial instruments (continued)

Credit exposures analysed by industry type:

in thousands	2023	2022
Agriculture	14,966,989	14,617,799
Finance and insurance	2,133,594	1,922,871
Forestry and fishery	317,564	351,781
Government	2,040,230	1,490,777
Manufacturing	2,251,693	2,269,681
Property and business services	419,071	394,655
Wholesale trade	568,339	503,306
Other	1,194,559	1,000,378
Total credit exposures	**23,892,039**	**22,551,248**

Credit exposure analysed by geographical areas:

in thousands	2023	2022
New Zealand	21,909,553	20,720,170
The Netherlands	94,769	1,226,034
Australia	180,402	158,422
United States of America	490,281	244,013
Finland	6,781	56,078
Germany	40,147	40,071
Philippines	83,939	96,400
Luxembourg	274,829	10,060
United Kingdom	652,669	-
Hong Kong	157,947	-
Belgium	722	-
Total credit exposures	**23,892,039**	**22,551,248**

31. Risk arising from financial instruments (continued)

31.3.2 Collateral and other credit enhancements

The main types of collateral obtained are as follows:

Asset class	Collateral type
Cash and cash equivalents	These exposures are mainly to relatively low risk banks (rated A+, AA- or better). These balances are not collateralised.
Derivative financial instruments	Exposures of food and agribusiness banking clients under derivative transactions are generally fully secured or partially secured by the same security that secures the loan of these clients. Security is typically taken under general security agreements and specific security arrangements over agricultural or commercial properties (i.e. the farm), business assets, inventories or other assets. Other forms of credit protection may also be sought or taken out if warranted. The security is usually linked to derivative close-out netting arrangements which govern such transactions. Exposures to related parties under derivative transactions are generally considered to be low risk due to the nature of the counterparties, and there are typically no collateral or other credit enhancements obtained.
Financial assets at fair value through other comprehensive income	These exposures are with the New Zealand government and other financial institutions (supranationals). Collateral is not sought directly with respect to these exposures.
Loans and advances	The food and agribusiness banking loans are fully secured or partially secured. These lending exposures will generally have a significant level of collateralisation depending on the nature of the product. Security is typically taken in the form of mortgages over water rights, rural and non-rural properties, commercial properties, and some residential properties; General Security Agreements over all present and after-acquired property; Specific Security Agreements over specific personal property; and Borrower group guarantees; as well as guarantees from some directors and principals. For some clients, security is taken in the form of General Security Agreements over all present and after-acquired property of the Borrower Group, specific real property mortgages and Borrower Group guarantees. As at 31 December 2023, average loan to valuation ratio is 42.5%. (2022: 44.6%).
Due from related entities	These exposures are generally considered to be low risk due to the nature of the counterparties. There are typically no collateral or other credit enhancements obtained in respect of amounts due from related entities.

It is the Banking Group's policy to dispose of repossessed assets in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. The Banking Group does not use or take repossessed properties for business use. During the year ended 31 December 2023, the Banking Group did not assume ownership of any repossessed properties (31 December 2022: nil).

The Banking Group writes off loans when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Bank may write-off loans that are still subject to enforcement activity. The outstanding contractual amounts of partly or wholly written off assets during 2023 was nil (2022: nil).

31.3.3 Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for financial assets exposed to credit risk, based on the Bank's internal credit rating system. The external ratings referenced in the table below are Standard and Poor's. The amounts presented are gross of impairment provisions.

31. Risk arising from financial instruments (continued)

Cash and cash equivalents	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
At 31 December 2023					
R0-R7	2,104,812	-	-	-	2,104,812
R8-R10	-	-	-	-	-
R11-R14	-	-	-	-	-
R15-R20	-	-	-	-	-
D1-D4	-	-	-	-	-
Total	**2,104,812**	**-**	**-**	**-**	**2,104,812**

	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
At 31 December 2022					
R0-R7	1,414,771	-	-	-	1,414,771
R8-R10	-	-	-	-	-
R11-R14	-	-	-	-	-
R15-R20	-	-	-	-	-
D1-D4	-	-	-	-	-
Total	**1,414,771**	**-**	**-**	**-**	**1,414,771**

Financial assets at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
At 31 December 2023					
R0-R7	696,698	-	-	-	696,698
R8-R10	-	-	-	-	-
R11-R14	-	-	-	-	-
R15-R20	-	-	-	-	-
D1-D4	-	-	-	-	-
Total	**696,698**	**-**	**-**	**-**	**696,698**

	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
At 31 December 2022					
R0-R7	631,385	-	-	-	631,385
R8-R10	-	-	-	-	-
R11-R14	-	-	-	-	-
R15-R20	-	-	-	-	-
D1-D4	-	-	-	-	-
Total	**631,385**	**-**	**-**	**-**	**631,385**

Loans and advances	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
At 31 December 2023					
R0-R7	684,874	-	-	-	684,874
R8-R10	2,814,728	43,571	-	-	2,858,299
R11-R14	10,157,372	655,404	-	-	10,812,776
R15-R20	1,150,572	550,010	-	-	1,700,582
D1-D4	-	-	8,252	550,217	558,469
Total	**14,807,546**	**1,248,985**	**8,252**	**550,217**	**16,615,000**

31. Risk arising from financial instruments (continued)

in thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
At 31 December 2022					
R0-R7	675,380	-	-	-	675,380
R8-R10	1,844,366	4,871	-	-	1,849,237
R11-R14	10,928,436	248,125	-	-	11,176,561
R15-R20	1,631,184	475,594	-	-	2,106,778
D1-D4	-	-	-	265,000	265,000
Total	**15,079,366**	**728,590**	**-**	**265,000**	**16,072,956**

Gross loans and advances exclude provisions for doubtful debts.

Contingent liabilities	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
in thousands					
At 31 December 2023					
R0-R7	890,434	-	-	-	890,434
R8-R10	771,882	1,444	-	-	773,326
R11-R14	1,270,461	72,829	-	-	1,343,290
R15-R20	99,691	51,454	-	-	151,145
D1-D4	-	-	715	21,152	21,867
Total	**3,032,468**	**125,727**	**715**	**21,152**	**3,180,062**

in thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
At 31 December 2022					
R0-R7	756,792	-	-	-	756,792
R8-R10	777,762	624	-	-	778,386
R11-R14	1,407,687	35,256	-	-	1,442,943
R15-R20	119,578	18,322	-	-	137,900
D1-D4	-	-	-	11,248	11,248
Total	**3,061,819**	**54,202**	**-**	**11,248**	**3,127,269**

Credit ratings and descriptions

R0-R7	Counterparties that are strong to extremely strong in meeting current and future financial commitments of the Banking Group.
R8-R10	Counterparties that have adequate capacity to meet current and future financial commitments to the Banking Group.
R11-R14	Counterparties that have adequate capacity to meet current financial commitments of the Banking Group.
R15-R20	Counterparties that currently have the capacity to meet financial commitments but are vulnerable to adverse business, financial or economic conditions. The higher the rating the more sensitive the counterparty is to adverse changes in business, financial or economic conditions.
D1-D4	Counterparties are in default classifications. D1 represents more than 90 days' past due on a material contractual payment; D2 indicates that it is unlikely that the obligor will pay its debt in full, without recourse by the bank to actions such as realizing security; D3 indicates that a distressed sale or a distressed restructuring has occurred that likely results in a credit-related economic loss; and D4 indicates bankruptcy status.

31. Risk arising from financial instruments (continued)

31.3.4 Modified assets

The risk of default of modified assets is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Banking Group monitors the subsequent performance of these forborne modified assets and may determine that the credit risk has significantly improved, so that the assets are moved from stage 3 or stage 2 (Lifetime ECL) to stage 1 (12-month ECL). The gross carrying amount of such assets held as at 31 December 2023 was $60,493 thousand (2022: $228,449 thousand). Amortised cost before modification of financial assets with lifetime ECL whose cash flows were modified during the period was $558,016 thousand (2022: $130,966 thousand).

31.3.5 Estimated fair value of collateral on impaired loans

	2023	2022
in thousands		
Fair value of collateral held**	545,475	262,378
Total impaired assets	550,217	265,000

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

31.3.6 Concentration of credit exposures to individual counterparties

	2023	2022
Analysis of concentration of exposure to closely related counterparties:		
Analysis of concentration of exposure to individual counterparties:		
10-15%	-	-
15-20%	-	-
20%-25%	-	-
25%-30%	-	-
45-50%	-	1
Analysis of concentration of exposure to individual counterparties:		
Number of Individual Counterparties		
10-15%	-	-
15-20%	1	-
20-25%	-	-
25-30%	-	1

The concentrations of exposure are based on the shareholder's equity of the Banking Group.

31.3.7 External Developments potentially affecting Credit Risk

The physical consequences (physical risk) of climate change (such as rising average temperatures and extreme weather events) and the transition to a climate-neutral economy (e.g. transition risk) are high on the Banking Group’s agenda. Rabobank is committed to the Paris Agreement goals; Rabobank is a signatory to the Net Zero Banking Alliance and considers it a shared responsibility to take action.

C&E (Climate & Environmental, Social and Governance) risks impact the traditional risk types through transition channels, for example crop losses of a client impacting credit risk. The materiality of C&E risk as a driver for the traditional risks is assessed and part of the Banking Group’s risk taxonomy. Both physical and transition risks could impact the quality of the Banking Group’s credit portfolio, especially Food and Agriculture. The Banking Group continues to mature its approach on integrating the risk of climate change by developing climate risk management tools, processes and capabilities.

C&E risk is translated into the loan impairment allowances through multiple channels. (1) It is captured in the models through macro-economic developments; (2) It is embedded in individual client assessments; (3) It is included in the sector vulnerability assessments, and (4) it is included in management adjustments made for sectors or regions directly affected by climate change. The first two points cannot be separately measured and quantified. For points 3 and 4 a portfolio overlay $325 thousand has been recognised.

31.4 Operational and Compliance risk

Operational risk involves the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

31. Risk arising from financial instruments (continued)

Compliance risk is the failure to comply with any legal or regulatory obligations. This includes the risk of impairment of Rabobank's integrity, which can damage the rights and interests of our clients as well as the reputation and trustworthiness of Rabobank, leading to legal claims or regulatory sanctions and/or financial loss.

The Core Banking Group's Risk Appetite Statement specifies key business outcomes, expectations and metrics with respect to operational risk and compliance risk which define the Bank's risk appetite and risk culture.

Each Business Line Manager, as the 1st Line of Responsibility, within the Core Banking Group is responsible for the management of operational risk. This includes the responsibility to conduct self-assessments that risks and controls are appropriate for the environment in which they are operating. The 1st Line of Responsibility is also responsible for maintaining compliance with legal and regulatory obligations, including licencing requirements, and to mitigate compliance risks.

In the 2nd line of responsibility the Operational Risk and Compliance teams are responsible for facilitating and challenging the development of risk appetite with the business, and through challenge and oversight of risk in their respective fields, provide insights that support the business to improve risk maturity and address issues. To provide a platform for effective business risk practices, the teams are responsible for the development and maintenance of the Risk and Control Framework (RCF) and Compliance Management Framework respectively, as well as all supporting policies, standards and systems. The frameworks provide the mechanics by which the organisation can identify, measure, evaluate, control, mitigate and report on the various sources of risks that could have a material impact, both financial and non-financial, either on Core Banking Group or on the interest of its clients

Governance over operational risk, compliance risk and their supporting sub frameworks is provided by way of the Risk Management Committee (RMC) and the Counter Terrorism Finance (CTF), Anti Money Laundering (AML) and Sanctions Committee (CAMS). The mandate of the RMC extends to providing oversight of all material risk categories across Core Banking Group. Reporting on operational risk and compliance as well as insights are, in turn, provided to the Board Risk Compliance Committee (BRCC) and Board regularly and if material matters are identified.

The De Lage Landen Companies have an operational risk framework which is described and in line with the RMS and the De Lage Landen Companies' Risk Appetite Statement. The De Lage Landen Companies use Key Risk Indicators and Key Control Indicators to measure and monitor operational risk. These are described in the De Lage Landen Companies' Risk Appetite Statement. The Indicators are measured and reported to LRC on a quarterly basis, to monitor that the operational risk remains at an acceptable level and in accordance with the RMS and the De Lage Landen Companies' Risk Appetite Statement.

The Australia and New Zealand Compliance team actively monitors for updates in regulatory standards, industry codes and DLL internal policies and in addition, ensures adherence through independent review of our existing controls' and its effectiveness in meeting the changes. Material changes are formally assessed via the Local Compliance Committee (LCOC) where the committee aims to address upcoming changes before their effective date and to formally examine the pending impact to our Risk Appetite. The Committee is comprised of key departmental stakeholders and meets quarterly.

32. Concentration of funding of financial liabilities

Analysis of funding by product:

	2023	2022
in thousands		
Deposits	6,570,544	5,734,660
Debt securities in issue	5,187,013	3,915,018
Due to related entities	5,909,623	6,785,799
Payable to central bank	172,155	163,902
Other liabilities	41,427	33,445
Total funding	**17,880,762**	**16,632,824**

32. Concentration of funding of financial liabilities (continued)

Analysis of funding by industry:

in thousands	2023	2022
Agriculture	750,334	707,671
Finance and insurance	11,699,820	11,022,889
Personal and other services	4,805,278	4,304,408
Other	625,330	597,856
Total funding	**17,880,762**	**16,632,824**

Analysis of funding concentration by geographical areas:

in thousands	2023	2022
Australia	232,916	789,885
The Netherlands	6,557,582	7,774,718
New Zealand	9,291,244	7,787,613
Singapore	952,572	-
United Kingdom	810,835	251,173
United States of America	13,458	11,654
All other countries	22,155	17,781
Total funding	**17,880,762**	**16,632,824**

33. Fair value of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost, in accordance with accounting policies described in note 3.5 and NZ IFRS 13 'Fair Value Measurement' requires the Banking Group to disclose the fair value of those financial instruments not already measured at fair value in the statement of financial position.

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

	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
in thousands				
Financial assets				
Cash and cash equivalents	2,104,812	2,104,812	1,414,771	1,414,771
Derivative financial instruments	179,658	179,658	270,219	270,219
Financial assets at fair value through profit and loss	1,700	1,700	-	-
Financial assets at fair value through other comprehensive income	696,698	696,698	631,385	631,385
Loans and advances	16,606,516	16,427,300	16,075,349	15,889,422
Due from related entities	1,113,121	1,113,081	1,024,086	1,024,045
Other financial assets	9,472	9,472	8,169	8,169
Total financial assets	**20,711,977**	**20,532,721**	**19,423,979**	**19,238,011**
Financial liabilities				
Derivative financial instruments	153,787	153,787	327,396	327,396
Deposits	6,570,544	6,491,789	5,734,660	5,718,542
Debt securities in issue	5,187,013	5,182,331	3,915,018	3,912,609
Due to related entities	5,909,623	5,909,264	6,785,799	6,807,295
Payables due to central bank*	172,155	174,246	163,902	168,335
Other financial liabilities	41,427	41,427	33,445	33,445
Total financial liabilities	**18,034,549**	**17,952,844**	**16,960,220**	**16,967,622**

Prior year fair value of loans and advances 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.

* The fair value of collateral pledged under the RBNZ's Funding for Lending Program (FLP) as at 31 December 2023 was $174,246 thousand.

Fair value hierarchy

The Bank 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 measured at fair value

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

33. Fair value of financial instruments (continued)

Derivative financial instruments and FVOCI financial assets

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

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

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

	Level 1	Level 2	Level 3	Total
in thousands				
At 31 December 2023				
Financial assets				
Derivative financial instruments	-	179,658	-	179,658
Financial assets at fair value through other comprehensive income	696,698	-	-	696,698
Financial assets at fair value through profit and loss	-	-	1,700	1,700
Financial liabilities				
Derivative financial instruments	-	153,787	-	153,787

	Level 1	Level 2	Level 3	Total
in thousands				
At 31 December 2022				
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 into and transfers out of fair value hierarchy levels are reported using the end-of-period fair values.

Financial assets and financial liabilities measured at amortised cost

For financial assets and financial liabilities measured at amortised cost, an estimate of the fair value has been derived as follows, and are categorised as level 2 (with the exception of cash and cash equivalents which are level 1, and loans and advances which are level 3).

Cash and cash equivalents

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

Due from other financial institutions, Loans and advances and Due from related entities

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

Other financial assets and Other financial liabilities

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

Deposits and Due to related entities

Fair value of call and variable rate deposits approximate their carrying value as they are short term in nature or payable on demand. Fair value of term deposits are estimated using discounted cash flows, applying market rates offered for deposits of similar remaining maturities.

Financial assets at fair value through profit and loss

Fair values are based on recent transaction prices of purchased shares.

34. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Banking Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Statement of Financial Position if all set-off rights were exercised.

	Effects of offsetting on the balance sheet			Related amounts not offset		
2023	**Gross amounts**	**Gross amounts set off in the statement of financial position**	**Net amounts presented in the statement of financial position**	**Amounts subject master agreements**	**Financial instruments collateral**	**Net amount**
in thousands						
Financial Assets						
Derivative financial instruments	179,658	-	179,658	(95,040)	-	84,618
Total financial assets	**179,658**	**-**	**179,658**	**(95,040)**	**-**	**84,618**
Financial Liabilities						
Derivative financial instruments	153,787	-	153,787	(95,040)	-	58,747
Total financial liabilities	**153,787**	**-**	**153,787**	**(95,040)**	**-**	**58,747**
2022						
in thousands						
Financial Assets						
Derivative financial instruments	270,219	-	270,219	(176,226)	-	93,993
Total financial assets	**270,219**	**-**	**270,219**	**(176,226)**	**-**	**93,993**
Financial Liabilities						
Derivative financial instruments	327,396	-	327,396	(176,226)	-	151,170
Total financial liabilities	**327,396**	**-**	**327,396**	**(176,226)**	**-**	**151,170**

35. Reconciliation of cash flows

35.1 Reconciliation of net cash flows from operating activities

in thousands	2023	2022
Net profit for the year	218,462	193,398
Non-cash items:		
Depreciation	17,410	18,415
Amortisation of intangible assets	549	460
Impairment losses	18,305	2,222
Foreign exchange losses/(gains)	106	(1,098)
Write off of property, plant and equipment	20	332
Changes in operating assets or operating liabilities:		
Change in derivative financial instruments	(83,154)	177,727
Change in financial assets at fair value through other comprehensive income	(52,138)	(79,605)
Change in loans and advances	(545,065)	(1,264,938)
Change in due from related entities	(89,320)	255,273
Change in other assets	(5,534)	(15,896)
Change in other liabilities	12,083	9,124
Change in income tax receivable	-	1,083
Change in income tax payable	(3,931)	6,524
Change in accrued interest receivable	(5,237)	(17,360)
Change in accrued interest payable	56,218	48,032
Change in deposits	783,241	171,064
Change in net deferred tax assets	(7,501)	2,629
Change in employee entitlements	2,805	(1,783)
Change in other deferrals or accruals	(1,203)	449
Change in payables to central bank	8,253	163,902
Net cash flows from/(used in) operating activities	**324,369**	**(330,046)**

35.2 Reconciliation of liabilities arising from cash flows from financing activities

At 31 December 2022	
Due to related entities	6,785,799
Debt securities in issue	3,915,018
Cash flows	(401,884)
Cash flows - interest	-
Non-cash movements	(105)
At 31 December 2023	
Due to related entities	5,909,623
Debt securities in issue	5,187,013
At 31 December 2021	
Due to related entities	7,039,347
Debt securities in issue	2,641,613
Cash flows	1,013,897
Cash flows - interest	-
Non-cash movements	5,960
At 31 December 2022	
Due to related entities	6,785,799
Debt securities in issue	3,915,018

36. Related party disclosures

All New Zealand related party entities are aggregated in these financial statements. New Zealand Banking Group related parties are Rabobank global entities in other countries.

36. Related party disclosures (continued)

36.1 Transactions with related parties

36.1.1 Guarantees

For the period 18 February 1998 to 30 April 2015 the obligations of RNZL were guaranteed pursuant to a series of guarantees in favour of the creditors of RNZL.

Obligations incurred by RNZL up to the close of 30 April 2015 will continue to be guaranteed, until those obligations are repaid or otherwise satisfied. All new obligations incurred by RNZL after 30 April 2015 are not guaranteed.

36.1.2 Commission and fee expense

A fee of $0.25 million was charged to RNZL by Rabobank in consideration for providing the obligations guarantees for 2023 (2022: $0.28 million).

36.1.3 Management expenses

A management fee of $59.4 million (December 2022: $54.5 million) was charged to the Banking Group by the Australia Branch of Rabobank for the provision of administrative and management services. Some operating expenses of the Bank are paid and re-charged to the Banking Group by this related entity.

Overseas Rabobank head office charges management fee in a form of direct recharges (e.g. staff costs, internal audit fees, legal fees, insurance premiums specific for the Bank, and IT covering specific infrastructure and systems support) and global allocations (e.g Central Management and Support, Global business management and support functions, and IT functions).A management fee of $18.5 million (December 2022: $17.1 million) was charged to the Banking Group by Rabobank for the provision of administrative and management services.

An amount of $6.5 million (2022: $6.3 million) was charged to the Banking Group as management fees by De Lage Landen Pty Limited.

Corporate centre expenses of $3.6 million (2022: $3.9 million) were charged by De Lage Landen International B.V.

36.1.4 Other transactions

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

	2023	2022
in thousands		
Interest income due from related parties	48,447	10,201
Interest expense due to related parties	315,111	110,554
Due from related entities	1,113,121	1,024,086
Due to related entities	5,909,623	6,785,799

Derivatives with a combined notional of $12,713 million and a net fair value asset position of $77.4 million (2022: $14,664 million and ($4.37 million) respectively) are held with Rabobank.

Loan Facility Agreement

A loan facility of EUR 5.3 billion was granted by Rabobank to the New Zealand Branch of Rabobank (31 December 2022: EUR 5.3 billion). The unused amount at 31 December 2023 was EUR 3 billion (2022: EUR 1.7 billion).

36.2 Terms and conditions of transactions with related parties

All transactions with related parties are made in the ordinary course of business on normal commercial terms and conditions. These transactions are normally entered into on terms equivalent to those that prevail on an arm’s length basis.

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

36. Related party disclosures (continued)

36.3 Provision for impairment

For the year ended 31 December 2023, the Banking Group has not made any specific provision for impairment relating to amounts owed by related parties. Provision has not been recognised on grounds of it being minimal and immaterial. The Banking Group recognises collective impairment allowance relating to amounts owned by related parties in accordance with expected credit loss impairment model.

37. Key management personnel

37.1 Compensation of key management personnel (KMP)

The information disclosed below includes benefits paid to Rabobank New Zealand Limited executives together with any benefits paid to the directors for the services they provided to other entities within the Rabobank New Zealand including the New Zealand Branch of Rabobank and Rabobank New Zealand Limited as well as directors and KMPs of DLL and AGCO. The full compensation paid to executives and directors for their services in relation to all entities within the Rabobank Australia and New Zealand is disclosed in table below.

	2023	2022
in whole		
Short term employee benefits	5,173,004	4,483,866
Post employment benefits	137,188	168,977
Other long term benefits	414,019	327,346
Termination benefits	46,833	-
Total KMP compensation	**5,771,044**	**4,980,189**

37.2 Transactions and balances with key management personnel and their related parties

The following table provides the total amount of loans and deposits to key management personnel. Outstanding loan balances at 31 December 2023 are secured. Provision has not been recognised on grounds of it being minimal and immaterial.

	2023	2022
in whole		
Loans outstanding at the beginning of the year	-	-
Net loan movements during the year	-	-
Loans outstanding at the end of the year	**-**	**-**

	2023	2022
in whole		
Deposits outstanding at the beginning of the year	98,404	81,213
Net deposit movements during the year	(1,781)	17,191
Deposits outstanding at the end of the year	**96,623**	**98,404**
Interest expense during the year	-	-

38. Subsequent events

The directors are not aware of any event or circumstances since the end of the year 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.

39. Dividend

No dividend was proposed or paid for 2023 (2022: AGCO paid final dividend of $1,000 thousand).

40. Capital management

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

The primary objectives of the Banking Group's capital management are to ensure that the Banking Group has sufficient capital in order to support its business and that it complies with externally imposed financial requirements.

During 2023 and 2022, the Banking Group complied in full with all its externally imposed financial requirements.

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

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

Registered Bank disclosures

1. General matters

Registered Bank

The name and address of the Registered Bank's principal office outside New Zealand is:

Coöperatieve Rabobank U.A.
Croeselaan 18
3521 CB Utrecht
The Netherlands

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 by any statute to hold in New Zealand an excess of assets over deposit liabilities.

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

The Registered Bank is not subject to any regulatory or legislative requirement in the Netherlands to maintain sufficient assets in the Netherlands to cover an ongoing obligation to pay deposit liabilities in that country.

However, the Financial Supervision Act, the EU Capital Requirements Regulation and the EU Capital Requirements Directive require 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.

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.
- Els de Groot resigned from the Registered Bank's Managing Board with effect on 31 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.
- Bernadus Marttin resigned from the Registered Bank's Managing Board with effect on 1 September 2023.
- Els Kamphof joined the Registered Bank's Managing Board with effect on 1 September 2023.
- Gerrit Jan van den Akker resigned from the Registered Bank's Supervisory Board with effect on 21 September 2023.
- Bart Leurs resigned from the Registered Bank's Managing Board with effect on 1 December 2023.
- Alexander Zwart joined the Registered Bank's Supervisory Board with effect on 1 December 2023.

Details of the members of the Managing Board and Supervisory Board, at the time this Disclosure Statement was signed, are set out below.

Registered Bank disclosures

1. General matters (continued)

Managing Board

Name:	S.L.G. Decraene (Stefaan)
Occupation(s):	Chair Managing Board
Qualifications:	Master Applied Economics, University of Leuven, Belgium, Bachelor Political, Social and Economic Sciences, University of Brussels, Belgium
Country of Residence:	Belgium
Type of director:	Non-Independent Executive Director
External Directorships:	Member Supervisory Board Ardo, Belgium
Name:	B.C. Brouwers (Bas)
Occupation(s):	Chief Financial Officer
Qualifications:	Master's degree in Business Economics, University of Groningen/University of Glasgow, Degree of certified Auditor, University of Groningen
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	Vice Chair of the Board of the Dutch Banking Association
Name:	P.G.R. Vollot (Philippe)
Occupation(s):	Chief Financial Economic Crime Officer
Qualifications:	Post-doc degree in Private Law, University PARIS V René Descartes Master's degree in Private Law, University PARIS V René Descartes
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	French Foreign Trade Advisor at the French Embassy in The Netherlands
	Non-executive director Wildlife Justice Commission

Registered Bank disclosures

1. General matters (continued)

Managing Board (continued)

Name:	E.G. Kamphof (Els)
Occupation(s):	Banker
Qualifications:	Financial Economics, University of Bristol, United Kingdom Master's Degree in Econometrics, University of Groningen, The Netherlands Rabobank Top Executive Program (including Insead, Fontainebleau and IMD, Lausanne Rabobank Business Course at Harvard Business School New Board Program, Nyenrode University
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	Rabobank International Holding B.V
	Rabobank North America Board
	American Chamber of Commerce
	Member of the "Rijkscommissie voor Export-, Import- en Investeringsgaranties"
Name:	M.P.J. Lichtenberg (Mariëlle)
Occupation(s):	Member Managing Board - Domestic Retail Banking Private Clients
Qualifications:	Master's degree in European Studies, University of Amsterdam
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	Member of the Supervisory Board of Obvion N.V.
	Chair of the Supervisory Board of Bouwfonds Property Development Rabobank Foundation
Name:	C.M. Konst (Kirsten)
Occupation(s):	Member Managing Board - Domestic Retail Banking Business Clients
Qualifications:	Master's degree in Business Economics, Vrije UniversiteitAmsterdam, MBA executive summer program, Notre Dame University (USA), Master's degree in Financial Law, Erasmus University
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	Member of the Board of 'Vereniging VNO-NCW'
	Member of the Supervisory Board of IDH
	Member of the Economic Board Utrecht

Registered Bank disclosures

1. General matters (continued)

Managing Board (continued)

Name:	A.G.J.M Zwart (Alexander)
Occupation(s):	Chief Innovation and Technology Officer
Qualifications:	Program for New Supervisory Board members Erasmus University Rotterdam, The Netherlands Master of Science in Business Economics (MSc) Erasmus University Rotterdam, The Netherlands Bachelor of Business Administration (BBA) Nyenrode University, Breukelen, The Netherlands
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	Member of the Supervisory Board of HEF Wonen

Name:	B.J. Vos (Janine)
Occupation(s):	Chief Human Resource Officer
Qualifications:	Master's degree in Dutch Law and Employment Law, University of Utrecht
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	Member Supervisory Board of KLM N.V
	Member of the Advisory Board of 'Topvrouwen.nl'
	Member of the Advisory Board of Social Capital

Name:	V Maagdenberg (Vincent)
Occupation(s):	Chief Risk Officer
Qualifications:	MSc. Business Econometrics, Erasmus University, RotterdamGlobal Executive OneMBA, Erasmus University, Rotterdam
Country of Residence:	The Netherlands
Type of director:	Non-Independent Executive Director
External Directorships:	None

Registered Bank disclosures

1. General matters (continued)

Supervisory Board

Name:	M. Trompetter (Marjan), Chair
Occupation(s):	Professional supervisory director/ Management Consultant
Qualifications:	Master's degree in Business Economics, Vrije Universiteit Amsterdam
Country of Residence:	The Netherlands
Type of director:	Independent Non-Executive Director
External Directorships:	Owner Corona Consultancy
	Treasurer of the KNHM Foundation
	Chair Supervisory Board Erasmus Medical Centre
	Board member Foundation "Berenschot Beheer"

Name:	J. van Hall (Johan), Vice chair
Occupation(s):	Professional Supervisory Director
Qualifications:	Vrije Universiteit, Post-Master Degree
Country of Residence:	The Netherlands
Type of Director:	Independent Non-Executive Director
External Directorships:	Senior advisor at Boston Consulting Group
	Member Art and Heritage Foundation of ABN AMRO Bank

Name:	P.H.J.M. Visée (Pascal)
Occupation(s):	Professional supervisory director/Independent Advisor
Qualifications:	Master’s Degree in Business Economics, Erasmus University Rotterdam, Master’s Degree in Dutch Law, Erasmus University Rotterdam
Country of Residence:	The Netherlands
Type of director:	Independent Non-Executive Director
External Directorships:	Member Supervisory Board of Royal Flora Holland U.A.
	Non-executive Board Member Ketel One WoldwideB
	Member monitoring committee 'Code Pensioenfondsen'
	Advisory Board member foundation 'Het Limburgs Landschap

Registered Bank disclosures

1. General matters (continued)

Supervisory Board (continued)

Name:	G.A. Klintworth (Gail)
Occupation(s):	Professional supervisory director
Qualifications:	BA Industrial Psychology and Languages, University of the Witwatersrand and Rhodes UniversityMaster of Studies in Sustainability Leadership, Cambridge UniversityFinancial Times Non-Executive Director Level 7 Advanced Professional Diploma 2017
Country of Residence:	United Kingdom
Type of director:	Independent Non-Executive Director
External Directorships:	Chair and co-founder Savo Project Developers, UK
	Chair Board of GlobeScan, Canada
	Chair of Trustees Board Integrity Action, UK
	Chair of Trustees Board Shell Foundation, UK
	Advisory Board member MAS Holdings, Sri Lanka
	Advisory Board member Radix Centre for Business, Politics and Society, UK
	Advisory Group Member SIG, Switzerland
	Independent Non-Executive Director Tiger Brands, South Africa
	Senior Advisor Natural Solutions of SystemIQ, Global
	Senior Advisor Third Way Capital, USA

Name:	P. H. M. Hofsté (Petri)
Occupation(s):	Professional supervisory director
Qualifications:	Bachelor's Degree in Business Administration, Nyenrode University Breukelen, Master's degree in Accounting & Finance Vrije Universiteit Amsterdam, Postgraduate degree in Accountancy, Vrije Universiteit Amsterdam, Certified accountant, member of the Royal Dutch Institute of 'Register-accountants'
Country of Residence:	The Netherlands
Type of director:	Independent Non-Executive Director
External Directorships:	Supervisory Board member Fugro N.V
	Supervisory Board member Achmea B.V. and several subsidiaries
	Supervisory Board member Pon Holding B.V.
Other additional positions:	Chair of the Nyenrode Foundation
	Board member 'Vereniging Hendrick de Keyser'
	Advisory Board member 'Topvrouwen.nl'
	Jury member Kristal Price Dutch Ministry of Economical Affairs and Climate

Registered Bank disclosures

1. General matters (continued)

Supervisory Board (coninuted)

Name:	A.A.J. M. Kamp (Arian)
Occupation(s):	Dairy Farmer / Professional supervisory director
Qualifications:	Secondary Agricultural School, ROC West-BrabantPost graduate Program for Supervisors, Erasmus School of Accounting & Assurance
Country of Residence:	The Netherlands
Type of director:	Independent Non-Executive Director
External Directorships:	Chair Supervisory Board Koninklijke Coöperatie Agrifirm UA
	Owner Partnership A.A.J.M. Kamp and W.D. Kamp-Davelaar
	Chair of the Board of Foundation 'Beheer Flynth'
Name:	M.R.C. Pensaert (Mark)
Occupation(s):	Professional Supervisory Director
Qualifications:	Master's in Law, University of GhentCorporate and Securities Law, Cambridge University
Country of Residence:	Belgium
Type of director:	Independent Non-Executive Director
External Directorships:	Senior Advisor of the Board of Tikehau Investment Management SA
	Non-Executive Board Member at Agfa-Gevaert N.V.
Name:	M Elderfield (Matthew)
Occupation(s):	Professional Supervisory Director
Qualifications:	Corporate Finance Programme, London business School M.Phil in International Relations, Trinity Hall, Cambridge University B.S. in Foreign Service, School of Foreign Service, Georgetown University
Country of Residence:	United Kingdom
Type of director:	Independent Non-Executive Director
External Directorships:	Non-Executive Director British Business Bank
	Supervisory Board Member at Sterling Finality Payment System
	Advisor EML Payments, Australia

Address for communications to directors and New Zealand Chief Executive Officer

Chief Executive Officer
Rabobank New Zealand Branch
PO Box 19373
Hamilton 3244

Level 4
32 Hood Street
Hamilton 3204
New Zealand

Registered Bank disclosures

1. General matters (continued)

Corporate governance of Registered Bank

The Managing Board (comprised of non-independent executive directors) is responsible for the management of the Registered Bank and its affiliated entities and the Supervisory Board (which is comprised of independent non-executive directors) supervises the policy pursued by the Managing Board and the general course of affairs of the Registered Bank and its affiliated entities.

Signing of the disclosure statement

This Disclosure Statement is signed under an authority provided by each director of the Registered Bank Managing Board and Supervisory Board by their agent Todd Charteris, who also signs in his capacity as New Zealand Chief Executive Officer.

Todd Charteris is the Chief Executive Officer of the New Zealand business of the Registered Bank and the responsible person authorised in writing by each director of the Registered Bank to sign this Disclosure Statement as each director's agent. Todd Charteris's details are as follows:

Name:	Todd Charteris	External Directorships:
Occupation(s):	Banker	• None
Qualifications:	Bachelor of Commerce (Finance), University of Otago	
Country of Residence:	New Zealand	
Type of director:	Not a director of the Registered Bank	

Directors and New Zealand Chief Executive Officer related transactions

In relation to each director and the New Zealand Chief Executive Officer, there are no transactions which the directors or the New Zealand Chief Executive Officer (or any immediate relative or close business associate of them) have with the Registered Bank or any member of the Banking Group which either have been entered into on terms other than those which would, in the ordinary course of business of the Registered Bank or any member of the Banking Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to influence materially the exercise of the directors' or New Zealand Chief Executive Officer's duties.

Audit and Risk Committees

There is an Audit Committee covering audit matters and also a Risk Committee. Each committee comprises members of the Registered Bank's Supervisory Board who are independent directors. The current members of each committee (details of whom are set out above) are:

Audit Committee

- P. H. M. Hofsté, Chair
- M Elderfield
- J. van Hall
- M.R.C. Pensaert
- P.H.J.M. Visée

Risk Committee

- M.R.C. Pensaert, Chair
- M Elderfield
- P. H. M. Hofsté
- A.A.J. M. Kamp
- G Klintworth
- JM. Trompetter

Registered Bank disclosures

1. General matters (continued)

Conflict of interest policy

Owing to its co-operative structure, the governance of the Registered Bank is determined by three bodies: the General Members Council, the Managing Board and the Supervisory Board.

The Managing Board is responsible for the management of the Registered Bank and its affiliates and members of the Managing Board are appointed by the Supervisory Board. The Supervisory Board is comprised of independent members who are appointed by the General Members Council and it supervises the policies pursued by the Managing Board and the general conduct of the Registered Bank and its affiliates.

Pursuant to the Articles of Association for the Registered Bank, members of the Supervisory Board, the Managing Board and the General Members Council may not be members of more than one of these bodies at the same time.

Members of the Supervisory Board and Managing Board may not hold any office with a credit institution within the meaning of the Financial Supervision Act that is not in any way affiliated with the Registered Bank.

The Rules of Procedure for the Supervisory Board contain specific provisions for managing conflicts of interest and members of the Supervisory Board are not permitted to take part in the decision making process on issues or transactions in which they have a conflict of interest.

Auditors

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, in New Zealand dollars.

There have been no changes to the ratings in the two years immediately before immediately before the signing date.

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

Registered Bank disclosures

Credit ratings (continued)

Descriptions of the credit rating scales are as follows:

	Standard & Poor's	Moody's	Fitch
Ability to repay principal and interest is extremely strong. This is the highest investment category.	AAA	Aaa	AAA
Very strong ability to repay principal and interest.	AA	Aa	AA
Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions.	A	A	A
Adequate ability to repay principal and interest. More vulnerable to adverse changes.	BBB	Baa	BBB
Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.	BB	Ba	BB
Greater vulnerability and therefore greater likelihood of default.	B	B	B
Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favorable financial conditions.	CCC	Caa	CCC
Highest risk of default.	CC	Ca	CC to C
Obligations currently in default.	SD to D	C	RD to D

Moody's Investors Service apply numeric modifiers 1 (higher end), 2 or 3 (lower end) to ratings from Aa to B to show relative standing within major categories. Credit ratings by Fitch Ratings and Standard & Poor's may be modified by the addition of a plus (higher end) or minus (lower end) sign.

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.

Registered Bank disclosures

Historical summary of financial statements

	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2021	Year ended 31/12/2020	Year ended 31/12/2019
in millions					
Statement of comprehensive income					
Interest income	1,364.96	792.64	542.99	581.83	663.29
Interest expense	(857.41)	(333.92)	(127.23)	(208.04)	(314.73)
Net interest income	**507.55**	**458.72**	**415.76**	**373.79**	**348.56**
Other income	22,14	24.23	27.70	21.98	17.23
Other expense	(13.10)	(14.08)	(16.99)	(14.76)	(11.33)
Other operating gains/(losses)	9.42	(14.67)	8.96	(36.15)	(1.52)
Non-interest income/(expense)	**18.46**	**(4.53)**	**19.67**	**(28.92)**	**4.38**
Operating income	**526.01**	**454.20**	**435.43**	**344.87**	**352.94**
Operating expenses	(203.71)	(183.10)	(172.30)	(160.89)	(147.63)
Impairment (losses)/releases	(18.31)	(2.22)	27.45	(15.59)	(23.13)
Profit before income tax	**304.00**	**268.87**	**290.58**	**168.39**	**182.18**
Income tax expense	(85.54)	(75.47)	(81.50)	(47.19)	(52.46)
Net profit for the year	**218.46**	**193.40**	**209.08**	**121.19**	**129.72**
Statement of financial position					
Total assets	**20,813.02**	**19,514.32**	**17,751.31**	**17,493.97**	**16,756.03**
Total individually impaired assets	**550.22**	**265.00**	**323.11**	**499.33**	**533.76**
Total liabilities	**18,063.61**	**16,992.85**	**15,410.83**	**15,352.16**	**14,736.33**
Head office account*	**433.19**	**410.48**	**378.54**	**330.24**	**319.47**
The amount of branch profits repatriated	**-**	**-**	**-**	**-**	**-**
Total equity	**2,749.42**	**2,521.47**	**2,340.48**	**2,141.81**	**2,019.71**

The amounts disclosed above are extracted from audited financial statements.
*The Head Office account in the Branch comprising of retained earnings of the Branch has been reclassified and presented as Equity for the year ended 31 December 2019. This account was historically classified as a Liability.

Pending proceedings or arbitration

Except as set out below, there are no pending legal proceedings or arbitrations concerning any member of the Banking Group or, if publicly available, the Overseas Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Registered Bank or the Banking Group.

Banking Group

There are no pending legal proceedings or arbitrations concerning any member of the Banking Group that may have a material adverse effect on the Banking Group

Overseas Banking Group

The Registered Bank is active in a legal and regulatory environment that exposes it to a substantial risk of litigation. The Registered Bank is involved in legal cases, arbitrations, and regulatory proceedings in the Netherlands and in other countries. The most relevant legal and regulatory claims which could give rise to liability on the part of the Registered Bank are described below. Provisions for legal claims are recognised for obligations arising as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When determining whether the probability that claims lead to an outflow of resources is more likely than not (i.e. with a likelihood of over 50%), the Registered Bank takes several factors into account. These factors include (but are not limited to) the type of claim and the underlying facts; the procedural history of each case; rulings from legal and arbitration bodies; the Registered Bank's experience and that of third parties in similar cases (if known); previous (third-party) settlements in similar cases (where known); available (potential) recourse; and the advice and opinions of legal advisors and other experts. Similar types of cases are grouped together and some cases may also consist of a number of claims.

Registered Bank disclosures

Pending proceedings or arbitration (continued)

When information about estimated loss for individual cases is assessed by the Registered Bank as being expected to seriously prejudice its position in a dispute with other parties, this information is not disclosed separately. The estimated potential losses and provisions are based on the information available at the time and are largely subject to judgements and a number of different assumptions, variables and known and unknown uncertainties. These uncertainties may include the inaccuracy or incompleteness of information available to the Registered Bank (especially in the early stages of a case). In addition, assumptions made by the Registered Bank about the future rulings of legal or other instances or the likely actions or attitudes of supervisory bodies or the parties opposing the Registered Bank may turn out to be incorrect. Furthermore, estimates of potential losses relating to legal disputes are often impossible to process using statistical or other quantitative analysis instruments that are generally used to make judgements and estimates. The group of cases for which the Registered Bank determines that the risk of future outflows of funds is more likely than not to occur varies over time, as do the number of cases for which the Registered Bank can estimate the potential loss. In practice, the end results could turn out considerably higher or lower than the estimates of potential losses in those cases where an estimate was made.

The Registered Bank can also sustain losses from legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognised. For those cases where (a) the probability of an outflow of funds is not probable but also not remote or (b) the probability of an outflow of funds is more likely than not but the potential loss cannot be estimated reliably, a contingent liability is disclosed. The Registered Bank may settle legal cases or regulatory proceedings or investigations before any fine is imposed or liability is determined. Reasons for settling could include (i) the wish to avoid costs and/or management effort (ii) avoiding other adverse business consequences and/or (iii) pre-empt the regulatory or reputational consequences of continuing with disputes relating to liability, even if the Registered Bank believes it has good arguments in its defense. Furthermore, the Registered Bank may, for the same reasons, compensate third parties for their losses, even in situations where the Registered Bank does not believe that it is legally required to do so.

Consumer Credit Products

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. The Registered Bank recognised a provision of EUR 56 million (31 December 2022: EUR 301 million). The decrease of the provision is a result of pay outs (compensation to customers) and a release due to calculating with another reference rate (in accordance with Kifid rulings). Apart from this matter, the Dutch Authority for Financial Markets (AFM) conducted an investigation into a number of files relating to consumer mortgage loans and decided to impose an administrative fine. The Registered Bank has decided to file an objection against the decision with the AFM.

Anti-Money Laundering, Counter Terrorism Financing and Sanctions

At the end of 2021, De Nederlandsche 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 remediation plan continues to be the Registered Bank's highest priority and a provision of EUR 43 million is included (31 December 2022: EUR 146 million). Throughout 2023, the Registered Bank further strengthened its detection and prevention activities in Financial Economic Crime (FEC), and has continued to invest in training all staff, particularly employees working in FEC. In line with the increase of staff in FEC over the previous years, the Registered Bank (including DLL and Obvion) expanded its worldwide FEC workforce from approximately 7,000 FTEs on 31 December 2022 to 8,100.

The earlier arrival of the Chief Financial Economic Crime Officer (the CFECO) further strengthened the FEC leadership team, in combination with the hiring of experienced Global Heads for Transaction Monitoring, CDD, and Sanctions Monitoring. In 2023, the Registered Bank spent approximately EUR 980 million on FEC compliance (including DLL and Obvion). The total expenses for FEC compliance recognised in the income statement for 2023 were EUR 844 million (2022: EUR 632 million).

Registered Bank disclosures

Pending proceedings or arbitration (continued)

In December 2022, the Dutch Public Prosecutor's Office announced that it had started a criminal investigation in connection with the alleged violation of the Act by the Registered Bank. The Registered Bank is fully cooperating with this investigation. It is 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.

European Union Competition Law Proceedings

As announced by the European Commission by means of a press release on 22 November 2023, the Commission has fined the Registered Bank EUR 26.6 million in connection with certain historic communications between a small number of individuals at Deutsche Bank and the Registered Bank, which the Commission has concluded breached EU competition law. These proceedings relate to conduct between 2006 and 2016 on the secondary market for Euro-denominated SSA (Supra-Sovereign, Foreign Sovereign, Sub-Sovereign/Agency) and Government Guaranteed bonds in the European Economic Area. The Registered Bank has cooperated with the Commission's investigation and is disappointed by the outcome. The Registered Bank has lodged an appeal against the EC's decision before the EU General Court. The amount of the fine is recorded as a payable on the Registered Bank's balance sheet.

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 defenses 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 probable. 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 interrupting the time limit in December 2022. By letters dated 28 March 2018, and (also as an interruption of the limitation period) dated 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. On 23 October 2023 the Registered Bank reached a settlement with Imtech's trustees, leading to a full and final discharge of the claims of the trustees. To date, no legal proceedings have been started by (representatives of) shareholders.

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 the US 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 and/or its subsidiaries have also been summoned 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.

Registered Bank disclosures

Pending proceedings or arbitration (continued)

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. The Registered Bank cannot give a reliable estimate of the expected total outflow of this contingent liability. No provision has been made.

Other Cases

The Registered Bank is subject to other legal proceedings for which provisions have been recognised. These cases are individually less significant in size and are therefore not separately disclosed. The total provision for the cases of which the amount of the provision is not specified above amounts to EUR 49 million (31 December 2022: EUR 103 million). The maximum amount of non-remote measurable contingent liabilities relating to claims not specified above is EUR 38 million (31 December 2022: EUR 180 million).

Insurance business

The Banking Group does not conduct any insurance business.

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 (The Registered Bank does not carry on any insurance business or non-financial activities in New Zealand).

Internal audit function

The Core Banking Group has an internal audit function which is part of a regionally based Rabobank Australia and New Zealand ("RANZ") Internal Audit department, which is in turn part of a global Internal Audit function of the Rabobank Group. The Core Banking Group's New Zealand based staff have a reporting line to the Chief Audit Officer RANZ. The Chief Audit Officer RANZ has a hierarchical reporting line to the chair of the Registered Bank's Board Audit Committee ("BAC") and a functional reporting line to the Registered Bank's Chief Audit - Wholesale and Rural. Internal Audit is responsible for providing an independent review on the adequacy and effectiveness of the Registered Bank's control environment, which is confirmed in the Audit Rabobank New Zealand Charter.

The annual internal audit plan is presented to and approved by the BAC. The BAC regularly reviews the progress made by Internal Audit in accordance with the annual internal audit plan, considers the findings arising from the work conducted and assesses if appropriate action is taken by management. In addition to its internal audit responsibilities, the BAC monitors the external audit services being provided by the Banking Group's external auditors.

Internal Audit performs audits using a risk based approach. Accordingly, greater emphasis is placed on those areas assessed as involving higher levels of risk. The frequency of audits depends on the audit universe and coverage plans.

The BAC meets at least four times per annum.

Unlike the Core Banking Group, the De Lage Landen Companies do not have a local (i.e. New Zealand) internal audit function. The De Lage Landen Companies are integrated within the scope of the Group Internal Audit Department ("DLL Internal Audit") of De Lage Landen Group ("DLL").

DLL Internal Audit provides independent assurance, advice and insights to DLL's Executive Board and Supervisory Board, and senior management of DLL, on the quality and effectiveness of DLL's internal control, risk management and governance systems and processes. DLL Internal Audit operates in-line with DLL's core values and conducts its work in accordance with the applicable professional standards and requirements. For all audits, DLL Internal Audit complies with the requirements laid down in the mandatory elements of the IIA's International Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (The Standards), and the Definition of Internal Auditing.

Registered Bank disclosures

Internal audit function (continued)

Internal Audit Management prepares an annual risk-based Audit Plan, to be approved by the Internal Audit Committee and DLL Supervisory Board, taking into account the recommendations of DLL Internal Audit and Audit Rabobank. DLL Internal Audit ensures that this plan aligns with the longer term strategic outlook, based on insights provided by the DLL Internal Audit Committee, senior management, and the second line of defence. The Audit Plan is based on a risk and control assessment of identified auditable entities or activities across the entire global DLL organization.

The scope of DLL Internal Audit includes to determine whether the De Lage Landen Companies' set-up of governance, risk management and control processes as designed and implemented by management is adequate and operating effectively. This includes an examination and evaluation of the soundness of the internal control environment and of the manner in which assigned roles and responsibilities are fulfilled. In many respects, this involves an annual rolling risk-based analysis of De Lage Landen Companies' internal control environment.

Other material matters

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. In November 2023, RBNZ announced the following key policy decisions from its review:

(i) All branches in New Zealand will be restricted to engaging in wholesale business;

(ii) The maximum size of a branch will be limited to NZ$15 billion in total assets; and

(iii) Dual registration of branches will be permitted, provided: (a) the relevant subsidiary and branch are sufficiently separate, and any identified risks are mitigated by specific conditions; and (b) dual-registered branches only conduct business with 'large wholesale customers'.

RBNZ also published a third consultation paper in November 2023, which proposed that a 'large wholesale customer' be defined as a customer that has either consolidated annual turnover of over NZ$50m, or net assets of over NZ$50m. RBNZ is expected to publish the revised policy settings during Q2 2024, and has proposed a transition period that would require all branches to be compliant with the policy settings by 2028.

The Deposit Takers Act

The Deposit Takers Act 2023 (Act) received Royal Assent on 6 July 2023. Among other things, the Act will provide a single, coherent regulatory regime for all deposit takers, and will introduce a Depositor Compensation Scheme (expected to be operational by mid-2025) that will protect up to $100,000 per depositor, per deposit taker, in the event of a deposit taker failure. A multi-year work programme is underway to develop and implement the standards and regulations required to support the commencement of the Act's new regulatory regime by 2028.

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

(i) are not contained elsewhere in the disclosure statement; and

(ii) would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Registered Bank or any manager 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.co.nz

Registered Bank disclosures

2. Additional financial disclosures

Additional information on statement of financial position

In thousands	Banking Group 2023	Banking Group 2022
Total interest earning and discount bearing assets	20,479,839	19,107,637
Total interest and discount bearing liabilities	17,705,550	16,528,951

In thousands	Registered Bank in New Zealand 2023	Registered Bank in New Zealand 2022
Liabilities of the Registered Bank in New Zealand, net of amounts due to related parties	5,418,945	4,154,570
Retails deposits of the Registered Bank in New Zealand	-	-

Additional information for registered bank' overseas banking group

in millions of EUR	31/12/2023	31/12/2022
Net profit after income tax	4,377	2,403
Percentage (on twelve month rolling basis) of average total assets	0.7	0.4

in millions of EUR	31/12/2023	31/12/2022
Total assets	613,796	628,513
% change over the previous twelve months	-2.3	-1.7

Additional information on concentration of credit risk

Refer to Note 31 "Risk arising from financial instruments" for additional information on concentration of credit exposures in terms of customer and industry sector.

Registered Bank disclosures

2. Additional financial disclosures (continued)

Additional information on interest rate sensitivity

2.1 Repricing analysis

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

in thousands	Total	Call - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	Over 24 months	Non-Interest bearing
At 31 December 2023							
Financial assets							
Cash and cash equivalents	2,104,812	2,104,812	-	-	-	-	-
Derivative financial instruments	179,658	-	-	-	-	-	179,658
Financial assets at fair value through other comprehensive income	696,698	24,957	383,312	-	30,701	257,728	-
Loans and advances	16,606,516	11,230,158	1,937,515	958,328	1,370,126	1,075,084	35,305
Due from related entities	1,113,121	1,107,117	-	-	-	-	6,004
Other financial assets	9,472	-	-	-	-	-	9,472
Financial assets at fair value through profit and loss	1,700	-	-	-	-	-	1,700
Total financial assets	**20,711,977**	**14,467,044**	**2,320,827**	**958,328**	**1,400,827**	**1,332,812**	**232,139**
Other assets	58,861	-	-	-	-	-	58,861
Net deferred tax assets	23,165	-	-	-	-	-	23,165
Property, plant and equipment	17,962	-	-	-	-	-	17,962
Intangible assets	1,060	-	-	-	-	-	1,060
Total non-financial assets	**101,048**	**-**	**-**	**-**	**-**	**-**	**101,048**
Total assets	**20,813,025**	**14,467,044**	**2,320,827**	**958,328**	**1,400,827**	**1,332,812**	**333,187**

2. Additional financial disclosures (continued)

in thousands	Total	Call - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	Over 24 months	Non-Interest bearing
Financial liabilities							
Derivative financial instruments	153,787	-	-	-	-	-	153,787
Deposits	6,570,544	3,613,844	1,073,497	1,466,852	169,115	159,792	87,444
Debt securities in issue	5,187,013	2,474,392	261,174	2,445,456	-	-	5,991
Due to related entities	5,909,623	5,445,568	424,000	-	-	-	40,055
Payables due to central bank	172,155	161,000	-	-	-	-	11,155
Other financial liabilities	41,427	796	724	1,342	2,243	5,755	30,567
Total financial liabilities	**18,034,549**	**11,695,600**	**1,759,395**	**3,913,650**	**171,358**	**165,547**	**328,999**
Other liabilities	2,505	-	-	-	-	-	2,505
Provisions	8,106	-	-	-	-	-	8,106
Current tax liabilities	18,447	-	-	-	-	-	18,447
Total non-financial liabilities	**29,058**	**-**	**-**	**-**	**-**	**-**	**29,058**
Total liabilities	**18,063,607**	**11,695,600**	**1,759,395**	**3,913,650**	**171,358**	**165,547**	**358,057**
Interest rate derivatives							
Swaps	-	(2,349,266)	655,029	2,927,983	(959,476)	(274,270)	
Repricing gap (interest bearing assets and liabilities)	2,774,289	422,180	1,216,461	(27,340)	269,993	892,995	
Cumulative mismatch	2,774,289	422,180	1,638,640	1,611,301	1,881,293	2,774,288	

2. Additional financial disclosures (continued)

in thousands	Total	Call - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	Over 24 months	Non-Interest bearing
At 31 December 2022							
Financial assets							
Cash and cash equivalents	1,414,771	1,414,771	-	-	-	-	-
Derivative financial instruments	270,219	-	-	-	-	-	270,219
Financial assets at fair value through other comprehensive income	631,385	109,395	185,000	-	64,790	272,200	-
Loans and advances	16,075,349	11,207,137	1,446,802	1,006,895	1,235,724	1,150,934	27,857
Due from related entities	1,024,086	1,016,528	-	-	-	-	7,558
Other financial assets	8,169	-	-	-	-	-	8,169
Total financial assets	**19,423,979**	**13,747,831**	**1,631,802**	**1,006,895**	**1,300,514**	**1,423,134**	**313,803**
Other assets	54,650	-	-	-	-	-	54,650
Net deferred tax assets	19,359	-	-	-	-	-	19,359
Property, plant and equipment	15,133	-	-	-	-	-	15,133
Intangible assets	1,203	-	-	-	-	-	1,203
Total non-financial assets	**90,345**	**-**	**-**	**-**	**-**	**-**	**90,345**
Total assets	**19,514,324**	**13,747,831**	**1,631,802**	**1,006,895**	**1,300,514**	**1,423,134**	**404,148**
Financial liabilities							
Derivative financial instruments	327,396	-	-	-	-	-	327,396
Debt securities in issue	3,915,018	1,577,304	994,613	1,197,692	136,723	-	8,686
Deposits	5,734,660	3,504,733	705,324	1,123,401	204,709	161,698	34,795
Due to related entities	6,785,799	4,482,949	1,774,810	494,254	-	-	33,786
Payables due to central bank	163,902	161,000	-	-	-	-	2,902
Other financial liabilities	33,445	847	692	1,204	1,736	5,263	23,703
Total financial liabilities	**16,960,220**	**9,726,833**	**3,475,439**	**2,816,551**	**343,168**	**166,961**	**431,268**

Registered Bank disclosures

2. Additional financial disclosures (continued)

in thousands	Total	Call - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	Over 24 months	Non-Interest bearing
Other liabilities	2,709	-	-	-	-	-	2,709
Provisions	7,547	-	-	-	-	-	7,547
Current tax liabilities	22,378	-	-	-	-	-	22,378
Total non-financial liabilities	**32,634**	**-**	**-**	**-**	**-**	**-**	**32,634**
Total liabilities	**16,992,854**	**9,726,833**	**3,475,439**	**2,816,551**	**343,168**	**166,961**	**463,902**
Swaps	-	(965,158)	803,500	1,000,667	(299,887)	(539,122)	
Repricing gap (interest bearing assets and liabilities)	2,578,685	3,053,301	(1,040,137)	(808,989)	657,459	717,051	
Cumulative mismatch	2,578,685	3,053,301	2,013,164	1,204,175	1,861,634	2,578,685	

Registered Bank disclosures

2. Additional financial disclosures (continued)

Additional information on liquidity risk

Refer to Note 30.1 "Liquidity risk" which shows the maturity analysis for financial liabilities.

3. Asset quality of registered bank's overseas banking group

in millions of EUR	31/12/2023	31/12/2022
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	8,997	8,462
Total individually impaired assets as a percentage of total assets (%)	1.5%	1.3%
Total individual credit impairment allowance	1,810	1,752
Total individual credit impairment allowance as a percentage of total individually impaired assets (%)	20.1%	20.7%
Total collective credit impairment allowance	1,099	1,110

4. Asset quality

Individually impaired assets

Individually impaired assets include all loans that have been assessed as credit impaired in accordance with NZ IFRS9 (chapter 5.5). 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. Individually impaired assets include loans which have been assessed as credit impaired on an individual basis.

As at 31 December 2023, out of $550,217 thousand of individually impaired assets, a total of $52,546 thousand had specific provision of $4,741 thousand recognised (2022: out of $265,000 thousand impaired assets$21,902 thousand has specific provision of $2,622 recognised).

Past due assets but not individually impaired

	2023			
in thousands	Residential mortgage	Corporate	Retail*	Total
Less than 30 days past due	-	-	14,567	14,567
At least 30 days but less than 60 days past due	-	-	8,660	8,660
At least 60 days but less than 90 days past due	-	-	3,294	3,294
At least 90 days past due (note)	-	-	5,118	5,118
Closing balance	**-**	**-**	**31,639**	**31,639**

	2022			
in thousands	Residential mortgages	Corporate	Retail*	Total
Less than 30 days past due	-	-	32,431	32,431
At least 30 days but less than 60 days past due	-	-	1,961	1,961
At least 60 days but less than 90 days past due	-	-	1,142	1,142
At least 90 days past due (note)	-	-	54	54
Closing balance	**-**	**-**	**35,588**	**35,588**

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

Registered Bank disclosures

4. Asset quality (continued)

Other assets under administration

There were no assets under administration as at 31 December 2023 (2022: $1,702 thousand).

Movement in components of loss allowance

Refer to Note 18 "Provision for expected credit losses " for the movements in the Bank's loss allowance components as required by NZ IFRS 9.

Impact of changes in gross financial assets on loss allowance

			2023		
	Stage 1	**Stage 2**	**Stage 3A**	**Stage 3B**	**Total**
in thousands					
Corporate					
Opening balance	2,286,193	96,493	-	66,078	2,448,764
Additions*	2,152,190	257,560	-	-	2,409,750
Amount written off	-	-	-	-	-
Deletions*	(2,286,193)	(96,493)	-	(5,440)	(2,388,126)
Closing balance	**2,152,190**	**257,560**	**-**	**60,638**	**2,470,388**
Provision for impairment	(1,836)	(442)	-	-	(2,278)
Net loans and advances	**2,150,354**	**257,118**	**-**	**60,638**	**2,468,110**

			2023		
	Stage 1	**Stage 2**	**Stage 3A**	**Stage 3B**	**Total**
in thousands					
Retail					
Opening balance	12,793,173	632,097	-	198,922	13,624,192
Additions*	10,020,618	782,575	5,914	377,237	11,186,344
Amount written off	-	-	-	(2,100)	(2,100)
Deletions*	(10,028,165)	(486,169)	-	(142,984)	(10,657,318)
Changes due to transfer between ECL stages	(130,270)	62,922	2,338	58,504	(6,506)
Closing balance	**12,655,356**	**991,425**	**8,252**	**489,579**	**14,144,612**
Provisions for impairment	(16,985)	(9,207)	(9,679)	(4,741)	(40,612)
Net loans and advances	**12,638,371**	**982,218**	**(1,427)**	**484,838**	**14,104,000**

* Additions represent new financial assets originated during the year and deletions represent financial assets derecognised during the year.

Registered Bank disclosures

4. Asset quality (continued)

	2022				
in thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Corporate					
Opening balance	1,891,986	166,636	-	50,830	2,109,452
Additions*	2,286,193	96,493	-	66,078	2,448,764
Deletions*	(1,891,986)	(166,636)	-	(50,830)	(2,109,452)
Closing balance	**2,286,193**	**96,493**	**-**	**66,078**	**2,448,764**
Provision for impairment	(972)	(82)	-	-	(1,054)
Net loans and advances	**2,285,221**	**96,411**	**-**	**66,078**	**2,447,710**

	2022				
in thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Retail					
Opening balance	11,770,914	653,742	14	272,278	12,696,948
Additions*	9,221,664	430,511	14	161,878	9,814,067
Amount written off	-	-	-	(883)	(883)
Deletions*	(8,148,806)	(588,093)	(14)	(222,136)	(8,959,049)
Changes due to transfer between ECL stages	(50,599)	135,937	(14)	(12,215)	73,109
Closing balance	**12,793,173**	**632,097**	**-**	**198,922**	**13,624,192**
Provisions for impairment	(13,873)	(5,244)	(2,808)	(2,157)	(24,082)
Net loans and advances	**12,779,300**	**626,853**	**(2,808)**	**196,765**	**13,600,110**

* Additions represent new financial assets originated during the year and deletions represent financial assets derecognised during the year.

Whilst the gross loans and advances classified as Stage 3B (for provisioning purposes) have been disclosed as Stage 3B in Note 31.3.3, the collective provisions associated with those Stage 3B loans, that have been individually assessed to not require a specific provision, have been included within the Stage 3A provision balance disclosed in Note 16 and Note 18. For this reason, the provision for impairment and gross loans and advances for stages 3A and 3B should be read in together.

Registered Bank disclosures

5. Credit and Market Risk Exposures and Capital Adequacy (unaudited)

1 Residential mortgages

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

	At 31 December 2023		
In thousands	Drawn	Undrawn	Total
LVR range			
Do not exceed 80%	-	-	-
Exceeds 80% and not 90%	-	-	-
Exceeds 90%	-	-	-
Total	**-**	**-**	**-**

Reconciliation of mortgage related accounts

In thousands	2023
Loans and advances - loans with residential mortgages	-
On-balance sheet residential mortgage exposures subject to the standardised approach	-
Total residential mortgage exposures subject to the standardised approach (as per LVR analysis)	**-**

2 Market risk end of period notional capital charges

	As at 31 December 2023	
In thousands	Implied risk weighted exposure	Notional capital charges
Interest rate risk	551,250	44,100
Foreign currency risk	156,125	12,490
Total	**707,375**	**56,590**

The Banking Group does not have material equity risk.

Registered Bank disclosures

5. Credit and Market Risk Exposures and Capital Adequacy (unaudited) (continued)

3 Market risk peak end-of-day notional capital charges

	6 months to 31 December 2023	
In thousands	Implied risk weighted exposure	Notional capital charges
Interest rate risk	659,875	52,790
Foreign currency risk	198,500	15,880
Total	**858,375**	**68,670**

The Banking Group does not have material equity risk.

4 Method for deriving peak end-of-day notional 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".

5 Capital Ratios of overseas banking group - Rabobank

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

in percentage (%)	31/12/2023	31/12/2022
Common equity Tier 1 capital ratio	17.10%	16.00%
Tier 1 capital ratio	19.20%	18.00%
Total capital ratio	21.70%	21.10%

Minimum capital requirements

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

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

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

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

Registered Bank disclosures

6. Risk management policies

The Registered Bank, in respect of the Core Banking Group, has an integrated framework of responsibilities and functions driven from the Bank's Board and Chief Executive Officer New Zealand (CEO NZ) level down to operational levels, covering all aspects of risk, including its material risks.

The Core Banking Group has a comprehensive Risk Management Framework (RMF) that maintains effective processes to identify, assess, manage, monitor and report risks. The Core Banking Group's RMF consists of systems, structures, policies, processes and people which enable it to manage all relevant risks. The key elements of the RMF are documented in the Risk Management Strategy and Framework (RMSF) documents. The RMSF is not intended to provide detailed technical guidance on how the risk management activities are performed. The RMSF describes to stakeholders and the New Zealand regulator, the approach for managing risk and the key elements of the RMF. The RMSF describes:

- The material risks identified and the approach to manage these risks;
- The approach and process used to identify, assess, manage, monitor and report on risk management matters;
- The roles and responsibilities of the risk management function;
- The role and responsibility of the Board, committees and senior management with respect to the RMF;
- The approach for ensuring awareness of the RMF and for instilling an appropriate risk culture; and
- The process by which the RMF is reviewed.

Material Risks

The material risks of the Core Banking Group are categorised by three distinct risk categories, they are Business Risk, Financial Risk and Non-Financial Risk.

Risk Category	Description	Material Risks
Business Risk	Developments that threaten market and financial goals, reputation, and adequacy of capital.	Business Risk
Financial Risk	Possibility of losing money through default, loss of cash flow and market exposures.	Credit Risk, Liquidity Risk and Market Risk
Non-Financial Risk	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	Operational Risk and Compliance Risk

Refer to note 31 in the financial statements for:

- policies on liquidity, market (traded and non-traded), credit, operational and compliance risk;
- explanations of the nature of each such risk and the activities of the Bank that give rise to each such risk;
- descriptions of exposure limits and policies with respect to collateral or other security (if applicable).

The business manages and owns the risks, adheres to policy requirements and continuously monitors risk exposures, controls and outstanding actions. Risk governance at the Core Banking Group supports the execution and monitoring of risk management activities through:

- The operation of the risk management function;
- Oversight of the Bank's Board Risk and Compliance Committee (BRCC) and the Core Banking Group's risk and compliance management risk committees;
- The formation of a risk taxonomy;
- Adherence to global and local risk policies and procedures; and
- Compliance and obligations management, and regulatory oversight

6. Risk management policies (continued)

The Board, CEO NZ and Management Oversight

The Bank's Board, with the assistance of the BRCC, is ultimately responsible for the Bank's RMF, and the CEO NZ is responsible for the Branch's RMF. They are assisted by the Bank's risk and compliance management committees. The Bank's Board, CEO NZ, BRCC and risk and compliance management committees provide oversight that the RMF has been effectively implemented and risk management practices are in place. The Bank's Board and risk and compliance management committees are governed by Charters which set out their respective purpose, authority and approach.

The Bank's Board - is ultimately responsible for the organisational strategy, Business Plan, RMF and oversight of the business operations. The Board:

- Sets risk appetite (within the overall limits set by Rabobank and Rabobank Wholesale and Rural);
- Approves the the Internal Capital Adequacy Assessment Process (ICAAP), Capital Management Plan, RMS;
- Approves key risk policies and standards.
- Signs-off relevant risk and compliance attestations.

The development and operation of the above activities have been delegated to management by the Board.

The Bank's BRCC - assists the Board by providing objective non-executive oversight of the implementation and operation of the RMF, through:

- Overseeing and evaluating the quality and performance of risk and compliance;
- Maintaining an appropriate ICAAP, Risk Appetite Statement and RMS;
- Overseeing that effective policies, systems and data management are in place to appropriately inform the business.

The development and operation of the above activities have been delegated to management by BRCC.

The Bank's Board People and Remuneration Committee (BPRC) - assists the Board on matters relating to remuneration. Oversees appropriate linkages to performance and the RMF.

The Bank's Board Audit Committee (BAC) - assists the Board to fulfil its oversight responsibilities for the Bank's financial reporting, internal control systems, risk management systems and the internal and external audit functions.

Chief Executive Officer New Zealand (CEO NZ) - is ultimately responsible for the organisational strategy, Business Plan, RMF and oversight of the business operations of the Branch. The CEO NZ:

- Sets risk appetite (within the overall limits set by Rabobank Group and Rabobank Wholesale and Rural);
- Approves the RMSF;
- Approves key risk policies and standards; and
- Signs-off relevant risk and compliance attestations.

Risk and Compliance Management Committees - operate for the purpose of supporting management in fulfilling their responsibilities and making sure appropriate oversight and management of material risks is undertaken across the Bank.

The Core Banking Group is supported by seven key risk management committees for which the Chief Risk Officer (CRO) New Zealand, CRO RANZ and Chief Compliance Officer (CCO) RANZ are accountable for:

- Risk Management Committee New Zealand (RMC NZ)
- Business Approval and Review Committee New Zealand (BARC NZ) (integrated within RMC NZ)
- CTF, Anti-Money Laundering & Sanctions Committee Region Australia, New Zealand (CAMS RANZ)

Registered Bank disclosures

6. Risk management policies (continued)

- Regional Credit Committee (RCC) - ceased from December 2023
- Financial Restructuring Credit Committee New Zealand (FRCC NZ) - ceased from August 2023
- Model Governance Committee Region Australia, New Zealand (MGC RANZ)
- Policy & Standard Management Committee Region Australia, New Zealand (PSMC RANZ)

New Zealand Leadership Team (NZLT) - CEO NZ established an NZLT to assist with the day-to-day management of the Core Banking Group. The NZLT is responsible for the delivery of the Board and CEO NZ agreed strategy via the Business Plan which operates within the Board and CEO NZ approved risk appetite.

The De Lage Landen Companies follow the De Lage Landen International B.V. Risk Management Charter ("Charter"). The Charter is based on and consistent with the Risk Management Charter of Rabobank Group and:

- provides an overview of the risk management framework;
- describes the DLL Group three lines of responsibility approach which forms the foundation for the overall risk governance;
- describes responsibilities and authority of DLL Group Risk Management;
- includes the relationship of Group Risk Management with the regulatory authorities;
- describes the organization of Group Risk Management including risk committees and departments

The Charter is leading in defining the minimum standards in terms of the scope of Risk Management within DLL Group and roles and responsibilities when managing risks. Depending on local rules, regulations and the regulatory environment of a group entity, this Charter may have to be enhanced for local application in line with local requirements, however the standards set out in the Charter will always apply.

The Core Banking Group and the De Lage Landen have immaterial equity risk.

7. Risk management review

The approach to risk management, as described in the RMS and the De Lage Landen Companies' Risk Appetite Statement, is reviewed on an annual basis. Aspects of the risk management policies, procedures and implementation are reviewed by the Registered Bank's Internal Audit department depending on the audit universe and coverage plan.

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

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

The Banking Group has no involvement in trust, custodial, funds management, or other fiduciary activities established, marketed or sponsored by a member of the Banking Group.

Registered Bank disclosures

9. Conditions of registration

There were no changes made to the Branch's Conditions of Registration between 1 July 2023 and 31 December 2023.

Below is a copy of the Conditions of Registration that applied at 31 December 2023.

Conditions of registration for Cooperatieve Rabobank U.A. in New Zealand

These conditions of registration apply on and after 1 June 2023.

The registration of Cooperatieve Rabobank U.A. ("the registered bank") in New Zealand is subject to the following conditions:

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.

2. That the banking group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

(a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

(b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business-

(a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and

(b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,-

"insurance business" means the undertaking or assumption of liability as an insurer under a contract of insurance:

"insurer" and "contract of insurance" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.

4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

9. Conditions of registration (continued)

5. That Cooperatieve Rabobank U.A. complies with the requirements imposed on it by De Nederlandsche Bank N.V and the European Central Bank.

6. That Cooperatieve Rabobank U.A. complies with the following minimum capital adequacy requirements, as administered by De Nederlandsche Bank N.V. and the European Central Bank:

(a) common equity tier 1 capital of Cooperatieve Rabobank U.A. is not less than 4.5% of risk weighted exposures;

(b) tier one capital of Cooperatieve Rabobank U.A. is not less than 6% of risk weighted exposures; and

(c) total capital of Cooperatieve Rabobank U.A. is not less than 8% of risk weighted exposures.

7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ$15 billion.

8. That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the business of the registered bank in New Zealand'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.

9. That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the business of the registered bank in New Zealand'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.

10. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In these conditions of registration,-

"banking group" means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group's New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013.

"business of the registered bank in New Zealand" means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

"liabilities of the registered bank in New Zealand" means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.

In conditions of registration 8 to 10,-

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve
Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated October 2021, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS19 for the purpose of defining these terms are-

Registered Bank disclosures

9. Conditions of registration (continued)

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 October 2021
BPR001: Glossary	1 July 2021

“loan-to-valuation measurement period” means means a period of six calendar months ending on the last day of the sixth calendar month.

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 Coöperatieve Rabobank U.A. New Zealand Banking Group (the "NZ Banking Group"), which is an aggregation of the New Zealand business of Coöperatieve 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 31 December 2023 and for the year then ended.

Our conclusion

We have undertaken a limited assurance engagement on the NZ Banking Group's compliance, in all material respects, with clause 22 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 full year Disclosure Statement for the year ended 31 December 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 22 of the Order and disclosed in section 5 of the Registered bank disclosures (excluding reconciliation of mortgage related accounts under section 5), 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 Coöperatieve Rabobank U.A. for compliance with the Order, including clause 22 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.

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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 22 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 22 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 22 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 annual 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 22 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
27 March 2024

Independent auditor's report

To the Directors of Coöperatieve Rabobank U.A.

This report is for the Coöperatieve Rabobank U.A. New Zealand Banking Group (the "NZ Banking Group"), which is the aggregation of the New Zealand business of Coöperatieve 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 31 December 2023 and for the year then ended.

Our opinion

In our opinion, the accompanying:

- aggregated financial statements, excluding the information disclosed in accordance with Schedules 4, 7, 9, 11 and 13 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order"), of NZ Banking Group, present fairly, in all material respects, the financial position of the NZ Banking Group as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards Accounting Standards ("IFRS Accounting Standards"); and
- information disclosed in accordance with Schedules 4, 7, 11 and 13 of the Order (the "Supplementary Information"), in all material respects:
  - presents fairly the matters to which it relates;
  - is disclosed in accordance with those schedules; and
  - has been prepared in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

What we have audited

- The NZ Banking Group's aggregated financial statements (the "Financial Statements") required by clause 25 of the Order, comprising:
  - the statement of financial position as at 31 December 2023;
  - the statement of comprehensive income for the year then ended;
  - the statement of changes in equity for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the Financial Statements, excluding the information disclosed in accordance with Schedules 4, 7, 9, 11 and 13 of the Order within notes 18 and 31, which includes material accounting policy information and other explanatory information.

- The Supplementary Information included in Section 2 to 4 and 6 to 8 of the registered bank disclosures, reconciliation of mortgage related accounts under section 5 of the registered bank disclosures and in notes 18 and 31 of the Financial Statements for the year ended 31 December 2023 of the NZ Banking Group.

We have not audited the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order in section 5 of the register bank disclosures (excluding reconciliation of mortgage related accounts under section 5) and our opinion does not extend to this information.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements and the Supplementary Information* section of our report.

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

Independence

We are independent of the NZ Banking Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these 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. The provision of these other services and these relationships have not impaired our independence as auditor of the NZ Banking Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements and the Supplementary Information of the current year. These matters were addressed in the context of our audit of the Financial Statements and the Supplementary Information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Provisions for impairment on loans and advances (Refer to Notes 10, 16 and 18 of the Financial Statements) Provisions for impairment on loans and advances was a key audit matter because of the subjective and complex judgements made by the Bank in determining the necessity for, and then estimating the size of, provisions for impairment on loans and advances. NZ IFRS requires an expected credit loss ("ECL") model to take into account forward looking information reflecting the Bank's view on potential future economic events.	We assessed the design effectiveness and tested the operating effectiveness of relevant key controls over the provisioning for impairment on loans and advances under NZ IFRS. The relevant key controls included: • Governance over the development, validation and approval of the Bank's ECL models to assess compliance with NZ IFRS. • Review and approval of key judgements, assumptions, macroeconomic scenarios and forward-looking information used in the ECL models. • Interfaces and reconciliations of transfer of key data inputs from source systems to the models. • The review and approval process for the outputs of the ECL model and the portfolio overlays that are applied to the modelled outputs.

This requires considerable judgement to estimate ECL provision against financial instruments. The Bank uses judgements in the determination of ECL for the following key attributes: • significant increase in credit risk (SICR); • forward looking information including probability of default (PD), loss given default (LGD) and exposure at default (EAD); • macroeconomic scenarios and weightings applied to each macroeconomic scenario; • portfolio overlay adjustments required to address those elements not captured by the ECL models; and • key assumptions including expected future cash flows and weighting of the scenarios used in measuring specific provisions.	Our substantive audit procedures over the provisions for impairment on loans and advances included: **Collective Provision (Stage 1, 2, 3A)** • Consideration of the methodology inherent within the models against the requirement of NZ IFRS. • Consideration of the appropriateness of assumptions in the ECL models, including SICR, PD, LGD and EAD. This procedure included using specialists and experts in our assessment. • Consideration of the appropriateness of significant macroeconomic assumptions used within the ECL models and weightings applied to each macroeconomic scenario. Experts were involved to understand the macroeconomic scenarios and model provisioning methodology. • On a sample basis, tested the accuracy of the key data inputs used in the ECL models by comparing them to the relevant supporting documents. • For a sample of customer credit files across the loan portfolio, we reviewed management's latest credit review assessment. • Consideration of the potential for the ECL provisions to be affected by events not captured by the Bank's ECL models and assessing whether the portfolio overlays were appropriate. **Specific Provision (Stage 3B)** • For a sample of individually assessed loans and advances, we assessed the appropriateness of the Bank's cash flow forecasts (including forecasts arising from the underlying collateral) supporting the impairment calculation and the weightings applied to different scenarios in light of the requirements of NZ IFRS. We assessed the appropriateness of judgements (in particular the amount and timing of recoveries) made by the Bank in the context of the borrowers' circumstances based on the counterparty information known by the Bank. We considered the impacts of events occurring subsequent to balance date on the loan provisions. We also evaluated the reasonableness of the Bank's disclosures in the context of the applicable financial reporting framework.

Our audit approach

Overview

	The overall NZ Banking Group materiality is $13.510 million, which represents approximately 5% of the three years average profit before tax. We chose the three years average profit before tax due to fluctuations in profit and loss arising from the accounting policy for derivatives.
	Full scope audits were performed for all four entities within the NZ Banking Group.
	As reported above, we have one key audit matters, being: ● Provision for impairment on loans and advances

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements and the Supplementary Information. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the Financial Statements and the Supplementary Information are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements and the Supplementary Information.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall NZ Banking Group materiality for the Financial Statements and the Supplementary Information, as a whole, as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the Financial Statements and the Supplementary Information, as a whole.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Financial Statements and the Supplementary Information, as a whole, taking into account the structure

of the NZ Banking Group, the financial reporting processes and controls, and the industry in which the NZ Banking Group operates.

Certain operational processes which are critical to financial reporting for the NZ Banking Group are undertaken outside of New Zealand. We worked with a PwC network firm engaged in the Coöperatieve Rabobank U.A. group audit to understand and examine certain processes, test controls and perform other substantive audit procedures that supported material balances, classes of transactions and disclosures within the NZ Banking Group's Financial Statements. We evaluated the results of this work to determine whether there were any implications for the remainder of our audit work.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Disclosure Statement presented in accordance with Schedule 2 of the Order included in section 1 and section 9 of the registered bank disclosures, the Directors' Declaration on page 2 and the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order in section 5 of the register bank disclosures (excluding reconciliation of mortgage related accounts under section 5), but does not include the Financial Statements, the Supplementary Information and our auditor's report thereon.

Our opinion on the Financial Statements and the Supplementary Information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. We issue a separate limited assurance report on the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order.

In connection with our audit of the Financial Statements and the Supplementary Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements and the Supplementary Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Disclosure Statement

The Directors of the Overseas Bank (the 'Directors') are responsible, on behalf of the Overseas Bank, for the preparation and fair presentation of the Financial Statements in accordance with clause 25 of the Order, NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Statements and the Supplementary Information that is free from material misstatement, whether due to fraud or error.

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

- all of the information prescribed in Schedule 2 of the Order; and
- the information prescribed in Schedules 4, 7, 9, 11, and 13 of the Order.

In preparing the Financial Statements, the Directors are responsible for assessing the NZ Banking Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the NZ Banking Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements and the Supplementary Information

Our objectives are to obtain reasonable assurance about whether the Financial Statements and the Supplementary Information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements and the Supplementary Information.

A further description of our responsibilities for the audit of the Financial Statements and the Supplementary Information is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
27 March 2024 Sydney