Rabobank New Zealand Limited

Disclosure Statement - 30 June 2024

Rabobank

Contents

General information and definitions

The information contained in this Disclosure Statement is as required by section 81 of the Banking (Prudential Supervision) Act 1989 ("Banking Act") and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) ("Order").

In this Disclosure Statement, in accordance with the requirements of the Order and unless the context otherwise requires:

- "Bank" and "Banking Group" refer to Rabobank New Zealand Limited
- "Rabobank" and "Overseas Banking Group" refers to Coöperatieve Rabobank U.A.

Directors' Statement

After due enquiry, each director believes that:

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

- The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended); and
- The Disclosure Statement is not false or misleading; and

(ii) over the six month period ended 30 June 2024:

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

Signed by Todd Charteris, Chief Executive Officer, under an authority from each of the directors.

Todd Charteris

Dated: 21 August 2024

Statement of Comprehensive Income

In thousands	Note	Unaudited 6 months to 30/06/2024	Unaudited 6 months to 30/06/2023
Income Statement			
Interest income		590,574	503,836
Interest expense		(378,041)	(288,093)
Net interest income		**212,533**	**215,743**
Other income		1,065	850
Other expense		(211)	(174)
Other operating gains/(losses)	3	2,704	(782)
Non-interest income		**3,558**	**(106)**
Operating income		**216,091**	**215,637**
Operating expenses		(83,835)	(85,011)
Impairment (losses)/releases	4	(3,043)	(8,168)
Profit before income tax		**129,213**	**122,458**
Income tax expense		(36,486)	(34,335)
Profit after income tax		**92,727**	**88,123**
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income (gross)	11.2	(1,243)	4,119
Changes in the fair value of financial assets through other comprehensive income (deferred tax)	11.2	348	(1,153)
Total items that may be reclassified subsequently to profit or loss		**(895)**	**2,966**
Items that will not be reclassified subsequently to profit or loss			
Total items that will not be reclassified subsequently to profit or loss		-	-
Total other comprehensive (loss)/income for the period		**(895)**	**2,966**
Total comprehensive income attributable to shareholder of Rabobank New Zealand Limited		**91,832**	**91,089**

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

Statement of Financial Position

In thousands	Note	Unaudited At 30/06/2024	Audited At 31/12/2023
Assets			
Cash and cash equivalents		1,371,992	1,050,398
Derivative financial instruments		17,800	17,508
Financial assets at fair value through other comprehensive income		602,470	696,697
Loans and advances	5	13,620,660	13,205,701
Due from related entities	6	714,273	689,189
Current tax receivables		3,443	-
Other assets		5,603	5,445
Net deferred tax assets		18,545	17,924
Financial assets at fair value through profit and loss		2,520	1,700
Property, plant and equipment		17,378	17,859
Intangible assets and goodwill		818	1,060
Total assets		**16,375,502**	**15,703,481**
Liabilities			
Derivative financial instruments		19,057	24,473
Deposits	8	6,483,747	6,395,239
Due to related entities	9	7,333,275	6,806,633
Current tax payable		-	25,019
Payables due to central bank		176,571	172,156
Other liabilities	10	32,282	39,499
Provisions		5,889	7,613
Total liabilities		**14,050,821**	**13,470,632**
Net Assets		**2,324,681**	**2,232,849**
Equity			
Contributed equity	11.1	551,200	551,200
Reserves	11.2	(7,098)	(6,203)
Retained earnings		1,780,579	1,687,852
Total equity		**2,324,681**	**2,232,849**

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

Statement of Changes in Equity

In thousands	Contributed equity	Retained earnings	Reserves	Total
Opening balance as at 1 January 2023 (Audited)	**551,200**	**1,505,883**	**(15,689)**	**2,041,394**
Net profit	-	88,123	-	88,123
Other comprehensive income:				
Revaluation reserve - FVOCI financial assets	-	-	2,966	2,966
Closing balance as at 30 June 2023 (Unaudited)	**551,200**	**1,594,006**	**(12,723)**	**2,132,483**
Opening balance as at 1 January 2024	**551,200**	**1,687,852**	**(6,203)**	**2,232,849**
Net profit	-	92,727	-	92,727
Other comprehensive income:				
Revaluation reserve - FVOCI financial assets	-	-	(895)	(895)
Closing balance as at 30 June 2024 (Unaudited)	**551,200**	**1,780,579**	**(7,098)**	**2,324,681**

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

Condensed Statement of Cash Flows

In thousands	Note	Unaudited 6 months to 30/06/2024	Unaudited 6 months to 30/06/2023
Cash flows from operating activities			
Interest income		589,377	503,130
Interest paid		(360,410)	(245,656)
Other cash outflows used in operating activities		(156,262)	(124,452)
Other cash inflows provided by operating activities		1,064	1,853
Net changes in operating assets and liabilities		(263,690)	636,308
Net cash flows (used in)/from operating activities	16	**(189,921)**	**771,183**
Cash flows from Investing activities			
Net changes in investing activities		(3,157)	(1,647)
Net cash flows used in investing activities		**(3,157)**	**(1,647)**
Cash flows from financing activities			
Principal elements of lease payments		(1,628)	(1,621)
Net changes in other financing liabilities		516,300	(494,347)
Net cash flows from/(used in) financing activities		**514,672**	**(495,968)**
Net change in cash and cash equivalents		321,594	273,568
Cash and cash equivalents at the beginning of the period		1,050,398	984,953
Cash and cash equivalents at the end of the period		**1,371,992**	**1,258,521**

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

Notes to the financial statements

1. Reporting entity

Rabobank New Zealand Limited is the reporting entity and is incorporated in New Zealand. The Bank is wholly owned by Rabobank International Holding B.V. and its ultimate parent entity is Coöperatieve Rabobank U.A. (“Rabobank”), trading as Rabobank and domiciled in the Netherlands.

The interim financial statements of the Bank are presented as at and for the six months ended 30 June 2024. The Bank is primarily involved in the provision of secured loans predominantly to borrowers in the rural industry, and in raising retail deposits. There were no significant changes during the six month period in the nature of the activities of the Bank.

2. Basis of preparation

2.1 Statement of compliance

These interim financial statements have been prepared and presented in accordance with the requirements of the Order and the Banking Act, generally accepted accounting practice, as appropriate for for-profit entities, and in accordance with the requirements of New Zealand equivalent to International Accounting Standard ('NZ IAS') 34 ‘Interim Financial Reporting’. These interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2023. These interim financial statements also comply with IAS 34 ‘Interim Financial Reporting’.

2.2 Basis of measurement

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

2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies. In preparing these interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2023.

The Bank has applied accounting estimates in the interim financial statements based on the forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2024 about future events that directors believe are reasonable in circumstances. There is a considerable degree of judgement involved in preparing the forecasts. The underlying assumptions are also subject to uncertainties which are often outside of the control of the Bank. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in the interim financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are related to expected credit losses calculations, refer to Note 7 "Provision for expected credit losses".

2.4 Material accounting policies

Except as described below, the accounting policies used in the preparation of these interim financial statements are consistent with the accounting policies used in the preparation of the Bank's financial statements for the year ended 31 December 2023. The Bank has not early adopted any NZ equivalents to International Financial Reporting Standards (‘NZ IFRS’) that are not yet in effect.

Notes to the financial statements

2. Basis of preparation (continued)

Changes in accounting policies

The Bank changed the accounting policy as it relates to classification of credit-impaired financial assets that are assessed on an individual basis from including all loans and advances which are individually assessed, irrespective of whether an expected loss provision is recorded against it to including loans and advances subject to individually assessed allowance. This voluntary change does not have any impact on the financial statements and resulted in change in disclosure only in Note 3 “Asset quality” of Registered bank disclosures. This change in accounting policy will also be reflected in Bank's financial statements as at and for the year ending 31 December 2024.

2.5 Functional and presentation currency

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

3. Other operating gains / (losses)

In thousands	Unaudited 6 months to 30/06/2024	Unaudited 6 months to 30/06/2023
Net trading gains/(losses) on derivatives	2,688	(764)
Losses on disposal/write off of property, plant and equipment and intangibles	(4)	-
Foreign exchange gains/(losses)	20	(18)
Total other operating gains / (losses)	**2,704**	**(782)**

4. Impairment (losses) / releases

In thousands	Unaudited 6 months to 30/06/2024	Unaudited 6 months to 30/06/2023
Collective provisions (losses)	(2,936)	(9,238)
Specific provisions (losses) / releases	(107)	1,070
Total impairment (losses)	**(3,043)**	**(8,168)**

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

Notes to the financial statements

5. Loans and advances

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Lending	13,617,458	13,192,098
Finance leases	17,003	24,777
Gross loans and advances	**13,634,461**	**13,216,875**
Accrued interest	23,071	22,154
Provisions for impairment		
Stage 3B	(2,683)	(2,576)
Stage 3A	(4,540)	(6,984)
Stage 2	(8,177)	(7,296)
Stage 1	(21,472)	(16,472)
Total provisions for impairment	**(36,872)**	**(33,328)**
Net loans and advances	**13,620,660**	**13,205,701**

6. Due from related entities

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Current account balances - wholly owned group*	12,491	9,392
Advances - wholly owned group*	698,048	675,903
Accrued interest receivable - wholly owned group*	4,083	4,222
Stage 1 provision for impairment (note 7.2)	(349)	(328)
Total due from related entities	**714,273**	**689,189**

* The wholly owned group refers to other Rabobank related entities. Refer to note 17 for further information on related party disclosures.

Notes to the financial statements

7. Provision for expected credit losses

7.1 Provision for impairment on loans and advances

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

	At 30 June 2024 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands					
Opening balance	16,472	7,296	6,984	2,576	33,328
Charge / (Benefit) to statement of comprehensive income	5,000	883	(2,444)	107	3,546
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	(2)	-	-	(2)
Closing balance retail	**21,472**	**8,177**	**4,540**	**2,683**	**36,872**

	At 31 December 2023 (Audited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands					
Opening balance	12,527	4,305	1,800	1,308	19,940
Charge / (Benefit) to statement of comprehensive income	3,945	2,991	5,184	1,268	13,388
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance retail	**16,472**	**7,296**	**6,984**	**2,576**	**33,328**

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

Notes to the financial statements

7. Provision for expected credit losses (continued)

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

	At 30 June 2024 (Unaudited)				
In thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	1,024	249	6	-	1,279
Charge / (Benefit) to statement of comprehensive income	(378)	(147)	1	-	(524)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance on loan commitments and financial guarantees	**646**	**102**	**7**	**-**	**755**

	At 31 December 2023 (Audited)				
In thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	1,743	268	2	464	2,477
Charge / (Benefit) to statement of comprehensive income	(719)	(19)	4	(464)	(1,198)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance on loan commitments and financial guarantees	**1,024**	**249**	**6**	**-**	**1,279**

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

7.2 Provision for impairment due from related entities

Impairment allowances on due from related entities

	At 30 June 2024 (Unaudited)				
In thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	328	-	-	-	328
Charge / (Benefit) to statement of comprehensive income	21	-	-	-	21
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance related parties	**349**	**-**	**-**	**-**	**349**

Notes to the financial statements

7. Provision for expected credit losses (continued)

Impairment allowances on due from related entities

In thousands	At 31 December 2023 (Audited) Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	287	-	-	-	287
Charge / (Benefit) to statement of comprehensive income	41	-	-	-	41
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance related parties	**328**	**-**	**-**	**-**	**328**

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

7.3 Significant increase in credit risk (unaudited)

Transferring assets from stage 1 to stage 2 requires judgment. To demonstrate the sensitivity of the ECL to the PD thresholds, an analysis was performed, which assumed all assets were below the PD thresholds and apportioned a 12-month ECL. On the same asset base, an analysis was performed which assumed all assets were above the PD thresholds and apportioned a lifetime ECL. Both analyses were performed without taking the impact of portfolio overlays into account and resulted in ECLs of $21,593 thousand (31 December 2023: $9,804 thousand) and $76,294 thousand (31 December 2023: $29,376 thousand), respectively.

7.4 Forward-looking information and macro-economic scenarios (MES) (Unaudited)

Modelled provision for ECL

When estimating expected credit losses for each stage and assessing significant increases in credit risk, the Bank uses information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions (forward-looking information). There is a considerable degree of judgement involved in preparing these forecasts due to the uncertainty around the impact of economic conditions.

The Bank uses three probability-weighted macroeconomic scenarios (a baseline scenario, a baseline minus scenario and a baseline plus scenario) in its ECL models to determine the expected credit losses. A probability weighting of 20% for the minus scenario (31 December 2023: 20%), a probability weighting of 20% for the plus scenario (31 December 2023: 20%) and a probability weighting of 60% for the baseline scenario (31 December 2023: 60%) is used.

Important variables in MES are gross domestic product (GDP) growth, private sector investment and export of goods and services. World GDP and New Zealand Agri-GDP are important variables with the introduction of new IFRS 9 rural model. 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.

Notes to the financial statements

7. Provision for expected credit losses (continued)

New Zealand		*31/12/2024*	*31/12/2025*	*31/12/2026*	*ECL unweighted In thousands*	*Probability*	**Weighted ECL in thousands** *30 June 2024*
Plus	GDP per capita	0.3%	2.5%	2.7%			
	Private sector investments	-4.8%	1.9%	3.3%			
	Exports of Goods & Services	5.6%	7.7%	3.7%	20,527	20%	
	World GDP	3.2%	4.6%	3.2%			
	New Zealand Agri-GDP	11.9%	-2.1%	-1.5%			
Baseline	GDP per capita	0.2%	1.3%	2.0%			
	Private sector investments	-5.8%	-1.0%	1.6%			
	Exports of Goods & Services	5.1%	4.8%	3.5%	24,211	60%	24,371
	World GDP	3.0%	3.2%	3.0%			
	New Zealand Agri-GDP	5.1%	-2.3%	-1.6%			
Minus	GDP per capita	0.2%	0.2%	1.3%			
	Private sector investments	-6.7%	-3.6%	0.0%			
	Exports of Goods & Services	4.7%	2.2%	3.3%	28,698	20%	
	World GDP	2.8%	1.9%	2.9%			
	New Zealand Agri-GDP	-1.8%	-2.4%	-1.7%			

Portfolio overlays

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

The total portfolio overlays as at 30 June 2024 were $800 thousand (31 December 2023: $6,854 thousand). Included in the total overlays were:

- The overlay associated with the ‘Forward Looking probability of default adjustment’ of $6,529 thousand was released as at 30 June 2024. This overlay raised since June 2023 was intended to address the turning of the economic cycle not captured by the model, however, this risk is now assessed to be captured with the implementation of the IFRS9 Rural specific model.
- The new Corporate model went live on 1 July 2024, a new Corporate model portfolio overlay of $800 thousand was raised on 30 June 2024 in anticipation of the impact if all the clients in scope of the new Corporate model are assessed under the new model.
- ‘Physical Climate Risk’ portfolio overlay of $325 thousand was released as at 30 June 2024.

Notes to the financial statements

8. Deposits

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Call deposits	2,153,793	2,274,475
Term deposits	4,230,509	4,033,417
Accrued interest	99,445	87,347
Total deposits	**6,483,747**	**6,395,239**

9. Due to related entities

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Current account balances - wholly owned group*	288,125	283,317
Borrowings - wholly owned group*	6,991,615	6,475,228
Accrued interest payable - wholly owned group*	53,535	48,088
Total due to related entities	**7,333,275**	**6,806,633**

* The wholly owned group refers to other Rabobank related entities. Refer to note 17 for further information on related party disclosures.

10. Other liabilities

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Lease liabilities	10,532	10,860
Sundry creditors	10,726	12,759
Accrued expenses	11,024	15,880
Total other liabilities	**32,282**	**39,499**

Interest expense on lease liabilities amounted to $156 thousand for the six months ended 30 June 2024 (30 June 2023: $123 thousand), and is included within 'Interest expense' in the Statement of Comprehensive Income.

11. Contributed equity, Reserves and Capital management

11.1 Contributed equity

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Ordinary share capital	551,200	551,200
Total contributed equity	**551,200**	**551,200**

Prior to February 1998, the Bank issued 20,600,000 ordinary shares at a value of $2 per share. On 11 August 2010, the Bank issued 150,000,000 ordinary shares at a value of $2 per share. On 19 September 2012, the Bank issued 55,000,000 ordinary shares at a value of $2 per share. On 20 September 2013, the Bank issued 50,000,000 ordinary shares at a value of $2 per share.

Notes to the financial statements

11. Contributed equity, Reserves and Capital management (continued)

As at 30 June 2024, 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 2023: 275,600,000). Each share was issued at $2 and has no par value. The ordinary share capital qualifies as Common Equity Tier 1 capital for capital adequacy purposes.

11.2 Reserves

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
FVOCI financial assets reserve		
Opening balance	(6,203)	(15,689)
Changes in FVOCI financial assets revaluation reserve (gross)	(1,243)	13,175
Changes in FVOCI financial assets revaluation reserve (deferred tax)	348	(3,689)
Total FVOCI reserve	**(7,098)**	**(6,203)**

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. The FVOCI financial assets revaluation reserve qualifies as Common Equity Tier One capital for capital adequacy purposes.

12. Contingent liabilities and credit related commitments

Through the normal course of business, the Bank 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 Bank 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 Bank 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 Bank'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 Bank's option. The Bank 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 credit related commitments:

In thousands	Unaudited At 30/06/2024	Audited At 31/12/2023
Guarantees	1,343	1,343
Lending commitments		
Irrevocable lending commitments	1,887,096	1,954,730
Total contingent liabilities	**1,888,439**	**1,956,073**

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

Notes to the financial statements

13. Expenditure Commitments

13.1 Capital expenditure commitments

The Bank has no commitments as at 30 June 2024 (31 December 2023: nil).

14. Fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost, in accordance with NZ IFRS 7 'Financial Instruments: Disclosures' which requires the Bank to disclose the fair value of those financial instruments not already carried at fair value in the Statement of Financial Position.

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

	Unaudited At 30 June 2024		Audited At 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
In thousands				
Financial assets				
Cash and cash equivalents	1,371,992	1,371,992	1,050,398	1,050,398
Derivative financial instruments	17,800	17,800	17,508	17,508
Financial assets at fair value through other comprehensive income	602,470	602,470	696,697	696,697
Loans and advances	13,620,660	13,521,299	13,205,701	13,088,902
Due from related entities	714,273	698,903	689,189	655,673
Other financial assets	2,994	2,994	2,727	2,727
Financial assets at fair value through profit and loss	2,520	2,520	1,700	1,700
Total financial assets	**16,332,709**	**16,217,978**	**15,663,920**	**15,513,605**
Financial liabilities				
Derivative financial instruments	19,057	19,057	24,473	24,473
Deposits	6,483,747	6,473,888	6,395,239	6,314,589
Due to related entities	7,333,275	7,330,837	6,806,633	6,800,099
Payables to central bank	176,571	182,747	172,156	174,246
Other financial liabilities	32,282	32,282	39,499	39,499
Total financial liabilities	**14,044,932**	**14,038,811**	**13,438,000**	**13,352,906**

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).

Notes to the financial statements

14. Fair values of financial instruments (continued)

Valuation methodology

Financial assets and financial liabilities at fair value

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

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

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 Bank'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 Bank uses a Bilateral Credit Valuation Adjustment (BCVA) methodology to calculate the expected future credit exposure for all derivative exposures including inputs regarding probabilities of default (PDs) and loss given default (LGD).

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

In thousands	Level 1	Level 2	Level 3	Total
At 30 June 2024 (Unaudited)				
Financial assets				
Derivative financial instruments	-	17,800	-	17,800
Financial assets at fair value through other comprehensive income	602,470	-	-	602,470
Financial assets at fair value through profit and loss	-	-	2,520	2,520
Financial liabilities				
Derivative financial instruments	-	19,057	-	19,057

In thousands	Level 1	Level 2	Level 3	Total
At 31 December 2023 (Audited)				
Financial assets				
Derivative financial instruments	-	17,508	-	17,508
Financial assets at fair value through other comprehensive income	696,697	-	-	696,697
Financial assets at fair value through profit and loss	-	-	1,700	1,700
Financial liabilities				
Derivative financial instruments	-	24,473	-	24,473

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

Notes to the financial statements

15. Maturity analysis of assets and liabilities

The Bank actively monitors and manages the mismatch between assets and liabilities as part of standard banking operations. The management of the mismatch between assets and liabilities is based on expected flows arising from the repayment behaviour of assets and liabilities which are not aligned to the contractual maturity. The Bank has access to various sources of short and long term funding via its retail and small to medium-sized enterprise deposit portfolio, and intercompany funding arrangements with Rabobank. These funding options support the renewal of maturing liabilities. Key assumptions regarding the expected maturity dates in the long term framework are applied to both the Rural asset portfolio and deposit portfolio.The table below shows a maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled within 12 months (current) and greater than 12 months (non-current).

	At 30 June 2024 (Unaudited)			At 31 December 2023 (Audited)		
	Current	Non-Current	Total	Current	Non-Current	Total
In thousands						
Assets						
Cash and cash equivalents	1,371,992	-	1,371,992	1,050,398	-	1,050,398
Derivative financial instruments	9,347	8,453	17,800	8,155	9,353	17,508
FVOCI financial assets	228,469	374,001	602,470	395,497	301,200	696,697
Loans and advances	3,843,284	9,777,376	13,620,660	4,706,182	8,499,519	13,205,701
Due from related entities	133,273	581,000	714,273	108,189	581,000	689,189
Income tax receivable	3,443	-	3,443	-	-	-
Other assets	5,603	-	5,603	5,445	-	5,445
Net deferred tax assets	-	18,545	18,545	-	17,924	17,924
Property, plant and equipment	-	17,378	17,378	-	17,859	17,859
Intangible assets	-	818	818	-	1,060	1,060
Financial assets at fair value through profit and loss	-	2,520	2,520	-	1,700	1,700
Total Assets	**5,595,411**	**10,780,091**	**16,375,502**	**6,273,866**	**9,429,615**	**15,703,481**
Liabilities						
Derivative financial instruments	4,413	14,644	19,057	5,231	19,242	24,473
Deposits	2,601,128	3,882,619	6,483,747	2,495,265	3,899,974	6,395,239
Due to related entities	3,512,275	3,821,000	7,333,275	3,395,633	3,411,000	6,806,633
Payables due to central bank	176,571	-	176,571	11,156	161,000	172,156
Current tax payable	-	-	-	25,019	-	25,019
Other liabilities	24,082	8,200	32,282	31,500	7,999	39,499
Provisions	3,607	2,282	5,889	5,377	2,236	7,613
Total Liabilities	**6,322,076**	**7,728,745**	**14,050,821**	**5,969,181**	**7,501,451**	**13,470,632**

Notes to the financial statements

16. Reconciliation of net cash flows from operating activities

In thousands	Unaudited 6 months to 30/06/2024	Unaudited 6 months to 30/06/2023
Net profit after tax	92,727	88,123
Non-cash items	5,687	10,491
Deferrals or accruals of past or future operating cash receipts or payments		
Change in net operating assets and liabilities	(263,690)	636,308
Change in other deferrals and accruals	(41,079)	(5,471)
Change in interest payable/receivable	16,434	41,732
Net cash flows from / (used in) operating activities	**(189,921)**	**771,183**

17. Related party disclosures

The Bank's parent entity is Rabobank International Holding B.V. The ultimate controlling party is Rabobank. Both the parent entity and the ultimate controlling entity are incorporated in the Netherlands. Dealings with the parent and ultimate controlling entity include funding and derivative transactions.

17.1 Transactions with related parties

17.1.1 Guarantees

The first period

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

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

The second period

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

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

The third period

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

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

Notes to the financial statements

17. Related party disclosures (continued)

The fourth period

For the period 18 February 2012 to17 February 2013 (“the Fourth Period”), the obligations of the Bank were guaranteed pursuant to a deed of guarantee dated 10 October 2011 by Rabobank in favour of the creditors of the Bank (the “Fourth Guarantee”).

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

The fifth period

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

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

The sixth period

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

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

The seventh period

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

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

17.1.2 Guarantee fees (Unaudited)

A fee of $0.11 million was charged to the Bank by Rabobank in consideration for providing the obligations guarantees for the six month period ended 30 June 2024 (six month period June 2023: $0.13 million).

17.1.3 Management fees (Unaudited)

Management expenses and recharges mainly consisted of two types, namely expenses incurred in relation to services received from Australian Branch of Rabobank; and overseas Rabobank Head Office.

Expenses that are related to provision of administrative and management services to the Bank (e.g. employee expenses, rent, professional fees) incurred by the Australian Branch of Rabobank are recharged as per service level agreements. In total, management expenses and recharge costs of $23 million were charged by the Australian Branch of Rabobank (six month period June 2023: $24 million).

A management fee of $12 million (six month period June 2023: $11 million) was charged to the Bank by the Rabobank Head Office for the provision of administrative and management services.

A management fee of $3 million (six month period June 2023: $3 million) was charged to New Zealand Branch of Rabobank by the Bank for the provision of administrative and management services.

Nil management fee (six month period June 2023: $1.4 million) was charged to the Bank by Rabobank Australia Limited.

Notes to the financial statements

17. Related party disclosures (continued)

17.1.4 Other transactions

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

In thousands	Unaudited 30/06/2024	Unaudited 30/06/2023
Interest income due from related entities	13,192	11,228
Interest expense due to related entities	209,169	170,374

In thousands	Unaudited 30/06/2024	Audited At 31/12/2023
Due from related entities	714,273	689,189
Due to related entities	7,333,275	6,806,633

Derivatives with a combined notional of $3.3 billion (31 December 2023: $3.3 billion) and a net fair value asset position of $2.9 million (31 December 2023: net fair value liability $1.2 million) are held with the New Zealand Branch of Rabobank and with Rabobank.

Working capital facilities
A loan facility of EUR 4.95 billion was granted by the New Zealand Branch of Rabobank to the Bank on 12 December 2016. The unused amount at 30 June 2024 was EUR1.02 billion (31 December 2023: EUR 1.21 billion).

17.2 Terms and conditions of transactions with related parties

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

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

17.3 Provision for impairment

For the period ended 30 June 2024, the Bank has not made any specific provision for impairment relating to amounts owed by related parties (31 December 2023: Nil). Provision has not been recognised on grounds of it being minimal and immaterial. The Bank recognises collective impairment allowance relating to amounts owned by related parties in accordance with expected credit loss impairment model. The Bank recognised stage 1 impairment allowance relating to amounts owned by related parties of $0.35 million as at 30 June 2024 (31 December 2023 $0.33 million).

17.4 Dividend

No dividend was proposed or paid by the Bank for the six months period ended 30 June 2024 (30 June 2023: Nil).

18. Subsequent events

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

Registered bank disclosures

1. General Information (Unaudited)

General matters

Composition of the Board of directors

There have been the following changes in the composition of the Bank's board of directors since 31 December 2023.

- On 31 May 2024 Mark Wiessing was appointed as a Director of the Bank.
- On 31 May 2024 Lara Yocarini resigned as a Director of the Bank.
- On 5 August 2024 Tonia (Angelique) Meddeler was appointed as a Director of the Bank.

Signing of the Disclosure Statement

Todd Charteris, Chief Executive Officer of the Bank, has signed this Disclosure Statement on behalf of the following directors:

- Christopher Black (Chair)
- Geerten Battjes
- Timothy Deane
- Brent Goldsack
- Tonia Meddeler (Angelique)
- Mark Wiessing

Credit ratings

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

Rating Agency	Current Credit Rating
Standard & Poor's	A (stable)

Auditor of the Bank

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

Guarantee arrangements

Under a series of guarantees, Rabobank guaranteed all the Bank's obligations. Each such guarantee has now expired, except that all obligations incurred by the Bank while a guarantee was current and before the guarantee expired remain guaranteed until those obligations are repaid. The only obligations that remain guaranteed are therefore obligations that were incurred before the close of 30 April 2015 and that have not subsequently been repaid e.g. A deposit obligation incurred before 30 April 2015 will have been repaid (and the deposit obligation will have ceased to be guaranteed) if the deposit is paid into an account with another bank.

Based on the above, material obligations of the Bank are guaranteed as at the date its directors signed this Disclosure Statement. All new obligations incurred by the Bank after 30 April 2015 are not guaranteed.

Details of guarantor

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

Registered bank disclosures

Guarantee arrangements (continued)

Coöperatieve Rabobank U.A. (Rabobank)
Level 4
32 Hood Street
Hamilton
New Zealand

Rabobank is not a member of the Banking Group.

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

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

Details of guaranteed obligations

There are no limits on the amount of the obligations guaranteed under any of the expired guarantees and no material conditions applicable to the guarantees other than non-performance by the Bank. However, the fact that the guarantees have expired means that, for an obligation to be covered, it must (1) have been incurred before the close of 30 April 2015 and (2) not have been subsequently repaid.

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

Further information about the guarantees

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

Material cross guarantee

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

Pending proceedings or arbitration

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

Conditions of registration

There have been following changes to the Bank's Conditions of Registration between 31 December 2023 and 30 June 2024:

With effect on and after 1 April 2024, changes were made to the Bank's Conditions of Registration. The changes related to a new 'connected person' definition under the revised Reserve Bank of New Zealand BS8 policy settings (the revised BS8 policy settings took effect on 1 October 2023, but the new 'connected person' definition was subject to a transition period that ended on 1 April 2024).

Registered bank disclosures

Conditions of registration (continued)

The Bank has complied with all its Conditions of Registration in the six month period ended 30 June 2024.

Other material matters

The Deposit Takers Act

The Deposit Takers Act received Royal Assent on 6 July 2023. Among other things, the Act provides a single, coherent regulatory regime to enable robust regulation of all deposit takers and introduces a new Depositor Compensation Scheme (DCS) so depositors can have confidence that their deposits, in the event of a deposit taker failure, are eligible for compensation up to $100,000 per depositor, per institution. Following passage of the Act, there remains a multi-year work programme to develop policy, standards and regulations to support the commencement of the new regulatory regime by 2028.

Since 31 December 2023, there have been no other matters relating to the business or affairs of the Bank that:

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

2. Additional financial disclosures

Additional information on statement of financial position

In thousands	At 30/06/2024 (Unaudited)
Total interest earning and discount bearing assets	**16,282,142**
Total interest and discount bearing liabilities	**13,824,711**
Financial assets pledged as collateral*	**176,571**

* Relates to repurchase agreements with the Reserve Bank under the Funding for Lending Programme.

Additional information on concentrations of credit risk

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

Registered bank disclosures

2. Additional financial disclosures (continued)

Credit exposures consist of:

In thousands	Unaudited At 30/06/2024
Cash and cash equivalents	1,371,992
Derivative financial instruments	17,800
Financial assets at fair value through other comprehensive income	602,470
Loans and advances	13,620,660
Due from related entities	714,273
Other financial assets	2,994
Commitment and guarantees (note 12)	1,888,439
Total credit exposures	**18,218,628**

Analysis of credit exposures by industry:

In thousands	Unaudited At 30/06/2024
Agriculture	14,657,155
Finance and insurance	1,342,763
Forestry and fishery	16,671
Government	1,366,135
Property and business services	226,035
Other	609,869
Total credit exposures	**18,218,628**

Analysis of credit exposures by geographical areas:

In thousands	Unaudited At 30/06/2024
New Zealand	17,800,024
Australia	17,866
Finland	85,987
Germany	57,610
Philippines	83,314
United States of America	130,293
The Netherlands	14,314
Luxembourg	28,879
Other	341
Total credit exposures	**18,218,628**

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on concentrations of funding

Total funding comprised

In thousands	At 30/06/2024 (Unaudited)
Payables due to central bank	176,571
Deposits	6,483,747
Due to related entities	7,333,275
Other liabilities	32,282
Total funding	**14,025,875**

Analysis of funding by industry

In thousands	At 30/06/2024 (Unaudited)
Agriculture	706,853
Finance and Insurance	7,761,647
Personal and other services	4,917,536
Other	639,839
Total funding	**14,025,875**

Analysis of funding by geographical areas

In thousands	At 30/06/2024 (Unaudited)
New Zealand*	13,807,500
Australia	141,575
The Netherlands	21,174
United Kingdom	16,715
United States of America	14,317
All other countries	24,594
Total funding	**14,025,875**

*Includes funding from New Zealand Branch of Rabobank partially funded by Rabobank entities.

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on interest rate sensitivity

Interest rate repricing analysis

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

In thousands	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non-interest bearing
At 30 June 2024 (Unaudited)							
Financial assets							
Cash and cash equivalents	1,371,992	1,371,992	-	-	-	-	-
Derivative financial instruments	17,800	-	-	-	-	-	17,800
Financial assets at fair value through other comprehensive income	602,470	101,391	77,145	64,854	81,637	277,443	-
Loans and advances	13,620,660	8,640,208	1,887,047	1,409,850	981,430	679,017	23,108
Due from related entities	714,273	120,443	108,685	-	20,000	461,000	4,145
Other financial assets	2,994	-	-	-	-	-	2,994
Financial assets at fair value through profit and loss	2,520	-	-	-	-	-	2,520
Total financial assets	**16,332,709**	**10,234,034**	**2,072,877**	**1,474,704**	**1,083,067**	**1,417,460**	**50,567**
Financial liabilities							
Derivative financial instruments	19,057	-	-	-	-	-	19,057
Deposits	6,483,747	3,317,160	1,188,089	1,382,886	266,111	230,056	99,445
Due to related entities	7,333,275	7,068,879	100,000	-	-	100,000	64,396
Payables due to central bank	176,571	161,000	-	-	-	-	15,571
Other liabilities	32,282	761	742	1,364	2,283	5,380	21,752
Total financial liabilities	**14,044,932**	**10,547,800**	**1,288,831**	**1,384,250**	**268,394**	**335,436**	**220,221**
Swaps	56	424,447	364,800	(400,890)	(481,000)	92,699	
Repricing gap (interest bearing assets and liabilities)	2,457,487	110,681	1,148,846	(310,436)	333,673	1,174,723	
Cumulative mismatch	**2,457,487**	**110,681**	**1,259,527**	**949,091**	**1,282,764**	**2,457,487**	

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on liquidity risk

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

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

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

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

In thousands	Total	On Demand	Up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years and up to 5 years	Over 5 years
At 30 June 2024 (Unaudited)							
Financial liabilities							
Derivative financial instruments	21,458	-	3,008	1,542	4,254	12,654	-
Deposits	6,657,090	1,750,604	2,949,853	1,419,696	286,157	250,780	-
Due to related entities	7,769,579	288,125	1,834,193	1,662,079	3,377,436	530,522	77,224
Payables due to central bank	184,473	-	19,935	164,538	-	-	-
Other liabilities	33,089	-	23,400	1,487	2,477	3,929	1,796
Total financial liabilities	**14,665,689**	**2,038,729**	**4,830,389**	**3,249,342**	**3,670,324**	**797,885**	**79,020**
Contingent liabilities							
Guarantees	1,343	1,343	-	-	-	-	-
Lending commitments	1,887,096	1,825,444	21,644	8,794	8,778	3,223	19,213
Total contingent liabilities	**1,888,439**	**1,826,787**	**21,644**	**8,794**	**8,778**	**3,223**	**19,213**

Registered bank disclosures

2. Additional financial disclosures (continued)

Liquid assets

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

	Unaudited At 30/06/2024
in thousands	
Cash at banks	230,776
Balances with Central Bank	1,141,216
New Zealand Government Securities	224,664
Other debt securities (Kauri)	377,806
Total liquid assets	**1,974,462**

Reconciliation of mortgage related accounts

	Unaudited At 30/06/2024
In thousands	
Loans and advances - loans with residential mortgages	-
Plus short term residential mortgage classified as overdrafts	-
Less housing loans made to corporate customers	-
On-balance sheet residential mortgage exposures subject to the standardised approach	-
Total residential mortgage exposures subject to the standardised approach	**-**

3. Asset quality

Past due assets but not impaired

	At 30 June 2024 (Unaudited)			
	Residential mortgages	Corporate	Retail*	Total
in thousands				
Less than 30 days past due	-	-	32,674	32,674
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Closing balance	**-**	**-**	**32,674**	**32,674**

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

Other asset quality information

Aggregate amount of undrawn balances on retail lending commitments on impaired assets as at 30 June 2024 (unaudited) is $1,208 thousand.

There were no assets under administration as at 30 June 2024.

Registered bank disclosures

3. Asset quality (continued)

Movements in components of loss allowance

Refer to Note 7 for movements in the components for loss allowance on loans and advances and credit commitments for total exposures. Provisions for impairment on loans and advances and credit commitments and financial guarantees relate only to retail exposures which include lending to rural clients together with all other lending to small and medium businesses.

Impacts of changes in gross financial assets on loss allowances

The following table explains how changes in gross carrying amounts and loans during the period have contributed to changes in the provision of ECL on loans.

in thousands	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
30 June 2024 (unaudited)					
Opening balance	11,799,415	933,934	8,251	475,275	13,216,875
Impact of change in accounting policy on opening balance	-	-	437,943	(437,943)	-
Additions	8,949,184	823,918	316,707	18,121	10,107,930
Deletions	(8,652,495)	(705,570)	(298,376)	(33,903)	(9,690,344)
Changes due to transfer between ECL stages	(25,927)	(20,803)	37,940	8,790	-
Closing balance	**12,070,177**	**1,031,479**	**502,465**	**30,340**	**13,634,461**
Provisions for impairment	**(21,472)**	**(8,177)**	**(4,540)**	**(2,683)**	**(36,872)**
Net loans and advances	**12,048,705**	**1,023,302**	**497,925**	**27,657**	**13,597,589**

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios

Capital

In thousands	Unaudited At 30/06/2024
Common Equity Tier 1 ("CET1") capital	
Paid-up ordinary shares issued by the Bank plus related share premium	551,200
Retained earnings (net of appropriations)	1,780,579
Accumulated other comprehensive income and other disclosed reserves	(7,098)
Less deductions from CET1 capital:	
Deferred tax assets	(18,545)
Goodwill and other intangible assets	(818)
Subtotal CET1 capital	**2,305,318**
Additional Tier 1 ("ATI") capital	
Subtotal AT1 capital	**-**
Total Tier 1 capital	**2,305,318**
Tier 2 capital	
Total Tier 2 capital	**-**
Total capital	**2,305,318**

The above balances are derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Banking Prudential Requirement (BPR) 110 Capital Definitions".

Refer to note 11 for information about material terms and conditions of each instrument disclosed above.

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Credit risk

Calculation of on-balance sheet exposures

In thousands	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure
At 30/06/2024 (Unaudited)			
Cash and gold bullion	-	0%	-
Sovereigns and central banks	1,369,571	0%	-
Multilateral development banks and other international organisations	322,942	0%	-
Multilateral development banks and other international organisations	57,610	20%	11,522
Banks	230,777	20%	46,155
Banks - related party[1]	8,494	20%	1,699
Public sector entities	-	20%	-
Corporate	440,771	20%	88,154
Residential mortgages not past due - LVR does not exceed 80%	-	40%	-
Residential mortgages not past due - LVR between 80% and 90%	-	70%	-
Residential mortgages not past due - LVR between 90% and 100%	-	90%	-
Past due residential mortgages	-	100%	-
Other past due assets[2]	-	100%	-
Other past due assets[2]	-	150%	-
Equity holdings in the Business Growth Fund that qualify for 250% risk weight	-	250%	-
Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index	-	300%	-
All other equity holdings (not deducted from capital)	2,520	400%	10,080
Other[3]	13,199,877	100%	13,199,877
Non-risk weighted assets[4]	37,164	0%	-
Total on-balance sheet exposures	**15,669,726**		**13,357,487**

[1] The related party exposure disclosed above is the net exposure after credit risk mitigation tools have been applied in accordance with BS8 and BPR132.

[2] Other past due assets that have been risk weighted at 100% comprise of loans and advances classified as more than 90 days past due assets when the provision for doubtful debt is greater than 20% of the outstanding amount of the loan. Other past due assets that have been risk weighted at 150% comprise of loans and advances classified as more than 90 days past due assets when the provision for doubtful debt is less than 20% of the outstanding amount of the loan.

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

[4] Non-risk weighted assets relate to net deferred tax assets, derivative assets and other intangible assets.

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Calculation of off-balance sheet exposures

In thousands	Total exposure	Credit conversion factor %	Credit equivalent amount	Average risk weight %	Risk weighted exposure
At 30 June 2024 (Unaudited)					
Direct credit substitutes	1,343	100%	1,343	100%	1,343
Asset sales with recourse	-	100%	-	0%	-
Forward asset purchase	-	100%	-	0%	-
Commitments with certain drawdown	-	100%	-	100%	-
Note issuance facility	-	50%	-	0%	-
Revolving underwriting facility	-	50%	-	0%	-
Performance-related contingency	-	50%	-	0%	-
Trade-related contingency	-	20%	-	0%	-
Placements of forward deposits	-	100%	-	0%	-
Undrawn commitment to the Business Growth Fund	-	20%	-	0%	-
Other commitments where original maturity is less than or equal to one year	1,845,933	20%	369,187	100%	369,187
Other commitments where original maturity is more than one year	40,412	50%	20,206	100%	20,206
Other commitments which can be cancelled unconditionally at any time without prior notice	-	0%	-	100%	-
Total off-balance sheet exposures	**1,887,688**		**390,736**		**390,736**

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Counterparty credit risk	Total Exposure	Credit equivalent amount	Average risk weight %	Risk weighted exposure
At 30 June 2024 (Unaudited)				
Foreign exchange contracts	11,307	213	69%	148
Interest rate contracts	3,236,161	15,603	51%	7,994
Other*	192,380	24,574	73%	17,865
Credit valuation adjustment**				16,588
Total	**3,439,848**	**40,390**		**42,595**

* Other category includes commodity swaps and options.

** Minimum Pillar 1 capital requirement in relation credit valuation adjustment is $1,327 thousand.

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

Exposures arising from trades settled on Qualifying Central Counterparties in thousands	Trade exposure or collateral amount	Average risk weight	Risk weighted exposures
Bank as QCCP clearing member, clearing own	-	-	-
Collateral posted for clearing via member bank	-	-	-
Bank as client of QCCP member, clearing trades	-	-	-
Collateral posted for clearing own trades	-	-	-

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Additional residential mortgages information

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

	At 30 June 2024 (Unaudited)		
In thousands	Drawn	Undrawn	Total
LVR range			
Do not exceed 80%	-	-	-
Exceeds 80% and not 90%	-	-	-
Exceeds 90%	-	-	-
Total value of residential mortgage exposures	**-**	**-**	**-**

Credit risk mitigation

	At 30/06/2024 (Unaudited)	
In thousands	Total value of on- and off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on- and off-balance sheet exposures covered by guarantees or credit derivatives
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Banks - related party*	714,273	-
Corporate	-	-
Residential mortgage	-	-
Other	-	-
Total gross-exposure basis	**714,273**	**-**
Total net-exposure basis	**8,494**	**-**

* On 2 April 2015, Reserve Bank of New Zealand advised that it has no objection to RNZL measuring connected party exposures on a net exposure basis, as described in BS8. As described in BPR132, the exposure value for bilateral on-balance sheet netting of loans and deposits is calculated by treating loans as exposures and deposits as cash collateral.

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Operational risk

Operational risk capital requirement

	At 30/06/2024 (Unaudited)	
	Implied risk weighted exposure	Total operational risk capital requirement
In thousands		
Operational risk	979,325	78,346
Total	**979,325**	**78,346**

Market risk period-end capital charges

	At 30/06/2024 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
In thousands		
Interest rate risk	496,375	39,710
Foreign currency risk	250	20
Total	**496,625**	**39,730**

The bank does not take any equity risk.

Market risk peak end-of-day capital charges

	At 30/06/2024 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
In thousands		
Interest rate risk	578,875	46,310
Foreign currency risk	55,250	4,420
Total	**634,125**	**50,730**

The bank does not take any equity risk.

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

The above market risk information is derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document entitled "Banking Prudential Requirement (BPR) 140: Market risk exposure".

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Total capital requirements

In thousands	At 30/06/2024 (Unaudited) Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Total capital requirement
Total credit risk	20,997,260	13,790,818	1,103,265
Operational risk	N/A	979,325	78,346
Market risk	N/A	496,625	39,730
Total	**20,997,260**	**15,266,768**	**1,221,341**

Capital ratios

	At 30 June 2024 (Unaudited)		At 30 June 2023 (Unaudited)	
In percentage (%)	Ratio	Minimum ratio requirement	Ratio	Minimum ratio requirement
Common Equity Tier 1 capital ratio	15.10%	4.50%	14.03%	4.50%
Tier 1 capital ratio	15.10%	6.00%	14.03%	6.00%
Total capital ratio	**15.10%**	**8.00%**	**14.03%**	**8.00%**

Buffer ratio

In percentage (%)	At 30 June 2024 (Unaudited)	At 30 June 2023 (Unaudited)
Buffer ratio (in excess of the minimum tier 1 capital ratio requirement)	7.10%	6.03%
Buffer ratio requirement	2.50%	2.50%

Solo capital adequacy

In percentage (%)	At 30 June 2024 (Unaudited)	At 30 June 2023 (Unaudited)
Common equity tier 1 (CET1) capital ratio	15.10%	14.03%
Tier 1 capital ratio	15.10%	14.03%
Total capital ratio	15.10%	14.03%

The ratios above are derived in accordance with the conditions of registration relating to capital adequacy and the Reserve Bank document Banking Prudential Requirement (BPR) 100: Capital Adequacy.

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Pillar 2 capital for other material risks

In thousands	At 30 June 2024 (Unaudited)	At 30 June 2023 (Unaudited)
Internal capital allocation for other material risks	51,541	59,138

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

(i) Credit Concentration Risk, including obligor/sector/regional concentration, is credit risk concentration when the exposure of one client or a group of exposures is large enough to create credit losses such that to endanger the financial health of the Bank.
(ii) 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. This includes the following sub-risks: Breach of Sanctions; Competition; Conflicts of Interest; Corruption; Data Privacy; Fraud; Market Inefficiency and Misconduct; Money Laundering; Record Keeping; Terrorism Financing; Treating Clients Fairly; Regulatory Compliance. Although identified as a separate material risk for the purposes of the RMS, for the purposes of the ICAAP, Compliance Risk is explicitly captured by Operational Risk as defined in BPR001 Glossary.
(iii) Business Risk is defined as developments that threaten market and financial goals, reputation and adequacy of capital. This includes the following sub-risks: Strategic Risk; Capital Adequacy; Reputational Risk; Contagion Risk and Climate-related & Environmental, Social and Governance Risk.
(iv) Liquidity risk is the risk that the Bank will not have sufficient funds available to meet its financial and transactional cash flow obligations and regulatory obligations.
(v) Interest rate risk in the banking book (IRRBB) is the risk of loss in earnings or in the economic value on banking book items as a consequence of movements in interest rates.

The Bank has completed an internal assessment of all the material risks focused by the Bank. This is described in the ICAAP document. The result show that no individual Pillar 2 risk would require a high capital allocation. The Bank adopted capital buffer of 4.22% against credit concertation risk, strategic risk and interest rate risk in banking group (31 December 2023: an internal capital allocation of 4.90% of Pillar 1 capital). The internal capital allocation for the Pillar 2 risks forms part of the internal capital buffer.

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

Capital adequacy of the ultimate parent bank

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

At 30 June (Unaudited)	2024 %	2023 %
Common equity Tier 1 capital ratio	16.30%	16.70%
Tier 1 capital ratio	18.20%	18.70%
Total capital ratio	20.50%	21.50%

Registered bank disclosures

4. Capital adequacy under the standardised approach and regulatory liquidity ratios (continued)

Minimum capital requirements

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

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

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

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

Regulatory liquidity ratios

	3 months to 31/03/2024 (Unaudited)	3 months to 30/06/2024 (Unaudited)
Quarterly average core funding ratio	85.6%	84.8%
Quarterly average one-month mismatch ratio	6.7%	7.0%
Quarterly average one-week mismatch ratio	6.6%	7.3%

5. Concentration of credit exposures to individual counterparties

	Unaudited	
	At 30 June 2024	Peak for the period
Number of bank counterparties:		
Percentage of Common equity Tier 1 capital		
10-15%	1	1
15-20%	-	-
20-25%	-	-
25-30%	-	-
30-35%	-	-
Number of non-bank counterparties:		
Percentage of Common equity Tier 1 capital		
10-15%	-	-
15-20%	-	-
20-25%	-	-
25-30%	-	-

All bank counterparties disclosed in the table above have a long-term credit rating of A- or A3 or above.

Registered bank disclosures

5. Concentration of credit exposures to individual counterparties (continued)

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

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

The peak end-of-day credit exposure is measured by taking the maximum end-of-day aggregate credit exposure during the period and dividing it by the Banking Group's Common equity Tier 1 capital as at the end of the period.

6. Insurance business (Unaudited)

The Banking Group does not conduct any insurance business.

7. Risk management policies (Unaudited)

Since 31 December 2023:

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

Independent auditor's review report

To the shareholder of Rabobank New Zealand Limited

Report on the interim financial statements and the supplementary information (excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9)

Our conclusion

We have reviewed the interim financial statements (the "Financial Statements") for the six month period ended 30 June 2024 of Robobank New Zealand Limited (the "Bank") as required by clause 25 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order (the "Supplementary Information"), excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order contained in the half year disclosure statement (the "Disclosure Statement").

The Financial Statements comprise the statement of financial position as at 30 June 2024, the related statement of comprehensive income, statement of changes in equity and condensed statement of cash flows for the six month period ended and explanatory notes.

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

- Financial Statements of the Bank disclosed on pages 3 to 21 have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34); and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)"). Our responsibilities are further described in the *Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information* section of our report.

We are independent of the Bank in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Other than in our capacity as auditors and providers of other related assurance services, we have no relationship with, or interests in, the Bank. In addition, certain partners and employees of our firm may deal with the Bank on normal terms within the ordinary course of trading activities of the Bank. The provision of these other services and relationships have not impaired our independence.

Responsibilities of the Directors for the Disclosure Statement

The Directors are responsible, on behalf of the Bank, for the preparation and fair presentation of the Financial Statements in accordance with clause 25 of the Order, NZ IAS 34 and IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Information that are free from material misstatement, whether due to fraud or error.

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

- all of the information prescribed in Schedule 3 of the Order; and
- the information prescribed in Schedules 5, 7, 9, 13, 16 and 18 of the Order.

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

Our responsibility is to express a conclusion on the Financial Statements and the Supplementary Information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the:

- Financial Statements, taken as a whole, have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34; and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
    - does not present fairly, in all material respects, the matters to which it relates; or
    - is not disclosed, in all material respects, in accordance with those schedules; or
    - if applicable, has not been prepared, in all material respects, in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

A review in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the Financial Statements and the Supplementary Information.

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
Sydney, Australia

21 August 2024

Independent Assurance Report

To the shareholder of Rabobank New Zealand Limited

Limited assurance report on compliance with the information required on capital adequacy and regulatory liquidity requirements

Our conclusion

We have undertaken a limited assurance engagement on Rabobank New Zealand Limited (the "Bank")'s compliance, in all material respects, with clause 22 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") which requires information prescribed in Schedule 9 of the Order relating to capital adequacy and regulatory liquidity requirements to be disclosed in its half year Disclosure Statement for the six month period ended 30 June 2024 (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 Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order and disclosed in section 4 of the Registered bank disclosures, 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 the Bank for compliance with the Order, including clause 22 of the Order which requires information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 9 of the Order to be included in the Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

Our independence and quality management

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

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

We are independent of the Bank. Other than in our capacity as auditors and providers of other related assurance services, we have no relationship with, or interests in, the Bank. In addition, certain partners and employees of our firm may deal with the Bank on normal terms within the ordinary course of trading activities of the Bank. 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 Bank's information relating to capital adequacy and regulatory liquidity requirements, 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 Bank's information relating to capital adequacy and regulatory liquidity requirements, 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.

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 capital adequacy and regulatory liquidity requirements 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 capital adequacy and regulatory liquidity requirements;
- obtained an understanding of the Bank's compliance framework and internal control environment to ensure the information relating to capital adequacy and regulatory liquidity requirements 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 capital adequacy and regulatory liquidity requirements and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the interim financial statements; and
- agreed the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order to information extracted from the Bank's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clause 14 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.

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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 Bank's information relating to capital adequacy and regulatory liquidity requirements 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 Bank’s shareholder 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 Bank and the Bank’s shareholder, or for any purpose other than that for which it was prepared.

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

PricewaterhouseCoopers

Chartered Accountants
Sydney, Australia

21 August 2024