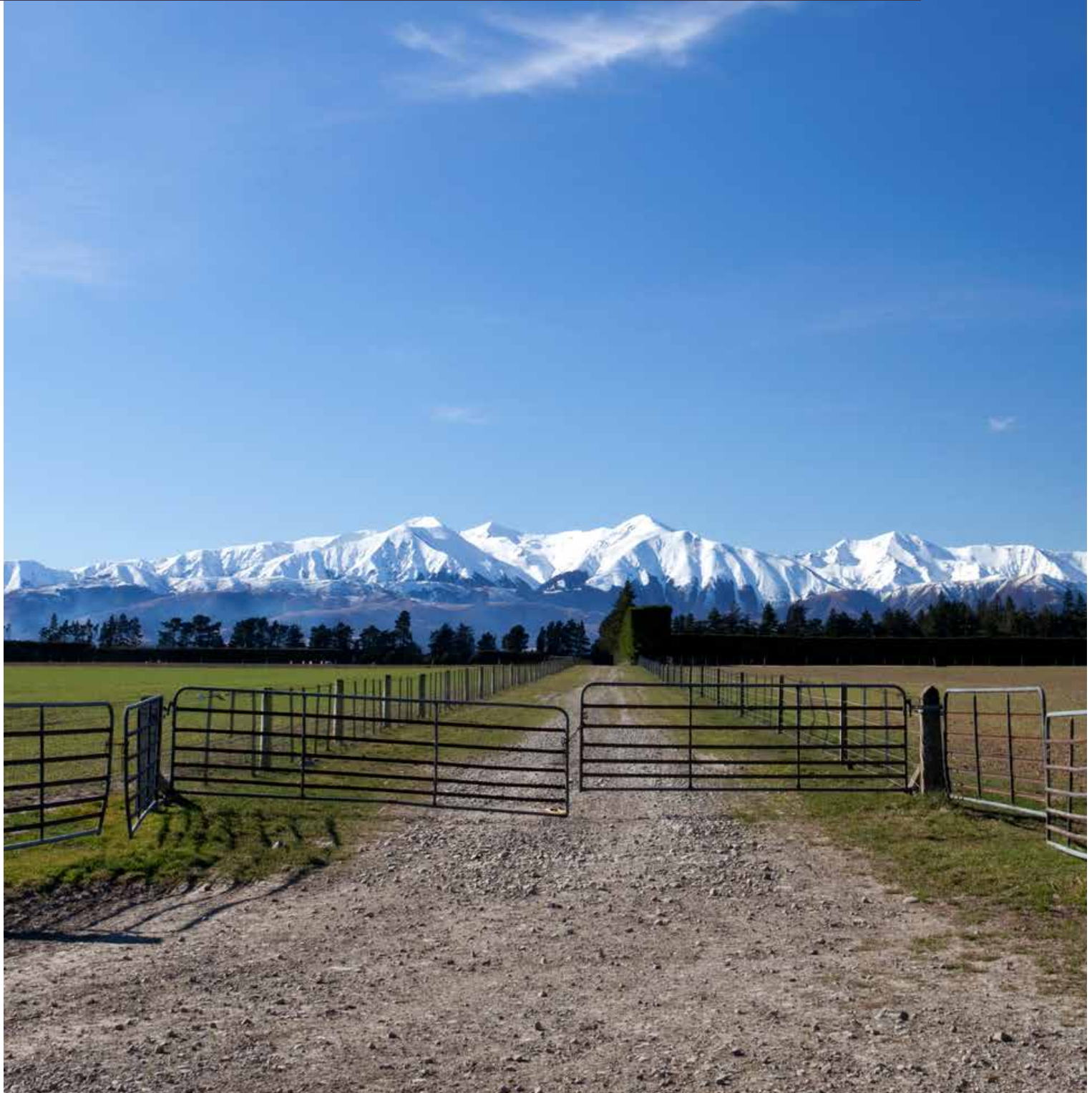


# Coöperatieve Rabobank U.A. New Zealand Banking Group

Disclosure Statement - 30 June 2020



**Rabobank**

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# General Disclosures

## General information and definitions

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

In this Disclosure Statement:

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

## General matters

### Directors

There have been the following changes to the Registered Bank's Board of Directors since 31 December 2019:

- Mark Pensaert was appointed to the Registered Bank's Supervisory Board with effect on 8 April 2020.

In addition, Jan van Nieuwenhuizen will retire from the Registered Bank's Managing and Executive Boards with effect on 1 September 2020.

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

### Managing Board

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

### Executive Board

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

### Supervisory Board

- R. Teerlink (Ron), chairman
- M. Trompetter (Marjan), vice chairman

## General Disclosures

### General matters (continued)

- L.N. Degle (Leo), member
- A.A.J.M. Kamp (Arian), member
- J. J. Nooitgedagt (Jan), member
- P.H.J.M. Visée (Pascal), member
- P.H.M. Hofsté (Petri), member
- A.P. Aris (Antoinette), member
- M. Pensaert (Mark), member

### New Zealand Chief Executive Officer

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

### No subordination of claims of creditors

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

### Requirement to hold excess assets over deposit liabilities

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

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

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

### Auditors for the Banking Group

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

### Credit ratings

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

Rating Agency	Current Credit Rating
Standard & Poor's	A+ (negative)
Moody's	Aa3 (stable)
Fitch	AA- (negative)

### Insurance business

The Banking Group does not conduct any insurance business.

## General Disclosures

### Guarantee arrangements

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

### Non-consolidated activities

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

### Risk management policies

Since 31 December 2019:

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

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

Since 31 December 2019, there have been no material changes in:

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

### Conditions of registration

There has been a change to the Conditions of Registration between 31 December 2019 and 30 June 2020. The change, which took effect on and from 1 May 2020, removed residential mortgage loan-to-valuation ratio restrictions.

### Other material matters

#### Interest rate derivatives

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

The Registered Bank is involved in civil proceedings in the Netherlands relating to interest rate derivatives concluded with Dutch business customers. The majority of these concern individual cases. In addition, there is a collective action regarding interest rate derivatives. These actions concern allegations relating to alleged misconduct in connection with the Registered Bank's Euribor submissions (as described below) and/or allegations of misinforming clients with respect to interest rate derivatives. The Registered Bank will defend itself against all these claims. Furthermore, there are pending complaints and proceedings against the Registered Bank regarding interest rate derivatives brought before the Dutch Financial Services Complaints Authority, which has opened a conflict resolution procedure.

With respect to the (re-)assessment of the interest rate derivatives of its Dutch business customers and advance payments made, the Registered Bank has recognised a provision of 44 million euros as at 30 June 2020 (31 December 2019: 107). The Registered Bank's payments to customers under the Recovery Framework in 2020 have amounted to 63 million euros.



# General Disclosures

## Other material matters (continued)

### Imtech

On 30 January 2018, the Registered Bank received a letter indicating that legal proceedings may be started with respect to a potential collective action in relation to certain share offerings of Royal Imtech N.V. in which the Registered Bank was involved. Furthermore, the receivers in August 2018 sent a letter in which they describe the possible grounds on which their future claim(s) towards the Registered Bank in its capacity of lender will be based. No provision has been recognised.

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

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

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

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

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

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

### COVID-19

The net profit of the Overseas Banking Group (which includes the Rabobank New Zealand Banking Group) for the first half of year 2020, which was EUR 227 million, was lower than for the same period in 2019, and this can be primarily attributed to the impact of COVID-19. The effects of COVID-19 are reflected in the significantly higher loan impairment charges, which have increased to EUR 1,442 (H1 2019: 440) million. The Registered Bank considers that the remaining period of 2020 will be marked by uncertainty and that it is still not clear how the pandemic will develop in the second half of 2020, how long it will last, or what measures will be needed to bring the virus under control globally. The Overseas Banking Group will see the impact of COVID-19 reflected in its full-year results for 2020.

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

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

## Financial Statements of Registered Bank and Overseas Banking Group

The most recent publicly available financial statements of the Registered Bank and the Overseas Banking Group are available at the internet address:

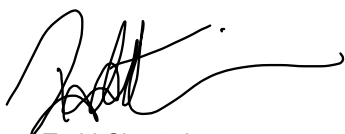
[www.rabobank.com/en/about-rabobank/results-and-reports/index.html](http://www.rabobank.com/en/about-rabobank/results-and-reports/index.html)

## Directors' and New Zealand Chief Executive Officer's Statement

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

- (i) as at the date on which the Disclosure Statement is signed:
  - The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended); and
  - The Disclosure Statement is not false or misleading; and
- (ii) over the six month period ended 30 June 2020:
  - The Registered Bank has complied with all conditions of registration that applied during that period; and
  - The Branch and the other members of the Banking Group had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, liquidity risk and other business risks, and those systems were being properly applied (the Banking Group does not have any equity risk, and therefore neither has nor requires any system to monitor or control equity risk).

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



Todd Charteris

Dated: 28 August 2020

## Statement of Comprehensive Income

In thousands of NZD	Note	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
Interest income		303,581	342,089	663,285
Interest expense		(126,881)	(164,698)	(314,733)
<b>Net interest income</b>		<b>176,700</b>	<b>177,391</b>	<b>348,552</b>
Other income	3	9,917	7,105	17,231
Other expense	4	(7,219)	(4,755)	(11,332)
Other operating gains/(losses)	5	(30,615)	(479)	(1,516)
<b>Non-interest income / (expense)</b>		<b>(27,917)</b>	<b>1,871</b>	<b>4,383</b>
<b>Operating income</b>		<b>148,783</b>	<b>179,262</b>	<b>352,935</b>
Operating expenses		(73,849)	(66,064)	(147,625)
Impairment (losses)/releases	6	(33,988)	(18,253)	(23,127)
<b>Profit before income tax</b>		<b>40,946</b>	<b>94,945</b>	<b>182,183</b>
Income tax expense		(11,565)	(28,805)	(52,457)
<b>Profit after income tax</b>		<b>29,381</b>	<b>66,140</b>	<b>129,726</b>
<b>Other comprehensive income for the period / year</b>				
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of financial assets at fair value through other comprehensive income (gross)	16.2	2,536	2,432	741
Tax associated with changes in the fair value of financial assets through other comprehensive income	16.2	(710)	(681)	(207)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>1,826</b>	<b>1,751</b>	<b>534</b>
Items that will not be reclassified subsequently to profit or loss				
Total items that will not be reclassified subsequently to profit or loss		-	-	-
Total other comprehensive income for the period / year		<b>1,826</b>	<b>1,751</b>	<b>534</b>
Total comprehensive income attributable to members of Rabobank New Zealand Banking Group		<b>31,207</b>	<b>67,891</b>	<b>130,260</b>

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



## Statement of Financial Position

In thousands of NZD	Note	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>Assets</b>				
Cash and cash equivalents		682,458	800,473	420,769
Derivative financial instruments		175,401	116,894	123,343
Financial assets at fair value through other comprehensive income	7	913,311	708,575	757,248
Loans and advances	8	14,060,016	12,954,407	13,805,974
Due from related entities	10	1,863,418	2,102,099	1,548,034
Other assets		68,293	56,143	68,019
Current tax receivables		21,466	936	524
Net deferred tax assets		27,676	23,413	18,969
Property, plant and equipment	11	10,446	19,943	12,089
Intangible assets		928	970	1,057
<b>Total assets</b>		<b>17,823,413</b>	<b>16,783,853</b>	<b>16,756,026</b>
<b>Liabilities</b>				
Derivative financial instruments		226,976	146,772	160,939
Debt securities in issue		1,573,714	3,542,732	2,199,913
Deposits	12	6,190,844	5,749,211	5,474,696
Due to related entities	13	7,749,821	5,344,842	6,865,827
Interest bearing liabilities		2,643	7,099	4,725
Income tax payable		-	823	2,893
Other liabilities	14	24,530	30,180	23,476
Provisions		3,971	3,473	3,854
Head office account		305,624	312,668	319,468
<b>Total liabilities</b>		<b>16,078,123</b>	<b>15,137,800</b>	<b>15,055,791</b>
<b>Net Assets</b>		<b>1,745,290</b>	<b>1,646,053</b>	<b>1,700,235</b>
<b>Equity</b>				
Contributed equity	16.1	551,201	551,201	551,201
Reserves	16.2	4,166	3,557	2,340
Retained earnings		1,189,923	1,091,295	1,146,694
<b>Total equity</b>		<b>1,745,290</b>	<b>1,646,053</b>	<b>1,700,235</b>

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

## Statement of Changes in Equity

In thousands of NZD	Contributed equity	Retained earnings	Reserves	Total
<b>At 1 January 2019 (Audited)</b>	<b>551,201</b>	<b>1,046,796</b>	<b>1,806</b>	<b>1,599,803</b>
Net profit	-	44,499	-	44,499
Other comprehensive income:				
Revaluation reserve - FVOCI financial assets	-	-	1,751	1,751
<b>At 30 June 2019 (Unaudited)</b>	<b>551,201</b>	<b>1,091,295</b>	<b>3,557</b>	<b>1,646,053</b>
<b>At 1 January 2019 (Audited)</b>	<b>551,201</b>	<b>1,046,796</b>	<b>1,806</b>	<b>1,599,803</b>
Net profit	-	100,898	-	100,898
Other comprehensive income:				
Revaluation reserve - FVOCI financial assets	-	-	534	534
Cash dividends	-	(1,000)	-	(1,000)
<b>At 31 December 2019 (Audited)</b>	<b>551,201</b>	<b>1,146,694</b>	<b>2,340</b>	<b>1,700,235</b>
<b>At 1 January 2020</b>	<b>551,201</b>	<b>1,146,694</b>	<b>2,340</b>	<b>1,700,235</b>
Net profit	-	43,229	-	43,229
<b>Other comprehensive income:</b>				
Revaluation reserve - FVOCI financial assets	-	-	1,826	1,826
<b>At 30 June 2020 (Unaudited)</b>	<b>551,201</b>	<b>1,189,923</b>	<b>4,166</b>	<b>1,745,290</b>

Statement of Changes in Equity excludes current period and cumulative surpluses of the Branch. The net surplus / loss of the Branch is disclosed as head office account under liabilities in the Statement of Financial Position.

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

## Condensed Statement of Cash Flows

In thousands of NZD	Note	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
<b>Cash flows from operating activities</b>				
Interest income		305,681	348,555	651,177
Interest paid		(149,620)	(174,722)	(311,238)
Other cash inflows provided by operating activities		10,724	7,099	37,855
Other cash outflows used in operating activities		(133,870)	(97,863)	(199,918)
Net changes in operating assets and liabilities		(48,100)	817,744	200,935
<b>Net cash flows (used in)/from operating activities</b>	27	<b>(15,185)</b>	<b>900,813</b>	<b>378,811</b>
<b>Cash flows from Investing activities</b>				
Net changes in investing activities		(7,879)	(15,124)	(37,629)
<b>Net cash flows used in investing activities</b>		<b>(7,879)</b>	<b>(15,124)</b>	<b>(37,629)</b>
<b>Cash flows from financing activities</b>				
Principal elements of lease payments		(2,032)	(1,736)	(3,321)
Net changes in other financing liabilities		286,785	(505,894)	(339,506)
<b>Net cash flows from/(used in) financing activities</b>		<b>284,753</b>	<b>(507,630)</b>	<b>(342,827)</b>
<b>Net change in cash and cash equivalents</b>		261,689	378,059	(1,645)
Cash and cash equivalents at the beginning of the period / year		420,769	422,414	422,414
<b>Cash and cash equivalents at the end of the period / year</b>		<b>682,458</b>	<b>800,473</b>	<b>420,769</b>

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

# Notes to the Financial Statements

## 1. Reporting entity

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

These interim financial statements as at and for the six months ended 30 June 2020 are a combination of the interim financial statements of the above entities.

## 2. Basis of preparation

### 2.1 Statement of compliance

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

These interim financial statements have been prepared in accordance with the requirements of the New Zealand equivalent to International Accounting Standard ('NZ IAS') 34 Interim Financial Reporting. These financial statements also comply with IAS 34 'Interim Financial Reporting'. These interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2019.

### 2.2 Basis of measurement

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

### 2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies. In preparing these interim financial statements, the significant judgements made by management in applying the Banking Group's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2019.

The Banking Group has applied accounting estimates in the financial statements based on the forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2020 about future events that directors believe are reasonable in circumstances. There is a considerable degree of judgement involved in preparing the forecasts. The underlying assumptions are also subject to uncertainties which are often outside of the control of the Banking Group. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequency do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in the financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are related to expected credit losses calculations.

### ***Accounting treatment of the impacts from the COVID-19 pandemic***

#### General

The impact of the COVID-19 pandemic has been assessed since the first quarter of 2020 and remains an area of judgement regarding the accounting treatment. Management and particularly risk management continue to monitor the lock down measures taken by the government, the macro economic scenarios and assessing the impact specifically relative to the Banking Group and the industry. As a result this has impacted the credit quality of the Banking Group's credit exposure and via model based provisioning also increased the collective impairment levels of the loan portfolio. Specific individual provisions as at June 2020 are immaterial. Assessments will continue throughout the second half of the year as the outlook and impacts change or materialise.

# Notes to the Financial Statements

## 2. Basis of preparation (continued)

### Impact on NZ IFRS 9 impairment allowances

A large part of the impact on the expected credit losses resulting from the COVID-19 pandemic relates to changes to the forward-looking information that have an upward effect on NZ IFRS 9 Stage 1 and 2 impairment allowances, resulting in higher levels of impairment charges. Note 8 "Loans and advances" provides an overview of the exposures and impairment allowances per stage.

The macroeconomic scenarios applied in the first half of 2020 differ to those applied in 2019 and reflect current estimated economic conditions. The base case scenario reflects a downturn in 2020 followed by a recovery in 2021 as the Banking Group sees a significant mitigating effect from the financial support packages being introduced by the New Zealand government. The base case scenario is considered the most likely scenario with a likelihood of 70% while the downside and upside scenario each have a likelihood of 15% each. Further information on the macroeconomic scenarios and forward-looking information can be found in note 9 "Credit quality, impaired assets and provision for impairment".

### 2.4 Principal accounting policies

The accounting policies used in the preparation of these interim financial statements are consistent with the accounting policies used in the preparation of the Banking Group's financial statements for the year ended 31 December 2019. The Banking Group has not early adopted any NZ equivalents to International Financial Reporting Standards ('NZ IFRS') that are not yet in effect.

### 2.5 Functional and presentation currency

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

### 2.6 Comparative figures

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 period.

### 2.7 Principles of consolidation

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

## Notes to the Financial Statements

### 3. Other income

	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
<b>In thousands of NZD</b>			
Lending and credit facility related fee income	474	406	1,092
Other income	432	570	1,491
Fee and commission income	449	452	1,066
Rental income from operating lease	8,562	5,677	13,582
<b>Total other income</b>	<b>9,917</b>	<b>7,105</b>	<b>17,231</b>

### 4. Other expense

	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
<b>In thousands of NZD</b>			
Commission and fee expense*	(252)	(255)	(448)
Depreciation expense on operating lease	(6,967)	(4,500)	(10,884)
<b>Total other expense</b>	<b>(7,219)</b>	<b>(4,755)</b>	<b>(11,332)</b>

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

### 5. Other operating gains / (losses)

	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
<b>In thousands of NZD</b>			
Net trading gains / (losses) on derivatives	(30,659)	(1,847)	(3,973)
Fair value hedge amortisation	1,026	1,147	2,312
Credit risk adjustments on derivatives	(1,014)	249	22
Losses on disposal/write off of property, plant and equipment	-	-	(3)
Gain on disposal/write off of FVOCI financial assets	-	84	167
Foreign exchange gains / (losses)	32	(112)	(41)
<b>Total other operating gains / (losses)</b>	<b>(30,615)</b>	<b>(479)</b>	<b>(1,516)</b>

### 6. Impairment (losses) / releases

	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
<b>In thousands of NZD</b>			
Collective provisions releases / (charges)	(25,905)	(7,685)	(6,411)
Specific provisions releases / (charges)	(7,878)	(10,255)	(17,224)
Other gains	317	262	-
Bad debt (losses)/recovery	(522)	(575)	508
<b>Total impairment releases / (losses)</b>	<b>(33,988)</b>	<b>(18,253)</b>	<b>(23,127)</b>

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



## Notes to the Financial Statements

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

	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>In thousands of NZD</b>			
New Zealand Government Securities	717,734	505,368	541,092
Other debt securities (Kauri)	195,577	203,207	216,156
<b>Total Financial assets FVOCI</b>	<b>913,311</b>	<b>708,575</b>	<b>757,248</b>

The impairment allowance relating to financial assets at fair value through profit and loss is \$10 thousand (December 2019: \$3 thousand).

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

### 8. Loans and advances

	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>In thousands of NZD</b>			
Lending	13,421,162	12,357,358	13,150,440
Finance leases	717,311	642,870	698,140
<b>Gross loans and advances</b>	<b>14,138,473</b>	<b>13,000,228</b>	<b>13,848,580</b>
Accrued interest	9,058	11,082	10,409
<b>Provisions for impairment</b>			
Stage 3B	(24,641)	(19,337)	(16,258)
Stage 3A	(12,767)	(15,524)	(18,503)
Stage 2	(22,224)	(9,880)	(8,032)
Stage 1	(27,883)	(12,162)	(10,222)
<b>Net loans and advances</b>	<b>14,060,016</b>	<b>12,954,407</b>	<b>13,805,974</b>

### 9. Credit quality, impaired assets and provision for impairment

#### 9.1 Individually impaired assets

	At 30 June 2020 (Unaudited)			
	Residential mortgages	Corporate	Retail*	Total
<b>in thousands of NZD</b>				
Opening balance	-	115,436	418,300	533,736
Additions	-	10,586	113,958	124,544
Amounts written off	-	-	(234)	(234)
Returned to performing or repaid	-	(3,782)	(157,709)	(161,491)
Closing balance	-	<b>122,240</b>	<b>374,315</b>	<b>496,555</b>

## Notes to the Financial Statements

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

#### 9.2 Past due assets but not impaired

	At 30/06/2020 (Unaudited)			
	Residential mortgages	Corporate	Retail*	Total
<b>in thousands of NZD</b>				
Less than 30 days past due	-	-	19,113	19,113
At least 30 days but less than 60 days past due	-	-	4,607	4,607
At least 60 days but less than 90 days past due	-	-	2,358	2,358
At least 90 days past due	-	-	1,975	1,975
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>28,053</b>	<b>28,053</b>

#### 9.3 Other asset quality information

Aggregate amount of undrawn balances on lending commitments on impaired assets as at 30 June 2020 is \$20,898 thousand.

There were no assets under administration as at 30 June 2020. (2019: Nil).

#### 9.4 Provision for impairment loans and advances

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

	At 30/06/2020 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
<b>in thousands of NZD</b>					
<b>Residential mortgages</b>					
Opening balance	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Closing balance residential mortgages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	At 30/06/2020 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
<b>in thousands of NZD</b>					
<b>Corporate</b>					
Opening balance	208	198	4,829	3,983	9,218
Changes due to change in credit risk	-	-	-	-	-
Charge to statement of comprehensive income	4,731	6	694	7,190	12,621
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	125	125
<b>Closing balance corporate</b>	<b>4,939</b>	<b>204</b>	<b>5,523</b>	<b>11,298</b>	<b>21,964</b>

## Notes to the Financial Statements

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

In thousands of NZD	At 30/06/2020 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
<b>Retail*</b>					
Opening balance	8,968	7,712	13,673	12,275	42,628
Charge to statement of comprehensive income	10,147	12,746	(6,879)	641	16,655
Amounts written off	-	-	-	(551)	(551)
Recoveries	-	-	-	317	317
Reversals	-	-	-	-	-
Other movements	-	(2)	450	614	1,062
<b>Closing balance retail</b>	<b>19,115</b>	<b>20,456</b>	<b>7,244</b>	<b>13,296</b>	<b>60,111</b>

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

#### 9.5 Provision for impairment loans and advances

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

In thousands of NZD	At 30/06/2020 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	1,046	121	1	-	1,168
Charge to statement of comprehensive income	2,895	1,443	(1)	47	4,384
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	(112)	-	-	-	(112)
<b>Closing balance on loan commitments and financial guarantees</b>	<b>3,829</b>	<b>1,564</b>	<b>-</b>	<b>47</b>	<b>5,440</b>

##### 9.5.2 Total provisions for impairment on loans and advances

In thousands of NZD	At 30/06/2020 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	10,222	8,032	18,503	16,258	53,015
Charge to statement of comprehensive income	17,773	14,194	(6,186)	7,878	33,659
Amounts written off	-	-	-	(551)	(551)
Recoveries	-	-	-	317	317
Reversals	-	-	-	-	-
Other movements	(112)	(2)	450	739	1,075
<b>Closing balance on loans and advances and loan commitments and financial guarantees</b>	<b>27,883</b>	<b>22,224</b>	<b>12,767</b>	<b>24,641</b>	<b>87,515</b>

# Notes to the Financial Statements

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

### 9.6 Provision for impairment due from related entities

#### Impairment allowances on due from related entities

	At 30/06/2020 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
<b>In thousands of NZD</b>					
Opening balance	664	-	-	-	664
Charge to statement of comprehensive income	124	-	-	-	124
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Closing balance related parties</b>	<b>788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>788</b>

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

### 9.7 Impact of changes in gross financial assets on loss allowance

The estimation of ECL for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as forecasts of future events and economic conditions (forward looking information). There is a considerable degree of judgement involved in preparing these forecasts due to the uncertainty around impact of COVID-19. The Bank uses three, probability-weighted, macroeconomic scenarios (consisting of a baseline, a baseline minus and a baseline plus scenario) in the ECL models to determine the expected credit losses. Important variables are gross domestic product growth, private sector investments and exports of goods and services. These forward looking macroeconomic forecasts require judgment and are largely based on internal Rabobank research. 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.

Overall, the net increase in the total provision for doubtful debts since 31 December 2019 was driven by increases in provisioning across stages 1, 2 and 3B.

Collective provision 12-months ECL (Stage 1) and collective provision lifetime ECL - not credit impaired (Stage 2) increased by \$17,661 thousand and \$14,193 thousand respectively, mainly due to the updated Macro Economic Scenario (MES) which includes the COVID-19 Pandemic outlook as at 30 June 2020. The net movement in originated and repaid loans did not have significant impact on movement in provision.

Collective provision lifetime ECL - credit impaired (Stage 3A) decreased by \$5,736 thousand, mainly due to movement from Stage 3A to Stages 2 and 3B.

Specific provision lifetime ECL - credit impaired (Stage 3B) increased by \$8,383 thousand, reflecting increase in credit risk which is offset by reduction in impaired assets.

### 9.8 Forward-looking information and macro-economic scenarios

The estimation of ECL for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as forecasts of future events and economic conditions (forward looking information). There is a considerable degree of judgement involved in preparing these forecasts due to the uncertainty around impact of COVID-19. The Banking Group uses three, probability-weighted, macroeconomic scenarios (consisting of a baseline, a baseline minus and a baseline plus scenario) in the ECL models to determine the expected credit losses. Important variables are gross domestic product growth, private sector investments and exports of goods and services. These forward looking macroeconomic forecasts require judgment and are largely based on internal Rabobank research. An analysis on the sensitivity of key forward-looking macroeconomic inputs used in the ECL modelling process for stage 1 and stage 2 provisioning and the probability-weights applied to each of the three scenarios is presented below.

## Notes to the Financial Statements

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

New Zealand		2020	2021	2022	ECL unweighted Probability	Weighted ECL	
						in thousands of NZD 30 June 2020	in thousands of NZD 31 December 2019
Plus	GDP per capita	-9.1%	4.8%	2.2%	37,001	15%	
	Private sector investments	-13.5%	-1.9%	4.2%			
	Exports of Goods & Services	-6.5%	7.1%	4.7%			
Baseline	GDP per capita	-9.2%	3.5%	1.8%	40,869	70%	41,308
	Private sector investments	-14.6%	3.9%	1.00%			
	Exports of Goods & Services	-7.0%	4.0%	4.5%			
Minus	GDP per capita	-9.3%	0.9%	-0.20%	47,660	15%	
	Private sector investments	-16.3%	-10.4%	3.4%			
	Exports of Goods & Services	-7.7%	-0.9%	4.3%			

Table above excludes exposures assessed under Other Portfolios framework as these are not dependent on the plus and minus scenarios.

### 10. Due from related entities

In thousands of NZD	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
Current account balances - wholly owned group*	127,240	47,231	91,582
Advances - wholly owned group*	1,734,844	2,053,870	1,456,248
Accrued interest receivable - wholly owned group*	2,122	1,929	868
Stage 1 provision for impairment (note 9.6)	(788)	(931)	(664)
<b>Total due from related entities</b>	<b>1,863,418</b>	<b>2,102,099</b>	<b>1,548,034</b>

There were no stages 2, 3A or 3B provisions for impairment.

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

## Notes to the Financial Statements

### 11. Property, plant and equipment

In thousands of NZD	Right-of-use asset - Property	Right-of-use asset - Cars	Office Fixtures & Fittings	Office Equipment	Computer Hardware	Total
Balance as at 30 June 2019 (Unaudited)						
Cost	16,360	2,895	10,704	162	1,443	31,564
Accumulated depreciation	(1,422)	(467)	(8,407)	(56)	(1,269)	(11,621)
<b>Net book value</b>	<b>14,938</b>	<b>2,428</b>	<b>2,297</b>	<b>106</b>	<b>174</b>	<b>19,943</b>
Balance as at 31 December 2019 (Audited)						
Cost	10,123	3,377	10,732	162	1,442	25,836
Accumulated depreciation	(2,502)	(1,063)	(8,780)	(69)	(1,333)	(13,747)
<b>Net book value</b>	<b>7,621</b>	<b>2,314</b>	<b>1,952</b>	<b>93</b>	<b>109</b>	<b>12,089</b>
Balance as at 30 June 2020 (Unaudited)						
Cost	10,542	3,639	10,754	162	1,443	26,540
Accumulated depreciation	(3,986)	(1,485)	(9,166)	(83)	(1,374)	(16,094)
<b>Net book value</b>	<b>6,556</b>	<b>2,154</b>	<b>1,588</b>	<b>79</b>	<b>69</b>	<b>10,446</b>

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

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



# Notes to the Financial Statements

## 12. Deposits

In thousands of NZD	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
Call deposits	2,405,474	2,495,965	2,173,935
Term deposits	3,751,194	3,216,053	3,256,843
Accrued interest	34,176	37,193	43,918
<b>Total deposits</b>	<b>6,190,844</b>	<b>5,749,211</b>	<b>5,474,696</b>

## 13. Due to related entities

In thousands of NZD	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
Current account balances - wholly owned group*	694,734	145,523	444,277
Advances - wholly owned group*	7,051,915	5,190,469	6,413,788
Accrued interest payable - wholly owned group*	3,172	8,850	7,762
<b>Total due to related entities</b>	<b>7,749,821</b>	<b>5,344,842</b>	<b>6,865,827</b>

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

## 14. Other liabilities

In thousands of NZD	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
Lease liabilities	9,000	17,581	10,145
Sundry creditors	8,497	7,408	5,262
Accrued expenses	7,033	5,191	8,069
<b>Total other liabilities</b>	<b>24,530</b>	<b>30,180</b>	<b>23,476</b>

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

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

	2020 EURm
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	14,409
Total individually impaired assets as a percentage of total assets (%)	2.3%
Total individual credit impairment allowance	3,349
Total individual credit impairment allowance as a percentage of total individually impaired assets (%)	23.2%
Total collective credit impairment allowance	1,530

# Notes to the Financial Statements

## 16. Contributed equity, Reserves and Capital management

### 16.1 Contributed equity

In thousands of NZD	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Unaudited At 31/12/2019
Ordinary share capital	551,201	551,201	551,201
<b>Total contributed equity</b>	<b>551,201</b>	<b>551,201</b>	<b>551,201</b>

As at 30 June 2020, total authorised and paid up capital of Rabobank New Zealand Limited comprises 275,600,000 ordinary shares fully paid ranking equally as to dividends, voting rights and rights to share in any surplus on winding up (31 December 2019: 275,600,000; 30 June 2019: 275,600,000). Each share was issued at \$2 and has no par value.

As at 30 June 2020, total authorised and paid up capital of Rabo Capital Securities Limited comprises 1,000 ordinary shares fully paid ranking equally as to dividends, voting rights and rights to share in any surplus on winding up (31 December 2019: 1,000; 30 June 2019: 1,000). Each share was issued at \$1 and has no par value.

### 16.2 Reserves

In thousands of NZD	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>FVOCI financial assets reserve</b>			
Opening balance	2,340	1,806	1,806
Changes in FVOCI financial assets revaluation reserve (gross)	2,536	2,432	741
Changes in FVOCI financial assets revaluation reserve (deferred tax)	(710)	(681)	(207)
<b>Total FVOCI reserve</b>	<b>4,166</b>	<b>3,557</b>	<b>2,340</b>

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.

### 16.3 Capital management

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

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

During the six month period ended 30 June 2020 and the 2019 financial year, the Banking Group complied in full with all its externally imposed financial requirements.

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

## Notes to the Financial Statements

### 16. Contributed equity, Reserves and Capital management (continued)

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

### 17 Priority of financial liabilities in the event of a liquidation

The financial liabilities of the Branch reported in these financial statements are unsecured. Where the assets of the Branch in New Zealand are liquidated or the Branch ceases to trade, those financial liabilities would rank (under New Zealand law in relation to those assets) equally with the claims of the Branch's other unsecured creditors and behind the preferred creditors set out in Schedule 7 of the Companies Act 1993. The claims of the Branch's unsecured and preferred creditors in relation to the assets of the Branch in New Zealand are, in general terms, broadly equivalent to the claims of the unsecured and preferred creditors of Coöperatieve Rabobank U.A. in relation to assets in countries other than New Zealand in which Coöperatieve Rabobank U.A. carries on business.

### 18. Contingent liabilities and credit related commitments

Through the normal course of business, the Banking Group may be involved in litigation claims. The aggregate potential liability arising in respect of these claims cannot be accurately assessed. Provisions have been made where appropriate for likely loss of actual and potential claims after a review has been made on a case by case basis. The Banking Group does not consider that the outcome of any claims made either individually or in aggregate are likely to have a material effect on its operation or financial position.

During 2020 the Banking Group completed a review of its compliance with the Holidays Act 2003. This review has identified that there are some areas of non-compliance and some areas of possible non-compliance with the requirements of the Holidays Act 2003. There is some uncertainty as to whether certain "discretionary payments" ought to be included, or excluded, from the rate at which staff holiday entitlements are accrued and paid. The Banking Group has notified MBIE of its intention to complete the analysis necessary to complete any necessary remediation. Work has commenced subsequent to 30 June 2020 to clarify any liability the Banking Group has. It is not possible to make a reliable estimate of the quantum of any potential liability.

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

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

	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>In thousands of NZD</b>			
Guarantees	96,469	552,040	18,542
Lending commitments			
Irrevocable lending commitments	758,285	773,050	899,493
Revocable lending commitments	2,408,485	2,119,236	2,257,528
<b>Total contingent liabilities</b>	<b><u>3,263,239</u></b>	<b><u>3,444,326</u></b>	<b><u>3,175,563</u></b>

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

# Notes to the Financial Statements

## 19. Expenditure Commitments

### 19.1 Capital expenditure commitments

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

	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>In thousands of NZD</b>			
One year or less	194	-	733
<b>Total capital expenditure commitments</b>	<b>194</b>	<b>-</b>	<b>733</b>

### 19.2 Non-cancellable operating lease commitments

	Unaudited At 30/06/2020	Unaudited At 30/06/2019	Audited At 31/12/2019
<b>In thousands of NZD</b>			
One year or less	818	962	916
Between one and two years	534	695	608
Between two and five years	2,100	567	490
Over five years	4,177	24	-
<b>Total operating lease commitments</b>	<b>7,629</b>	<b>2,248</b>	<b>2,014</b>

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

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

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

## 20. Risks arising from financial instruments

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

### 20.1 Liquidity risk

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

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

# Notes to the Financial Statements

## 20. Risks arising from financial instruments (continued)

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

	Total	On Demand	Less than 6 months	6-12 months	12-24 months	24-60 months	Over 60 months
<b>In thousands of NZD</b>							
<b>At 30 June 2020 (Unaudited)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	682,458	682,458	-	-	-	-	-
Derivative financial instruments	187,476	-	59,484	20,691	35,231	66,653	5,417
Financial assets at fair value through other comprehensive income	914,844	-	624,091	151,872	343	138,538	-
Loans and advances Due from related entities	14,171,206	17,269	3,258,662	2,858,642	4,184,852	3,189,123	662,658
Other financial assets	1,864,113	127,658	1,736,455	-	-	-	-
	10,398	-	10,398	-	-	-	-
<b>Total financial assets</b>	<b>17,830,495</b>	<b>827,385</b>	<b>5,689,090</b>	<b>3,031,205</b>	<b>4,220,426</b>	<b>3,394,314</b>	<b>668,075</b>
<b>Financial liabilities</b>							
Derivative financial instruments	289,951	-	175,029	16,862	49,122	41,909	7,029
Debt securities in issue	1,578,329	-	622,737	466,434	151,060	338,098	-
Deposits Due to related entities	6,197,152	2,405,472	2,693,146	518,282	290,037	290,170	45
Interest bearing liabilities	7,757,336	695,132	4,956,686	910,595	1,101,198	-	93,725
Other financial liabilities	2,643	-	696	1,093	769	85	-
Head office account	22,957	-	15,712	2,015	2,786	2,426	18
	305,624	-	305,624	-	-	-	-
<b>Total financial liabilities</b>	<b>16,153,992</b>	<b>3,100,604</b>	<b>8,769,630</b>	<b>1,915,281</b>	<b>1,594,972</b>	<b>672,688</b>	<b>100,817</b>
<b>Contingent liabilities</b>							
Guarantees	96,469	5,874	5,888	187	2,950	79,350	2,220
Lending commitments	3,166,770	1,607,589	656,043	388,586	219,694	291,451	3,407
<b>Total contingent liabilities</b>	<b>3,263,239</b>	<b>1,613,463</b>	<b>661,931</b>	<b>388,773</b>	<b>222,644</b>	<b>370,801</b>	<b>5,627</b>

## 20.2 Market risk

### Repricing analysis

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

## Notes to the Financial Statements

### 20. Risks arising from financial instruments (continued)

	Total	Call-3 months	3-6 months	6-12 months	12-24 months	Over 24 months	Non-interest bearing
<b>In thousands of NZD</b>							
<b>At 30 June 2020 (Unaudited)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	682,458	682,458	-	-	-	-	-
Derivative financial instruments	175,401	-	-	-	-	-	175,401
Financial assets at fair value through	913,311	507,927	104,972	151,580	10,635	138,197	-
Loans and advances	14,060,016	7,769,108	899,089	1,714,966	2,687,726	979,509	9,618
Due from related entities	1,863,418	1,860,716	-	-	-	-	2,702
Other financial assets	10,398	-	-	-	-	-	10,398
<b>Total financial assets</b>	<b>17,705,002</b>	<b>10,820,209</b>	<b>1,004,061</b>	<b>1,866,546</b>	<b>2,698,361</b>	<b>1,117,706</b>	<b>198,119</b>
Other assets	57,895	-	-	-	-	-	57,895
Income tax receivable	21,466	-	-	-	-	-	21,466
Net deferred tax assets	27,676	-	-	-	-	-	27,676
Property, plant and equipment	10,446	-	-	-	-	-	10,446
Intangible assets	928	-	-	-	-	-	928
<b>Total non-financial assets</b>	<b>118,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,411</b>
<b>Total assets</b>	<b>17,823,413</b>	<b>10,820,209</b>	<b>1,004,061</b>	<b>1,866,546</b>	<b>2,698,361</b>	<b>1,117,706</b>	<b>316,530</b>
<b>Financial liabilities</b>							
Derivative financial instruments	226,976	-	-	-	-	-	226,976
Debt securities in issue	1,573,714	633,271	287,579	172,253	149,577	327,748	3,286
Deposits	6,190,934	3,991,789	1,095,081	500,101	281,469	288,340	34,154
Due to related entities	7,749,821	4,921,701	2,341,430	467,996	88	7,594	11,012
Interest bearing liabilities	2,643	187	509	1,093	769	85	-
Other financial liabilities	22,480	1,001	1,008	1,885	2,660	2,361	13,565
<b>Total financial liabilities</b>	<b>15,766,568</b>	<b>9,547,949</b>	<b>3,725,607</b>	<b>1,143,328</b>	<b>434,563</b>	<b>626,128</b>	<b>288,993</b>
Other liabilities	2,050	-	-	-	-	-	2,050
Provisions	3,971	-	-	-	-	-	3,971
Head office account	305,624	-	-	-	-	-	305,624
<b>Total non-financial liabilities</b>	<b>311,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,645</b>
<b>Total liabilities</b>	<b>16,078,213</b>	<b>9,547,949</b>	<b>3,725,607</b>	<b>1,143,328</b>	<b>434,563</b>	<b>626,128</b>	<b>600,638</b>
Swaps	-	2,289,650	324,000	(736,478)	(1,552,933)	(324,239)	-
Repricing gap (interest bearing assets and liabilities)	2,029,398	3,561,910	(2,397,547)	(13,169)	710,865	167,338	-
<b>Cumulative mismatch</b>	<b>2,029,398</b>	<b>3,561,910</b>	<b>1,164,364</b>	<b>1,151,195</b>	<b>1,862,060</b>	<b>2,029,398</b>	<b>-</b>



# Notes to the Financial Statements

## 20. Risks arising from financial instruments (continued)

### 20.3 Credit risk

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

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

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

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

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

##### Credit exposures consist of:

	<b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Cash and cash equivalents	682,458
Financial assets at fair value through other comprehensive income	913,311
Loans and advances	14,060,015
Due from related entities	1,863,418
Other financial assets	10,398
Derivative financial instruments	175,401
Commitment and guarantees (note 18)	3,263,239
<b>Total credit exposures</b>	<b><u>20,968,240</u></b>

##### Analysis of credit exposures by industry:

	<b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Agriculture	13,283,653
Finance and insurance	2,298,140
Forestry and fishery	373,902
Government	1,317,894
Manufacturing	2,443,204
Property and business services	147,732
Wholesale trade	423,265
Other	680,450
<b>Total credit exposures</b>	<b><u>20,968,240</u></b>

# Notes to the Financial Statements

## 20. Risks arising from financial instruments (continued)

### Analysis of credit exposures by geographical areas:

	<b>30 June</b>
	<b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
New Zealand	18,705,548
The Netherlands	1,624,585
Australia	341,260
United States of America	126,275
Finland	93,638
Germany	33,962
Philippines	32,260
Luxembourg	10,712
<b>Total credit exposures</b>	<b><u>20,968,240</u></b>

## 21. Capital and market risk exposures and capital adequacy

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

### 21.1 Additional residential mortgages information

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

	<b>At 30 June 2020 (Unaudited)</b>		
	<b>Drawn</b>	<b>Undrawn</b>	<b>Total</b>
<b>In thousands of NZD</b>			
<b>LVR range</b>			
Do not exceed 80%	25,543	8,951	34,494
Exceeds 80% and not 90%	693	668	1,361
Exceeds 90%	-	-	-
<b>Total value of residential mortgage exposures</b>	<b><u>26,236</u></b>	<b><u>9,619</u></b>	<b><u>35,855</u></b>

### 21.2 Residential mortgages

#### Reconciliation of mortgage related accounts

	<b>Unaudited</b>
	<b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Loans and advances - loans with residential mortgages	26,236
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	<u>26,236</u>
Off-balance sheet residential mortgages exposures subject to the standardised approach	<u>9,619</u>
<b>Total residential mortgage exposures subject to the standardised approach (as per LVR analysis)</b>	<b><u>35,855</u></b>

# Notes to the Financial Statements

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

### 21.3 Market risk period-end capital charges

In thousands of NZD	At 30/06/2020 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
Interest rate risk	491,875	39,350
Foreign currency risk	140,000	11,200
<b>Total</b>	<b>631,875</b>	<b>50,550</b>

The bank does not take any equity risk.

### 21.4 Market risk peak end-of-day capital charges

In thousands of NZD	At 30/06/2020 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
Interest rate risk	647,750	51,820
Foreign currency risk	235,875	18,870
<b>Total</b>	<b>883,625</b>	<b>70,690</b>

The bank does not take any equity risk.

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

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

### 21.6 Capital adequacy of Overseas Banking Group - Rabobank

#### Capital adequacy of Rabobank

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

	2020 %	2019 %
<b>At 30 June (Unaudited)</b>		
Common equity Tier 1 capital ratio	16.60%	15.80%
Tier 1 capital ratio	18.40%	17.80%
<b>Total capital ratio</b>	<b>24.30%</b>	<b>24.40%</b>

### 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.

# Notes to the Financial Statements

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

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

Rabobank's Capital Adequacy and Risk Management Report (pillar 3) are publicly available on <https://www.rabobank.com/en/images/pillar-3-report-2019.pdf>

## 22. Concentration of funding

### 22.1 Total funding comprised

	<b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Debt securities in issue	1,573,714
Deposits	6,190,844
Due to related entities	7,749,821
Interest bearing liabilities	2,643
Other financial liabilities	22,480
Head office account	305,624
<b>Total funding</b>	<b><u>15,845,126</u></b>

### 22.2 Analysis of funding by industry

	<b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Agriculture	750,328
Finance and Insurance	11,589,342
Personal and other services	3,231,509
Other	273,947
<b>Total funding</b>	<b><u>15,845,126</u></b>

# Notes to the Financial Statements

## 22. Concentration of funding (continued)

### 22.3 Analysis of funding by geographic area

	<b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
New Zealand	7,322,319
The Netherlands	6,817,348
Australia	1,090,512
United Kingdom	576,980
United States of America	9,609
All other countries	28,358
<b>Total funding</b>	<b>15,845,126</b>

## 23. Additional information on statement of financial position

	<b>Banking</b> <b>Group</b> <b>Unaudited</b> <b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Total interest earning and discount bearing assets	<b>17,506,883</b>
Total interest and discount bearing liabilities	<b>15,477,484</b>
Financial assets pledged as collateral	-
	<b>Branch</b> <b>Unaudited</b> <b>30 June</b> <b>At 30/06/2020</b>
<b>In thousands of NZD</b>	
Liabilities of the Registered Bank in New Zealand, net of amounts due to related parties	<b>2,910,060</b>
Retails deposits of the Registered Bank in New Zealand	-

## 24. Fair values of financial instruments

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

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

## Notes to the Financial Statements

### 24. Fair values of financial instruments (continued)

	Unaudited At 30 June 2020		Unaudited At 30 June 2019		Audited At 31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>In thousands of NZD</b>						
<b>Financial assets</b>						
Cash and cash equivalents	682,458	682,458	800,473	800,473	420,769	420,769
Derivative financial instruments	175,401	175,401	116,894	116,894	123,343	123,343
Financial assets at fair value through other comprehensive income	913,311	913,311	708,575	708,575	757,248	757,240
Loans and advances	14,060,016	14,260,431	12,954,407	13,155,521	13,805,974	14,016,622
Due from related entities	1,863,418	1,863,441	2,102,099	2,102,107	1,548,034	1,548,023
Other financial assets	10,398	10,398	5,999	5,999	9,350	9,350
<b>Total financial assets</b>	<b>17,705,002</b>	<b>17,905,440</b>	<b>16,688,447</b>	<b>16,889,569</b>	<b>16,664,718</b>	<b>16,875,347</b>
<b>Financial liabilities</b>						
Derivative financial instruments	226,976	226,976	146,772	146,772	160,939	160,939
Debt securities in issue	1,573,714	1,605,523	3,542,732	3,577,275	2,199,913	2,226,071
Deposits	6,190,844	6,270,211	5,749,211	5,825,275	5,474,696	5,547,813
Due to related entities	7,749,821	7,759,500	5,344,842	5,360,145	6,865,827	6,880,190
Interest bearing liabilities	2,643	2,931	7,099	6,929	4,725	4,321
Other financial liabilities	22,480	22,480	28,960	28,960	21,981	21,981
Head office account	305,624	305,624	312,668	312,668	319,468	319,468
<b>Total financial liabilities</b>	<b>16,072,102</b>	<b>16,193,245</b>	<b>15,132,284</b>	<b>15,258,024</b>	<b>15,047,549</b>	<b>15,160,783</b>



# Notes to the Financial Statements

## 24. Fair values of financial instruments (continued)

### Fair value hierarchy

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

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

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

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

### Valuation methodology

#### Financial assets and financial liabilities at fair value

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

#### Derivative financial instruments and FVOCI financial assets

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

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

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

	Level 1	Level 2	Level 3	Total
<b>In thousands of NZD</b>				
<b>At 30 June 2020 (Unaudited)</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	175,401	-	175,401
Financial assets at fair value through other comprehensive income	913,311	-	-	913,311
<b>Financial liabilities</b>				
Derivative financial instruments	-	226,976	-	226,976
	Level 1	Level 2	Level 3	Total
<b>In thousands of NZD</b>				
<b>At 30 June 2019 (Unaudited)</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	116,894	-	116,894
Financial assets at fair value through other comprehensive income	708,575	-	-	708,575
<b>Financial liabilities</b>				
Derivative financial instruments	-	146,772	-	146,772

# Notes to the Financial Statements

## 24. Fair values of financial instruments (continued)

In thousands of NZD	Level 1	Level 2	Level 3	Total
<b>At 31 December 2019 (Unaudited)</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	123,343	-	123,343
Financial assets at fair value through other comprehensive income	757,248	-	-	757,248
<b>Financial liabilities</b>				
Derivative financial instruments	-	160,939	-	160,939

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

### Financial assets and financial liabilities carried at amortised cost

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

### Cash and cash equivalents

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

### Loans and advances and Due from related entities

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

### Other financial assets and Other financial liabilities

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

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

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

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

## 25. Offsetting financial assets and financial liabilities

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

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 30 June 2020 and 30 June 2019. The column 'net amount' shows the impact on the Banking Group's balance sheet if all set-off rights were exercised.

## Notes to the Financial Statements

### 25. Offsetting financial assets and financial liabilities (continued)

30/06/2020 (Unaudited)	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject master agreements	Financial instrument collateral	Net amount
<b>In thousands of NZD</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	682,458	-	682,458	-	-	682,458
Derivative financial instruments	175,401	-	175,401	492	-	174,909
<b>Total financial assets</b>	<b>857,859</b>	<b>-</b>	<b>857,859</b>	<b>492</b>	<b>-</b>	<b>857,367</b>
<b>Financial Liabilities</b>						
Derivative financial instruments	226,976	-	226,976	492	-	226,484

30/06/2019 (Unaudited)	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject master agreements	Financial instrument collateral	Net amount
<b>In thousands of NZD</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	797,256	-	797,256	-	-	797,256
Derivative financial instruments	116,894	-	116,894	1,997	-	114,897
<b>Total financial assets</b>	<b>914,150</b>	<b>-</b>	<b>914,150</b>	<b>1,997</b>	<b>-</b>	<b>912,153</b>
<b>Financial Liabilities</b>						
Derivative financial instruments	146,772	-	146,772	1,997	-	144,775

## Notes to the Financial Statements

### 26. Maturity analysis of assets and liabilities

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

	At 30 June 2020 (Unaudited)			At 30 June 2019 (Unaudited)		
	Current	Non-Current	Total	Current	Non-Current	Total
<b>In thousands of NZD</b>						
<b>Assets</b>						
Cash and cash equivalents	682,458	-	682,458	800,473	-	800,473
Derivative financial instruments	80,175	95,226	175,401	39,915	76,979	116,894
FVOCI financial assets	775,113	138,198	913,311	590,221	118,354	708,575
Loans and advances	6,880,094	7,179,922	14,060,016	6,554,477	6,399,930	12,954,407
Due from related entities	1,863,418	-	1,863,418	2,102,099	-	2,102,099
Other assets	11,838	56,455	68,293	10,800	45,343	56,143
Income tax receivable	21,466	-	21,466	936	-	936
Net deferred tax assets	-	27,676	27,676	-	23,413	23,413
Property, plant and equipment	-	10,446	10,446	-	19,943	19,943
Intangible assets	-	928	928	-	970	970
<b>Total Assets</b>	<b>10,314,562</b>	<b>7,508,851</b>	<b>17,823,413</b>	<b>10,098,921</b>	<b>6,684,932</b>	<b>16,783,853</b>
<b>Liabilities</b>						
Derivative financial instruments	191,891	35,085	226,976	89,360	57,412	146,772
Debt securities in issue	1,086,702	487,012	1,573,714	2,796,182	746,550	3,542,732
Deposits	4,788,387	1,402,457	6,190,844	4,430,919	1,318,292	5,749,211
Due to related entities	6,556,241	1,193,580	7,749,821	3,560,377	1,784,465	5,344,842
Interest bearing liabilities	1,789	854	2,643	4,363	2,736	7,099
Income tax payable	-	-	-	823	-	823
Other liabilities	19,300	5,230	24,530	14,761	15,419	30,180
Provisions	1,692	2,279	3,971	1,447	2,026	3,473
Head office account	-	305,624	305,624	-	312,668	312,668
<b>Total Liabilities</b>	<b>12,646,002</b>	<b>3,432,121</b>	<b>16,078,123</b>	<b>10,898,232</b>	<b>4,239,568</b>	<b>15,137,800</b>

## Notes to the Financial Statements

### 27. Reconciliation of net cash flows from operating activities

In thousands of NZD	Unaudited 6 months to 30/06/2020	Unaudited 6 months to 30/06/2019	Audited Year to 31/12/2019
Net profit after tax	29,381	66,140	129,726
Non-cash items	44,744	23,610	28,055
Deferrals or accruals of past or future operating cash receipts or payments			
Change in net operating assets and liabilities	(48,100)	817,744	200,935
Change in interest receivable/payable	(21,195)	(3,671)	10,237
Change in other deferrals or accruals	(20,015)	(3,010)	9,858
<b>Net cash flows from / (used in) operating activities</b>	<b>(15,185)</b>	<b>900,813</b>	<b>378,811</b>

### 28. Additional information for Registered Bank' Overseas Banking Group

	2020 EURm	2019 EURm
<b>For the six months ended 30 June 2020 (Unaudited)</b>		
Net profit after income tax	227	1,212
Total assets	620,117	606,834
% change over the previous twelve months	2.2%	-0.2%
	2019 EURm	2018 EURm
<b>For the year ended 31 December 2019 (Unaudited)</b>		
Net profit for the year	2,203	3,004
Percentage (on twelve month rolling basis) of average total assets	0.4%	0.5%

### 29. Related party disclosures

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

#### 29.1 Transactions with related parties

##### 29.1.1 Guarantees

###### *The first period*

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

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

###### *The second period*

# Notes to the Financial Statements

## 29. Related party disclosures (continued)

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

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

### *The third period*

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

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

### *The fourth period*

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

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

### *The fifth period*

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

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

### *The sixth period*

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

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

### *The seventh period*

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

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

Further information about the expiry of the guarantee can be found at [www.rabobank.co.nz](http://www.rabobank.co.nz).

#### **29.1.2 Guarantee fees**

A fee of \$0.25 million was charged to RNZL by Rabobank in consideration for providing the obligations guarantees for the six month period ended 30 June 2020 (twelve month period December 2019: \$0.45 million; six month period June 2019: \$0.26 million).

#### **29.1.3 Management fees**

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

# Notes to the Financial Statements

## 29. Related party disclosures (continued)

Expenses that are related to provision of administrative and management services to the Banking Group (e.g. employee expenses, rent, professional fees) incurred by Australia Branch of Rabobank are recharged as per service level agreements. In total, management expenses and recharge costs of \$22.1 million were charged by the Australia Branch of Rabobank (twelve month period December 2019: \$48 million; six month period June 2019: \$19.1 million).

A management fee of \$5.8 million (twelve month period December 2019: \$13.8 million; six month period June 2019: \$7.5 million) was charged to the Banking Group by the Rabobank Head Office for the provision of administrative and management services.

An amount of \$2.6 million (twelve month period 31 December 2019: \$4.9million; six month period June 2019: \$2.3 million) was charged to the Banking Group as management fees by De Lage Landen Pty Limited.

Corporate center expenses of \$1.4 million (twelve month period 31 December 2019: \$1.7 million; six month period June 2019: \$1.1 million) were charged to the Banking Group by De Lage Landen International B.V.

### 29.1.4 Other transactions

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

	Unaudited 30 June 2020	Unaudited 6 months to 30/06/2020	Unaudited 30 June 2019	Unaudited 6 months to 30/06/2019	Audited 31 December 2019	Audited Year to 31/12/2019
<b>In thousands of NZD</b>						
Interest income due from related parties	-	15,756	-	25,484	-	21,106
Interest expense due to related parties	-	40,645	-	49,365	-	93,127
Due from related entities	1,863,418	-	2,102,100	-	1,548,034	-
Due to related entities	7,749,821	-	5,344,842	-	6,865,827	-

Derivatives with a combined notional of \$14,053 million and a net fair value liability position of (\$56 million) (December 2019: \$13,340 million; June 2019: \$11,688 million and December 2019: (\$30.1 million); June 2019: (\$40.2 million) respectively) are held with the Rabobank.

### 29.2 Terms and conditions of transactions with related parties

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

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

### 29.3 Provision for impairment

For the period ended 30 June 2020, the Banking Group has not made any specific provision for impairment relating to amounts owed by related parties (2019: Nil). 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. The Banking Group recognised stage 1 impairment allowance relating to amounts owned by related parties of \$0.79 million as at 30 June 2020 (31 December 2019 \$0.67 million; 30 June 2019: \$0.93 million).

## 30. Subsequent events

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

## Notes to the Financial Statements

### 31. Dividend

No dividend was proposed or paid by the Banking Group for the six months period ended 30 June 2020 (2019: Nil).





## **Independent review report**

To the Directors of Coöperatieve Rabobank U.A.

### **Report on the Disclosure Statement**

We have reviewed pages 6 to 38 of the Disclosure Statement for the six months ended 30 June 2020 (the 'Disclosure Statement') of Coöperatieve Rabobank U.A. – New Zealand Banking Group (the 'Banking Group') which includes the financial statements (the 'financial statements') required by Clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the 'Order') and the supplementary information required by Schedules 5, 7, 9, 12 and 14 of the Order. The financial statements comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the condensed statement of cash flows for the six months then ended, and the notes to the financial statements that include the basis of preparation and selected explanatory notes.

The Banking Group is the aggregation of the New Zealand business of Coöperatieve Rabobank U.A. and comprises Rabobank New Zealand Limited, Rabo Capital Securities Limited, Coöperatieve Rabobank U.A. – New Zealand Branch, De Lage Landen Limited and AGCO Finance Limited (collectively referred to as the 'Banking Group') at 30 June 2020 and for the six months then ended.

### **Directors' responsibility for the Disclosure Statement**

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

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

### **Our responsibility**

Our responsibility is to express the following conclusions on the financial statements and the supplementary information presented by the Directors based on our review:

- the financial statements (excluding the supplementary information): whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the financial statements 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);
- the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy): whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 12 and 14 of the Order; and
- the supplementary information relating to credit and market risk exposures and capital adequacy: whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

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We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410: *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). As the auditor of the Banking Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on the financial statements and supplementary information.

Other than in our capacity as auditor we have no relationship with, or interest in, the Banking Group. Certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading activities of the Banking Group. These matters have not impaired our independence as auditor of the Banking Group.

### *Conclusion*

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

- a) the financial statements on pages 6 to 38 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34;
- b) the supplementary information that is required to be disclosed under Schedules 5, 7, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and
- c) the supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 9 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

### *Who we report to*

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

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants  
28 August 2020

Sydney, Australia