Rabobank New Zealand Limited

Disclosure Statement - 30 June 2023

Rabobank

Contents

General information and definitions

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

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

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

Directors' Statement

After due enquiry, each director believes that:

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

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

(ii) over the six month period ended 30 June 2023:

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

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

Todd Charteris

Dated: 29 August 2023

Statement of Comprehensive Income

In thousands of NZD	Note	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Income Statement			
Interest income		503,836	257,867
Interest expense		(288,093)	(90,739)
Net interest income		**215,743**	**167,128**
Other income		850	1,930
Other expense		(174)	(177)
Other operating losses	3	(782)	(4,390)
Non-interest income		**(106)**	**(2,637)**
Operating income		**215,637**	**164,491**
Operating expenses		(85,011)	(72,793)
Impairment (losses)/releases	4	(8,168)	1,691
Profit before income tax		**122,458**	**93,389**
Income tax expense		(34,335)	(26,170)
Profit after income tax		**88,123**	**67,219**
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income (gross)	11.2	4,119	(9,001)
Changes in the fair value of financial assets through other comprehensive income (deferred tax)	11.2	(1,153)	2,520
Total items that may be reclassified subsequently to profit or loss		**2,966**	**(6,481)**
Items that will not be reclassified subsequently to profit or loss			
Total items that will not be reclassified subsequently to profit or loss		**-**	**-**
Total other comprehensive income for the period		**2,966**	**(6,481)**
Total comprehensive income attributable to members of Rabobank New Zealand Limited		**91,089**	**60,738**

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

Statement of Financial Position

In thousands of NZD	Note	Unaudited At 30/06/2023	Audited At 31/12/2022
Assets			
Cash and cash equivalents		1,258,521	984,953
Derivative financial instruments		20,007	17,154
Financial assets at fair value through other comprehensive income		344,176	631,386
Loans and advances	5	13,006,790	12,748,960
Due from related entities	6	650,859	611,549
Other assets		4,808	9,016
Net deferred tax assets		15,398	15,719
Financial assets at fair value through profit and loss		1,000	-
Property, plant and equipment		13,788	14,957
Intangible assets		964	1,203
Total assets		**15,316,311**	**15,034,897**
Liabilities			
Derivative financial instruments		29,631	24,993
Deposits	8	6,094,511	5,569,334
Due to related entities	9	6,851,230	7,185,375
Current tax payable		7,111	13,393
Payables due to central bank		167,716	163,902
Other liabilities	10	28,875	31,642
Provisions		4,754	4,864
Total liabilities		**13,183,828**	**12,993,503**
Net Assets		**2,132,483**	**2,041,394**
Equity			
Contributed equity	11.1	551,200	551,200
Reserves	11.2	(12,723)	(15,689)
Retained earnings		1,594,006	1,505,883
Total equity		**2,132,483**	**2,041,394**

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
Opening balance as at 1 January 2022 (Audited)	**551,200**	**1,358,776**	**(4,275)**	**1,905,701**
Net profit	-	67,219	-	67,219
Other comprehensive income:				
Revaluation reserve - FVOCI financial assets	-	-	(6,481)	(6,481)
Closing balance as at 30 June 2022 (Unaudited)	**551,200**	**1,425,995**	**(10,756)**	**1,966,439**
Opening balance as at 1 January 2023	**551,200**	**1,505,883**	**(15,689)**	**2,041,394**
Net profit	-	88,123	-	88,123
Other comprehensive income:				
Revaluation reserve - FVOCI financial assets	-	-	2,966	2,966
Closing balance as at 30 June 2023 (Unaudited)	**551,200**	**1,594,006**	**(12,723)**	**2,132,483**

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

Condensed Statement of Cash Flows

In thousands of NZD	Note	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Cash flows from operating activities			
Interest income		503,130	252,586
Interest paid		(245,656)	(70,569)
Other cash outflows used in operating activities		(124,452)	(108,158)
Other cash inflows provided by operating activities		1,853	2,365
Net changes in operating assets and liabilities		636,308	(558,068)
Net cash flows from/(used in) operating activities	14	**771,183**	**(481,844)**
Cash flows from Investing activities			
Net changes in investing activities		(1,647)	(6,873)
Net cash flows used in investing activities		**(1,647)**	**(6,873)**
Cash flows from financing activities			
Principal elements of lease payments		(1,621)	(1,705)
Net changes in other financing liabilities		(494,347)	879,462
Net cash flows (used in)/from financing activities		**(495,968)**	**877,757**
Net change in cash and cash equivalents		273,568	389,040
Cash and cash equivalents at the beginning of the period		984,953	665,576
Cash and cash equivalents at the end of the period		**1,258,521**	**1,054,616**

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

Notes to the financial statements

1. Reporting entity

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

The interim financial statements of the Bank are presented as at and for the six months ended 30 June 2023. The Bank is primarily involved in the provision of secured loans predominantly to borrowers in the rural industry, and in raising retail deposits. There were no significant changes during the six month period in the nature of the activities of the Bank.

2. Basis of preparation

2.1 Statement of compliance

These interim financial statements have been prepared and presented in accordance with the requirements of the Order and the Banking Act, generally accepted accounting practice, as appropriate for for-profit entities, and in accordance with the requirements of New Zealand equivalent to International Accounting Standard ('NZ IAS') 34 ‘Interim Financial Reporting’. These interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2022. These interim financial statements also comply with IAS 34 ‘Interim Financial Reporting’.

2.2 Basis of measurement

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

2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies. In preparing these interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2022.

The Bank has applied accounting estimates in the interim financial statements based on the forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2023 about future events that directors believe are reasonable in circumstances. There is a considerable degree of judgement involved in preparing the forecasts. The underlying assumptions are also subject to uncertainties which are often outside of the control of the Bank. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in the interim financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are related to expected credit losses calculations.

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 Bank's financial statements for the year ended 31 December 2022. The Bank 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 Bank, as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Bank. All financial information presented in NZD has been rounded to the nearest thousand unless otherwise stated.

Notes to the financial statements

3. Other operating gains / (losses)

In thousands of NZD	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Net trading losses on derivatives	(764)	(4,120)
Losses on disposal/write off of property, plant and equipment and intangibles	-	(7)
Loss on disposal of FVOCI financial assets	-	(254)
Foreign exchange losses	(18)	(9)
Total other operating gains / (losses)	**(782)**	**(4,390)**

4. Impairment releases / (losses)

In thousands of NZD	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Collective provisions (charges) / releases	(9,238)	1,018
Specific provisions releases / (charges)	1,070	673
Total impairment (losses) / releases	**(8,168)**	**1,691**

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

5. Loans and advances

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Lending	12,984,799	12,717,173
Finance leases	32,738	37,759
Gross loans and advances	**13,017,537**	**12,754,932**
Accrued interest	19,813	16,445
Provisions for impairment		
Stage 3B	(701)	(1,772)
Stage 3A	(2,077)	(1,802)
Stage 2	(8,629)	(4,573)
Stage 1	(19,153)	(14,270)
Net loans and advances	**13,006,790**	**12,748,960**

6. Due from related entities

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Current account balances - wholly owned group*	9,570	2,310
Advances - wholly owned group*	637,809	605,895
Accrued interest receivable - wholly owned group*	3,789	3,631
Stage 1 provision for impairment (note 7.2)	(309)	(287)
Total due from related entities	**650,859**	**611,549**

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

Notes to the financial statements

6. Due from related entities (continued)

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

7. Provision for expected credit losses

7.1 Provision for impairment on loans and advances

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

	At 30 June 2023 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands of NZD					
Opening balance	12,527	4,305	1,800	1,308	19,940
Charge / (Benefit) to statement of comprehensive income	5,212	4,178	275	(606)	9,059
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	(2)	-	-	(1)	(3)
Closing balance retail	**17,737**	**8,483**	**2,075**	**701**	**28,996**

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

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

	At 30 June 2023 (Unaudited)				
	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
In thousands of NZD					
Opening balance	1,743	268	2	464	2,477
Charge / (Benefit) to statement of comprehensive income	(327)	(122)	-	(464)	(913)
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance on loan commitments and financial guarantees	**1,416**	**146**	**2**	**-**	**1,564**

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

Notes to the financial statements

7. Provision for expected credit losses (continued)

7.1.3 Total provisions for impairment on loans and advances

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	14,270	4,573	1,802	1,772	22,417
Charge / (Benefit) to statement of comprehensive income	4,885	4,056	275	(1,070)	8,146
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	(2)	-	-	(1)	(3)
Closing balance on loans and advances and loan commitments and financial guarantees	**19,153**	**8,629**	**2,077**	**701**	**30,560**

7.2 Provision for impairment due from related entities

Impairment allowances on due from related entities

	At 30 June 2023 (Unaudited)				
In thousands of NZD	Stage 1	Stage 2	Stage 3A	Stage 3B	Total
Opening balance	287	-	-	-	287
Charge / (Benefit) to statement of comprehensive income	22	-	-	-	22
Amounts written off	-	-	-	-	-
Recoveries	-	-	-	-	-
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Closing balance related parties	**309**	**-**	**-**	**-**	**309**

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

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

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

Overall, the net increase in the total provision for doubtful debts since 31 December 2022 was driven by increase in stage 1, 2, and 3A which was offset by decrease in provisioning in stage 3B.

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

Stage 3B provision has decreased in line with reduced impaired assets and improved recovery expectations.

Notes to the financial statements

7. Provision for expected credit losses (continued)

7.4 Significant increase in credit risk (unaudited)

Transferring assets from stage 1 to stage 2 requires judgment. To demonstrate the sensitivity of the ECL to the PD thresholds, an analysis was performed, which assumed all assets were below the PD thresholds and apportioned a 12-month ECL. On the same asset base, an analysis was performed which assumed all assets were above the PD thresholds and apportioned a lifetime ECL. Both analyses were performed without taking the impact of portfolio overlays into account and resulted in ECLs of $9,409 thousand (31 December 2022: $13,419 thousand) and $38,024 thousand (31 December 2022: $87,562 thousand), respectively. The total stage 1 and stage 2 impairment allowances as at 30 June 2023 are $10,991 thousand (31 December 2022: $16,323 thousand).

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

Modelled provision for ECL

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

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

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

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

New Zealand		***31/12/2023***	***31/12/2024***	***31/12/2025***	***ECL unweighted In thousands of NZD***	***Probability***	**Weighted ECL in thousands of NZD** ***30 June 2023***
Plus	GDP per capita	0.8%	2.0%	2.3%			
	Private sector investments	-2.6%	-0.3%	1.2%	9,293	20%	
	Exports of Goods & Services	12.4%	8.2%	6.2%			
Baseline	GDP per capita	0.8%	0.9%	1.5%			
	Private sector investments	-3.6%	-3.1%	-0.6%	10,890	60%	11,092
	Exports of Goods & Services	11.9%	5.5%	5.8%			
Minus	GDP per capita	0.7%	-0.1%	0.7%			
	Private sector investments	-4.5%	-5.7%	-2.4%	13,554	20%	
	Exports of Goods & Services	11.5%	3.0%	5.4%			

Notes to the financial statements

7. Provision for expected credit losses (continued)

A probability weighting of 15% for both the minus and plus scenarios and a probability weighting of 70% for the baseline scenario would decrease the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by $42 thousand. If the probability weighting was 25% for both the minus and plus scenarios and 50% for the baseline scenario, it would increase the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by $65 thousand.

Portfolio overlays

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

The total portfolio overlays as at 30 June 2023 were $16,028 thousand (2022: $4,027 thousand). Included in the total overlays were:

- The overlay associated with delayed defaults was released as at 30 June 2023 (31 December 2022: $4,027 thousand). This overlay used to address the ongoing secondary effects from COVID-19 including logistics disruption and labour availability, and consequently inflationary pressures coupled with the rising interest rate environment and the ongoing Russia/Ukraine conflict. These effects are now considered through the forward looking PD adjustment.
- The modelled outcome is heavily correlated to the default losses observed in the last 12 months which remain substantially lower than pre COVID-19 period and do not capture the full impact of the recent trend of rapid interest rate rises and high inflation. A 'Forward Looking probability of default adjustment' portfolio overlay of $13,600 thousand was raised on 30 June 2023 to reflect the expected lagged impact from increasing interest rates, high inflation and softening commodity prices not captured in the modelled outcome.
- A severe Tropical Cyclone Gabrielle had a devastating impact on the North Island of New Zealand in February 2023. 'Physical Climate Risk' portfolio overlay of $2,429 thousand (31 December 2022: nil) was raised on 30 June 2023, as this event was not captured in the modelled provision.

8. Deposits

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Call deposits	2,334,281	2,446,426
Term deposits	3,696,331	3,088,184
Accrued interest	63,899	34,724
Total deposits	**6,094,511**	**5,569,334**

9. Due to related entities

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Current account balances - wholly owned group*	187,996	41,056
Borrowings - wholly owned group*	6,609,496	7,103,843
Accrued interest payable - wholly owned group*	53,738	40,476
Total due to related entities	**6,851,230**	**7,185,375**

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

Notes to the financial statements

10. Other liabilities

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Lease liabilities	8,989	9,743
Sundry creditors	11,063	8,378
Accrued expenses	8,823	13,521
Total other liabilities	**28,875**	**31,642**

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

11. Contributed equity, Reserves and Capital management

11.1 Contributed equity

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

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

As at 30 June 2023, total authorised and paid up capital comprises 275,600,000 ordinary shares fully paid ranking equally as to dividends, voting rights and rights to share in any surplus on winding up (31 December 2022: 275,600,000). Each share was issued at $2 and has no par value. The ordinary share capital qualifies as Common Equity Tier 1 capital for capital adequacy purposes.

11.2 Reserves

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

The nature and purpose of the FVOCI financial assets revaluation reserve is to record the unrealised gains or losses arising from changes in the fair value of FVOCI financial assets. The FVOCI financial assets revaluation reserve qualifies as Common Equity Tier One capital for capital adequacy purposes.

12. Contingent liabilities and credit related commitments

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

Notes to the financial statements

12. Contingent liabilities and credit related commitments (continued)

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

The following table shows the maximum amount payable for the following credit related commitments:

In thousands of NZD	Unaudited At 30/06/2023	Audited At 31/12/2022
Guarantees	4,050	5,135
Lending commitments		
Irrevocable lending commitments	1,719,106	51,353
Revocable lending commitments	-	1,903,311
Total contingent liabilities	**1,723,156**	**1,959,799**

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

13. Expenditure Commitments

13.1 Capital expenditure commitments

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

14. Reconciliation of net cash flows from operating activities

In thousands of NZD	Unaudited 6 months to 30/06/2023	Unaudited 6 months to 30/06/2022
Net profit after tax	88,123	67,219
Non-cash items	10,491	904
Deferrals or accruals of past or future operating cash receipts or payments		
Change in net operating assets and liabilities	636,308	(558,068)
Change in other deferrals and accruals	(5,471)	(6,788)
Change in interest receivable/payable	41,732	14,889
Net cash flows from / (used in) operating activities	**771,183**	**(481,844)**

Notes to the financial statements

15. Fair values of financial instruments

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

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

	Unaudited At 30 June 2023		Audited At 31 December 2022	
In thousands of NZD	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	1,258,521	1,258,521	984,953	984,953
Derivative financial instruments	20,007	20,007	17,154	17,154
Financial assets at fair value through other comprehensive income	344,176	344,176	631,386	631,386
Loans and advances	13,006,790	12,944,799	12,748,960	12,646,079
Due from related entities	650,859	607,014	611,549	573,450
Other financial assets	2,484	2,484	5,506	5,506
Financial assets at fair value through profit and loss	1,000	1,000	-	-
Total financial assets	**15,283,837**	**15,178,001**	**14,999,508**	**14,858,528**
Financial liabilities				
Derivative financial instruments	29,631	29,631	24,993	24,993
Deposits	6,094,511	6,057,096	5,569,334	5,553,223
Due to related entities	6,851,230	6,820,785	7,185,375	7,163,460
Payables to central bank	167,716	169,523	163,902	168,335
Other financial liabilities	28,875	28,875	31,642	31,642
Total financial liabilities	**13,171,963**	**13,105,910**	**12,975,246**	**12,941,653**

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

Fair value hierarchy

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

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

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

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

Valuation methodology

Financial assets and financial liabilities at fair value

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

Notes to the financial statements

15. Fair values of financial instruments (continued)

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

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

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

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

In thousands of NZD	Level 1	Level 2	Level 3	Total
At 30 June 2023 (Unaudited)				
Financial assets				
Derivative financial instruments	-	20,007	-	20,007
Financial assets at fair value through other comprehensive income	344,176	-	-	344,176
Financial assets at fair value through profit and loss	-	-	1,000	1,000
Financial liabilities				
Derivative financial instruments	-	29,631	-	29,631

In thousands of NZD	Level 1	Level 2	Level 3	Total
At 31 December 2022 (Audited)				
Financial assets				
Derivative financial instruments	-	17,154	-	17,154
Financial assets at fair value through other comprehensive income	572,583	58,803	-	631,386
Financial liabilities				
Derivative financial instruments	-	24,993	-	24,993

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

Notes to the financial statements

16. Maturity analysis of assets and liabilities

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

	At 30 June 2023 (Unaudited)			At 31 December 2022 (Audited)		
	Current	Non-Current	Total	Current	Non-Current	Total
In thousands of NZD						
Assets						
Cash and cash equivalents	1,258,521	-	1,258,521	984,953	-	984,953
Derivative financial instruments	11,480	8,527	20,007	8,821	8,333	17,154
FVOCI financial assets	42,976	301,200	344,176	294,396	336,990	631,386
Loans and advances	4,567,256	8,439,534	13,006,790	4,466,538	8,282,422	12,748,960
Due from related entities	69,859	581,000	650,859	30,549	581,000	611,549
Other assets	4,808	-	4,808	9,016	-	9,016
Net deferred tax assets	-	15,398	15,398	-	15,719	15,719
Property, plant and equipment	-	13,788	13,788	-	14,957	14,957
Intangible assets	-	964	964	-	1,203	1,203
Financial assets at fair value through profit and loss	-	1,000	1,000	-	-	-
Total Assets	**5,954,900**	**9,361,411**	**15,316,311**	**5,794,273**	**9,240,624**	**15,034,897**
Liabilities						
Derivative financial instruments	15,543	14,088	29,631	11,620	13,373	24,993
Deposits	2,308,014	3,786,497	6,094,511	1,648,877	3,920,457	5,569,334
Due to related entities	3,505,230	3,346,000	6,851,230	3,494,375	3,691,000	7,185,375
Payables due to central bank	6,716	161,000	167,716	2,902	161,000	163,902
Current tax payable	7,111	-	7,111	13,393	-	13,393
Other liabilities	22,284	6,591	28,875	24,643	6,999	31,642
Provisions	2,513	2,241	4,754	2,755	2,109	4,864
Total Liabilities	**5,867,411**	**7,316,417**	**13,183,828**	**5,198,565**	**7,794,938**	**12,993,503**

Notes to the financial statements

17. Related party disclosures

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

17.1 Transactions with related parties

17.1.1 Guarantees

The first period

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

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

The second period

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

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

The third period

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

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

The fourth period

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

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

The fifth period

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

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

The sixth period

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

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

Notes to the financial statements

17. Related party disclosures (continued)

The seventh period

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

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

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

17.1.2 Guarantee fees (Unaudited)

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

17.1.3 Management fees (Unaudited)

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

Expenses that are related to provision of administrative and management services to the Bank (e.g. employee expenses, rent, professional fees) incurred by the Australian Branch of Rabobank are recharged as per service level agreements. In total, management expenses and recharge costs of $24 million were charged by the Australian Branch of Rabobank (six month period June 2022: $21 million).

A management fee of $11 million (six month period June 2022: $8 million) was charged to the Bank by the Rabobank Head Office for the provision of administrative and management services.

A management fee of $3 million (six month period June 2022: $3 million) was charged to NZ Branch of Rabobank by the Bank for the provision of administrative and management services.

A management fee of $1.4 million (six month period June 2022: nil) was charged to the Bank by Rabobank Australia Limited.

17.1.4 Other transactions

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

In thousands of NZD	Unaudited 30/06/2023	Unaudited 30/06/2022	Audited At 31/12/2022
Interest income due from related entities	11,228	2,830	-
Interest expense due to related entities	170,374	48,948	-
Due from related entities	650,859	-	611,549
Due to related entities	6,851,230	-	7,185,375

Derivatives with a combined notional of $4.8 billion (31 December 2022: $1.58 million) and a net fair value asset position of $8 million (31 December 2022: $5 million) are held with the New Zealand Branch of Rabobank and with Rabobank.

Working capital facilities
A loan facility of EUR 4.95 billion was granted by the New Zealand Branch of Rabobank to the Bank. The unused amount at 30 June 2023 was EUR1.2 billion (31 December 2022: EUR 0.7 billion).

17.2 Terms and conditions of transactions with related parties

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

Notes to the financial statements

17. Related party disclosures (continued)

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

17.3 Provision for impairment

For the period ended 30 June 2023, the Bank has not made any specific provision for impairment relating to amounts owed by related parties (31 December 2022: Nil). Provision has not been recognised on grounds of it being minimal and immaterial. The Bank recognises collective impairment allowance relating to amounts owned by related parties in accordance with expected credit loss impairment model. The Bank recognised stage 1 impairment allowance relating to amounts owned by related parties of $0.31 million as at 30 June 2023 (31 December 2022 $0.29 million).

17.4 Dividend

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

18. Subsequent events

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

Registered bank disclosures

1. General Information

General matters

Composition of the Board of directors

There have been no changes in the composition of the Bank's board of directors since 31 December 2022.

Signing of the Disclosure Statement

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

- Christopher John Black (Chair)
- Geerten Battjes
- Anne Bernadette Brennan
- Brent John Goldsack
- Bernardus Jacobus Marttin
- Lara Yocarini

Credit ratings

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

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

Auditors of the Bank

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

Guarantee arrangements

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

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

Details of guarantor

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

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

Rabobank is not a member of the Banking Group.

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

Registered bank disclosures

Guarantee arrangements (continued)

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

Details of guaranteed obligations

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

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

Further information about the guarantees

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

Material cross guarantee

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

Pending proceedings or arbitration

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

Conditions of registration

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

With effect on and after 1 June 2023, changes were made to the Bank's Conditions of Registration. The changes related to:

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

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

The Bank has complied with all its Conditions of Registration in the six month period ended 30 June 2023.

Registered bank disclosures

Other material matters

The Deposit Takers Act

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

Regulatory Consultation - Liquidity

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

Since 31 December 2022, there have been no other matters relating to the business or affairs of the Bank that:

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

2. Additional financial disclosures

Additional information on statement of financial position

In thousands of NZD	At 30/06/2023 (Unaudited)
Total interest earning and discount bearing assets	**15,236,518**
Total interest and discount bearing liabilities	**12,987,157**
Financial assets pledged as collateral*	**169,523**

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

Additional information on concentrations of credit risk

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

Registered bank disclosures

2. Additional financial disclosures (continued)

Credit exposures consist of:

In thousands of NZD	Unaudited At 30/06/2023
Cash and cash equivalents	1,258,521
Derivative financial instruments	20,007
Financial assets at fair value through other comprehensive income	344,176
Loans and advances	13,006,790
Due from related entities	650,859
Other financial assets	2,484
Financial assets at fair value through profit and loss	1,000
Commitment and guarantees (note 12)	1,723,156
Total credit exposures	**17,006,993**

Analysis of credit exposures by industry:

In thousands of NZD	Unaudited At 30/06/2023
Agriculture	14,025,342
Finance and insurance	1,233,693
Forestry and fishery	21,125
Government	1,041,588
Property and business services	190,273
Other	494,972
Total credit exposures	**17,006,993**

Analysis of credit exposures by geographical areas:

In thousands of NZD	Unaudited At 30/06/2023
New Zealand	16,671,150
Australia	8,885
Finland	6,567
Germany	40,014
Philippines	81,820
United States of America	151,418
The Netherlands	19,228
Luxembourg	27,911
Total credit exposures	**17,006,993**

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on concentrations of funding

Total funding comprised

In thousands of NZD	At 30/06/2023 (Unaudited)
Payables due to central bank	167,716
Deposits	6,094,511
Due to related entities	6,851,230
Other liabilities	28,875
Total funding	**13,142,332**

Analysis of funding by industry

In thousands of NZD	At 30/06/2023 (Unaudited)
Agriculture	777,820
Finance and Insurance	7,124,848
Personal and other services	4,613,171
Other	626,493
Total funding	**13,142,332**

Analysis of funding by geographical areas

In thousands of NZD	At 30/06/2023 (Unaudited)
New Zealand	13,000,741
Australia	80,395
The Netherlands	17,757
United Kingdom	13,274
United States of America	12,039
All other countries	18,126
Total funding	**13,142,332**

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on interest rate sensitivity

Interest rate repricing analysis

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

In thousands of NZD	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non-interest bearing
At 30 June 2023 (Unaudited)							
Financial assets							
Cash and cash equivalents	1,258,521	1,258,521	-	-	-	-	-
Derivative financial instruments	20,007	-	-	-	-	-	20,007
Financial assets at fair value through	344,176	-	-	64,150	23,336	256,690	-
Loans and advances	13,006,790	8,750,222	1,350,523	725,011	1,254,593	906,402	20,039
Due from related entities	650,859	166,070	-	-	-	481,000	3,789
Other financial assets	2,484	-	-	-	-	-	2,484
Financial assets at fair value through profit and loss	1,000	-	-	-	-	-	1,000
Total financial assets	**15,283,837**	**10,174,813**	**1,350,523**	**789,161**	**1,277,929**	**1,644,092**	**47,319**
Financial liabilities							
Derivative financial instruments	29,631	-	-	-	-	-	29,631
Deposits	6,094,511	3,277,915	1,055,209	1,291,239	266,862	139,386	63,900
Due to related entities	6,851,230	5,516,557	400,000	335,000	435,000	100,000	64,673
Payables due to central bank	167,716	161,000	-	-	-	-	6,716
Other liabilities	28,875	683	651	1,064	1,715	4,876	19,886
Total financial liabilities	**13,171,963**	**8,956,155**	**1,455,860**	**1,627,303**	**703,577**	**244,262**	**184,806**
Swaps	-	(1,054,615)	1,046,500	491,500	(384,385)	(99,000)	
Repricing gap (interest bearing assets and liabilities)	2,249,361	164,043	941,163	(346,642)	189,967	1,300,830	
Cumulative mismatch	**2,249,361**	**164,043**	**1,105,206**	**758,564**	**948,531**	**2,249,361**	

Registered bank disclosures

2. Additional financial disclosures (continued)

Additional information on liquidity risk

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

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

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

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

In thousands of NZD	Total	On Demand	Up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years and up to 5 years	Over 5 years
At 30 June 2023 (Unaudited)							
Financial assets							
Cash and cash equivalents	1,258,521	1,258,521	-	-	-	-	-
Derivative financial instruments	21,472	-	11,562	254	5,880	3,757	19
Financial assets at fair value through other comprehensive income	389,769	-	7,872	50,099	37,422	294,376	-
Loans and advances	14,410,892	-	2,977,834	2,463,296	5,034,044	3,363,623	572,095
Due from related entities	752,212	9,570	70,488	10,232	20,296	326,465	315,161
Other financial assets	2,484	-	2,484	-	-	-	-
Financial assets at fair value through profit and loss	1,000	-	-	-	-	-	1,000
Total financial assets	**16,836,350**	**1,268,091**	**3,070,240**	**2,523,881**	**5,097,642**	**3,988,221**	**888,275**

Registered bank disclosures

2. Additional financial disclosures (continued)

In thousands of NZD	Total	On Demand	Up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years and up to 5 years	Over 5 years
Financial liabilities							
Derivative financial instruments	32,820	-	14,601	1,392	4,487	11,664	676
Deposits	6,218,919	1,886,472	2,586,839	1,319,149	276,769	149,690	-
Due to related entities	7,230,811	187,996	1,614,335	1,934,216	2,845,118	332,966	316,180
Payables due to central bank	181,176	-	10,238	3,561	167,377	-	-
Other liabilities	29,623	-	21,336	1,160	1,870	3,177	2,080
Total financial liabilities	**13,693,349**	**2,074,468**	**4,247,349**	**3,259,478**	**3,295,621**	**497,497**	**318,936**
Contingent liabilities							
Guarantees	4,050	4,050	-	-	-	-	-
Lending commitments	1,719,106	1,669,707	275	8,982	5,536	4,481	30,125
Total contingent liabilities	**1,723,156**	**1,673,757**	**275**	**8,982**	**5,536**	**4,481**	**30,125**

Registered bank disclosures

2. Additional financial disclosures (continued)

Liquid assets

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

	Unaudited At 30/06/2023
in thousands of NZD	
Cash at banks	261,539
Balances with Central Bank	996,982
New Zealand Government Securities	44,271
Other debt securities (Kauri)	299,908
Total liquid assets	**1,602,700**

3. Asset quality

Individually impaired assets

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

As at 30 June 2023, out of $190,413 thousand of individually impaired assets only $20,345 thousand had specific provision of $701 thousand recognised.

	At 30 June 2023 (Unaudited)			
	Residential mortgages	Corporate	Retail*	Total
in thousands of NZD				
Opening balance	-	-	194,346	194,346
Additions	-	-	42,091	42,091
Amounts written off	-	-	-	-
Returned to performing or repaid	-	-	(46,024)	(46,024)
Closing balance	**-**	**-**	**190,413**	**190,413**
Aggregate amount of undrawn balances on lending commitments on impaired assets	**-**	**-**	**5,628**	**5,628**

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

3. Asset quality (continued)

Past due assets but not impaired

in thousands of NZD	At 30 June 2023 (Unaudited) Residential mortgages	Corporate	Retail*	Total
Less than 30 days past due	-	-	20,081	20,081
At least 30 days but less than 60 days past due	-	-	2,338	2,338
At least 60 days but less than 90 days past due	-	-	494	494
At least 90 days past due	-	-	259	259
Closing balance	**-**	**-**	**23,172**	**23,172**

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

Other asset quality information

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

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

Movements in components of loss allowance

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

Registered bank disclosures

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

Capital

In thousands of NZD	Unaudited At 30/06/2023
Common Equity Tier 1 ("CET1") capital	
Paid-up ordinary shares issued by the Bank plus related share premium	551,200
Retained earnings (net of appropriations)	1,594,006
Accumulated other comprehensive income and other disclosed reserves	(12,723)
Less deductions from CET1 capital:	
Deferred tax assets	(15,398)
Goodwill and other intangible assets	(964)
Subtotal CET1 capital	**2,116,121**
Additional Tier 1 ("ATI") capital	
Subtotal AT1 capital	**-**
Total Tier 1 capital	**2,116,121**
Tier 2 capital	
Total Tier 2 capital	**-**
Total capital	**2,116,121**

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

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

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

Credit risk

1.4.1 Calculation of on-balance sheet exposures

In thousands of NZD	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum pillar 1 capital requirement
At 30/06/2023 (Unaudited)				
Cash and gold bullion	-	0%	-	-
Sovereigns and central banks	1,041,588	0%	-	-
Multilateral development banks and other international organisations	262,040	0%	-	-
Multilateral development banks and other international organisations	40,014	20%	8,003	640
Banks	261,539	20%	52,308	4,185
Banks - related party[1]	9,952	20%	1,990	159
Public sector entities	-	20%	-	-
Corporate	-	50%	-	-
Residential mortgages not past due - LVR does not exceed 80%	-	40%	-	-
Residential mortgages not past due - LVR between 80% and 90%	-	70%	-	-
Residential mortgages not past due - LVR between 90% and 100%	-	90%	-	-
Past due residential mortgages	-	100%	-	-
Other past due assets[2]	1	100%	1	-
Other past due assets[2]	190,419	150%	285,629	22,850
Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index	-	300%	-	-
All other equity holdings (not deducted from capital)	1,000	400%	4,000	320
Other[3]	12,834,043	100%	12,834,043	1,026,723
Non-risk weighted assets[4]	36,371	N/A	-	-
Total on-balance sheet exposures	**14,676,967**		**13,185,974**	**1,054,877**

[1] The related party exposure disclosed above is the net exposure after credit risk mitigation tools have been applied in accordance with BS8 and BPR132. Refer to note 3.3 for more information.

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

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

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

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

1.4.2 Calculation of off-balance sheet exposures

In thousands of NZD	Total exposure	Credit conversion factor %	Credit equivalent amount	Average risk weight %	Risk weighted exposure	Minimum pillar 1 capital requirement
At 30 June 2023 (Unaudited)						
Direct credit substitutes	4,046	100%	4,046	100%	4,046	324
Asset sales with recourse	-	100%	-	0%	-	-
Forward asset purchase	-	100%	-	0%	-	-
Commitments with certain drawdown	-	100%	-	100%	-	-
Note issuance facility	-	50%	-	0%	-	-
Revolving underwriting facility	-	50%	-	0%	-	-
Performance-related contingency	-	50%	-	0%	-	-
Trade-related contingency	-	20%	-	0%	-	-
Placements of forward deposits	-	100%	-	0%	-	-
Other commitments where original maturity is less than or equal to one year	1,668,208	20%	333,642	100%	333,642	26,691
Other commitments where original maturity is more than one year	49,342	50%	24,671	100%	24,671	1,974
Other commitments which can be cancelled unconditionally at any time without prior notice	-	0%	-	100%	-	-
Total off-balance sheet exposures	**1,721,596**		**362,359**		**362,359**	**28,989**

Registered bank disclosures

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

Counterparty credit risk	Total Exposure	Credit equivalent amount	Average risk weight %	Risk weighted exposure	Minimum pillar 1 capital requirement
At 30 June 2023 (Unaudited)					
Foreign exchange contracts	6,923	75	76%	57	4
Interest rate contracts	4,768,552	16,719	51%	8,512	680
Other	267,438	43,869	67%	29,351	2,349
Credit valuation adjustment				23,313	1,865
Total	**5,042,913**	**60,663**		**61,233**	**4,898**

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

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

1.4.3 Additional residential mortgages information

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

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

Reconciliation of mortgage related accounts

In thousands of NZD	Unaudited At 30/06/2023
Loans and advances - loans with residential mortgages	-
Plus short term residential mortgage classified as overdrafts	-
Less housing loans made to corporate customers	-
On-balance sheet residential mortgage exposures subject to the standardised approach	-
Total residential mortgage exposures subject to the standardised approach	**-**

Credit risk mitigation

In thousands of NZD	At 30/06/2023 (Unaudited)	
	Total value of on- and off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on- and off-balance sheet exposures covered by guarantees or credit derivatives
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Banks - related party*	696,654	-
Corporate	-	-
Residential mortgage	-	-
Other	-	-
Total gross-exposure basis	**696,654**	**-**
Total net-exposure basis (note 1.4.1*)	**9,952**	**-**

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

Registered bank disclosures

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

Operational risk

Operational risk capital requirement

	At 30/06/2023 (Unaudited)	
	Implied risk weighted exposure	Total operational risk capital requirement
In thousands of NZD		
Operational risk	908,788	72,703
Total	**908,788**	**72,703**

Market risk period-end capital charges

	At 30/06/2023 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
In thousands of NZD		
Interest rate risk	566,750	45,340
Foreign currency risk	1,250	100
Total	**568,000**	**45,440**

The bank does not take any equity risk.

Market risk peak end-of-day capital charges

	At 30/06/2023 (Unaudited)	
	Implied risk weighted exposure	Aggregate capital charges
In thousands of NZD		
Interest rate risk	575,625	46,050
Foreign currency risk	44,125	3,530
Total	**619,750**	**49,580**

The bank does not take any equity risk.

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

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

Registered bank disclosures

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

Total capital requirements

In thousands of NZD	At 30/06/2023 (Unaudited) Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Total capital requirement
Total credit risk	21,441,477	13,609,566	1,088,764
Operational risk	N/A	908,788	72,703
Market risk	N/A	568,000	45,440
Total	**21,441,477**	**15,086,354**	**1,206,907**

Capital ratios

	At 30 June 2023 (Unaudited)		At 30 June 2022 (Unaudited)	
In percentage (%)	Ratio	Minimum ratio requirement	Ratio	Minimum ratio requirement
Common Equity Tier 1 capital ratio	14.03%	4.50%	13.91%	4.50%
Tier 1 capital ratio	14.03%	6.00%	13.91%	6.00%
Total capital ratio	**14.03%**	**8.00%**	**13.91%**	**8.00%**

Buffer ratio

In percentage (%)	At 30 June 2023 (Unaudited)	At 30 June 2022 (Unaudited)
Buffer ratio (in excess of the minimum tier 1 capital ratio requirement)	6.03%	5.91%
Buffer ratio requirement	2.50%	2.50%

Solo capital adequacy

In percentage (%)	At 30 June 2023 (Unaudited)	At 30 June 2022 (Unaudited)
Common equity tier 1 (CET1) capital ratio	14.03%	13.91%
Tier 1 capital ratio	14.03%	13.91%
Total capital ratio	14.03%	13.91%

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

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

Pillar 2 capital for other material risks

In thousands of NZD	At 30 June 2023 (Unaudited)	At 30 June 2022 (Unaudited)
Internal capital allocation for other material risks	59,138	52,620

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

(i) Credit Concentration Risk, including obligor/sector/regional concentration, is credit risk concentration when the exposure of one client or a group of exposures is large enough to create credit losses such that to endanger the financial health of the Bank.

(ii) Compliance risk is the failure to comply with any legal or regulatory obligations. This includes the risk of impairment of Rabobank's integrity, which can damage the rights and interests of our clients as well as the reputation and trustworthiness of Rabobank, leading to legal claims or regulatory sanctions and/or financial loss. This includes the following sub-risks: Breach of Sanctions; Competition; Conflicts of Interest; Corruption; Data Privacy; Fraud; Market Inefficiency and Misconduct; Money Laundering; Record Keeping; Terrorism Financing; Treating Clients Fairly; Regulatory Compliance. Although identified as a separate material risk for the purposes of the RMS, for the purposes of the ICAAP, Compliance Risk is explicitly captured by Operational Risk as defined in BPR001 Glossary.

(iii) Business Risk is defined as developments that threaten market and financial goals, reputation and adequacy of capital. This includes the following sub-risks: Strategic Risk; Capital Adequacy; Reputational Risk; Contagion Risk and Climate-related & Environmental, Social and Governance Risk.

(iv) Liquidity risk is the risk that the Bank will not have sufficient funds available to meet its financial and transactional cash flow obligations and regulatory obligations.

(v) Interest rate risk in the banking book (IRRBB) is the risk of loss in earnings or in the economic value on banking book items as a consequence of movements in interest rates.

The Bank has completed an internal assessment of all the material risks focused by the Bank. This is described in the ICAAP document. The result show that no individual Pillar 2 risk would require a high capital allocation. The Bank adopted capital buffer of 4.90% against strategic risk and interest rate risk in banking group (31 December 2022: an internal capital allocation of 4.69% of Pillar 1 capital). The internal capital allocation for the Pillar 2 risks forms part of the internal capital buffer.

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

Capital adequacy of the ultimate parent bank

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

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

Minimum capital requirements

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

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

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

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

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

Regulatory liquidity ratios

	3 months to 31/03/2023 (Unaudited)	3 months to 30/06/2023 (Unaudited)
Quarterly average core funding ratio	83.6%	84.7%
Quarterly average one-month mismatch ratio	7.1%	7.5%
Quarterly average one-week mismatch ratio	7.2%	7.8%

5. Concentration of credit exposures to individual counterparties

	Unaudited	
	At 30 June 2023	Peak for the period
Number of bank counterparties:		
Percentage of Common equity Tier 1 capital		
10-15%	1	1
15-20%	-	-
20%-25%	-	-
25%-30%	-	-
30%-35%	-	-
Number of non-bank counterparties:		
Percentage of Common equity Tier 1 capital		
10-15%	-	-
15-20%	-	-
20-25%	-	-
25-30%	-	-

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

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

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

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

Registered bank disclosures

6. Insurance business

The Banking Group does not conduct any insurance business.

7. Risk management policies

Since 31 December 2022:

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

Independent auditor's review report

To the shareholder of Rabobank New Zealand Limited

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

Our conclusion

We have reviewed the interim financial statements (the 'Financial Statements') of Rabobank New Zealand Limited (the 'Bank') for the six month period ended 30 June 2023 as required by clause 25 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order (the "Supplementary Information"), excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with the Schedule 9 of the Order contained in the half year disclosure statement (the "Disclosure Statement").

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

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

- Financial Statements of the Bank disclosed on pages 3 to 20 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34); and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order disclosed in Registered bank disclosures from Note 2 - Additional Financial Disclosures on page 23 onwards to Note 7 - Risk management policies on page 40 (excluding Note 4 - Capital adequacy under the standardised approach and regulatory liquidity ratios on pages 31 to 39 except section 1.4.3 - Additional residential mortgages information on page 35):
  - does not present fairly, in all material respects, the matters to with it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

Basis for conclusion

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

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

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

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

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

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

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

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

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
Sydney, Australia

29 August 2023

Independent Assurance Report

To the shareholder of Rabobank New Zealand Limited

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

Our conclusion

We have undertaken a limited assurance engagement on Rabobank New Zealand Limited (the "Bank")'s compliance, in all material respects, with clause 22 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") which requires information prescribed in Schedule 9 of the Order relating to capital adequacy and regulatory liquidity requirements to be disclosed in its half year Disclosure Statement for the six month period ended 30 June 2023 (the "Disclosure Statement").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order and disclosed on pages 31 to 39 under Note 4 - Capital adequacy under the standardised approach and regulatory liquidity ratios of the Registered bank disclosures (excluding section 1.4.3 - Additional residential mortgages information on page 35) of the Disclosure Statement, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

Basis for conclusion

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

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

Directors' responsibilities

The Directors are responsible on behalf of the Bank for compliance with the Order, including clause 22 of the Order which requires information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 9 of the Order to be included in the Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

Our independence and quality management

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

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

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

Assurance practitioner's responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 22 of the Order in respect of the information relating to capital adequacy and regulatory liquidity requirements is likely to arise.

Given the circumstances of the engagement we:

- obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to capital adequacy and regulatory liquidity requirements;
- obtained an understanding of the Bank's compliance framework and internal control environment to ensure the information relating to capital adequacy and regulatory liquidity requirements is in compliance with the Reserve Bank of New Zealand's (the "RBNZ") prudential requirements for banks;
- obtained an understanding and assessed the impact of any matters of non-compliance with the RBNZ's prudential requirements for banks that relate to capital adequacy and regulatory liquidity requirements and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the interim financial statements; and
- agreed the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order to information extracted from the Bank's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clause 14 of Schedule 9 of the Order.

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

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

A limited assurance engagement on the Bank's information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 22 of the Order does not provide assurance on whether compliance will continue in the future.

Use of report
This report has been prepared for use by the Bank's shareholder, for the purpose of establishing that these compliance requirements have been met.

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

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

PricewaterhouseCoopers

Chartered Accountants
Sydney, Australia

29 August 2023