



Rabobank

**Media Release
May 1, 2015**

Rabobank New Zealand confirms expiry of parental guarantee on deposits

The parental guarantee on Rabobank's New Zealand deposits has been allowed to naturally expire on its completion date of May 1, 2015.

It was announced in October last year that the guarantee – which had been put in place when Rabobank purchased Wrightson Farmers Finance Limited (now Rabobank New Zealand Limited) in 1998 – would not be renewed at its expiry date as it was no longer warranted by the local operations, which are now well-established, financially-robust businesses in their own right.

The guarantee will continue to cover deposit funds and loan credit balances existing with RaboDirect and Rabobank New Zealand before the expiry date.

In line with the expiry of the parental guarantee – and as had been previously indicated – Standard & Poor's has issued RNZL with a long-term issuer credit rating of A, one notch below the Rabobank parent.

RNZL's long-term issuer credit rating had previously been equalised with its parent, because of the existence of the parental guarantee. RNZL's short-term issuer credit rating remains at A-1.

Rabobank New Zealand CEO Ben Russell said the tying of RNZL's long-term credit rating to that of its parent reflected S&P's recognition of the high strategic importance and integral role of the New Zealand business to Rabobank globally.

"In doing so, they note Rabobank New Zealand's success over a sustained period of time as one of New Zealand's largest providers of food and agriculture lending and also Rabobank New Zealand's position as a substantial banking operation in its own right," he said.

Mr Russell said Rabobank New Zealand formed a strategically important part of Rabobank's international business, focussing on lending to the agribusiness sector and retail deposits.

Rabobank New Zealand had been the only major overseas-owned bank with a parental guarantee in New Zealand.



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Mr Russell said the parental guarantee had been put in place as an initial measure while the bank's local operations were established, and the bank's size and strength in New Zealand now meant it had effectively outgrown the need for a parental guarantee.

"Since the time the guarantee was initially put in place, Rabobank New Zealand has grown to become one of the country's largest lenders to the food and agribusiness sector and, through RaboDirect, a leading specialist online savings bank," he said.

RNZL recorded its highest-ever net profit after tax (NPAT) of \$105.49 million in 2014, up 31 per cent on the previous year. The bank further strengthened its position in the New Zealand rural banking market, recording above market rural lending growth.

RNZL maintained a robust liquidity position, with a core funding ratio of 80 per cent, well in excess of minimum regulatory levels. RNZL's total capital ratio – a key measure of solvency – increased to a very strong 13.94 per cent in 2014.

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Rabobank New Zealand is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 115 years' experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 40 countries, servicing the needs of approximately 8.8 million clients worldwide through a network of more than 100 offices and branches. Rabobank New Zealand is one of New Zealand's leading rural lenders and a significant provider of business and corporate banking and financial services to country's food and agribusiness sector. The bank has 33 branches throughout New Zealand.

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