



Rabobank

*Media release
March 16, 2016*

Rabobank New Zealand 2015 results

Rabobank New Zealand Limited (RNZL) recorded a strong performance in 2015, reporting a net profit after tax (NPAT) of \$104 million and net lending growth of \$643 million for the year.

RNZL interim chief executive officer Crawford Taylor said the results showed the bank and its clients were operating on a solid footing in New Zealand in the current challenging market conditions.

Mr Taylor said while RNZL's 2015 NPAT was a small decrease on the record NPAT of \$105.49 million achieved in 2014, it reflected healthy business performance and was achieved due to a combination of low loan provisions, stable income and low growth in costs.

"As was the case in 2014, good loan provision recoveries contributed to the final 2015 NPAT result. These recoveries outweighed new provisions taken during the year and left RNZL with balance sheet provisioning that was at more-than-five-year record lows at the end of 2015," he said.

"The current portfolio remains in good health. Given the challenging conditions being experienced in the dairy sector, provisions are likely to rise this year after the low levels of the prior year. At this time, there is no specific provisioning expected, but there has been an increase in collective provisioning to allow for additional risk in this sector."

Mr Taylor said the bank's net lending growth of \$643 million was a significant increase on the \$342 million net lending growth recorded in 2014, although this had been achieved in a year where agricultural sector debt had grown much more rapidly.

"The net lending growth in 2015 represented a 6.7 per cent increase to our portfolio and gave RNZL an overall market share of 15.3 per cent. Our portfolio growth over the past several years has mirrored that of the overall market and, as a result, our market share has remained relatively stable during this period," he said.

"This illustrates our consistent approach to supporting our clients as well as our willingness to take on good quality clients from across the key agricultural sectors."

In addition to its sound financial results, Rabobank New Zealand again recorded excellent client satisfaction in its core rural banking market, measured independently by Research Consultancy TNS*

Mr Taylor said while current market conditions would make 2016 a difficult year for many in the New Zealand agricultural sector, the bank was well placed to support its farming clients and also expected to see continuing growth in its business in the year ahead, maintaining high credit standards.



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“The bank has kept strictly to our risk principles, which has ensured we are in a position of strength to provide support during a period where ongoing commitment to New Zealand’s critical food and agribusiness sector is likely to be most needed,” he said.

“While the current dairy downturn is very challenging, the bank’s view remains that the outlook for this sector in the medium to longer term is positive.”

Mr Taylor said RNZL continued to retain all profits to bolster its already-strong capital ratio and to reinvest for further sustainable growth in the food and agribusiness market in New Zealand.

“This reinvestment of earnings saw RNZL’s total capital ratio sitting at 13.72 per cent at the conclusion of 2015, allowing plenty of room for continued growth in the coming years,” he said.

RNZL maintained a robust liquidity position, Mr Taylor said, with further strengthening of its core funding ratio. “The core funding ratio was maintained well in excess of minimum regulatory levels – from reinvestment of earnings, retail deposit levels being maintained and increase in long-term wholesale funding.”

Rabobank’s specialist online retail savings business RaboDirect continued to improve its margins and stabilise costs, bringing its total cost of funds down further on 2014 achievements, while maintaining high levels of customer deposit retention. RaboDirect’s net promoter scores (NPS) – key indicators of customer satisfaction – continued to excel, and a refreshed brand campaign further focussed on the specialty savings positioning “Where Savers Belong”.

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* TNS 2015 Brand Health Survey

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 about 8.8 million clients worldwide through a network of close to 1000 offices and branches. Rabobank New Zealand is one of the country’s leading rural lenders and a significant provider of business and corporate banking and financial services to the New Zealand food and agribusiness sector. The bank has 33 branches throughout New Zealand.



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