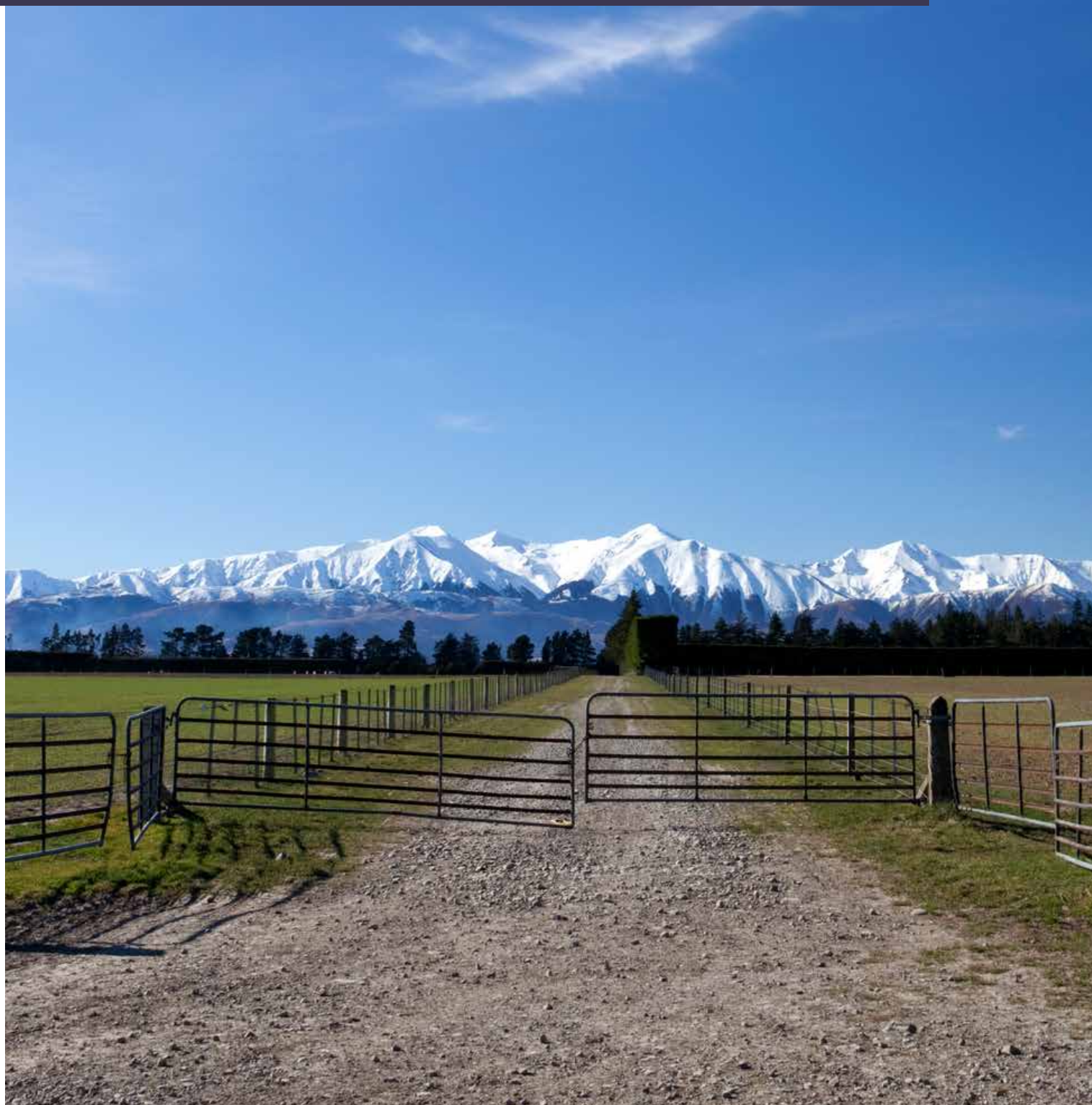


Coöperatieve Rabobank U.A. New Zealand Banking Group

Disclosure Statement - 31 December 2018



Rabobank

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General Disclosures

General information and definitions

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

In this Disclosure Statement:

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

The financial information is disclosed for the years ended 31 December 2018 and 2017 and has been audited by the external auditors, except for the Credit and Market Risk Exposures and Capital Adequacy Information on pages 26 - 28 which has been reviewed by the external auditor.

All amounts referred to in this Disclosure Statement are in New Zealand dollars unless otherwise stated.

General matters

Registered Bank

The name and address of the Registered Bank's principal office outside New Zealand is:

Coöperatieve Rabobank U.A.
Croeselaan 18
3521 CB Utrecht
The Netherlands

No subordination of claims of creditors

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

Requirement to hold excess assets over deposit liabilities

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

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

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

General Disclosures

General matters (continued)

Directors

There have been the following changes to the Registered Bank's Board of Directors since 31 December 2017.

- Antoinette Aris was appointed a member of the Supervisory Board with effect on and from 12 December 2018
- With effect on and from 1 February 2019 Els de Groot was appointed a member of the Managing Board
- With effect on 1 February 2019 Petra van Hoeken resigned as a member of the Managing Board

Details of the members of the Managing Board, Executive Board and Supervisory Board, at the time this Disclosure Statement was signed, are set out below.

Managing Board

| | | |
|-----------------------|--|--|
| Name: | W. Draijer (Wiebe), Chairman | External Directorships: |
| Occupation(s): | CEO | · Member of the Supervisory Board, Kröller Müller |
| Qualifications: | Master's degree in Mechanical Engineering, Delft University of Technology INSEAD Business School - MBA programme specialising in Finance | · Member of the Supervisory Board, Staatsbosbeheer · Member of the Board, Dutch Banking Association |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | B.C. Brouwers (Bas) | External Directorships: |
| Occupation(s): | CFO | · Member of the Board of the Dutch Banking Association |
| Qualifications: | Master's degree in Business Economics, University of Groningen/University of Glasgow Degree of certified Auditor, University of Groningen | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |

General Disclosures

General matters (continued)

Managing Board (continued)

| | | |
|-----------------------|--|--|
| Name: | B.J. Marttin (Berry) | External Directorships: |
| Occupation(s): | Member Managing Board | <ul style="list-style-type: none"> · Rabobank Australia Limited · Rabo Australia Limited · Rabobank International Holding B.V. · Chairman of the Supervisory Board of DLL International B.V. · Chairman of the Supervisory Board of Obvion N.V. · Member of the North America Board of Directors and member of the North America Board Risk Committee (Utrecht-America-Holding Inc.) · Member of the Supervisory Board of Arise · Member of the Board of Rabobank Foundation · Member of the Supervisory Board of Wageningen University · Member of the IDH Supervisory Board (Initiatief Duurzame Handel / Dutch Sustainable Trade Initiative) · First Vice-President of the Board of Directors, American Chamber of Commerce · Chairman of the Shareholders Council of Rabo Partnerships · Member of the Board of Trustees Hanns R. Neumann Stiftung · Member of ISO (fomer Dutch Trade Board) |
| Qualifications: | Bachelor's degree in Business Administration, Fundacao Getulio Vargas Master's degree in Business Administration, University of Western Ontario, Canada & Hong Kong | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | J.L. van Nieuwenhuizen (Jan) | External Directorships: |
| Occupation(s): | Member Managing Board | <ul style="list-style-type: none"> · Member Advisory Board Euronext · Lid Dagelijks & Algemeen Bestuur VNO/NCW |
| Qualifications: | Master's degree in Business Economics, Université de Fribourg, Switzerland Morgan Finance Programme, New York | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | E.A. de Groot (Els) | External Directorships: |
| Occupation(s): | Chief Risk Officer | <ul style="list-style-type: none"> · Member of the Supervisory Board and chairman of the Audit Committee of Vitens |
| Qualifications: | Master's degree in Business Economics, University of Amsterdam Certified and registered financial analyst, VBA/Vrije Universiteit Amsterdam | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | M.P.J. Lichtenberg (Mariëlle) | External Directorships: |
| Occupation(s): | Member Managing Board | <ul style="list-style-type: none"> · Member of the Supervisory Board of Obvion N.V. |
| Qualifications: | Master's degree in European Studies, University of Amsterdam | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | C.M. Konst (Kirsten) | External Directorships: |
| Occupation(s): | Member Managing Board | <ul style="list-style-type: none"> · Member Supervisory Board Public Broadcasting association KRO-NCRV, Hilversum · Member Supervisory Board Members association KRO, Hilversum · Administrator House owners association |
| Qualifications: | Master's degree in Business Economics, Vrije Universiteit Amsterdam MBA executive summer program, Notre Dame University (USA) Master's degree in Financial Law, Erasmus University Rotterdam | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |

General Disclosures

General matters (continued)

Managing Board (continued)

| | | |
|-----------------------|--|--|
| Name: | B. Leurs (Bart) | External Directorships: |
| Occupation(s): | Chief Digital Transformation Officer | · Nil |
| Qualifications: | Master in Business administration, University of Groningen Post-doc Controller course, University of Maastricht | |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | L. Sevinga (Ieko) | External Directorships: |
| Occupation(s): | Chief Information & Operations Officer | · Non-Executive board member De Persgroep |
| Qualifications: | Master's degree in Econometrics, Erasmus University Rotterdam | · Non-Executive board member MerweOord, holding company of Van Oord · Chairman "Nederlands Olympiade Paard" |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |
| Name: | J. Vos (Janine) | External Directorships: |
| Occupation(s): | Chief Human Resource Officer | · Member of the Supervisory Board of the Netherlands General Employers' Association (AWVN) |
| Qualifications: | Master's degree in Dutch Law and Employment Law, University of Utrecht | · Member of the General Board of VNO-NCW on behalf of AWVN · President of the "Sociale Kring" |
| Country of Residence: | The Netherlands | |
| Type of director: | Non-Independent Executive Director | |

Executive Board

| | |
|-------|------------------------------|
| Name: | W Draijer (Wiebe), Chairman |
| Name: | B.C. Brouwers (Bas), CFO |
| Name: | B.J. Marttin (Berry) |
| Name: | E.A de Groot (Els) |
| Name: | C.M. Konst (Kirsten) |
| Name: | J.L. van Nieuwenhuizen (Jan) |

Supervisory Board

| | | |
|-----------------------|---|---|
| Name: | I.P. Asscher-Vonk (Irene Petronella) | External Directorships: |
| Occupation(s): | Professional Supervisory Director | · Member Supervisory Board Philip Morris Holland B.V. |
| Qualifications: | Degree in Dutch Law and PhD in Dutch law, University of Amsterdam | · Chair Museumassociation · Employee Labour Law Department University of Amsterdam |
| Country of Residence: | The Netherlands | · Chair Disputes Committee WMS · Chair Disputes Committee CAO Sport |
| Type of director: | Independent Non-Executive Director | |

General Disclosures

General matters (continued)

Supervisory Board (continued)

| | | |
|-----------------------|--|--|
| Name: | L.N. Dagle (Leo) | External Directorships: |
| Occupation(s): | Professional Supervisory Director | <ul style="list-style-type: none"> · Member Supervisory Board Sakroon B.V./Ten Kate B.V. · Board Member FINCA Microfinance · Board Member Wasser für die Welt · Board Member Foundation Social Investment Innovation |
| Qualifications: | Degree in Business Economics from the University of Augsburg, Germany Young Managers Programme, Insead | |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |
| Name: | J. J. Nooitgedagt (Jan) | External Directorships: |
| Occupation(s): | Professional Supervisory Director | <ul style="list-style-type: none"> · Vice chairman Supervisory Board Telegraaf Media Group · Vice chairman Supervisory Board BNG Bank · Chairman Supervisory Board PostNL N.V. · Board Member Fiep Westendorp Foundation · Chairman Foundation Nyenrode |
| Qualifications: | Master's degree in Economics, University of Groningen RA Accounting, University of Groningen | |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |
| Name: | P.H.J.M.. Visée (Pascal) | External Directorships: |
| Occupation(s): | Professional Supervisory Director/ Independent Advisor | <ul style="list-style-type: none"> · Member Supervisory Board of Mediq BV · Member Supervisory Board of PLUS Retail BV · Member Supervisory Board of Royal Flora Holland · Chairman Supervisory Board Foundation Stedelijk Museum Schiedam · Member Supervisory Board Erasmus University · Member Board Foundation Prince Claus Fund |
| Qualifications: | Master's degree in Business Economics, Erasmus University Rotterdam Master's degree in Dutch Law, Erasmus University Rotterdam Chartered Accountant, Catholic University Brabant | |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |
| Name: | R. Teerlink (Ron), Chairman Supervisory Board | External Directorships: |
| Occupation(s): | Professional supervisory director Management Consultant | <ul style="list-style-type: none"> · Member of the Supervisory Board Takeaway.com · Chairman Supervisory Board Vrije Universiteit Amsterdam |
| Qualifications: | Master's degree in Business Economics, Vrije Universiteit Amsterdam | |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |

General Disclosures

General matters (continued)

Supervisory Board (continued)

| | | |
|-----------------------|---|--|
| Name: | P. H. M. Hofsté (Petronella) | External Directorships: |
| Occupation(s): | Professional supervisory director | <ul style="list-style-type: none"> · Member Supervisory Board of Fugro N.V. · Member Supervisory Board Achmea B.V. and of several subsidiaries |
| Qualifications: | Bachelor's degree in Business Administration, Nyenrode University Breukelen, Master's degree in Accounting & Finance Vrije Universiteit Amsterdam Postgraduate degree in Accountancy, Vrije Universiteit Amsterdam Certified accountant, member of the Royal Dutch Institute of 'Register-accountants' | <ul style="list-style-type: none"> · Member of the Supervisory Board of Kasbank N.V. · Board Member Foundation Nyenrode · Juror Kristal Price Dutch Ministry of Economical Affairs and Climate Policy · Board Member Hendrik de Keyser Association |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |
| Name: | A.A.J. M. Kamp (Arian) | External Directorships: |
| Occupation(s): | Entrepreneur/Professional Supervisory Director | <ul style="list-style-type: none"> · Chairman Supervisory Board Koninklijke Coöperatie Agrifirm UA · Owner Partnership A.A.J.M. Kamp and W.D.Kamp-Davelaar |
| Qualifications: | Secondary Agricultural School, ROC West-Brabant Post graduate Program for Supervisors, Erasmus School of Accounting & Assurance | |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |
| Name: | M. Trompetter (Marjan), Vice chair Supervisory Board | External Directorships: |
| Occupation(s): | Professional supervisory director/ Management Consultant | <ul style="list-style-type: none"> · Vice-chair Supervisory Board Rijnstate Hospital, Arnhem · Member supervisory boards Salvation Army Welfare & Health Care Foundation and Salvation Army Youth Care & Rehabilitation Foundation |
| Qualifications: | Master's degree in Business Economics, Vrije Universiteit Amsterdam | Owner Corona Consultancy |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |
| Name: | A.P. Aris (Antoinette) | External Directorships: |
| Occupation(s): | Professional supervisory director, Senior Affiliate Professor | <ul style="list-style-type: none"> · Member Supervisory Board Randstad N.V. · Member Supervisory Board ASML N.V. · Member Supervisory Board Jungheinrich AG |
| Qualifications: | Master's degree in International Land and Water Management, University of Wageningen MBA, INSEAD | <ul style="list-style-type: none"> · Member Supervisory Board Thomas Cook PLC (until 6 Feb 2019) · Member Supervisory Board a.s.r. Nederland NV · Senior Affiliate Professor of Strategy INSEAD |
| Country of Residence: | The Netherlands | |
| Type of director: | Independent Non-Executive Director | |

Address for communications to directors and New Zealand Chief Executive Officer

Chief Executive Officer
Rabobank New Zealand Branch
PO Box 38396
Wellington Mail Centre, Lower Hutt 5045
Level 23
157 Lambton Quay
Wellington 6011
New Zealand

General Disclosures

General matters (continued)

Corporate governance of Registered Bank

The Managing and Executive Boards (comprised of non-independent executive directors) are responsible for the management of the Registered Bank and its affiliated entities and the Supervisory Board (which is comprised of independent non-executive directors) supervises the policy pursued by the Managing and Executive Boards and the general course of affairs of the Registered Bank and its affiliated entities.

Signing of the disclosure statement

This Disclosure Statement is signed under an authority provided by each director of the Registered Bank Managing Board, Executive Board and Supervisory Board by their agent Todd Charteris, who also signs in his capacity as New Zealand Chief Executive Officer.

Todd Charteris is the New Zealand Chief Executive Officer of the Registered Bank and the responsible person authorised in writing by each director of the Registered Bank to sign this Disclosure Statement as each director's agent. Todd Charteris's details are as follows:

Name: Todd Charteris

Occupation(s): Banker

Qualifications: Bachelor of Commerce (Finance),
University of Otago

Country of Residence: New Zealand

Type of director: Non-director

External Directorships:

- None

Directors and New Zealand Chief Executive Officer related transactions

In relation to each director and the New Zealand Chief Executive Officer, there are no transactions which the directors or the New Zealand Chief Executive Officer (or any immediate relative or close business associate of them) have with the Registered Bank or any member of the Banking Group which either have been entered into on terms other than those which would, in the ordinary course of business of the Registered Bank or any member of the Banking Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to influence materially the exercise of the directors' or New Zealand Chief Executive Officer's duties.

Audit and Risk Committees

There is an Audit Committee covering audit matters and also a Risk Committee. Each committee comprises members of the Registered Bank's Supervisory Board who are independent directors. The current members of each committee (details of whom are set out above) are:

Audit Committee

P. H. M. Hofsté, Chair

J. J. Nooitgedagt

R. Teerlink

P.H.J.M. Visée

Risk Committee

J. J. Nooitgedagt, Chairman

L.N. Degle

P. H. M. Hofsté

A.A.J. M. Kamp

M. Trompetter

General Disclosures

General matters (continued)

Conflict of interest policy

Owing to its co-operative structure, the governance of the Registered Bank is determined by three bodies: the General Members Council, the Managing Board and the Supervisory Board.

The Managing Board is responsible for the management of the Registered Bank and its affiliates and members of the Managing Board are appointed by the Supervisory Board. The Supervisory Board is comprised of independent members who are appointed by the General Members Council and it supervises the policies pursued by the Managing Board and the general conduct of the Registered Bank and its affiliates.

Pursuant to the Articles of Association for the Registered Bank, members of the Supervisory Board, the Managing Board and the General Members Council may not be members of more than one of these bodies at the same time.

Members of the Supervisory Board and Managing Board may not hold any office with a credit institution within the meaning of the Financial Supervision Act that is not in any way affiliated with the Registered Bank.

The Rules of Procedure for the Supervisory Board contain specific provisions for managing conflicts of interest and members of the Supervisory Board are not permitted to take part in the decision making process on issues or transactions in which they have a conflict of interest.

Auditors

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

Credit ratings

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

There have been changes to the ratings in the two years immediately before 31 December 2018. On 17 September 2017 Standard & Poor's revised its rating of the Registered Bank from 'A+ (stable)' to 'A+ (positive)'. On 27 March 2018 Moody's changed its rating of the Registered Bank from 'Aa2 (negative)' to 'Aa3 (stable)'.

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

General Disclosures

Credit ratings (continued)

Descriptions of the credit ratings scales are as follows:

| | Standard & Poor's | Moody's | Fitch |
|--|-------------------|---------|-------|
| Ability to repay principal and interest is extremely strong. This is the highest investment category. | AAA | Aaa | AAA |
| Very strong ability to repay principal and interest. | AA | Aa | AA |
| Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions. | A | A | A |
| Adequate ability to repay principal and interest. More vulnerable to adverse changes. | BBB | Baa | BBB |
| Significant uncertainties exist which could affect the payment of principal and interest on a timely basis. | BB | Ba | BB |
| Greater vulnerability and therefore greater likelihood of default. | B | B | B |
| Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favorable financial conditions. | CCC | Caa | CCC |
| Highest risk of default. | CC | Ca to C | CC |
| Obligations currently in default. | D | - | C |

Moody's Investors Service apply numeric modifiers 1 (higher end), 2 or 3 (lower end) to ratings from Aa to B to show relative standing within major categories. Credit ratings by Fitch Ratings and Standard & Poor's may be modified by the addition of a plus (higher end) or minus (lower end) sign.

Guarantee arrangements

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

On 11 December 2018, a cross-guarantee system between certain legal entities within the Overseas Banking Group was terminated with the approval by the Dutch Central Bank. There are no outstanding, residual and/or contingent liabilities relating to that system, which was a remnant of a previous cooperative structure of the Registered Bank.

General Disclosures

Historical summary of financial statements

| in millions of NZD | 31/12/2018 | 31/12/2017 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2013 |
|---|----------------|----------------|---------------|----------------|----------------|---------------|
| Statement of Comprehensive Income | | | | | | |
| Interest income | 647.51 | 633.28 | 665.89 | 741.16 | 713.02 | 662.15 |
| Interest expense | (298.72) | (305.38) | (369.91) | (422.75) | (381.56) | (345.39) |
| Net interest income | 348.79 | 327.90 | 295.98 | 318.41 | 331.46 | 316.76 |
| Other income | 1.78 | 2.32 | 1.45 | 1.18 | 2.56 | 1.89 |
| Other expense | (0.61) | (0.83) | (1.07) | (1.72) | (3.57) | - |
| Other operating gains / (losses) | (32.19) | (31.99) | 9.51 | (52.15) | (33.14) | 24.81 |
| Non-interest income / (expense) | (31.02) | (30.50) | 9.89 | (52.69) | (34.15) | 26.70 |
| Operating income | 317.77 | 297.40 | 305.87 | 265.72 | 297.31 | 343.46 |
| Operating expenses | (118.53) | (108.26) | (116.79) | (111.43) | (103.92) | (101.05) |
| Impairment (losses) / releases | (0.64) | 1.34 | (16.49) | 6.19 | 19.42 | (1.05) |
| Profit before income tax | 198.60 | 190.48 | 172.59 | 160.48 | 212.81 | 241.36 |
| Income tax expense | (60.61) | (58.28) | (54.81) | (49.43) | (63.77) | (68.80) |
| Net profit for the year | 137.99 | 132.20 | 117.78 | 111.05 | 149.04 | 172.56 |
| Statement of Financial Position | | | | | | |
| Total assets | 16,121.87 | 15,271.54 | 14,306.49 | 14,484.86 | 13,547.36 | 12,191.38 |
| Total individually impaired assets | 257.27 | 293.11 | 131.40 | 49.19 | 239.04 | 404.40 |
| Total liabilities (excl. Head Office account) | 14,252.57 | 13,542.04 | 12,708.12 | 13,004.95 | 12,179.02 | 10,998.94 |
| Head Office account | 290.43 | 255.88 | 231.86 | 203.90 | 197.27 | 128.42 |
| The amount of branch profits repatriated | - | - | - | - | - | 100.00 |
| Equity | 1,578.79 | 1,475.62 | 1,366.51 | 1,276.01 | 1,171.07 | 1,064.02 |

The amounts disclosed above are obtained from audited annual reports.

Pending proceedings or arbitration

Except as set out below, there are no pending legal proceedings or arbitrations concerning any member of the Banking Group or, if publicly available, the Overseas Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Registered Bank or the Banking Group.

Banking Group

There are no pending legal proceedings or arbitrations concerning any member of the Banking Group that may have a material adverse effect on the Banking Group

Overseas Banking Group

Interest rate derivatives

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

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

General Disclosures

Pending proceedings or arbitration (continued)

Interest rate derivatives (continued)

interest rate derivatives brought before the Dutch Financial Services Complaints Authority, which has opened a conflict resolution procedure.

With respect to the (re-)assessment of the interest rate derivatives of its Dutch business customers and advance payments made, the Registered Bank has recognised a provision of 318 million euros as at 31 December 2018 (2017: 664). At 31 December 2018, the Registered Bank's payments to customers under the Recovery Framework amounted to 532 million euros.

Imtech

On 30 January 2018, the Registered Bank received a letter indicating that legal proceedings may be started with respect to a potential collective action in relation to certain share offerings of Royal Imtech N.V. in which the Registered Bank was involved. Furthermore, the receivers in August 2018 sent a letter in which they describe the possible grounds on which their future claim(s) towards the Registered Bank in its capacity of lender will be based. The Registered Bank is of the opinion that no provision should be recognised as at 31 December 2018.

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

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

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

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

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

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

Insurance business

The Banking Group does not conduct any insurance business.

Non-consolidated activities

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

Risk management policies

The Registered Bank, in respect of itself and its group members' operations in New Zealand, has an integrated risk management framework driven from governance level down to operational levels, covering all aspects of risk most notably credit, market, and operational risks but also compliance, currency, interest rate and liquidity risks. Credit risk includes concentration of credit risk, intra-day credit risk, credit risk to bank counterparties and related party credit risk. The framework applies to the Banking Group and an approved Risk Management Strategy ("RMS") defines how the Banking Group manages risk across the enterprise within the constraints of its overall risk appetite.

General Disclosures

Risk management policies (continued)

The RMS covers:

- The Banking Group's approach to risk management across all material risk categories;
- the policies and procedures dealing with risk management matters;
- key roles and responsibilities of the different functions within the Banking Group to deal with risk;
- the risk management governance and organisational structure implemented in the Banking Group to manage risk across the material risk categories;
- the approach to supporting persons within the Banking Group to have an awareness of the risk management framework and for instilling an appropriate risk culture across the Banking Group; and
- the various tools and systems implemented to effectively manage risks.

The components of the Banking Group's risk management framework include:

- documented and approved delegations of authority;
- standing risk committees with appropriate terms of reference;
- three lines of assurance model; and
- reporting including appropriate data and management information systems.

The Board Risk and Compliance Committee ("BRCC") oversees the implementation, review and monitoring of the Risk Management Strategy ("RMS"), and the ongoing appropriateness of the Banking Group's risk management framework. The BRCC has a separate charter defining its roles and responsibilities.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human or systems errors and unexpected external events. Operational risk is inherent within the Banking Group's activities. The Banking Group has an operational risk framework which is described in the RMS and is in line with the Banking Group's Risk Appetite Statement. The Banking Group uses Key Risk Indicators and Key Control Indicators to measure and monitor operational risk. These are described in the Risk Appetite Statement. The Indicators are measured on a quarterly basis to monitor that the operational risk remains at an acceptable level and in accordance with the Risk Appetite Statement.

The Banking Group does not take any equity risk.

For policies on liquidity, market (currency and interest rate) and credit risks, and explanations of the nature of each such risk and the activities of the Banking Group that give rise to each such risk, refer to note 33 in the financial statements.

Risk management review

The approach to risk management, as described in the RMS, is reviewed on an annual basis. Aspects of the risk management policies, procedures and implementation are reviewed as part of the annual review cycle by the Registered Bank's Internal Audit department.

Internal audit function

The Banking Group has an internal audit function which is part of a regionally based Rabobank Australia and New Zealand ("RANZ") Internal Audit department, which is in turn part of a global Internal Audit function of the Rabobank Group. The Banking Group's New Zealand based internal audit staff have a hierarchical and functional reporting line to the Head of Internal Audit RANZ and an administrative reporting line to the Rabobank New Zealand CEO. The Head of Internal Audit RANZ has a hierarchical reporting line to the chair of the Bank's board audit committee

General Disclosures

Internal audit function (continued)

("BAC") and a functional reporting line to Rabobank's global head of audit, Wholesale, Rural & Retail. Internal Audit is responsible for providing an independent review on the adequacy and effectiveness of the Bank's control environment, which is confirmed in the Audit Charter.

The annual internal audit plan is presented to and approved by the BAC. The BAC regularly reviews the progress made by Internal Audit in accordance with the annual internal audit plan, considers the findings arising from the work conducted and assesses if appropriate action is taken by management. In addition to its internal audit responsibilities, the BAC monitors the external audit services being provided by the Banking Group's external auditors.

Internal Audit performs audits using a risk based approach. Accordingly, greater emphasis is placed on those areas assessed as involving higher levels of risk. The frequency of audits depends on each annual plan.

The BAC meets at least four times per annum.

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

The Banking Group has no involvement in the origination of securitised assets, the marketing or servicing of securitisation schemes or the marketing and distribution of insurance products.

The Banking Group has no involvement in trust, custodial, funds management, or other fiduciary activities established, marketed or sponsored by a member of the Banking Group.

During the year ended 31 December 2018 the Banking Group ceased offering managed funds and the Cash Advantage Fund (CAF) and Term Advantage Fund (TAF) through RaboDirect, an online banking and investment service, and no managed funds, CAF or TAF investments are now held through RaboDirect. RaboDirect managed funds customers (excluding the CAF and TAF) were offered the option to shift their fund holdings to another distributor of third party managed funds, InvestNow Saving and Investment Service Limited, and most such customers took that option. Investments in the CAF and TAF were redeemed.

Conditions of registration

There have been changes to the Registered Bank's Conditions of Registration since 30 June 2018.

With effect on and after 1 January 2019, a change was made to the Conditions of Registration. The changes are related to the Reserve Bank's loan-to-valuation ratio (LVR) requirements and "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) changes.

Below is a copy of the Conditions of Registration that applied at 31 December 2018.

Conditions of registration for Cooperatieve Rabobank U.A. in New Zealand

These conditions of registration apply on and after 1 January 2018.

The registration of Cooperatieve Rabobank U.A. ("the registered bank") in New Zealand is subject to the following conditions:

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.
In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.
2. That the Banking Group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the Banking Group's insurance business is the sum of the following amounts for entities in the Banking Group:

General Disclosures

Conditions of registration (continued)

Conditions of registration for Cooperatieve Rabobank U.A. in New Zealand (continued)

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the Banking Group's insurance business-

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,-

"insurance business" means the undertaking or assumption of liability as an insurer under a contract of insurance:

"insurer" and "contract of insurance" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the Registered Bank in New Zealand does not constitute a predominant proportion of the total business of the Registered Bank.
4. That no appointment to the position of the New Zealand Chief Executive Officer of the Registered Bank shall be made unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
5. That Cooperatieve Rabobank U.A. complies with the requirements imposed on it by De Nederlandsche Bank N.V and the European Central Bank.
6. That Cooperatieve Rabobank U.A. complies with the following minimum capital adequacy requirements, as administered by De Nederlandsche Bank N.V. and the European Central Bank:
 - (a) common equity tier 1 capital of Cooperatieve Rabobank U.A. is not less than 4.5% of risk weighted exposures; and
 - (b) tier one capital of Cooperatieve Rabobank U.A. is not less than 6% of risk weighted exposures; and
 - (c) total capital of Cooperatieve Rabobank U.A. is not less than 8% of risk weighted exposures.
7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ\$15 billion.
8. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand'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.
9. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand'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

General Disclosures

Conditions of registration (continued)

Conditions of registration for Cooperatieve Rabobank U.A. in New Zealand (continued)

qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

10. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In these conditions of registration,-

"Banking Group"-

- (a) means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group's New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013; but
- (b) does not include the New Zealand business of De Lage Landen Limited and AGCO Finance Limited if the sum of the assets of De Lage Landen Limited and AGCO Finance Limited is less than 5% of the total consolidated assets of the banking group excluding De Lage Landen Limited and AGCO Finance Limited;

"business of the registered bank in New Zealand" means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

"liabilities of the registered bank in New Zealand" means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.

In conditions of registration 8 to 10,--

"loan-to-valuation ratio", "non property-investment residential mortgage loans", "property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated January 2018, and where the version of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) referred to in BS19 for the purpose of defining these terms is that dated November 2015.

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of June 2018.

Other material matters

As referenced in the disclosure statement for the six months ended on 30 June 2018, Rabobank New Zealand Limited conducted an independent review of its governance and management frameworks and their operation, the extent of their independence from the global Rabobank co-operative group, and their consistency with the current expectations of the Reserve Bank of New Zealand. The review has now concluded. It found that the Rabobank New Zealand Limited's governance arrangements complied with the relevant legislation and its conditions of registration. Rabobank is committed to ensuring that its governance and management frameworks remain appropriate and consistent with regulator expectations and requirements.

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

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

General Disclosures

Financial Statements of Registered Bank and Overseas Banking Group

The most recent publicly available financial statements of the Registered Bank and the Overseas Banking Group are available at the internet address www.rabobank.co.nz

Auditor's report

The Disclosure Statement has been audited by external auditors PricewaterhouseCoopers, except for the Credit and Market Risk Exposures and Capital Adequacy Information on pages 26 - 28 which has been reviewed. The statement of the nature and scope of the audit is included in the attached auditor's report.

Directors' and New Zealand Chief Executive Officer's Statements

After due enquiry, each director and the New Zealand Chief Executive Officer 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 Order; and
- The Disclosure Statement is not false or misleading;

(ii) over the full year accounting period:

- The Registered Bank has complied with all conditions of registration that applied during that period; and
- The Branch and the other members of the Banking Group had systems in place to monitor and control adequately the material risks of the Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, liquidity risk and other business risks, and those systems were being properly applied (the Banking Group does not have any equity risk, and therefore neither has nor requires any system to monitor or control equity risk).

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



Todd Charteris

Dated: 28 March 2019

Supplementary Financial Disclosures and Asset Quality

1 Supplementary information on the statement of financial position

| in thousands of NZD | Banking Group | |
|--|---------------|------------|
| | 2018 | 2017 |
| Total interest earning and discount bearing assets | 15,982,717 | 15,030,888 |
| Total interest and discount bearing liabilities | 14,060,216 | 13,358,988 |

| in thousands of NZD | Registered Bank in New Zealand | |
|---|--------------------------------|-----------|
| | 2018 | 2017 |
| Liabilities of the Registered Bank net of amounts due to related entities | 3,660,361 | 4,394,625 |
| Retail deposits of the Registered Bank | - | - |

2 Additional information for registered bank's overseas banking group

| in millions of EUR | Overseas banking group | |
|--|------------------------|------------|
| | 31/12/2018 | 31/12/2017 |
| Net profit after income tax | 3,004 | 2,674 |
| Percentage (on a twelve month rolling basis) of average total assets | 0.5% | 0.4% |

| As at 31 December | | |
|--|------------|------------|
| | 31/12/2018 | 31/12/2017 |
| Total assets | 590,437 | 602,991 |
| % change over the previous twelve months | -2.1% | -9.0% |

3 Asset quality of registered bank's overseas banking group

| in millions of EUR | Overseas banking group | |
|--|------------------------|------------|
| | 31/12/2018 | 31/12/2017 |
| Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense) | 15,993 | 16,720 |
| Total individually impaired assets as a percentage of total assets (%) | 2.7% | 2.8% |
| Total individual credit impairment allowance | 3,226 | 4,189 |
| Total individual credit impairment allowance as a percentage of total individually impaired assets (%) | 20.2% | 25.1% |
| Total collective credit impairment allowance | 3,735 | 645 |

Credit and Market Risk Exposures and Capital Adequacy

1 Residential mortgages

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

| in thousands of NZD | As at 31 December 2018 | | |
|-------------------------|------------------------|---------------|---------------|
| | Drawn | Undrawn | Total |
| LVR range | | | |
| Do not exceed 80% | 30,597 | 8,950 | 39,547 |
| Exceeds 80% and not 90% | 3,169 | 1,057 | 4,226 |
| Exceeds 90% | - | - | - |
| Total | 33,766 | 10,007 | 43,773 |

Reconciliation of mortgage related amounts

| in thousands of NZD | 2018 |
|---|---------------|
| Loans and advances - loans with residential mortgages | 33,766 |
| 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 | 33,766 |
| Off-balance sheet residential mortgage exposures subject to the standardised approach | 10,007 |
| Total residential mortgages exposures (as per LVR analysis) | 43,773 |

2 Market risk end of period notional capital charges

| As at 31 December 2018 in thousands of NZD | Implied risk weighted exposure | Notional capital charges |
|---|-----------------------------------|-----------------------------|
| Interest rate risk | 536,000 | 42,880 |
| Foreign currency risk | 132,250 | 10,580 |
| Total | 668,250 | 53,460 |

The Banking Group does not take any equity risk.

3 Market risk peak end-of-day notional capital charges

| 6 months to 31 December 2018 in thousands of NZD | Implied risk weighted exposure | Notional capital charges |
|---|-----------------------------------|-----------------------------|
| Interest rate risk | 545,500 | 43,640 |
| Foreign currency risk | 378,625 | 30,290 |
| Total | 924,125 | 73,930 |

The Banking Group does not take any equity risk.

4 Method for deriving peak end-of-day notional capital charge

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

Credit and Market Risk Exposures and Capital Adequacy

5 Capital Ratios of overseas banking group - Rabobank

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

| in percentage (%) | 31/12/2018 | 31/12/2017 |
|------------------------------------|--------------|--------------|
| Common Equity Tier 1 capital ratio | 16.0% | 15.8% |
| Tier one capital ratio | 19.5% | 18.8% |
| Total capital ratio | 26.6% | 26.2% |

Minimum Capital Requirements

Rabobank is required by Dutch Central Bank DNB to hold minimum capital at least equal to that specified under Basel framework and those requirements imposed on it by the DNB have been met as at the reporting date.

Rabobank calculates the regulatory capital, the external required capital for credit risk, for virtually its entire loan portfolio on the basis of the Advanced Internal Rating Approach approved by the DNB. The Standardised Approach is applied, in consultation with DNB, to portfolios with relatively limited exposure and to a few smaller foreign portfolios that are not suited to the Advanced Internal Rating Approach. Operational risk is measured using the internal model approved by DNB that is based on the Advanced Measurement Approach. Regarding market risk, Rabobank has obtained permission from DNB to calculate the general and specific position risk using its own internal value-at-risk (VaR) models, based on the CRR (Capital Requirements Regulation).

Rabobank Group's Capital Adequacy and Risk Management Report (pillar 3) are publicly available on <https://www.rabobank.com/en/images/annual-report-2018.pdf>

Appendix 1

**Financial Statements for the
Rabobank New Zealand Banking Group
for the year ended 31 December 2018**