

Banks Ratings Navigator		
Navigator date:	07 Dec 2017	
Last rating action:	24 Nov 2017	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Netherlands	
Country IDR:	AAA Stable	
Last action:	27 Oct 17 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
24 Nov 17	a+	Affirmed
24 Feb 17	a+	Affirmed
14 Apr 16	a+	Affirmed
Issuer Default Rating (IDR)		
24 Nov 17	AA- Stable	Affirmed
24 Feb 17	AA- Stable	Affirmed
14 Apr 16	AA- Stable	Affirmed

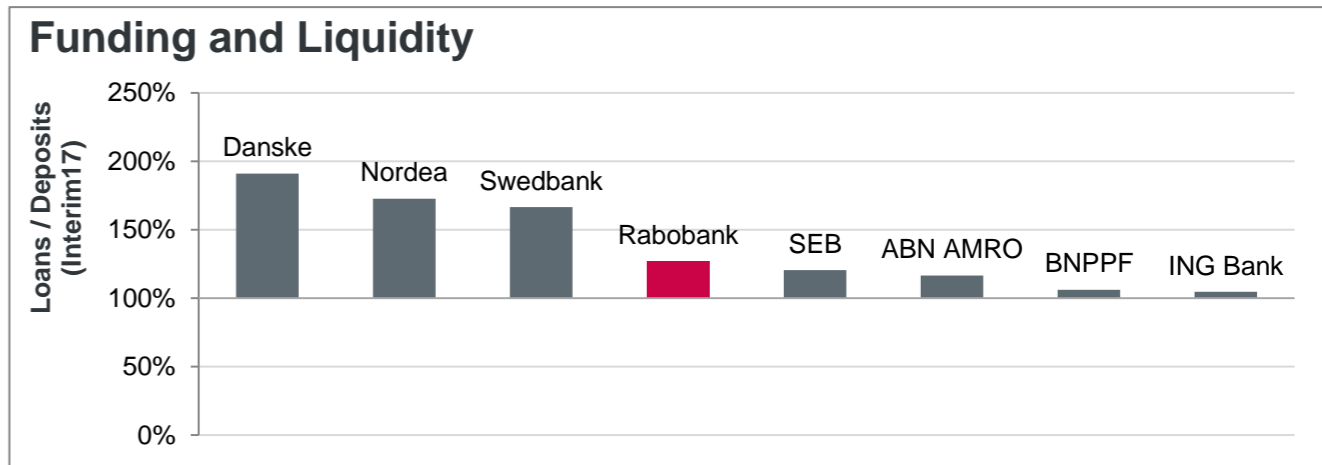
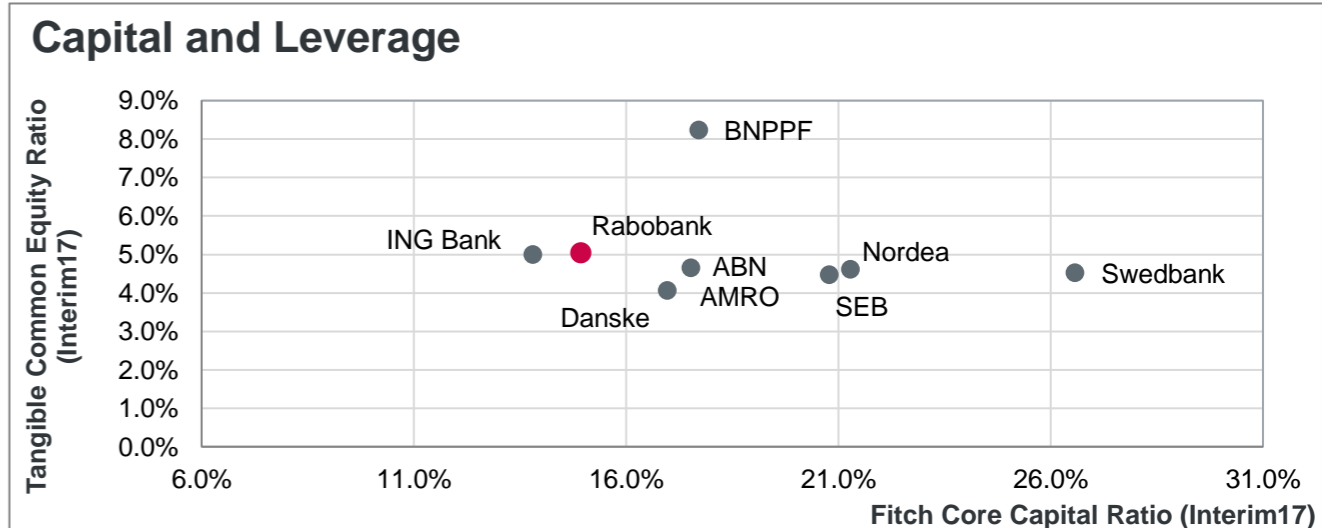
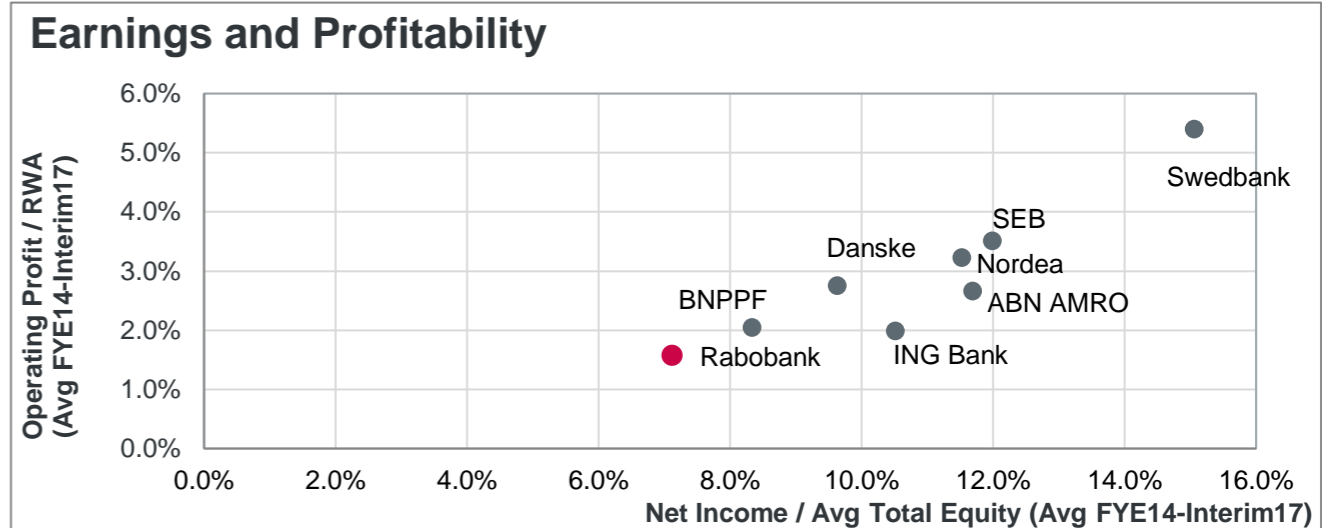
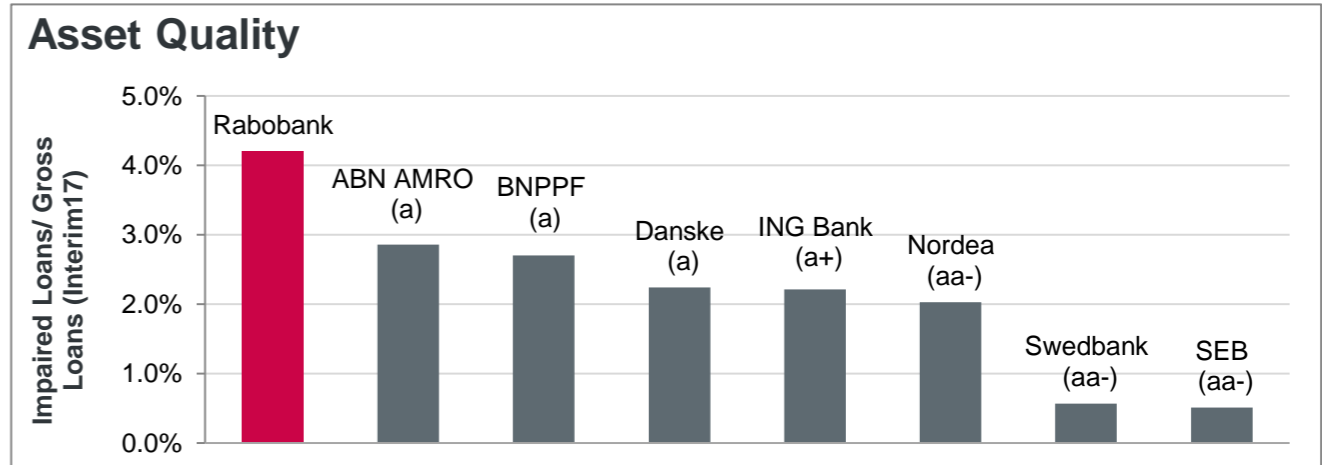
	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA- Stable
a+										a+	A+	A+
a										a	A	A
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc										ccc	CCC	CCC
cc										cc	CC	CC
c										c	C	C
f										f	NF	D or RD

Support Rating Floor (SRF)		
24 Nov 17	NF	Affirmed
24 Feb 17	NF	Affirmed
14 Apr 16	NF	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	□ Stable
Peer Ratings bars = Count of banks		
70	DM Europe Universal Commercial	
5	Netherlands Universal Commercial	
Relevant Criteria & References		
Global Bank Rating Criteria (Nov 2016)		
Macro-Prudential Risk Monitor (Aug 2017)		
Analysts		
Bjorn Norrman (+44 20 3530 1330)		
Konstantin Yakimovich (+44 203 530 1789)		

Support Rating Floor	Value		
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)	A+ to A-		
Actual country D-SIB SRF	NF		
Support Rating Floor:	NF		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy			✓
Size of potential problem	✓		
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support			✓
Sovereign propensity to support bank			
Systemic importance		✓	
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
IDR is Above VR	The Long-Term IDR is one notch above the VR, reflecting a large buffer of qualifying junior debt that could protect senior obligations from default in case of failure. We believe the buffer needs to be at least about 10% of risk-weighted assets to maintain the uplift.
Modest Risk Appetite Supports VR	Cooperatieve Rabobank U.A.'s VR is underpinned by its modest risk appetite, which we expect to remain central to the bank's strategy. The rating also factors in the bank's leading position in Dutch retail banking, and a solid franchise in the global food and agriculture sectors.
Conservative Approach to Risk	We expect Rabobank to maintain a prudent approach to risk, reflected in low-risk underwriting standards, particularly in mortgage lending, and a conservative approach to capital and liquidity management. We also expect the bank to focus on core markets and business segments.
Gradually Improving Asset Quality	Rabobank's non-performing loans (NPL) ratio lags peers' and is affected by the weaker-quality commercial real estate loans. It has been improving, and we expect this to continue. In contrast, Rabobank's mortgage loans have proved particularly resilient through the cycle.
Addressing Weaker Structural Profitability	Rabobank's profitability has improved in recent years, largely as a result of lower loan impairment charges. We expect Rabobank to continue to benefit from the benign operating environment in the Netherlands and from ongoing cost-cutting initiatives.
Solid Capital Ratios	Rabobank's capital ratios are solid, but net NPLs are still high compared to similarly rated peers. This should improve as the stock of NPLs continues to decrease. Leverage compares well with peers.
Some Reliance on Wholesale Funding, Sound Liquidity	Rabobank remains structurally reliant on wholesale funding, making it sensitive to investor confidence. Liquidity management is prudent, and we expect the ample liquidity buffer to be maintained.
Sensitive to Setbacks in Improving Trend	Rabobank's VR is sensitive to material setbacks in the improving trend in the bank's structural profitability or a failure to reduce the ratio of net NPLs to capital. A reduced focus on maintaining a high liquidity buffer would also put pressure on the ratings.

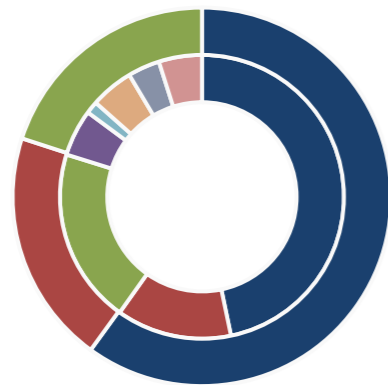
Key Financial Ratios (01 Dec 2017)	Rabobank				Direct Peers Median				Region Sector Median							
	Number of Banks:				8	8	8	8								
	Statement:				Interim17	FYE16	FYE15	FYE14	Interim17	FYE16	FYE15	FYE14	Interim17	FYE16	FYE15	FYE14
Size (EURbn)																
Total assets	623	663	670	681	442	432	425	426	483	241	219	230				
Risk weighted assets (RWA)	208	211	213	212	117	121	120	122	163	77	74	81				
Total equity	34	32	32	31	24	24	22	23	27	14	14	13				
Fitch core capital (FCC)	31	30	29	27	22	20	19	18	29	13	12	11				
Asset Quality																
Impaired loans/gross loans	4.2%	4.2%	4.4%	4.7%	2.2%	2.5%	2.9%	3.0%	2.6%	3.7%	4.2%	5.3%				
Growth of gross loans	-2.3%	-0.6%	-1.5%	-0.1%	1.1%	1.9%	2.3%	1.8%	0.4%	0.8%	1.4%	0.3%				
Reserves for impaired loans/impaired loans	37.8%	40.4%	42.9%	44.0%	41.5%	43.3%	51.1%	48.8%	53.9%	56.9%	56.1%	55.2%				
Loan impairment charges/avg gross loans	-0.0%	0.1%	0.3%	0.6%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.3%	0.5%				
Earnings and Profitability																
Operating profit/risk weighted assets	1.9%	1.7%	1.5%	1.1%	3.4%	2.8%	2.6%	1.9%	2.0%	1.7%	1.7%	1.5%				
Net interest income/average earning assets	1.6%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.6%	1.5%	1.5%	1.6%				
Non-interest expense/gross revenues	68.8%	68.8%	69.1%	63.2%	52.9%	56.0%	54.7%	55.7%	54.8%	66.3%	64.9%	63.6%				
Loans & secs imp charges/pre-imp op. profit	-3.5%	7.8%	24.8%	52.4%	5.0%	6.8%	11.9%	14.3%	11.0%	14.7%	22.6%	24.8%				
Operating profit/average total assets	0.6%	0.6%	0.5%	0.4%	0.8%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.5%				
Net income/average total equity	9.3%	6.3%	6.9%	6.0%	12.3%	10.3%	11.9%	8.0%	8.7%	6.9%	7.6%	6.3%				
Capital and Leverage																
FCC/FCC-adjusted risk weighted assets	14.9%	14.1%	13.7%	12.7%	17.6%	16.5%	15.6%	15.1%	15.7%	14.7%	13.8%	12.7%				
Basel leverage ratio	5.8%	5.5%	5.1%	4.9%	4.8%	5.1%	4.8%	4.3%	5.1%	5.4%	5.2%	4.8%				
Tangible common equity/tangible assets	5.0%	4.6%	4.4%	4.1%	4.6%	4.8%	4.6%	4.3%	4.9%	5.5%	5.7%	4.6%				
CET1 capital ratio	15.0%	14.0%	13.5%	13.6%	17.2%	16.7%	15.8%	14.8%	14.6%	14.0%	13.8%	13.3%				
Internal capital generation	5.6%	2.5%	3.0%	1.9%	12.2%	5.2%	3.5%	3.1%	8.3%	4.0%	3.4%	2.9%				
Imp loans less reserves for imp Loans/FCC	36.6%	37.1%	38.2%	44.1%	13.7%	13.2%	17.0%	17.5%	8.6%	13.3%	14.5%	21.1%				
Funding and Liquidity																
Loans/customer deposits	126.5%	127.8%	132.6%	139.8%	123.5%	136.5%	140.4%	138.5%	107.5%	104.8%	108.2%	109.2%				
Liquidity coverage ratio	133.0%	130.0%	128.0%	144.0%	133.0%	158.0%	128.0%	129.0%	141.0%	139.0%	128.0%	123.0%				
Customer deposits/total funding excl derivs	62.8%	60.8%	58.8%	56.5%	59.3%	56.6%	55.0%	53.9%	64.2%	66.2%	67.1%	64.5%				



Business Mix

(by profit or revenue)

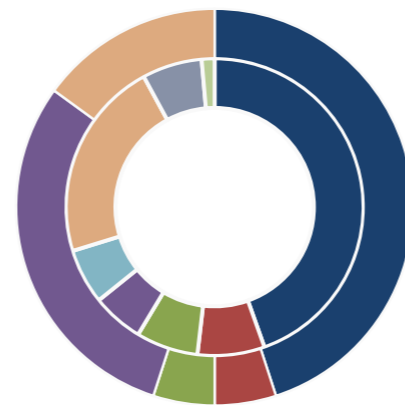
- Retail banking (60%)
- SME banking (20%)
- Corporate banking (20%)
- Investment banking (0%)
- Transaction banking (0%)
- Asset management (0%)
- Insurance (0%)
- Other (0%)



Outer: Rabobank
Inner: Direct Peers Average

Lending Type

- Resi mortgages (45%)
- Comm mortgages (5%)
- Asset finance (5%)
- Other secured (30%)
- Personal unsecured (0%)
- Comm unsecured (15%)
- Fls & Sovs (0%)
- High yield (0%)
- Other unsecured (0%)



Outer: Rabobank
Inner: Direct Peers Average

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