

Rating Report

Coöperatieve Rabobank U.A.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
Coöperatieve Rabobank U.A.	Long-Term Issuer Rating	AA	Confirmed October '19	Stable
Coöperatieve Rabobank U.A.	Short-Term Issuer Rating	R-1 (high)	Confirmed October '19	Stable
Coöperatieve Rabobank U.A.	Intrinsic Assessment	AA	--	--

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

Upwards pressure on the ratings is unlikely at the moment, given the already high rating level, and would require a significant improvement in profitability and efficiency metrics.

Factors with Negative Rating Implications

Negative rating implications could arise if (i) the Group is unable to improve its profitability and efficiency metrics despite ongoing initiatives, or (ii) there is a material deterioration in the Group's asset quality, or (iii) Rabobank is not able to adapt to the outcome of tougher regulatory requirements for capital.

Rating Considerations

Franchise Strength:

Strong universal franchise in its domestic market in the Netherlands, complemented by a strong global franchise in the Food & Agri sector.

Very Strong / Strong

Earnings Power:

Resilient earnings generation ability; cost control remains a key focus. Impairment charges remain relatively low; yet trending towards normalised levels.

Strong

Risk Profile:

Conservative risk profile, while asset quality also benefits from the good macroeconomic environment in the Netherlands.

Strong

Funding and Liquidity:

Solid funding profile, supported by a stable deposit base and diversified funding sources, as well as good access to capital markets. Liquidity remains sound.

Very Strong / Strong

Capitalisation:

Robust capitalisation levels, with significant cushions over regulatory minimums. The Group is in a good position to manage the impact from additional regulatory capital requirements.

Strong

Financial Information

Coöperatieve Rabobank U.A.

2019H1 2018Y 2017Y 2016Y 2015Y

EUR Millions

Total Assets	606,834	590,437	602,991	662,593	678,827
Equity Attributable to Parent	39,563	41,755	39,135	39,999	40,705
Income Before Provisions and Taxes (IBPT)*	1,792	3,560	2,883	2,956	3,608
Net Attributable Income*	955	2,378	1,972	1,136	1,107
IBPT over Avg RWAs (%)*	1.76	1.79	1.41	1.39	1.70
Cost / Income ratio (%)*	67.45	68.76	74.53	75.20	70.10
Return on Avg Equity (ROAE) (%)*	4.70	5.88	4.98	2.82	2.80
Gross NPLs over Gross Loans (%)	3.78	4.17	4.17	4.09	4.15
CET1 Ratio (Fully-Loaded) (%)	15.80	16.00	15.50	13.44	11.97

Source: DBRS Morningstar Analysis; Copyright © 2019, S&P Global Market Intelligence* Note*: Figures adjusted to include payments on, capital securities, trust preferred securities and minority interests.

Issuer Description

Coöperatieve Rabobank U.A. (Rabobank or the Group) is a cooperative bank, headquartered in the Netherlands. The Group, which consists of 90 local Rabobanks, operates as a single legal entity with one banking license. Rabobank's international presence, which is primarily focused on the Food & Agri sector, extends to 38 countries globally.

Rating Rationale

Rabobank's Intrinsic Assessment (IA) of AA takes into consideration the Group's very strong retail and commercial franchise in the Netherlands, as well as its global franchise in food & agriculture financing. The IA also incorporates the strong financial fundamentals of Rabobank, including a strong capital position and sound asset quality as well as the Group's strengthened funding profile and large liquidity buffers. Conversely, the IA also reflects Rabobank's still modest profitability and efficiency levels relative to similarly rated peers.

Franchise Strength

Grid Grade: Very Strong / Strong

Rabobank is a leading Dutch bank with total assets of EUR 607 billion at end-June 2019. The Group offers a wide range of products and services across Retail Banking, Wholesale Banking, Rural Banking, Private Banking, Leasing and Real Estate. The Group has a very strong domestic position in deposit-taking and mortgage lending, and a strong international franchise in the Food & Agri sector where Rabobank is an acknowledged global leader.

The Group continues to execute towards its ambitions for 2020, as set out under the Strategic Framework 2016-2020 and has made good progress towards the capital and funding targets (Exhibit 1). The Group has also made some progress on the profitability targets, however, DBRS Morningstar considers that these might be more challenging to achieve in the set timeframe, given revenue pressure from the low interest rate environment and ongoing pressure on the cost side, in particular with regards to increased investments in technology and elevated compliance costs.

Rabobank has achieved further progress with regards to balance sheet optimisation and disposal of non-core assets. On August 31, 2019 Rabobank finalised the sale of the non-Food & Agri businesses of its U.S.-based subsidiary, Rabobank National Association (RNA) to Mechanics Bank while the majority of the Food & Agri portfolio of RNA (approximately USD 5 billion) was transferred to Rabo AgriFinance as of July 1, 2019. In May 2019, the Group concluded the sale of the ACC loan portfolio while the retail operations in Indonesia are being runned down.

Exhibit 1: Progress vs. Financial Targets 2020

		2017	2018	1H19	Ambitions 2020
Capital	CET1 Ratio (Fully Loaded)	15.50%	16.00%	15.80%	>14%
	MREL Requirement	26.80%	28.20%	27.80%	30.96%
Profitability	Cost/Income Ratio	71.30%	65.90%	64.40%	53-54%
	ROIC	6.90%	7.40%	6.40%	>8%
Funding	Wholesale Funding (EUR billion)	160	153	152	~150

Source: DBRS Morningstar; Company Reports;

DESCRIPTION OF OPERATIONS

Rabobank operates in the following four main segments: (i) Domestic Retail Banking, (ii) Wholesale, Rural & Retail, (iii) Leasing, (iv) Real Estate.

Domestic Retail Banking – Pre-tax profit of EUR 1,332 million (68% of the Group's total pre-tax profit in 1H19¹)

The Domestic Retail Banking (DRB) segment serves Rabobank's domestic retail and SME customers through the local Rabobanks, Obvion (a mortgage lender) and Roparco (savings bank). Rabobank has 6.5 million private customers and 800,000 corporate customers in its domestic Dutch market, where the Group enjoys market shares of 33% in savings, 21% in mortgage lending and around 85% in primary Food & Agri customers.

¹ The figure excludes the negative contribution of EUR 349 million from Other Segments.

Wholesale, Rural & Retail – Pre-tax profit of EUR 314 million (16% of the Group’s total pre-tax profit in 1H19)

The Wholesale Rural & Retail Banking (WRR) segment serves large Dutch and foreign corporate customers, with the primary focus being in the food and agribusiness sector. The Group’s global presence extends to 38 countries. This division also incorporates the Group’s international capital-markets businesses such as Markets, Corporate Finance, and Trade and Commodity Finance.

Leasing – Pre-tax profit of EUR 253 million (13% of the Group’s total pre-tax profit in 1H19)

Rabobank provides vendor finance globally through DLL, its fully-owned leasing subsidiary. DLL offers asset-based financial solutions to manufacturers, distributors and end-users in the sectors of Agriculture, Food, Healthcare, Clean Technology, Construction, Transportation, Industrial, Office Equipment and Technology Industries.

Real Estate – Pre-tax profit of EUR 59 million (3% of the Group’s total pre-tax profit in 1H19)

This segment primarily consists of the activities of Bouwfonds Property Development (BPD), which is active in retail and corporate real estate especially in the development of residential areas, property finance and real estate fund management. The main countries of operation are the Netherlands and Germany.

Earnings Power

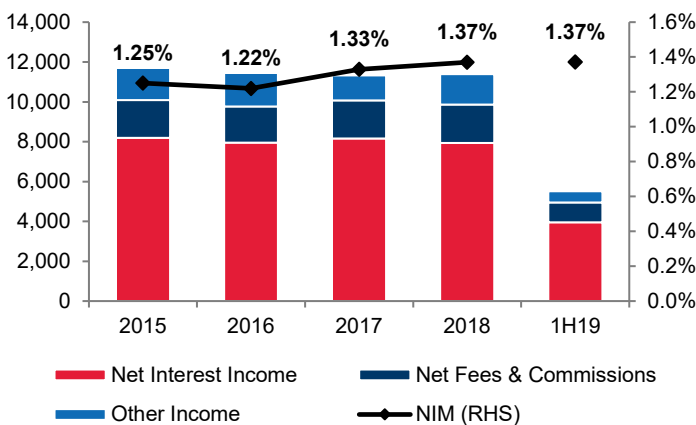
Grid Grade: Strong

DBRS Morningstar views that Rabobank has demonstrated good earnings in recent years, although at lower levels than peers due to the Group’s lower risk profile. At the same time, the Group has made progress in improving its efficiency levels albeit below plan.

In 1H19, Rabobank posted net profit of EUR 1.2 billion, or 29% lower than the EUR 1.7 billion net profit reported in. The decrease was mainly driven by a more normalised level of impairment charges and lower operating income, as the 1H18 results were positively impacted by the sale of non-core CRE assets and the results of BPD Marignan, which was sold in 2H18.

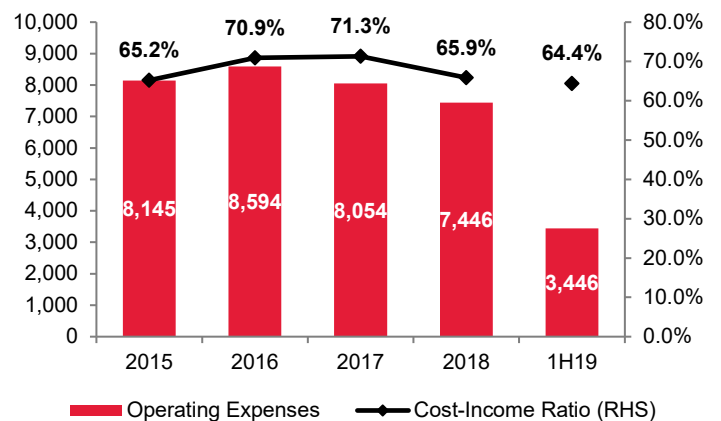
Net interest income (NII), which at 73% of total income in 1H19 remains a key revenue driver for Rabobank, continues to be impacted by the low interest rate environment. Nonetheless, net interest income demonstrated resilience and was only 1% down year-on-year, as reported by the Group. Rabobank was able to mitigate pressure margin on the deposit side with sound and stable margins on new lending. Net fee and commission income was up 2% yoy, mainly reflecting an increased contribution from the domestic businesses, while other income decreased to EUR 549 million, from EUR 774 million in 1H18, on the back of challenging capital market conditions and the absence of one-off capital gains.

Exhibit 2: Profitability (EUR million) and NIM Evolution



Source: DBRS Morningstar; Company Reports; Copyright © 2019, S&P Global Market Intelligence

Exhibit 3: Reported Operating Expenses (EUR million) and C/I Ratio Evolution



Source: DBRS Morningstar; Company Reports;

Costs continue to be proactively managed. Operating expenses were down 5% yoy to EUR 3.4 billion, partially due to the downsizing of the Real Estate activities and ongoing improvement in staff costs (Exhibit 3). Total operating expenses by employee has been declining since 2016, representing EUR 177,169 at 1H19 compared to EUR 196,655 in 2016 according to DBRS Morningstar calculations. Nonetheless, Rabobank’s adjusted efficiency level remains modest with the Group’s cost-income ratio (including regulatory levies) standing at 67.5% in 1H19, on a downwards trend in recent years according to DBRS Morningstar (the calculation is adjusted for the payments towards Capital Securities, Trust Preferred Securities and minority interests). This compares unfavorably with peers. At the same time, DBRS Morningstar notes that the Group’s reported cost-income ratio (including regulatory levies) was 64.4% in 1H19 while

excluding exceptional items the Group reported a cost-income ratio of 62.3% in 1H19. Rabobank remains committed towards reducing its cost-to-income ratio to 53%-54%. However, the Group has indicated that the timing will differ from the original target of 2020 given the pressure on revenues from low interest rates as well as the acceleration of investments in compliance and digitalisation. DBRS Morningstar continues to view improving efficiency as important for the Group.

Impairment charges remain low. However, these increased towards normalised levels and stood at EUR 440 million in 1H19, compared to net reversals of EUR 37 million in 1H18. Despite this increase, the Group’s cost of risk (on an annualized basis) stood at 21 bps in 1H19, in line within the normalised, through the cycle level of 20-25bps. This compares to an average of 32 bps over the 2009-2018 period.

Risk Profile

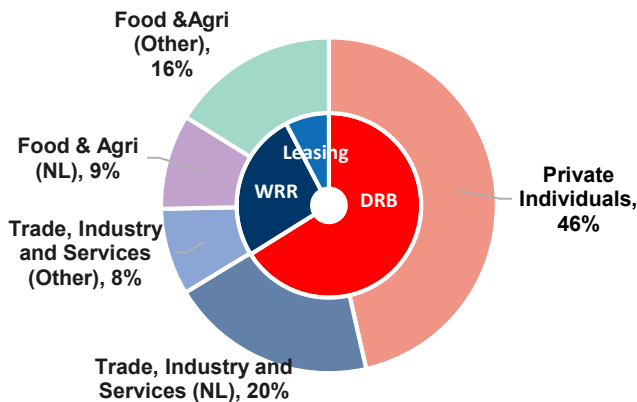
Grid Grade: Strong

Credit Risk

DBRS Morningstar views Rabobank as having a conservative risk profile, while asset quality also benefits from the benign credit environment in the Netherlands.

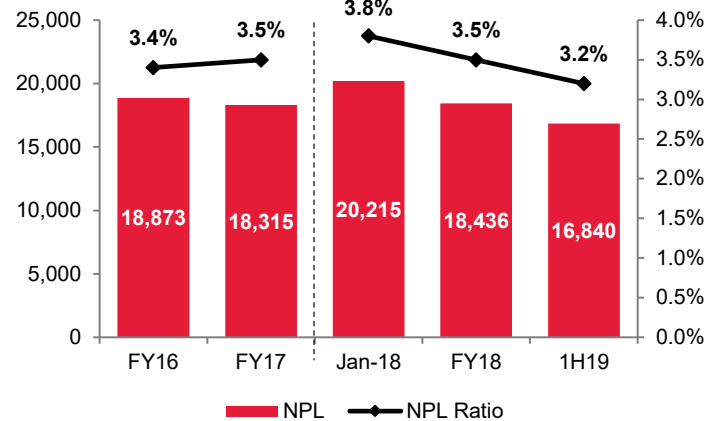
Rabobank’s private sector loan portfolio totalled EUR 416.2 billion at end-June 2019, representing 94% of the Group’s total loans and advances to customers. The private sector loan portfolio comprised of Domestic Retail Banking (DRB) loans (66%), followed by Wholesale, Rural & Retail (WRR) loans (26%) and leasing (8%). Dutch residential mortgage loans represent the single largest exposure by sector and stood at EUR 189.4 billion, or 45% of the total private sector loan book at end-June 2019. The remainder of the portfolio appears well diversified by sector with trade, industry and services accounting for 28% of the book and with Food & Agri accounting for 25% of it at end-June 2019 (Exhibit 4). In terms of geographical split, the portfolio is mainly concentrated in the Netherlands (71%), followed by North America (10%), Europe (8%), Australia and New Zealand (6%), Latin America (3%) and Asia (2%).

Exhibit 4: Private Sector Loan Portfolio, end-June 2019



Source: DBRS Morningstar; Company Reports;

Exhibit 5: NPL Figure and Ratio Evolution (EUR million)



Source: DBRS Morningstar; Company Reports; Note: NPL includes both Stage 3 Loans & Advances and NPL in Financial Assets at Fair Value. Figures as of Jan-18 reflect early adoption of EBA ‘Definition of Default’ with respect to mortgage and SME portfolios

Asset quality continues to be sound with an NPL ratio, under the EBA definition, of 3.2% at end-June 2019 down from 3.5% at end-2018. During 2018, Rabobank managed to reduce its NPLs by nearly 9% to EUR 16.8 billion (Exhibit 5), due to the favorable economic environment and the sale of non-core CRE exposure. This reduction follows a spike in the NPL stock as of January 1, 2018 which stemmed from the early application of the EBA definition of default to the residential and SME loan portfolio, which Rabobank decided to frontload in 2018 despite the January 2021 implementation deadline. The positive trend continued in 1H19 supported by the ongoing favourable economic conditions in the Netherlands and the sale of non-core CRE exposure.

The domestic residential mortgage portfolio of EUR 189.4 billion remains healthy, with an NPL ratio of 0.97% at end-June 2019. This is down from 1.08% at end-2018 and 1.22% at end-June 2018. DBRS Morningstar notes that the Dutch property market has shown signs of overheating in certain segments over the past few months. However, DBRS Morningstar considers that the house price increase seems to be driven by strong demand for housing and limited housing supply while growth in net mortgage lending is subdued, partly reflecting voluntary repayments (see DBRS commentary “[The Dutch Housing Market: Booming Amid Modest Mortgage Lending – Risks to Financial Stability Contained](#)”). DBRS Morningstar views this as manageable given stricter regulatory requirements on mortgage lending since 2013, less favorable tax treatment of interest paid on mortgages, as well as a declining average loan-to-value ratio (LTV) of Rabobank’s Dutch residential mortgages portfolio, down to 61% at end-June 2019, from 64% at end-2018 and 69% at end-2017. The share of residential mortgages having an LTV above 100% reduced further to 4.7% at end-June 2019 from 6% at end-2018. The portion of

interest-only mortgages, however, remains high at 25% of the portfolio, and is expected to decline slowly, driven by less favorable tax incentives and tightened underwriting policy.

Rabobank’s EUR 109 billion Wholesale, Rural & Retail (WRR) lending portfolio is well diversified by geography and industry. More than 80% of the loan book is abroad, with a focus on food and agribusiness and trade related sectors in food producing countries such as Australia, New Zealand and United States. The segment’s impairment charges in 1H2019 was up to EUR 61 million from zero at end-June 2018.

DBRS Morningstar notes the Group’s domestic commercial real estate portfolio, continues to make progress in deleveraging with the loan book decreasing to EUR 20 billion at June-2019 from EUR 21 billion at end-2018 and EUR 24 billion at end-2016 through recoveries and disposals.

Market Risk

Rabobank has a low market risk profile. Market risk in the trading book is monitored through Value at Risk (VaR), with a 97.5% confidence level and a horizon of one day. In 2018, the highest VaR recorded was EUR 3.9 million and the average VaR was EYR 2.6 million.

Funding and Liquidity

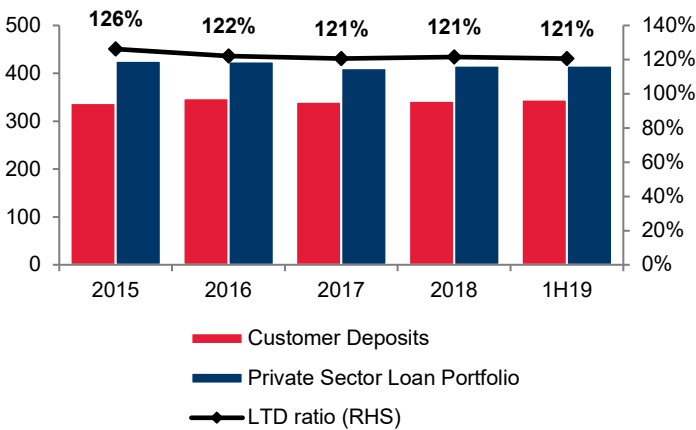
Grid Grade: Very Strong / Strong

DBRS Morningstar views Rabobank as having a solid funding profile, supported by a stable deposit base and diversified funding sources.

Following deleveraging efforts, Rabobank’s loan-to-deposit ratio (LTD) has stabilised at 120% (Exhibit 6). Furthermore, the Group is reaching its 2020 target on wholesale funding reliance of EUR ~150 billion, with the figure standing at EUR 152 billion at end-June 2019 compared to EUR 203 billion at end-2015. Despite the improvement, the Group’s LTD remains higher than European peers. However, this partly reflects structural features of Rabobank’s domestic market, as in the Netherlands a significant part of household savings is channeled through local pension schemes. This is mitigated by the Group’s diversified funding mix and extended maturity profile, with no significant refinancing concentration.

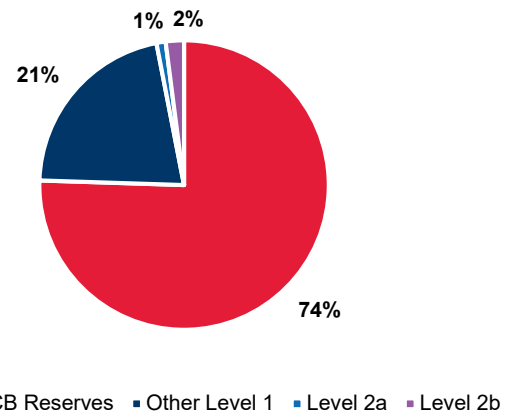
Furthermore, the Group continues to have very good access to global capital markets. Since 2017, Rabobank has been diversifying funding sources with the issuance of covered bonds, and in 2018 the Group issued its inaugural non-preferred senior debt.

Exhibit 6: LTD Ratio Evolution



Source: DBRS Morningstar; Company Reports;

Exhibit 7: Liquidity Buffer Composition, end-June 2019



Source: DBRS Morningstar; Company Reports;

The Group’s liquidity position remains solid. At end-June 2019, the Group’s total liquidity buffer measured in high quality liquid assets (HQLA) stood at EUR 114 billion, which compares well with the Bank’s maturities in the next twelve months. Furthermore, Rabobank reported a liquidity coverage ratio (LCR) of 124% and a net stable funding ratio (NSFR) of 118% as of the same date.

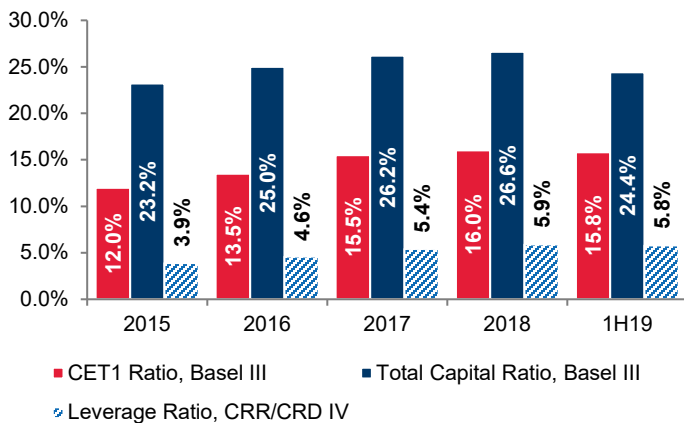
Capitalisation

Grid Grade: Very Strong / Strong

DBRS Morningstar considers Rabobank’s capital position to be strong, although tougher regulatory requirements will likely impact current capital ratios. DBRS Morningstar anticipates the Group to continue with balance-sheet optimisation and to be able through internal capital generation to mitigate the negative impact of the potential increase in risk weighting on mortgages from autumn 2020, as recently proposed by the Dutch Central Bank, as well as the future impact of the final implementation of Basel III requirements and TRIM.

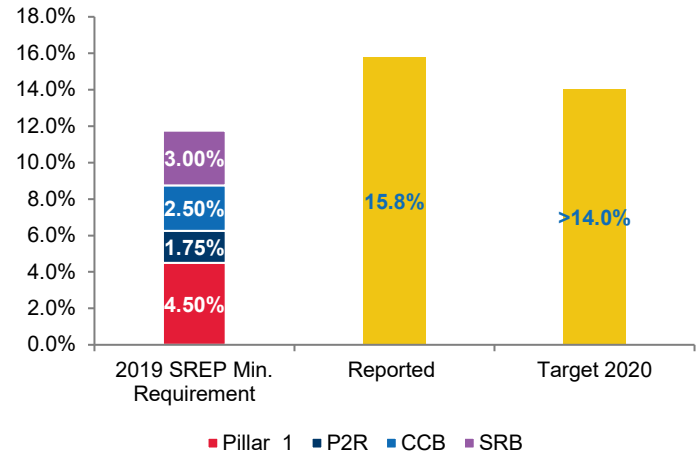
Rabobank’s capital buffers over minimum regulatory requirements are solid under current capital requirements. At end-June 2019, the Group had a Common Equity Tier 1 (CET1) ratio of 15.8%, down from 16.0% at end-2018, as the accumulated profit only partly compensated for an increase in risk-weighted assets (RWAs) and negative foreign currency effects related to the call of Capital Securities. This implies a cushion of 405 bps over minimum regulatory requirements, when compared to an SREP Requirement of 11.75% as of March 1, 2019. Rabobank has estimated a pro-forma increase of 30-35% (before mitigation) in RWAs over the coming years from so-called Basel IV and model changes. However, the Group is aiming to lower that to below 30% through various mitigating actions, including portfolio optimization, data improvement and repricing. Rabobank maintains a target for a CET1 ratio of 14% at end-2020.

Exhibit 8: Regulatory Capital and Leverage Ratio Evolution



Source: DBRS Morningstar; Company Reports;

Exhibit 9: CET1 Min. Requirement vs. Reported, end-June 2019



Source: DBRS Morningstar; Company Reports;

DBRS Morningstar considers Rabobank as well placed to meet future Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements. The Group’s MREL binding requirement was set by the Dutch Central Bank, at 9.64% of Total Liabilities and Own Funds (TLOF), which resulted from the calibration of the various MREL components at 28.58% of RWA. At end-June 2019, the Group held EUR 57.5 billion of MREL-eligible liabilities, consisting of equity and subordinated instruments, equivalent to 27.8% of RWAs. Creditor hierarchy legislation was passed in the Netherlands in December 2018 and the Group expects to address the small shortfall with a combination of own funds and non-preferred senior debt only. In the coming years, Rabobank expects non-preferred senior debt issuance of EUR 3-5 billion per annum.

	Coöperatieve Rabobank U.A.	Coöperatieve Rabobank U.A.	Coöperatieve Rabobank U.A.	Coöperatieve Rabobank U.A.	Coöperatieve Rabobank U.A.
EUR Millions	2019H1	2018Y	2017Y	2016Y	2015Y
Balance Sheet	6/30/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Cash and Deposits with Central Banks	63,435	73,335	66,861	84,405	64,943
Lending to/Deposits with Credit Institutions	31,050	17,859	27,254	25,444	32,434
Financial Securities	18,554	21,861	30,750	37,360	41,915
Financial Derivatives Instruments	26,499	22,660	25,505	42,372	48,113
Net Lending to Customers	441,580	438,627	433,457	453,933	467,519
- Gross Lending to Customers	445,574	442,362	438,903	461,420	475,910
- Loan Loss Reserves	3,994	3,735	5,446	7,487	8,391
Investment in Associates or Subsidiaries	2,481	2,374	2,521	2,417	3,672
Total Intangible Assets	840	966	1,002	1,089	1,493
Fixed Assets	5,112	4,648	4,780	4,883	8,146
Insurance Assets	NA	NA	NA	NA	NA
Other Assets (including DTAs)	17,283	8,107	10,861	10,690	10,592
Assets	606,834	590,437	602,991	662,593	678,827
Deposits from Banks	21,856	19,397	18,922	22,006	19,038
Deposits from Central Banks	0	0	0	0	0
Deposits from Credit Institutions	21,856	19,397	18,922	22,006	19,038
Deposits from Customers	344,908	343,105	344,563	351,374	348,977
Issued Debt Securities	NA	136,712	144,226	171,988	188,401
Issued Subordinated Debt	15,557	16,498	16,170	16,861	15,503
Financial Derivatives Instruments	27,881	23,927	28,103	48,024	54,556
Insurance Liabilities	NA	NA	NA	NA	NA
Other Liabilities	156,577	8,562	11,397	11,816	11,155
Equity Attributable to Parent	39,563	41,755	39,135	39,999	40,705
Minority Interests	492	481	475	525	492
Liabilities & Equity	606,834	590,437	602,991	662,593	678,827

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EUR Millions	2019H1	2018Y	2017Y	2016Y	2015Y
Income Statement	6/30/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Interest Income	8,199	16,281	16,571	16,530	17,593
Interest Expenses	3,985	7,722	7,728	7,695	8,454
Net Interest Income*	3,957	7,933	8,162	7,947	8,192
Net Fees and Commissions	1,000	1,931	1,915	1,826	1,892
Results from Financial Operations	142	364	263	634	911
Equity Method Results	89	243	245	106	351
Net Income from Insurance Operations	NA	NA	NA	NA	NA
Other Operating Income	318	923	735	1,404	721
Total Operating Income*	5,506	11,394	11,320	11,917	12,067
Staff Costs	2,075	4,278	4,472	4,680	4,786
Other Operating Costs	1,428	3,168	3,559	3,843	3,230
Depreciation/Amortisation	211	388	406	438	443
Total Operating Expenses	3,714	7,834	8,437	8,961	8,459
Income Before Provisions and Taxes (IBPT)*	1,792	3,560	2,883	2,956	3,608
Loan Loss Provisions	440	185	-191	310	1,043
Securities & Other Financial Assets Impairments	0	5	22	0	150
Other Impairments	NA	90	122	816	653
Other Non-Operating Income (Net)	0	0	0	0	0
Income Before Taxes (IBT)*	1,352	3,280	2,930	1,830	1,762
Tax on Profit	397	902	958	694	655
Discontinued Operations	0	0	0	0	0
Other After-tax Items	0	0	0	0	0
Minority Interest	0	0	0	0	0
Net Attributable Income*	955	2,378	1,972	1,136	1,107

Source: DBRS Morningstar, Copyright © 2019, S&P Global Market Intelligence* Note*: Figures adjusted to include payments on capital securities, trust preferred securities and minority interests.

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	2019H1	2018Y	2017Y	2016Y	2015Y

Earnings Power

Earnings					
Net Interest Margin (%)	1.37	1.37	1.33	1.22	1.25
Yield on Average Earning Assets (%)	2.84	2.81	2.70	2.55	2.68
Cost of Interest Bearing Liabilities (%)	1.46	1.41	1.33	1.24	1.34
IBPT over Avg Assets (%)	0.60	0.60	0.46	0.44	0.53
IBPT over Avg RWAs (%)	1.76	1.79	1.41	1.39	1.70
Expenses					
Cost / Income ratio (%)	67.45	68.76	74.53	75.20	69.18
Operating Expenses by Employee	177,169	187,143	192,938	196,655	162,632
LLP / IBPT (%)	24.55	5.20	-6.63	10.49	28.91
Profitability Returns					
Return on Avg Equity (ROAE) (%)	4.70	5.88	4.98	2.82	2.80
Return on Avg Assets (ROAA) (%)	0.40	0.50	0.42	0.30	0.33
Return on Avg RWAs (%)	1.19	1.51	1.31	0.95	1.04
Dividend Payout Ratio (%)	NA	NA	NA	NA	NA
Internal Capital Generation (%)	NA	NA	NA	NA	NA

Risk Profile

Gross NPLs over Gross Loans (%)	3.78	4.17	4.17	4.09	4.15
Net NPLs over Net Loans (%)	2.91	3.35	2.97	2.51	2.43
NPL Coverage Ratio (%)	23.72	20.26	29.74	39.67	42.46
Net NPLs over IBPT (%)	358.45	412.95	446.38	385.18	315.19
Net NPLs over CET1 (%)	39.35	45.77	41.16	38.44	39.55
Texas Ratio (%)	38.23	40.10	40.65	39.31	39.85
Cost of Risk (%)	0.20	0.04	-0.04	0.07	0.22
Level 2 Assets/ Total Assets (%)	4.77	4.61	4.88	7.16	7.89
Level 3 Assets/ Total Assets (%)	1.65	0.44	0.40	0.30	0.39

Funding and Liquidity

Bank Deposits over Funding (%)	NA	3.76	3.63	3.95	3.41
- Interbank over Funding (%)	NA	3.76	3.63	3.95	3.41
- Central Bank over Funding (%)	NA	0.00	0.00	0.00	0.00
Customer Deposits over Funding (%)	NA	66.53	65.76	62.47	60.97
Wholesale Funding over Funding (%)	NA	29.71	30.61	33.58	35.62
- Debt Securities over Funding (%)	NA	26.51	27.52	30.58	32.91
- Subordinated Debt over Funding (%)	NA	3.20	3.09	3.00	2.71
Liquid Assets over Assets (%)	18.63	19.15	20.71	22.22	20.52
Non-Deposit Funding Ratio (%)	39.15	37.41	38.84	43.52	45.27
Net Loan to Deposit Ratio (%)	128.03	127.84	125.80	129.19	133.97
LCR (Phased-in) (%)	124.00	135.00	123.00	130.00	128.00
NSFR (%)	118.00	119.00	119.00	121.00	116.00

Capitalisation

CET1 Ratio (Phased-In) (%)	15.75	16.02	15.77	14.02	13.49
CET1 Ratio (Fully-Loaded) (%)	15.80	16.00	15.50	13.44	11.97
Tier 1 Capital Ratio (Phased-In) (%)	17.83	19.48	18.76	17.55	16.45
Total Capital Ratio (Phased-In) (%)	24.39	26.56	26.19	25.03	23.21
Tang. Equity / Tang. Assets (%)	6.47	7.00	6.41	5.96	5.86
Leverage Ratio (DBRS) (%)	5.65	5.68	5.45	4.83	4.62

Growth

Net Attributable Income YoY (%)	-25.1	-9.1	0.6	-46.9	-37.9
Net Fees and Commissions YoY (%)	5.3	0.8	4.9	-3.5	0.7
Total Operating Expenses YoY (%)	-5.7	-7.1	-5.8	5.9	3.4
IBPT YoY (%)	-12.7	-0.7	-25.0	-37.3	-24.3
Assets YoY (%)	2.8	-2.1	-9.0	-2.4	-0.3
Gross Lending to Customers YoY (%)	0.7	0.8	-4.9	-3.0	0.6
Net Lending to Customers YoY (%)	1.3	1.2	-4.5	-2.9	0.8
Loan Loss Provisions YoY (%)	103.7	NA	NA	-70.3	-60.6
Deposits from Customers YoY (%)	1.0	-0.5	-2.0	0.6	5.7

Source: DBRS Morningstar, Copyright © 2019, S&P Global Market Intelligence*

Rating Methodology

The applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (June 2019), which can be found on our website under Methodologies.

Ratings

Issuer	Obligation	Rating Action	Rating	Trend
Coöperatieve Rabobank U.A.	Long-Term Issuer Rating	Confirmed	AA	Stable
Coöperatieve Rabobank U.A.	Long-Term Senior Debt	Confirmed	AA	Stable
Coöperatieve Rabobank U.A.	Long-Term Deposits	Confirmed	AA	Stable
Coöperatieve Rabobank U.A.	Short-Term Issuer Rating	Confirmed	R-1 (high)	Stable
Coöperatieve Rabobank U.A.	Short-Term Debt	Confirmed	R-1 (high)	Stable
Coöperatieve Rabobank U.A.	Short-Term Deposits	Confirmed	R-1 (high)	Stable
Coöperatieve Rabobank U.A.	Long Term Critical Obligations Rating	Confirmed	AAA	Stable
Coöperatieve Rabobank U.A.	Short Term Critical Obligations Rating	Confirmed	R-1 (high)	Stable

Ratings History

Issuer	Obligation	Current	2018	2017	2016
Coöperatieve Rabobank U.A.	Long-Term Issuer Rating	AA	AA	AA	n/a
Coöperatieve Rabobank U.A.	Long-Term Senior Debt	AA	AA	AA	AA
Coöperatieve Rabobank U.A.	Long-Term Deposits	AA	AA	AA	n/a
Coöperatieve Rabobank U.A.	Short-Term Issuer Rating	R-1 (high)	R-1 (high)	R-1 (high)	n/a
Coöperatieve Rabobank U.A.	Short-Term Debt	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)
Coöperatieve Rabobank U.A.	Short-Term Deposits	R-1 (high)	R-1 (high)	R-1 (high)	n/a
Coöperatieve Rabobank U.A.	Long Term Critical Obligations Rating	AAA	AAA	AAA	AAA
Coöperatieve Rabobank U.A.	Short Term Critical Obligations Rating	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)

Previous Action(s)

- [DBRS Morningstar Confirms Coöperatieve Rabobank at AA, Stable Trend](#), October 30, 2019.

Related Research

- [DBRS Morningstar: Large Dutch Banks Well Prepared for Additional Capital Requirements](#), October 21, 2019.
- [The Dutch Housing Market: Booming Amid Modest Mortgage Lending – Risks to Financial Stability Contained](#), March 4, 2019.
- [DBRS: Is the European Framework against Money Laundering Effective Enough?](#), January 31, 2019.
- [DBRS: European Banks Likely to Struggle to Bring Costs Down Further](#), December 5, 2018.
- [2018 EBA Stress Test Shows Increased Level of Resilience of Major European Banks](#), November 9, 2018.

Previous Report

- [Coöperatieve Rabobank U.A.](#), Rating Report, December 4, 2018.

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