

Banks Ratings Navigator		
Navigator date:	February 2019	
Last rating action:	13 Nov 2018	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Netherlands	
Country IDR:	AAA Stable	
Last action:	26 Oct 18 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
13 Nov 18	a+	Affirmed
24 Nov 17	a+	Affirmed
24 Feb 17	a+	Affirmed
Issuer Default Rating (IDR)		
13 Nov 18	AA- Stable	Affirmed
24 Nov 17	AA- Stable	Affirmed
24 Feb 17	AA- Stable	Affirmed
Support Rating Floor (SRF)		
13 Nov 18	NF	Affirmed
24 Nov 17	NF	Affirmed
24 Feb 17	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		
75	DM Europe Universal Commercial	
5	Netherlands Universal Commercial	
Relevant Criteria & References		
Bank Rating Criteria (Oct 2018)		
Macro-Prudential Risk Monitor (Sep 2018)		
Analysts		
Olivia Pemey (+33 1 44 29 91 74)		
Konstantin Yakimovich (+44 20 3530 1789)		

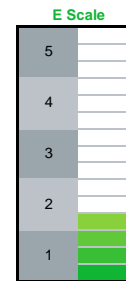
	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating		
aaa										aaa	AAA	AAA		
aa+										aa+	AA+	AA+		
aa										aa	AA	AA		
aa-										aa-	AA-	AA-		
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+		
ccc										ccc	CCC	CCC		
ccc-										ccc-	CCC-	CCC-		
cc										cc	CC	CC		
c										c	C	C		
f										f	NF	D or RD		
Support Rating Floor					Value	Drivers & Sensitivities								
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)					A+ to A-	IDR Above VR The Long-Term IDR is one notch above the VR, reflecting a large buffer of qualifying junior debt (QJD) that could protect senior obligations from default in case of failure. We believe the buffer needs to be at least 10% of risk-weighted assets to maintain the uplift.								
Actual country D-SIB SRF					NF									
Support Rating Floor:					NF									
Support Factors					Positive	Neutral	Negative	Modest Risk Appetite Central for the Ratings Cooperatieve Rabobank U.A.'s VR is underpinned by its modest risk appetite, which we believe will remain central to the bank's strategy. The rating also reflects the bank's leading position in Dutch retail banking, and a solid franchise in the global food and agriculture sectors.						
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								Conservative Approach to Risk We expect Rabobank to maintain a prudent approach to risk, reflected in low-risk underwriting standards and a conservative approach to capital and liquidity management. We also expect the bank to focus on core markets and business segments.						
Policy role														
Funding guarantees and legal status														
Government ownership														
								Reported Loan Quality Weaker than Peers Rabobank's higher-than-peers' NPLs partly reflect a conservative definition, which was tightened in 2018. Like-for-like, the NPL stock decreased by a quarter between end-2014 and end-June 2018. The ratings factor in our expectation that NPLs will decrease further.						
								Improving Earnings Rabobank's underlying profitability has been improving, largely as a result of lower loan impairment charges, but also since the bank's cost-efficiency measures are starting to pay off. We expect Rabobank to continue to benefit from the benign operating environment in the Netherlands.						
								Solid Capital Ratios Capital ratios are solid, with a fully loaded common equity Tier 1 ratio of 15.8% at end-June 2018, but net NPLs are high as a percentage of capital relative to similarly rated peers. This should improve as the stock of NPLs decreases.						
								Sound Liquidity Mitigates Refinancing Risk Rabobank remains structurally reliant on wholesale funding, making it sensitive to investor confidence. Liquidity management is prudent, and the bank's liquidity buffer is ample with a liquidity coverage ratio of 136% and a total buffer of about 20% of assets at end-June 2018.						
								VR Mainly Sensitive to NPL Trends Rabobank's VR could be downgraded if it fails to reduce NPLs and the ratio of net NPLs to capital. A reduced focus on maintaining a high liquidity buffer would also put pressure on the ratings.						

Credit-Relevant ESG Derivation

			Overall ESG Scale		
Cooperatieve Rabobank U.A. has 5 ESG potential rating drivers					
➔	Cooperatieve Rabobank U.A. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	key driver	0	issues	5
➔	Governance is minimally relevant to the rating and is not currently a driver.	driver	0	issues	4
		potential driver	5	issues	3
		not a rating driver	4	issues	2
			5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

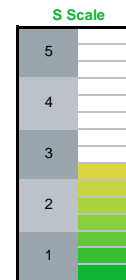
The Credit-Relevant ESG Derivation shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

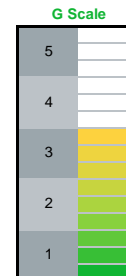
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy



CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings) IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2019 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.