Rating Report

Coöperatieve Rabobank U.A.

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DBRS
Insight beyond the rating.

Ratings

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

See page 10 for full list of ratings

Rating Considerations

Franchise Strength:
Well-entrenched Dutch retail banking, corporate and SME franchise, supported by global leading international food and agribusiness franchise.

Earnings Power:	Risk Profile:	Funding and Liquidity:	Capitalisation:
Underlying earnings have been resilient in recent years, supported by further improvements in the Dutch economy. Cost control remains a key focus for management.	Generally conservative risk profile, consistent with its retail and food & agribusiness franchise.	Sound funding and liquidity profile, supported by growing deposit franchise. Strong liquidity position.	Solid risk weighted capital ratios, supported by a strong buffer of bail-in-able instruments amounting to 27% of RWAs at end-1H16. Fully-loaded leverage ratio of 4.1% at end-1H16.

Rating Drivers

Factors with Positive Rating Implications

- Upward pressure on the rating is unlikely in the medium term given the already high rating level. Upward pressure could arise if the Group is successful in executing its strategic plans with regards to cost reductions, whilst also achieving a substantial improvement in profitability.

Factors with Negative Rating Implications

- Failure to achieve strategic targets could, however, result in further downward pressure on the ratings, especially if it resulted in a failure to maintain an acceptable level of consistent profitability. Additional pressure could arise if the credit quality of the Group's wholesale & retail international lending were to deteriorate.

Financial Information

EUR Millions	30/06/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Total Assets	686,593	670,373	681,086	669,095	750,710
Equity	40,759	41,280	38,871	38,534	42,080
Pre-provision operating income (IBPT)*	820	3,768	3,931	3,802	4,578
Net Income*	463	1,267	1,338	1,960	1,963
Net Interest Income / Risk Weighted Assets (%)*	3.74%	3.84%	3.91%	3.97%	3.76%
Risk-Weighted Earning Capacity (%)*	0.78%	1.77%	1.86%	1.75%	2.05%
Post-provision Risk-Weighted Earning Capacity (%)*	0.64%	1.21%	0.59%	0.59%	0.94%
Efficiency Ratio (%)*	84.65%	69.18%	67.54%	74.75%	70.79%
Non-Performing Loans % Gross Loans**	4.09%	4.16%	4.49%	3.44%	2.25%
Core Tier 1 (As-reported)	13.40%	13.49%	13.60%	13.50%	13.10%

* Adjusted to include payments on capital securities, trust perferred securities III to VI and minority interests
** FY13 and FY12 figures are Impaired Loans rather than Non-Performing Exposures
Source: SNL, DBRS

Issuer Description

Coöperatieve Rabobank U.A. (Rabobank or the Group) is an international financial service provider operating on the basis of cooperative principles. Following the merger of 106 local Rabobanks and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the former legal name of Rabobank Nederland) in January 2016, the Group now operates as a single legal entity with one banking license.The Group has market-leading positions in Dutch retail banking, small and midsized enterprises and lending to the Dutch agricultural sector. Rabobank is also active globally in selected areas, focusing on food and agricultural businesses.

Rating Rationale

DBRS Ratings Limited (DBRS) rates Rabobank at AA for Long-Term Deposits & Senior Debt, and R-1 (high) for Short-Term Debt. The trend on all ratings is Stable. The Intrinsic Assessment (IA) for Rabobank is AA, while the support assessment remains SA3. As a result, the Group's final ratings are positioned in line with the IA.

Rabobank's ratings and Stable trend reflect the Group's extremely strong franchise including market-leading positions in retail savings, residential mortgages, small to mid-sized enterprises and food and agricultural lending in the Netherlands, as well as its international food and agribusiness franchise where Rabobank is acknowledged as a global leader. The ratings also incorporate the Group's solid capital position, conservative risk profile, and improving funding and liquidity profile, which is supported by an increased retail deposit base. Whilst DBRS does not expect the Group's profitability ratios to be at the top-end of the peer group, given its cooperative status and operating model, the current ratings incorporate DBRS' expectations that earnings could be pressured as a result of the low interest rate environment and the Group's ongoing restructuring efforts.

The Group's underlying profitability remained solid in 1H16, supported in part by the sustained recovery of the Dutch economy. Although DBRS adjusted income before provisions and taxes (IBPT), (including payments on the Group's capital securities, trust preferred securities and minority interests), was down 67% year-on-year (YoY) in 1H16, to EUR 820 million, this largely reflected exceptional items of EUR 990 million, including EUR 514 million of additional provisions for adopting the SME interest rate derivatives recovery framework and EUR 190 million of restructuring costs. Excluding these exceptional items, DBRS adjusted IBPT was down 13% YoY to EUR 1.8 billion, partly driven by increased regulatory levies. DBRS, however, notes that despite the persistently low interest rate environment, adjusted core revenues remained resilient, at EUR 4.9 billion in 1H16, supported by the Group's strategic move towards more fee-generating business within Wholesale Banking and International Rural & Retail Banking.

DBRS views Rabobank's risk profile as generally conservative. At end-1H16, the Group's loan portfolio totalled EUR 463.7 billion of which total exposure to private individuals was EUR 204.3 billion, primarily in the form of residential mortgages. The rest of the portfolio mainly consists of the food and agribusiness, and lending to corporate customers and SMEs, labelled as trade, industry and services (TIS) by the Bank. DBRS continues to view Rabobank's domestic Commercial Real Estate (CRE) exposure as challenged, given the non-performing loan (NPL) ratio of 19.9% at end-1H16. DBRS does, however, note the Group's progress in deleveraging this exposure, with a 12% YoY reduction in loans outstanding, to EUR 26.4 billion at end-1H16, and the 56% YoY decrease in domestic CRE loan impairment charges, to EUR 19 million in 1H16. Rabobank has also made improvements to its funding profile in recent years, with further growth in customer deposits helping to reduce the Group's private sector loan to deposit ratio to 124% at end-1H16. Although the Group's use of wholesale funding is still significant at EUR 201 billion at end-1H16, DBRS notes that this will be progressively managed down as the Group pursues the targeted reduction of its balance sheet.

DBRS views Rabobank as having solid capitalisation. With total capital, on a transitional basis, of EUR 49.2 billion (equivalent to 23.5% of RWAs), and more easily bail-in-able liabilities (consisting of retained earnings & reserves, Rabobank Certificates, hybrid & subordinated instruments and senior contingent notes) of EUR 56.6 billion at end-1H16 (27.1% of RWAs), Rabobank is well positioned for regulatory requirements on loss absorbing capacity. DBRS also notes that the Group's large buffer of subordinated debt provides further comfort to senior debt investors and allows Rabobank to access the funding markets in a cost effective manner. At end-1H16, Rabobank also reported a solid fully-loaded CRDIV Common Equity Tier 1 (CET1) ratio of 12.4%, an increase of 40 basis points (bps) from end-2015, and a fully-loaded Basel 3 leverage ratio of 4.1%.

Franchise Strength

In December 2015, Rabobank announced a new Strategic Framework for 2016-2020, including the establishment of a new governance structure and the targeted reduction of Group RWAs through the sale of either residential mortgage and/or SME loan portfolios to investors, and the possible sale of assets not considered to be part of the Group's core Netherlands and international Food & Agriculture franchises. The Group also plans to utilise its balance sheet more flexibly with the adoption of an originate-to-distribute model for selected parts of the business. The new governance structure, which became operational in January 2016, resulted in the 106 local Rabobanks and Rabobank Nederland, the former central entity of the cooperative group, becoming one legal entity with one banking license.

As part of the investor update, the Group also announced several end-2020 financial targets, including a CET1 ratio of at least 14%, a total capital ratio of at least 25%, a reduction in debt securities to less than EUR 150 billion, a return on invested capital of 8%, and a cost-income ratio of 50% (or 53%-54% including regulatory levies). These targets are to be achieved in part by a planned EUR 2.1 billion improvement in the Group's gross result by 2020, driven by both increased income and cost savings, which will include staff reductions of approximately 9,000 full-time equivalents (FTEs) between 2016-2018, in addition to the 3,000 FTEs from previous restructuring programmes (Vision 2016 and Mars).

DBRS views the Group's revised strategy positively, noting that it builds on the Group's existing strengths and continues the efforts to improve the Group's operational efficiency through its ongoing multi-year programmes, entitled 'Vision 2016', 'Mars' and 'Performance Now'. The successful completion of the strategic initiatives could lead to a more profitable and more efficient Group, with stronger capitalisation. Whilst ahead of plan in terms of FTE reductions, DBRS does recognise the execution risks involved, most notably in the form of additional cost reductions. Although DBRS positively notes that Rabobank is taking action to address its challenges, it will be important for the Group to demonstrate that it can achieve improved profitability, whilst making more effective use of capital, in a manner that does not damage its overall franchise strength.

Business Segments

The Group's activities are organised into four main operating business segments – Domestic Retail Banking, Wholesale Banking and International Retail Banking, Leasing, and Real Estate. These segments are described below.

Domestic Retail Banking (Reported Net Profit of EUR 502 million in 1H16)

DBRS continues to view the Group's strong domestic retail and SME business as the anchor of the overall franchise. Domestic Retail Banking holds market-leading positions, providing a full range of banking products and related financial services to retail and SME customers through the local Rabobanks, Obvion (a mortgage lender) and Roparco (savings bank). Insurance products are also provided by Dutch insurance group Achmea, in which Rabobank holds a 29% interest. In 1H16, Domestic Retail Banking had a 20% share of new Dutch mortgage production.

In 1H16, the division reported a net profit of EUR 502 million, down 47% YoY driven principally by exceptional items, including EUR 514 million of additional provisions for SME interest rate derivatives, and increased regulatory costs. The additional provision follows Rabobank's adoption of the framework for compensation of SME clients with interest rate derivatives, as presented by a committee established by the Dutch Minister of Finance. Revenue remained broadly flat YoY though, at EUR 3.5 billion, as other income, which increased significantly to EUR 47 million, was supported by the sale of EUR 1 billion of the local Rabobank's mortgage portfolio in March 2016.

Wholesale Banking and International Retail Banking (Reported Net Profit of EUR 387 million in 1H16)

Wholesale Banking provides financial services to large Dutch and foreign corporates, with an annual revenue of more than EUR 250 million, as well as incorporating the Group's international capital-markets oriented businesses such as Global Financial Markets, Corporate Finance, and Trade and Commodity Finance. Rabobank also has RaboDirect internet savings banks in Belgium, Germany, Ireland, Australia and New Zealand.

The division also includes Rabobank's international food and agribusiness franchise, where Rabobank is acknowledged as a global leader, and this accounts for 55% of the segment's total loan portfolio. Rabobank's main food and agribusiness countries outside of the Netherlands include the USA, Australia, New Zealand and Brazil.

The division reported a net profit of EUR 387 million in 1H16. Whilst up significantly YoY, DBRS notes that 1H15 net loss of EUR 290 million was driven principally by a goodwill impairment of EUR 600 million for Rabobank National Association (NA), Rabobank's California-based retail operation. Even with this one off excluded, net profit would have remained up 25% YoY as efficiency savings and a 57% YoY decrease in impairment charges more than offset an 8% decrease in revenue.

Leasing (Reported Net Profit of EUR 284 million in 1H16)

The leasing segment reflects the results of DLL, the Group's fully-owned leasing subsidiary. Through its Vendor Finance division, DLL assists manufacturers and distributors generate sales, primarily geared towards the Group's core agricultural and SME business customer base. In the Netherlands through the Financial Solutions, Mobility Solutions and Consumer Finance divisions the Group offers a broad range of leasing, trading and consumer finance products. In 1H16, leasing generated a net profit of EUR 284 million, up 15% YoY, reflecting increased operating income and reduced impairment charges. The Group also made restructuring progress in its Leasing division in 1H16, with the agreed sale of the Group's lease subsidiary, Athlon Car Lease, to Mercedes Benz Financial Services for EUR 1.1 billion. DBRS notes that this transaction is expected to close by end-FY16, and the Group estimates that it will add approximately 40 bps to the Group's CET1 ratio.

Real Estate (Reported Net Profit of EUR 121 million in 1H16)
The Real Estate segment includes Bouwfonds Property Development (BPD - which deals with the development of residential environments), Bouwfonds Investment Management (Bouwfonds IM – real estate funds manager) and FGH Bank. This division does not include the real estate financing carried out by the local Rabobanks. Principally operating in the Netherlands, and to a lesser extent in France and Germany, the segment is active in retail and corporate real estate with core areas in the development of residential property, property finance and service provision to property investors. The Dutch housing market continued to improve in 1H16, with Dutch homes sales at BPD up 16% YoY, whilst the French housing market also showed signs of recovery, with a 44% YoY increase in transactions. Overall the segment reported a net profit of EUR 121 million in 1H16, an increase of 23% YoY, driven principally by a net loan impairment release of EUR 11 million.

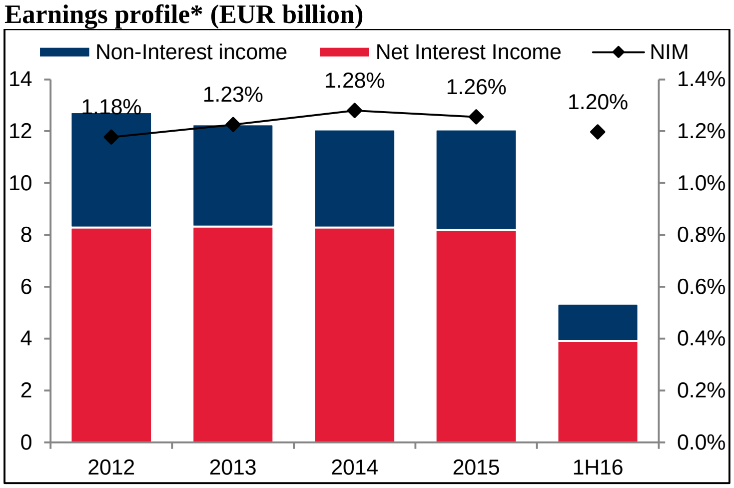
Other Segments (Reported Net Loss of EUR 362 million in 1H16)
Other segments comprises a variety of areas, including the investment in Achmea B.V. and head office operations.

Earnings Power

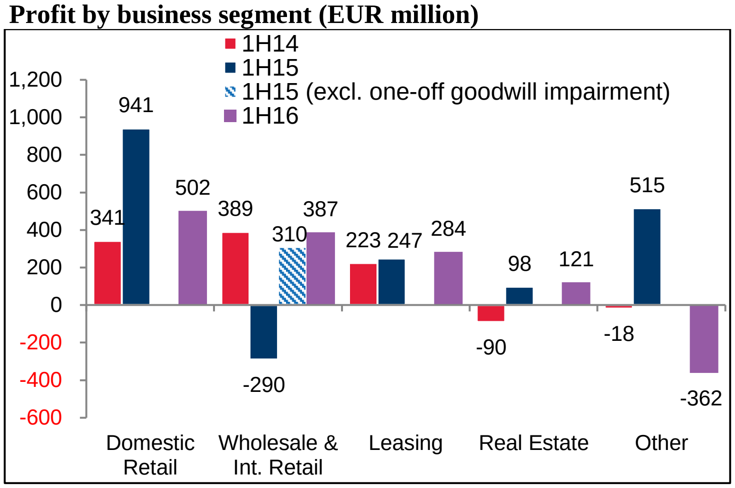
DBRS does not expect Rabobank's profitability ratios to be at the top-end of the peer group, given the Group's cooperative status and operating model. Rabobank, however, continues to show solid profitability, supported by the sustained recovery of the Dutch economy. Although DBRS-adjusted IBPT, including payments on the Group's capital securities, trust preferred securities and minority interests, was down 67% YoY in 1H16, to EUR 820 million, this largely reflected exceptional items of EUR 990 million, including EUR 514 million of additional provisions for adopting the SME interest rate derivatives recovery framework and EUR 190 million of restructuring costs. Excluding these exceptional items, DBRS-adjusted IBPT was down 13% YoY to EUR 1.8 billion, driven in part by increased regulatory levies.

DBRS does, however, note that despite the persistently low interest rate environment, DBRS-adjusted core revenues have remained resilient across the Group. The marginal reduction in adjusted net interest income (NII) (including payments on the Group's capital securities, trust preferred securities and minority interests) to EUR 3.9 billion in 1H16 (versus EUR 4.0 billion in 1H15) was largely offset by a 2% YoY increase in net fee and commission income, partly reflecting the Group's strategic move towards more fee-generating business within Wholesale Banking and International Rural & Retail Banking (WRR). DBRS also notes positively that on a DBRS adjusted basis, the Group net interest margin (NIM) remained broadly flat YoY, at 1.20%.

Earnings profile* (EUR billion)



Profit by business segment (EUR million)



Source: Company data, DBRS; Note (*) Adjusted to include payments on capital securities and trust preferred securities III to VI

Costs remain a key focus for Rabobank, with the Group targeting a cost-income ratio of 50% (or 53%-54% including regulatory levies) in 2020. Whilst the Group's adjusted underlying cost-income ratio (which, in addition to the Group's payments on capital securities, trust preferred securities and minority interests, includes the resolution levy) increased marginally YoY to 68%, DBRS notes that operating costs were down 3% YoY as restructuring progress resulted in a 6% YoY decrease in staff costs. Further restructuring progress in 1H16 was illustrated by the sale of a EUR 1 billion residential mortgage portfolio to VIVAT and the agreed sale of Athlon Car Lease. Excluding the regulatory levies, the underlying cost-income ratio stood at 58.7% in 1H 2016, versus 58.9% in 1H 2015. With the Group still in the midst of its restructuring programmes, which are specifically targeting cost reductions, DBRS would, however, expect Rabobank to continue to make progress on reducing its cost base.

Impairment charges continued their downward trend, with a 58% YoY decrease to EUR 148 million, as more positive economic conditions have resulted in, amongst other things, fewer new defaults across the Group's wholesale and international retail banking, domestic retail and real estate portfolios. As a result, bad debt costs amounted to 7 bps of average lending, well below the long-term average of 36 bps.

Risk Profile

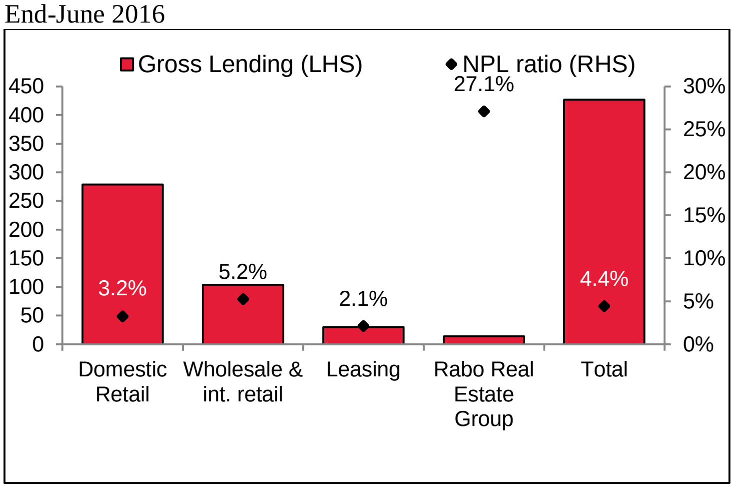
DBRS views Rabobank's risk profile as generally conservative, and principally credit-linked, with credit risk accounting for 86% of the Group's RWAs at end-2015. Rabobank's private sector loan portfolio totalled EUR 427.3 billion at end-1H16, equivalent to 92% of the Group's total loans, and is principally concentrated to private individuals (approximately 48%) in the form of residential mortgages. The remaining 52% of the Group's private sector loan portfolio consists mainly of the food and agribusiness (EUR 98.2 billion) and lending to corporate customers and SMEs, labelled as trade, industry and services (TIS) by the Bank (EUR 124.7 billion). Of the TIS lending, 72% was domestic.

At end-1H16, the Group's domestic residential mortgage lending totalled EUR 199 billion, 21% of which is guaranteed through the Nationale Hypotheek Garantie (NHG) scheme. Whilst Rabobank's share of residential mortgages origination remained stable at approximately 20% in 1H16, total volumes actually decreased 1% YoY as a result of early repayments and the sale of a part of the mortgage loan portfolio worth EUR 1 billion to insurance company VIVAT Verzekeringen. Rabobank's domestic mortgage book continues to perform well, with NPLs totalling EUR 1.9 billion at end-1H16, down 5% YoY, and resulting in an NPL ratio of 0.97%. DBRS also notes that average loan-to-value (LTVs) of the portfolio has continued to improve, down to 71% at end-1H16, from 73% at end-2015.

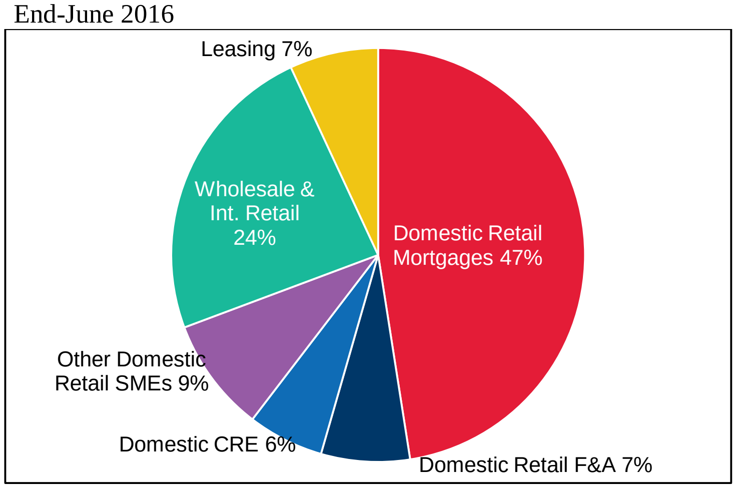
Within the Bank's EUR 104.1 billion Wholesale and International Retail lending portfolio, exposures appear to be well diversified by industry. Of this portfolio, EUR 16 billion relates to Domestic Wholesale lending, with the remainder split between International Wholesale (EUR 50.1 billion) and International Rural and Retail (EUR 38 billion). The Group's international lending, excluding leasing, which is geographically concentrated towards North America (37%), Australia & New Zealand (22%) and Europe excluding the Netherlands (19%), is primarily focused on food and agribusiness. At end-1H16, international food and agribusiness lending totalled EUR 60.4 billion, or 68% of total international lending. The performance of the Wholesale and International Retail lending portfolio is satisfactory, with NPLs down 3% from end-2015 to EUR 5.5 billion, resulting in an NPL ratio of 5.2%.

Whilst Rabobank's domestic real estate lending continues to be challenged, with an NPL ratio of 19.9%, DBRS notes the progress the Group has made in deleveraging this exposure. At end-1H16, the loan portfolio totalled EUR 26.4 billion, down 12% YoY, and NPLs totalled EUR 5.3 billion, down 8% from end-2015, supported by a sustained recovery in the Dutch housing and office market. DBRS also notes that domestic CRE loan impairment charges decreased significantly YoY in 1H16, down 56% to EUR 19 million.

Gross loan (EUR billion) and NPL ratio (%)
End-June 2016



Gross loans portfolio (EUR 427 billion)
End-June 2016



Source: Company data, DBRS

Overall, total NPLs accounted for 4.4% of the total private sector loan portfolio at end-1H16, down marginally from 4.6% at year-end 2015, reflecting the 2.7% decrease in NPLs. The coverage ratio on the total portfolio was largely stable at 43%.

Market risk at Rabobank remains low, primarily reflecting the Group's low secondary market activity. At end-2015, the market risk regulatory capital requirement totalled EUR 0.3 billion or 2% of the Group's total regulatory capital requirement, stable compared to year-end 2014. In parallel, the average Value-at-Risk (VaR) on the Group's trading books totalled EUR 4.2 million, compared to EUR 4.8 million in 2015, which was well below the Group's VaR limit of EUR 40 million. Reported VaR is calculated daily and is subject to a confidence level of 97.5%.

Rabobank suffered both a financial and reputational impact as a result of the Libor and Euribor investigations in 2013 and DBRS notes that Rabobank continues to take steps to improve its control and compliance frameworks, and in response to the Libor issue, has increased its spending on remedial measures, including expanding its compliance function. However DBRS notes that Rabobank National Association (NA), Rabobank's California-based retail operations, is currently being investigated with regard to potential money laundering, emphasising the need to continue to invest in its control and compliance frameworks.

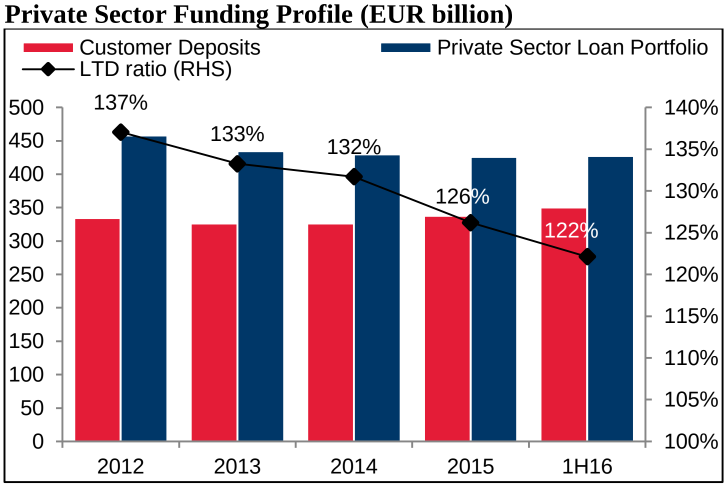
Funding and Liquidity

DBRS considers Rabobank's funding position as sound. Although still considerable, DBRS notes that Rabobank's dependence on wholesale funding has decreased, as part of the Group's strategy to deleverage its balance sheet and increase its reliance on customer deposits. Rabobank's deposit base increased 5% YoY, to EUR 343 billion in 1H16, driven by domestic retail banking which represents approximately 64% of the Group's total customer deposits. As a result, the Group's private sector loan-to-deposit (LTD) continued to decrease, to 122% at end-1H16.

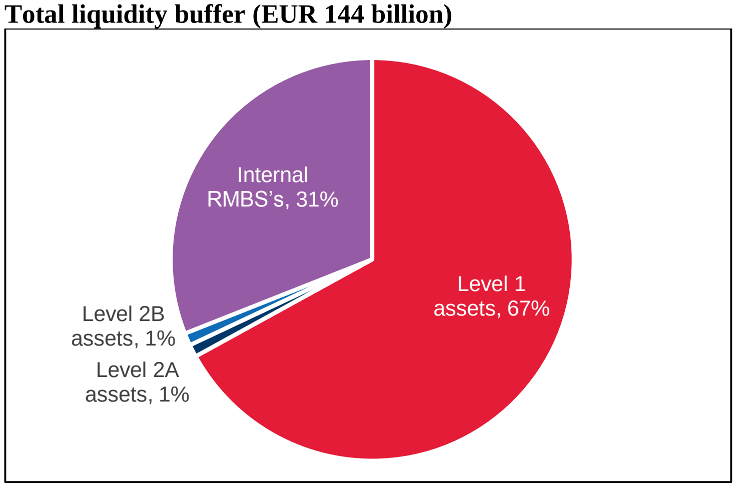
Rabobank's reliance on wholesale funding is still significant, totalling EUR 201 billion at end-1H16, leaving the Group exposed to potentially more volatile wholesale markets. DBRS, however, views positively the diversified mix of funding sources, by maturity, currency and market. During the first six months of 2016, Rabobank has issued EUR 11 billion of senior unsecured long-term bonds in ten different currencies, with an average maturity of approximately 5.7 years. DBRS also notes that the Bank's large buffer of subordinated debt provides further comfort to senior bond holders, and allows the Bank to issue in a cost-effective manner. Furthermore, DBRS notes that as part of the 2016-2020 strategic plan, the Group's use of wholesale funding is targeted to reduce by 2020.

DBRS views Rabobank's liquidity position as solid. At end-1H16, the Group's total liquidity buffer measured in High-Quality Liquid Assets (HQLA) and retained residential mortgage backed securities (RMBS) eligible as ECB collateral stood at EUR 144 billion, which compares well with the Bank's total short-term debt outstanding of EUR 52 billion. The Group's liquidity buffer is largely composed of HQLA (70% of the total), which mainly consists of Level 1 liquid assets (99%), including deposits at central banks (DNB, Bank of England, Swiss National Bank and Federal Reserve Bank of New York) as well as securities issued or guaranteed by highly rated sovereigns and central banks. In addition, Rabobank holds a portfolio of EUR 21 billion of securities lending, mainly collateralised by stocks, which can add to liquidity in the short-term. The Group's LCR and NSFR also stood well above current and future regulatory requirements at 127% and 116%, respectively at end-1H16.

Private Sector Funding Profile (EUR billion)



Total liquidity buffer (EUR 144 billion)



Source: Company data, DBRS

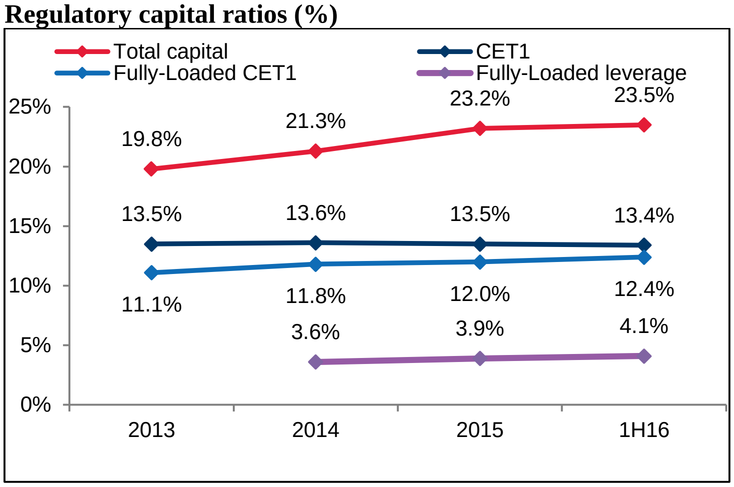
Capitalisation

DBRS views Rabobank's capitalisation as solid, given its relatively low risk profile, and conservative business model. Rabobank has historically maintained a large stock of equity, largely consisting of retained earnings, and subordinated debt, which provides a substantial buffer over non-subordinated debt holders. At end-1H16, the Group's buffer of more easily bail-inable liabilities (consisting of retained earnings & reserves, Rabobank Certificates, hybrid & subordinated instruments and senior contingent notes) stood at EUR 56.6 billion, relatively unchanged from end-2015, corresponding to approximately 27% of RWAs.

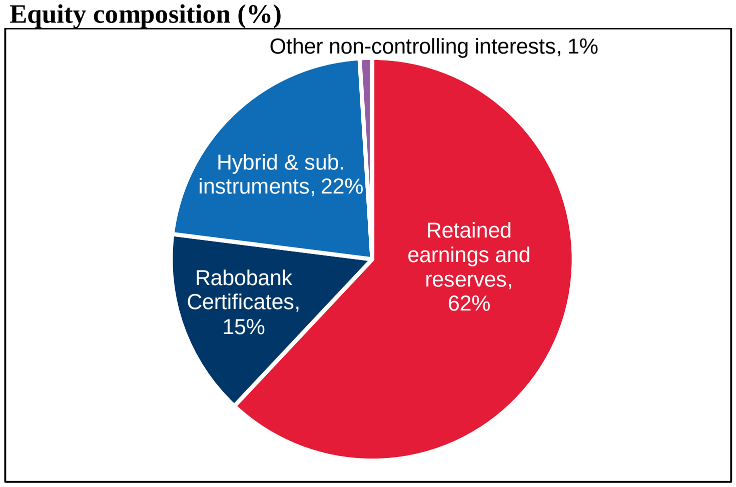
Rabobank's fully-loaded regulatory capital ratio continued to strengthen in 1H16, with the Group reporting a fully-loaded CET1 ratio of 12.4% at end-1H16, an increase of 40 bps from end-2015, whilst the fully-loaded leverage ratio was 4.1%. On a pro-forma basis, taking into account the sale of Athlon Car Lease to Daimler Financial Services, which was signed in June 2016, DBRS notes that Rabobank's fully-loaded CET1 ratio would total 12.8% at end-1H16. On a transitional basis, the Group's CET1 ratio was 13.4%, well in advance of the Group's minimum SREP requirement, and the leverage ratio was 5.1%. Rabobank also performed well in the 2016 EBA stress test. On a fully-loaded CET1 basis, Rabobank's modelled CET1 ratio under the adverse scenario fell, from a starting point of 12.0% at end-2015, to a low of 8.1% in 2018.

It is the Group's strategy to primarily rely on retained earnings to grow equity capital, but Rabobank has also developed the ability to raise equity capital through "Rabobank Certificates" that are compatible with its mutual status and has enhanced its financial flexibility as a result of these Certificates being listed on the Euronext Stock Exchange since January 2014. At end-1H16, these accounted for 15% of the Group's total equity.

Regulatory capital ratios (%)



Equity composition (%)



Source: Company data, DBRS

Coöperatieve Rabobank U.A.	30/06/2016		31/12/2015		31/12/2014		31/12/2013		31/12/2012	
	EUR		EUR		EUR		EUR		EUR	
EUR Millions	IFRS		IFRS		IFRS		IFRS		IFRS	
Balance Sheet										
Cash and deposits w ith central banks	73,219	10.66%	64,943	9.69%	43,409	6.37%	43,039	6.43%	68,103	9.07%
Lending to/deposits w ith credit institutions	24,378	3.55%	31,210	4.66%	45,962	6.75%	40,787	6.10%	35,386	4.71%
Financial Securities*	41,272	6.01%	43,235	6.45%	48,067	7.06%	55,433	8.28%	60,478	8.06%
- Trading portfolio	0	0.00%	2,952	0.44%	3,567	0.52%	4,118	0.62%	4,620	0.62%
- At fair value	0	0.00%	1,190	0.18%	3,235	0.47%	3,883	0.58%	4,885	0.65%
- Available for sale	35,838	5.22%	37,773	5.63%	39,770	5.84%	46,552	6.96%	50,425	6.72%
- Held-to-maturity	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
- Other	5,434	0.79%	1,320	0.20%	1,495	0.22%	880	0.13%	548	0.07%
Financial derivatives instruments	57,339	8.35%	48,113	7.18%	56,489	8.29%	39,703	5.93%	65,423	8.71%
- Fair Value Hedging Derivatives	NA	-	4,961	0.74%	6,317	0.93%	3,585	0.54%	5,397	0.72%
- Mark to Market Derivatives	NA	-	43,152	6.44%	50,172	7.37%	36,118	5.40%	60,026	8.00%
Gross lending to customers	463,686	67.53%	468,516	69.89%	472,937	69.44%	466,717	69.75%	491,807	65.51%
- Loan loss provisions	NA	-	8,372	1.25%	9,348	1.37%	8,581	1.28%	3,715	0.49%
Insurance assets	NA	-	NA	-	NA	-	NA	-	NA	-
Investments in associates/subsidiaries	3,567	0.52%	3,672	0.55%	3,807	0.56%	3,747	0.56%	3,649	0.49%
Fixed assets	4,846	0.71%	8,146	1.22%	7,600	1.12%	7,956	1.19%	7,989	1.06%
Goodw ill and other intangible assets	1,127	0.16%	1,493	0.22%	2,059	0.30%	1,991	0.30%	2,343	0.31%
Other assets	17,159	2.50%	9,417	1.40%	10,104	1.48%	18,303	2.74%	19,247	2.56%
Total assets	**686,593**	**100.00%**	**670,373**	**100.00%**	**681,086**	**100.00%**	**669,095**	**100.00%**	**750,710**	**100.00%**
Total assets (USD)	762,034		728,112		824,460		921,872		989,991	
Loans and deposits from credit institutions	21,903	3.19%	19,038	2.84%	18,066	2.65%	14,745	2.20%	27,059	3.60%
Repo Agreements in Deposits from Customers	NA	-	488	0.07%	2,025	0.30%	1,474	0.22%	2,299	0.31%
Deposits from customers	342,940	49.95%	341,555	50.95%	328,690	48.26%	327,773	48.99%	332,029	44.23%
- Demand	NA	-	69,675	10.39%	56,255	8.26%	91,015	13.60%	96,763	12.89%
- Time and savings	NA	-	258,446	38.55%	259,429	38.09%	225,776	33.74%	205,724	27.40%
Issued debt securities	NA	-	187,532	27.97%	204,377	30.01%	211,405	31.60%	247,370	32.95%
Financial derivatives instruments	64,910	9.45%	54,556	8.14%	66,236	9.73%	48,713	7.28%	73,237	9.76%
- Fair Value Hedging Derivatives	NA	-	12,848	1.92%	17,938	2.63%	14,441	2.16%	18,861	2.51%
- Other	NA	-	41,708	6.22%	48,298	7.09%	34,272	5.12%	54,376	7.24%
Insurance liabilities	NA	-	NA	-	NA	-	NA	-	NA	-
Other liabilities	10,975	1.60%	10,421	1.55%	10,893	1.60%	18,636	2.79%	21,229	2.83%
- Financial liabilities at fair value through P/L	18,523	2.70%	16,991	2.53%	19,744	2.90%	19,069	2.85%	24,091	3.21%
Subordinated debt	15,165	2.21%	15,503	2.31%	11,928	1.75%	7,815	1.17%	4,992	0.66%
Hybrid Capital	0	0.00%	0	0.00%	0	0.00%	0	0.00%	415	0.06%
Equity	40,759	5.94%	41,280	6.16%	38,871	5.71%	38,534	5.76%	42,080	5.61%
Total liabilities and equity funds	**686,593**	**100.00%**	**670,373**	**100.00%**	**681,086**	**100.00%**	**669,095**	**100.00%**	**750,710**	**100.00%**
Income Statement										
Interest income	NA		17,593		18,638		19,707		21,965	
Interest expenses	NA		8,454		9,520		10,612		12,794	
Net interest income and credit commissions****	3,914	73.27%	8,192	67.00%	8,281	68.37%	8,373	68.65%	8,379	64.65%
Net fees and commissions	982	18.38%	1,892	15.47%	1,879	15.51%	2,001	16.41%	2,228	17.19%
Trading / FX Income	NA	-	NA	-	NA	-	NA	-	NA	-
Net realised results on investment securities (available for sale)	NA	-	148	1.21%	418	3.45%	56	0.46%	132	1.02%
Net results from other financial instruments at fair value	NA	-	NA	-	NA	-	NA	-	NA	-
Net income from insurance operations	NA	-	NA	-	NA	-	NA	-	NA	-
Results from associates/subsidiaries accounted by the equity method	NA	-	366	2.99%	145	1.20%	79	0.65%	255	1.97%
Other operating income (incl. dividends)	446	8.35%	1,629	13.32%	1,389	11.47%	1,688	13.84%	1,967	15.18%
Total operating income	5,342	100.00%	12,227	100.00%	12,112	100.00%	12,197	100.00%	12,961	100.00%
Staff costs	2,264	50.07%	4,786	56.58%	5,086	62.17%	5,322	58.37%	5,494	59.88%
Other operating costs	2,049	45.31%	3,230	38.18%	2,658	32.49%	3,267	35.83%	3,154	34.38%
Depreciation/amortisation	209	4.62%	443	5.24%	437	5.34%	528	5.79%	527	5.74%
Total operating expenses	4,522	100.00%	8,459	100.00%	8,181	100.00%	9,117	100.00%	9,175	100.00%
Pre-provision operating income	**820**		**3,768**		**3,931**		**3,802**		**4,578**	
Loan loss provisions**	148		1,193		2,693		2,531		2,484	
Post-provision operating income	672		2,575		1,238		1,271		2,094	
Impairment on tangible assets	0		0		12		11		20	
Impairment on intangible assets	0		653		61		56		16	
Other non-operating items***	0		0		-321		-774		0	
Pre-tax income	672		1,922		1,177		430		2,067	
(-)Taxes	209		655		-161		88		158	
(-)Other After-tax Items (Reported)	0		0		0		0		0	
(+)Discontinued Operations (Reported)	0		0		0		1,665		149	
(-)Minority interest	0		0		0		0		0	
Net income	**463**		**1,267**		**1,338**		**1,960**		**1,963**	
Net income (USD)	513		1,384		1,768		2,698		2,594	

*Includes derivatives w hen breakdow n unavailable, **LLP includes Impairments on financial assets, ***Incl. Other Provisions, ****Adjusted to include payments on capital securities, trust preferred securities III to VI and minority interests

Off-balance sheet and other items	30/06/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Asset under management	NA	NA	NA	NA	203,000
Derivatives (notional amount)	NA	2,968,182	2,704,102	2,880,809	3,372,146
BIS Risk-w eighted assets (RWA)	209,136	213,092	211,870	210,829	222,847
No. of employees (end-period)	49,971	51,858	53,982	56,870	59,628

Earnings and Expenses					
Earnings					
Net interest margin [1]	1.20%	1.26%	1.28%	1.24%	1.19%
Yield on average earning assets	0.00%	2.70%	2.88%	2.91%	3.12%
Cost of interest bearing liabilities	NA	1.50%	1.69%	1.89%	2.09%
Pre-provision earning capacity (total assets basis) [2]	0.24%	0.56%	0.58%	0.54%	0.62%
Pre-provision earning capacity (risk-w eighted basis) [3]	0.78%	1.77%	1.86%	1.75%	2.05%
Net Interest Income / Risk Weighted Assets	3.74%	3.84%	3.91%	3.97%	3.76%
Non-Interest Income / Total Revenues	26.73%	33.00%	31.63%	31.35%	35.35%
Post-provision earning capacity (risk-w eighted basis)	0.64%	1.21%	0.59%	0.59%	0.94%
Expenses					
Efficiency ratio (operating expenses / operating income)	84.65%	69.18%	67.54%	74.75%	70.79%
All inclusive costs to revenues [4]	84.65%	69.18%	70.29%	81.18%	70.94%
Operating expenses by employee	180,985	163,119	151,551	160,313	153,871
Loan loss provision / pre-provision operating income	18.05%	31.66%	68.51%	66.57%	54.26%
Provision coverage by net interest income	2644.59%	686.67%	307.50%	330.82%	337.32%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	6.42%	9.05%	5.70%	2.07%	9.15%
Return on equity	2.30%	2.92%	7.01%	5.15%	4.83%
Return on average total assets	0.14%	0.18%	0.40%	0.28%	0.26%
Return on average risk-w eighted assets	0.44%	0.56%	1.27%	0.90%	0.88%
Dividend payout ratio [5]	NA	NA	NA	NA	NA
Internal capital generation [6]	NA	NA	NA	NA	NA

Growth					
Loans	1.54%	-0.74%	1.19%	-6.14%	3.62%
Deposits	0.52%	3.43%	0.45%	-1.52%	1.30%
Net interest income	-12.67%	-1.07%	-1.10%	-0.07%	-8.67%
Fees and commissions	2.08%	0.69%	-6.10%	-10.19%	-5.63%
Expenses	14.37%	3.40%	-10.27%	-0.63%	12.91%
Pre-provision earning capacity	-72.42%	-4.15%	3.39%	-16.95%	-0.04%
Loan-loss provisions	-58.43%	-55.70%	6.40%	1.89%	54.67%
Net income	-68.82%	-5.31%	-31.73%	-0.15%	-22.99%

Risks					
RWA% total assets	30.46%	31.79%	31.11%	31.51%	29.68%
Credit Risks					
Non-Performing loans % gross loans	4.09%	4.16%	4.49%	3.44%	2.25%
Loss loan provisions % impaired loans	42.59%	42.93%	43.99%	53.49%	33.56%
Impaired loans (net of LLPs) % pre-provision operating income [7]	664.63%	277.76%	259.25%	209.13%	170.55%
Impaired loans (net of LLPs) % equity	26.74%	25.35%	26.22%	20.63%	18.74%
Liquidity and Funding					
Customer deposits % total funding	90.25%	60.60%	58.38%	58.35%	54.30%
Total w holesale funding % total funding [8]	9.75%	39.40%	41.62%	41.65%	45.70%
- Interbank % total funding	5.76%	3.38%	3.21%	2.62%	4.43%
- Debt securities % total funding	NA	33.27%	36.30%	37.63%	40.46%
- Subordinated debt % total funding	3.99%	2.75%	2.12%	1.39%	0.82%
Short-term w holesale funding % total w holesale funding	59.09%	44.99%	46.97%	46.83%	48.33%
Liquid assets % total assets	20.23%	20.79%	20.18%	20.81%	21.84%
Net short-term w holesale funding reliance [9]	-21.35%	-7.44%	-5.03%	-5.60%	-4.93%
Adjusted net short-term w holesale funding reliance [10]	-21.35%	-28.03%	-24.92%	-23.52%	-22.35%
Customer deposits % gross loans	73.96%	72.90%	69.50%	70.23%	67.51%

Capital [11]					
Tier 1	16.77%	16.45%	15.99%	16.64%	17.21%
Tier 1 excl. All Hybrids	10.01%	9.97%	9.75%	9.83%	10.13%
Core Tier 1 (As-reported)	13.40%	13.49%	13.60%	13.50%	13.10%
Tangible Common Equity / Tangible Assets	3.54%	3.62%	3.36%	3.26%	3.07%
Total Capital	23.52%	23.21%	21.31%	19.76%	18.99%
Retained earnings % Tier 1	72.02%	72.70%	72.41%	77.50%	71.58%

[1] (Net interest income + dividends)% average interest earning assets.
[2] Pre-provision operating income % average total assets.
[3] Pre-provision operating income % average total risk-w eighted assets.
[4] (Operating & non-op. costs) % (op. & non-op. revenues)
[5] Paid dividend % net income.
[6] (Net income - dividends) % shareholders' equity at t-1.
[7] We take into account the stock of LLPs in this ratio.
[8] Whole funding excludes corporate deposits.
[9] (Short-term w holesale funding - liquid assets) % illiquid assets
[10] (Short-term w holesale funding - liquid assets- loans maturing w ithin 1 year) % illiquid assets
[11] Capital ratios of Interim results exclude profits for the year
[12] FY13 & FY12 figures are impaired loans rather than NPE
* Interim information is annualised w here needed.

Methodologies

The principal applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (July 2016). Other applicable methodologies include the DBRS Criteria – Support Assessments for Banks and Banking Organisations (March 2016), Rating Bank Capital Securities – Subordinated, Hybrid, Preferred & Contingent Capital Securities (February 2016) and Critical Obligations Rating Criteria (February 2016).

Ratings

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

Rating History

	Current	2015	2014	2013	2012
Long-Term Deposits & Senior Debt	AA	AA	AA (high)	AAA	AAA
Short-Term Debt	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)
Long Term Critical Obligations Rating	AAA	NA	NA	NA	NA
Short Term Critical Obligations Rating	R-1 (high)	NA	NA	NA	NA

Previous Actions

- DBRS Confirms Rabobank at AA, Trend Stable, November 10, 2016
- DBRS Assigns Critical Obligations Ratings to 33 European Banking Groups, February 4, 2016
- DBRS Confirms Rabobank at AA, Trend now Stable, November 13, 2015
- DBRS Downgrades 31 European Banking Groups due to Removal of Systemic Support Uplift, September 29, 2015

Related Research

- DBRS Publishes 1H16 Dutch Bank Earnings Roundup, August 25, 2016
- DBRS: Rabobank 1H16 Profit Down on Exceptional Items; Restructuring Progress Evident August 23, 2016
- DBRS Releases Commentary: Developments in European Resolution Frameworks and their Impact on Bank Creditors July 29, 2016
- DBRS: Rabobank Reports Solid FY15 with Lower Impairments February 22, 2016

Previous Report

- Rabobank Nederland, November 24, 2015

Notes:
All figures are in EUR unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrs.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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