

**Bulletin:**

## **Ratings And Outlook On Rabobank Unaffected By Announcement Of Litigation Settlement Provision**

**Primary Credit Analyst:**

Nicolas Hardy, Paris (33) 1-4420-7318; nicolas.hardy@spglobal.com

**Secondary Contact:**

Alexandre Birry, London (44) 20-7176-7108; alexandre.birry@spglobal.com

PARIS (S&P Global Ratings) Jan. 3, 2018--S&P Global Ratings said today that its issuer credit ratings and outlook on Netherlands-based Cooperatieve Rabobank U.A. (A+/Positive/A-1) are unchanged after the bank's announcement that it will book a provision of around €310 million in its fourth-quarter results in anticipation of a litigation settlement. The provision anticipates a potential settlement related to its California-based subsidiary, Rabobank National Association (RNA). U.S. authorities have been investigating RNA since 2013 in relation to its historical anti-money-laundering compliance program. We understand that the potential settlement will likely include a guilty plea by RNA to a single offense related to former employees withholding information from RNA's prudential regulator close to five years ago.

The investigation was already public information, and the amount of the provision doesn't affect our expectation that the group's capitalization, according to our measures, will continue to strengthen in the next two years. This forecast considers, among other things, the group's improved performance--supported by a favorable Dutch economy and cost containment initiatives--and the continuation of its balance-sheet optimization strategy.

We forecast that our risk-adjusted capital ratio, S&P Global Ratings' measure of core capital, for Rabobank will stand at 11.0%-11.5% at year-end 2018. The €310 million provision should have a less than 10 basis point effect on our prospective ratio, which is marginal. We also note that the ratio remains

above those of most of the bank's peers and supports our assessment of its capital as strong.

RELATED RESEARCH

- Risk-Adjusted Capital (RAC) Ratios For The Top 50 Western European Banks: December 2017, Dec. 14, 2017
- The Basel Capital Compromise For Banks: Less Impact Than Meets The Eye, Dec. 8, 2017
- Various Dutch Bank Outlooks To Positive On Receding Economic Imbalances In The Netherlands, Sept. 15, 2017

Only a rating committee may determine a rating action and this report does not constitute a rating action.

**Additional Contact:**

Financial Institutions Ratings Europe; FIG\_Europe@spglobal.com

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.