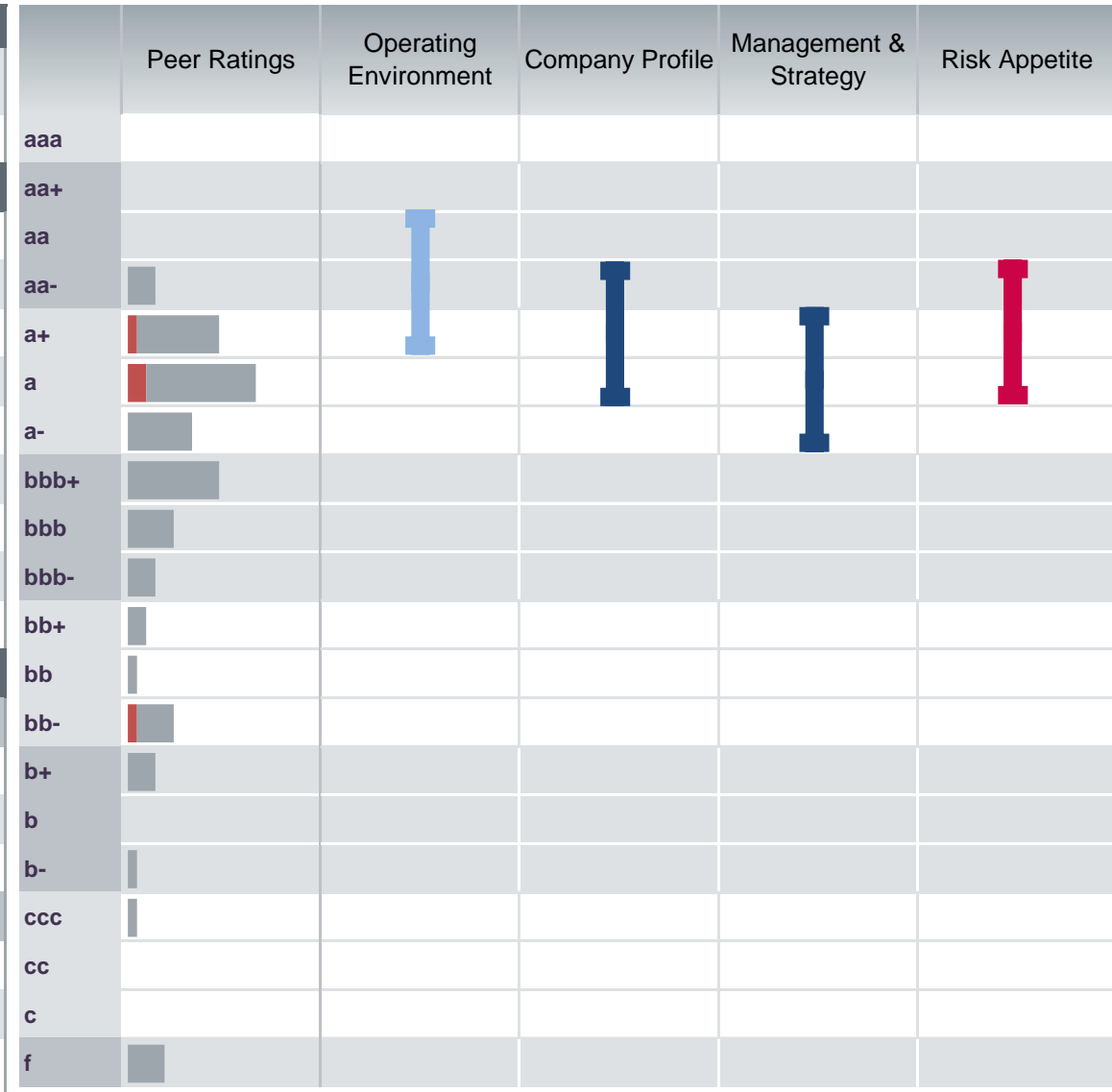


Banks Ratings Navigator		
Navigator date:	21 Jan 2016	
Last rating action:	14 Jan 2016	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Netherlands	
Country IDR:	AAA Stable	
Last action:	13 Nov 15 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
14 Jan 16	a+	New Rating
Issuer Default Rating (IDR)		
14 Jan 16	AA- Stable	Affirmed
09 Jun 15	AA- Stable	Affirmed
24 Jun 14	AA- Negative	Affirmed
Support Rating Floor (SRF)		
14 Jan 16	NF	New Rating
19 May 15	WD	Withdrawn
19 May 15	NF	SRF Rev
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		
65	DM Europe Universal Commercial	
4	Netherlands Universal Commercial	
Relevant Criteria & References		
Global Bank Rating Criteria (Mar 2015)		
Macro-Prudential Risk Monitor (Mar 2015)		

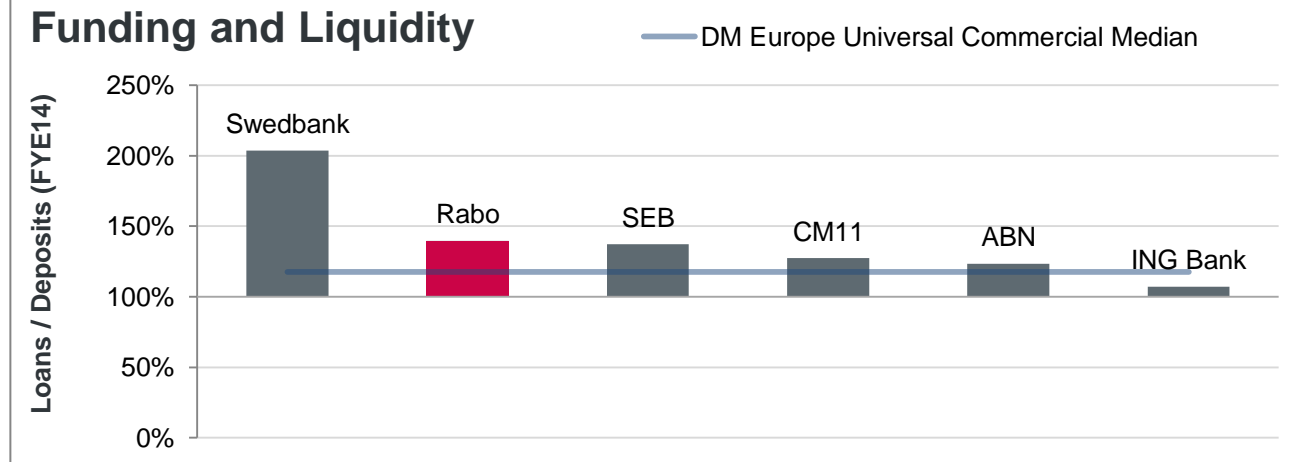
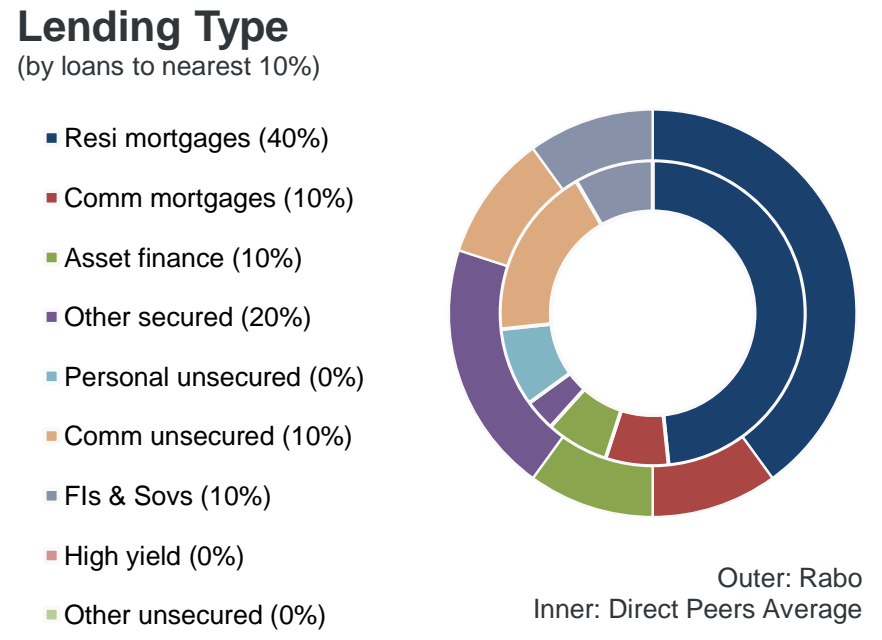
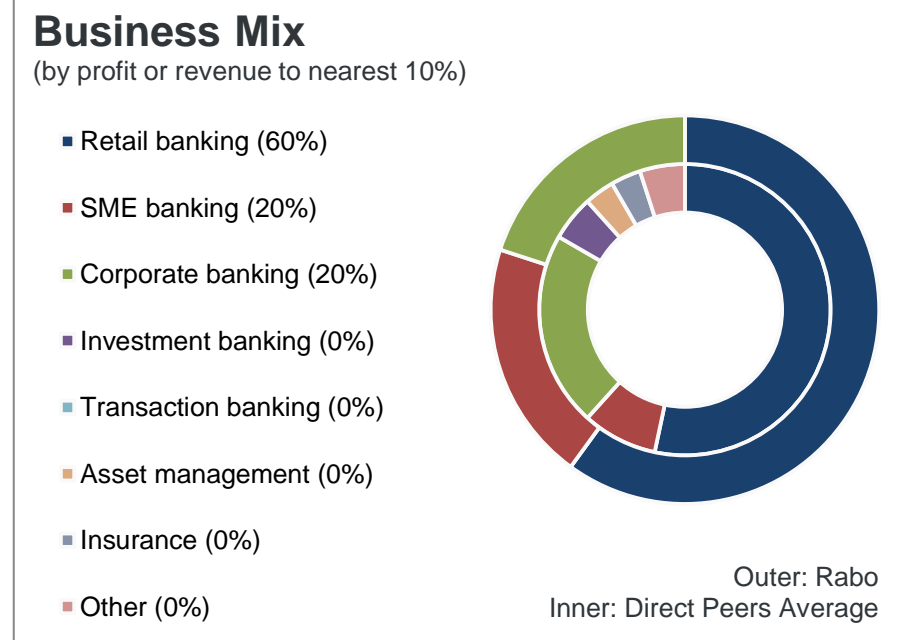
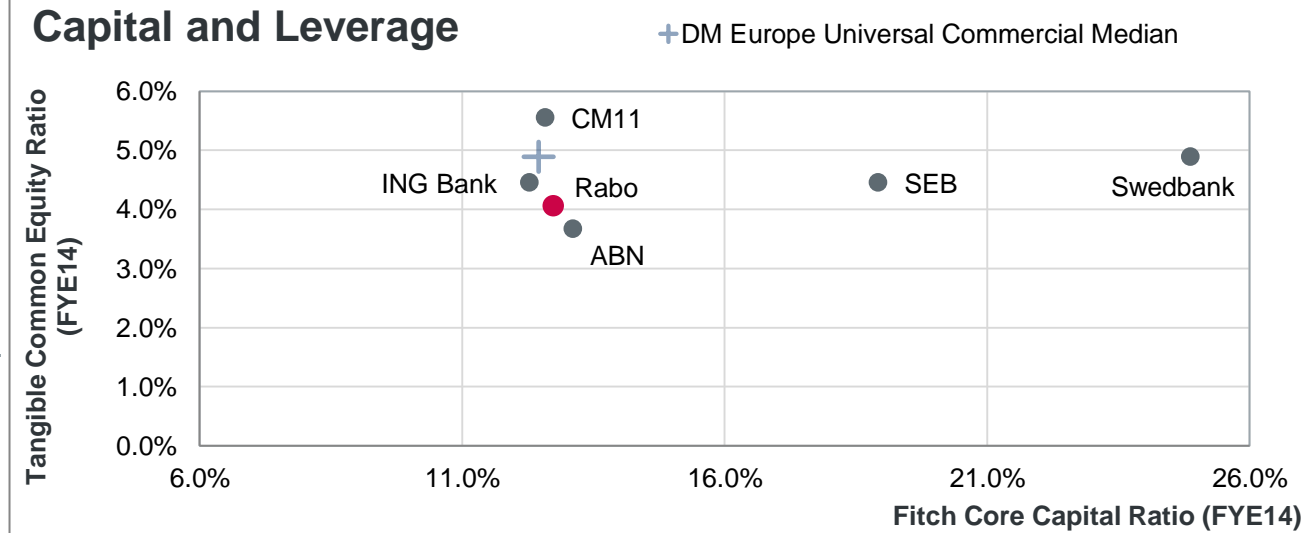
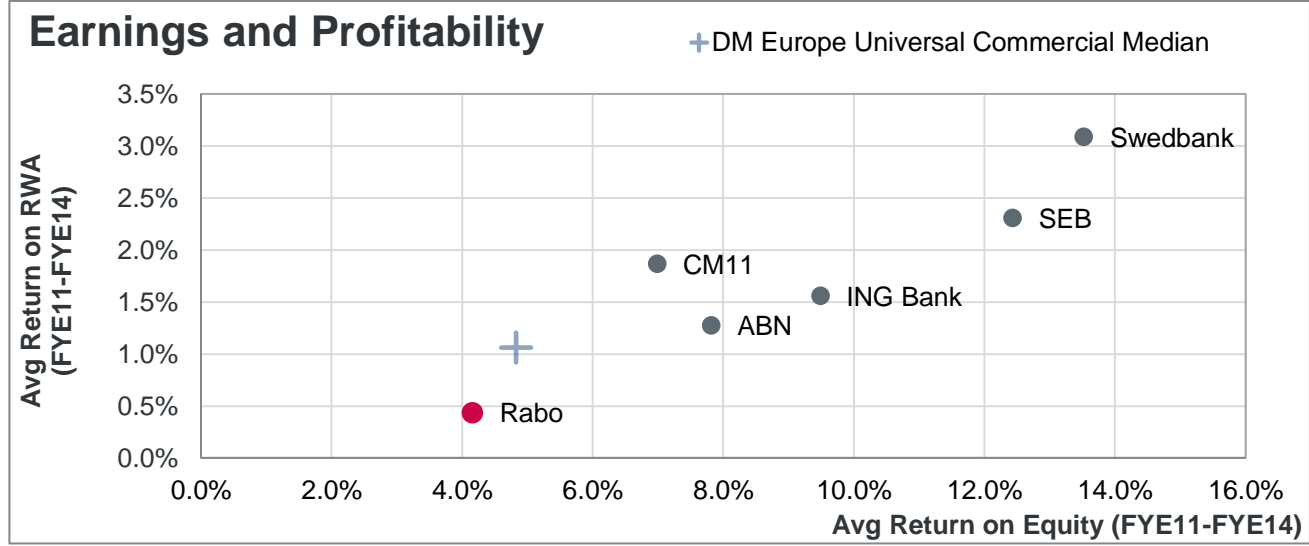
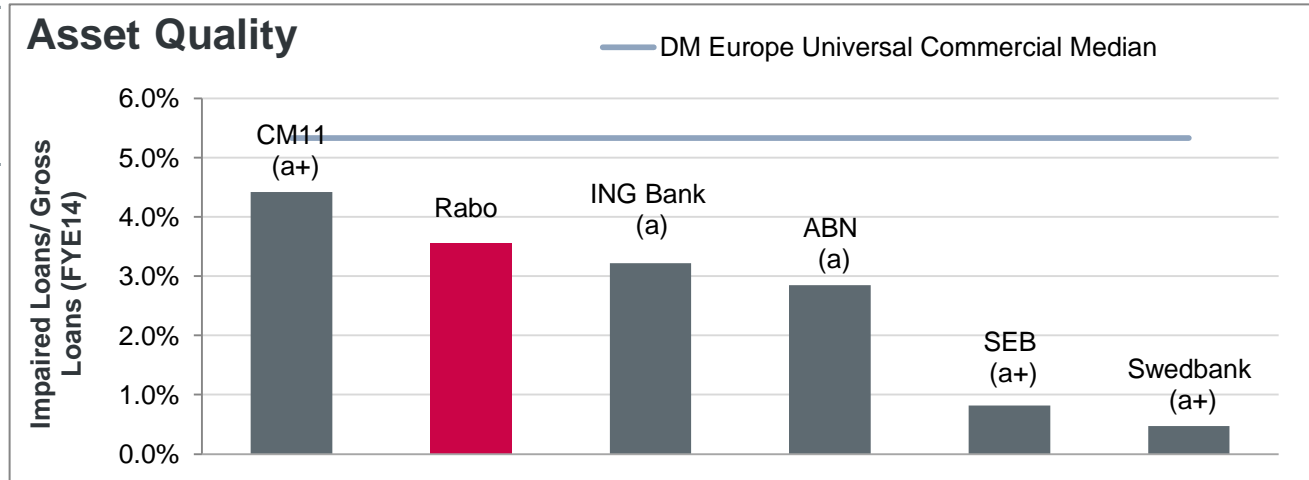


Support Rating Floor	Value		
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)	A+ to A-		
Actual country D-SIB SRF	NF		
Support Rating Floor:	NF		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system			✓
Size of potential problem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

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

Drivers & Sensitivities	
Modest Risk Appetite Supports VR	Rabobank's VR is supported by its modest risk appetite and also factors in the bank's leading market position in retail banking in the Netherlands, solid and improving capitalisation, robust funding profile and conservative liquidity management.
Strengthening Balance Sheet	Rabobank has a low to moderate risk appetite. Its refocused strategy, in particular on core activities, has put an even greater emphasis on a prudent approach to risk-taking. Fitch does not expect the group to deviate from this focus.
Conservative Underwriting Standards	Asset quality is in line with domestic peers. Rabobank's large residential mortgage loan portfolio has proved to be particularly resilient compared to peers, a reflection of conservative underwriting standards.
Addressing Weak Structural Profitability	Weaker profitability than peers' reflects Rabobank's high cost base and cooperative nature. The new simplified group structure will support an improvement in the cost base. Fitch expects the gap with peers to reduce.
High Wholesale Funding but Prudent Liquidity	Reliance on wholesale funding makes Rabobank's sensitive to investor confidence. However, its ample liquidity buffer mitigates the risks. The ratings are sensitive to a reduced focus on maintaining such a high buffer.
Improving Capitalisation Factored Into Ratings	Capitalisation no longer compares favourably with peers. Fitch's expectation that the bank will take measures to strengthen this is factored into the rating. The bank targets a 14%-17% phased-in common equity Tier 1 ratio.
Sensitive to Setback in Improving Trends	Rabobank's VR is sensitive to a setback in the improving trend in its structural profitability or delays in strengthening capitalisation.
IDR Above VR	The Long-Term IDR is one notch above the VR, reflecting a large buffer of qualifying junior debt that could protect senior obligations from default in case of failure. We believe the buffer needs to be a minimum of 10% of the REA to maintain the uplift.
Analysts	
1st	Olivia Perney olivia.perney@fitchratings.com + 33 1 44 29 91 74
2nd	Jens Hallen jens.hallen@fitchratings.com +44 20 3530 1326

Key Financial Ratios (15 Jan 2016)	Cooperatieve Rabobank U.A.				Direct Peers Median				Region Sector Median							
	Number of Banks:				6	6	6	6								
	Statement:				FYE14	FYE13	FYE12	FYE11	FYE14	FYE13	FYE12	FYE11	FYE14	FYE13	FYE12	FYE11
Size (USDbn)																
Total assets	827	923	991	947	565	608	589	565	323	353	297	319				
Risk weighted assets (incl. Basel floor/cap)	257	291	294	289	177	182	182	204	108	123	118	138				
Total equity	38	41	44	46	28	30	28	25	17	19	16	15				
Fitch core capital (FCC)	33	35	35	34	23	23	20	16	16	17	13	12				
Asset Quality																
Growth of gross loans	-0.1%	-5.0%	2.9%	n.a.	3.0%	-0.2%	2.3%	-0.7%	-0.1%	-3.1%	-1.4%	0.4%				
Impaired loans/gross loans	3.6%	3.6%	2.4%	2.1%	3.0%	3.0%	2.5%	2.2%	5.3%	5.9%	6.1%	5.2%				
Reserves for impaired loans/impaired loans	58.0%	53.1%	34.3%	31.7%	58.0%	58.6%	62.9%	62.5%	57.7%	58.4%	54.7%	56.1%				
Imp loans less reserves for imp Loans/FCC	25.1%	29.7%	27.5%	25.2%	20.0%	21.6%	24.2%	25.2%	18.8%	28.9%	19.9%	27.5%				
Loan impairment charges/avg gross loans	0.6%	0.6%	0.5%	0.4%	0.3%	0.4%	0.4%	0.3%	0.5%	0.7%	0.8%	0.8%				
Earnings and Profitability																
Net interest income/average earning assets	1.4%	1.3%	1.3%	1.4%	1.3%	1.3%	1.3%	1.4%	1.6%	1.5%	1.6%	1.6%				
Non-interest expense/gross revenues	67.1%	85.1%	70.7%	72.2%	58.0%	58.8%	62.5%	62.2%	62.6%	65.3%	61.9%	62.9%				
Loans & secs imp charges/pre-imp op. profit	62.0%	163.1%	57.9%	50.8%	21.4%	29.0%	29.9%	36.2%	26.6%	37.3%	45.7%	52.5%				
Operating profit/average total assets	0.2%	-0.1%	0.2%	0.2%	0.7%	0.6%	0.5%	0.5%	0.5%	0.4%	0.4%	0.3%				
Operating profit/risk weighted assets	0.8%	-0.5%	0.8%	0.7%	2.0%	1.8%	1.6%	1.3%	1.3%	1.2%	1.1%	0.7%				
Net income/average total equity	3.5%	4.0%	3.6%	5.5%	8.0%	8.7%	9.1%	8.9%	5.9%	5.8%	3.6%	4.1%				
Capital and Leverage																
Fitch core capital/risk weighted assets	12.7%	12.1%	12.0%	11.8%	12.9%	11.8%	11.0%	9.6%	12.5%	11.7%	10.0%	8.6%				
Fitch eligible capital/risk weighted assets	14.3%	13.5%	13.4%	13.2%	17.5%	11.7%	11.2%	9.7%	12.8%	11.7%	11.0%	9.8%				
Tangible common equity/tangible assets	4.1%	4.0%	4.1%	4.5%	4.5%	4.1%	4.1%	4.0%	4.9%	5.0%	3.9%	4.3%				
Core Tier 1 regulatory capital ratio	13.6%	13.5%	13.1%	12.7%	14.3%	12.6%	12.0%	10.6%	13.5%	12.2%	11.0%	10.0%				
Internal capital generation	2.2%	3.3%	2.8%	4.6%	4.5%	4.1%	4.3%	5.2%	2.9%	3.0%	2.6%	3.4%				
Funding and Liquidity																
Loans/customer deposits	139.8%	139.7%	143.9%	141.8%	132.3%	133.0%	135.6%	137.4%	117.5%	115.1%	124.5%	130.9%				
Interbank assets/interbank liabilities	103.1%	131.8%	73.9%	77.3%	99.1%	144.6%	94.5%	89.8%	69.0%	84.2%	73.4%	77.1%				
Customer deposits/total funding excl derivs	57.3%	57.5%	54.1%	54.8%	58.0%	59.4%	56.2%	53.6%	64.6%	62.0%	57.1%	55.2%				



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