



## Interim results 2017

*Media Presentation*

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17 August 2017



**Rabobank**

# Good progress made in realising strategic objectives



## *Transition progress tangible across the bank*

### **The implementation of our strategy...**

- Positive trend in Customer Satisfaction levels
- Our balance sheet optimisation is on track
- Total staff reduction target for the years 2016-2018 on schedule

### **...combined with the benign economic environment...**

- Negative loan impairment charges
- NPLs further down

### **...led to significant improvement of results...**

- Substantial increase in net profit: +52% to € 1.5bn
- Resilient income (despite adverse interest rate environment) underpinned by strong franchise
- Improved underlying performance on the back of improved asset quality

### **...and even stronger capital and liquidity ratios**

- Capital targets for 2020 have already been met and are well above current regulatory requirements
- Liquidity ratios further improved
- Further growth and diversification of our capital and funding mix

# A client centered cooperative bank with roots in F&A



## Mission

Make a substantial contribution to welfare and prosperity in the Netherlands

Make a substantial contribution to feeding the world sustainably

## Vision

Banking for  
the  
Netherlands

Banking for  
Food

## Strategy

1.  
Excellent  
customer  
focus

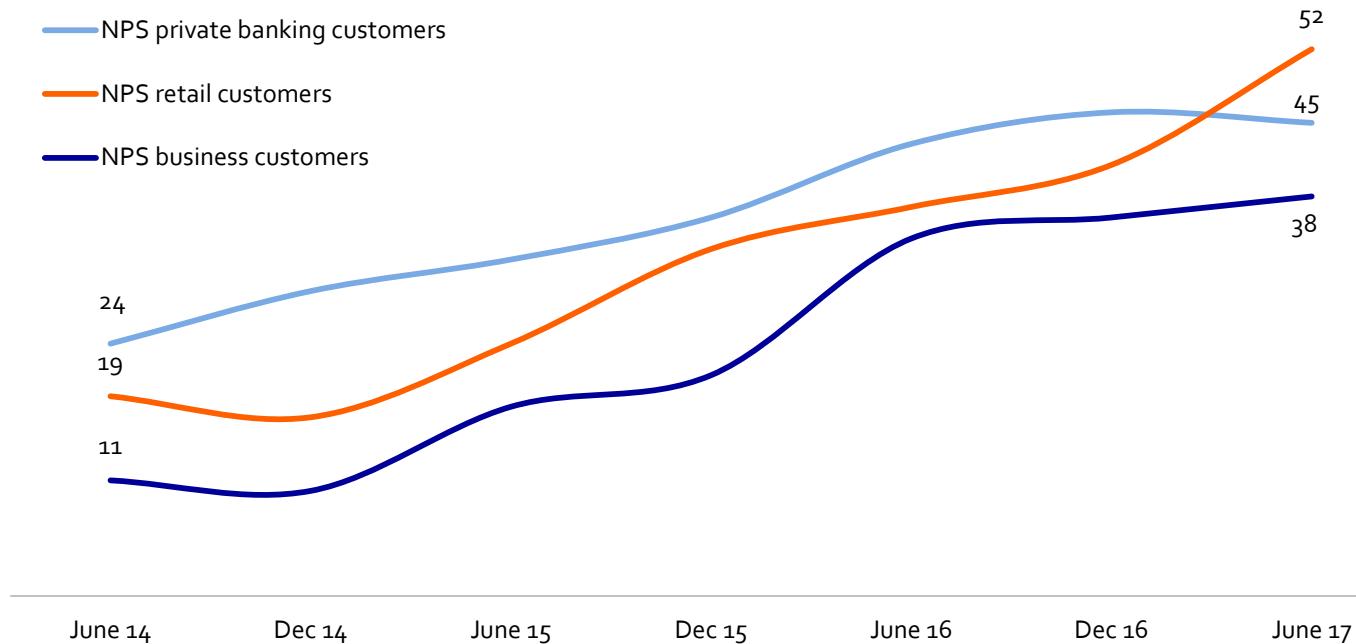
2.  
Flexibility and  
balance sheet  
reduction

3.  
Improving  
performance

# Positive trend in customer satisfaction



## Domestic net promoter scores (NPS)



1.  
Excellent  
customer  
focus

# Digital Transformation & Innovation @ Rabobank



## We digitalise our traditional products & services

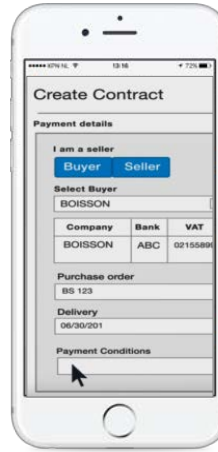
- Mobile banking app: mortgage insights and payment requests
- Full mobile identification process when opening account
- Digital sales of insurances: up 66%

## We develop innovative services for our customers

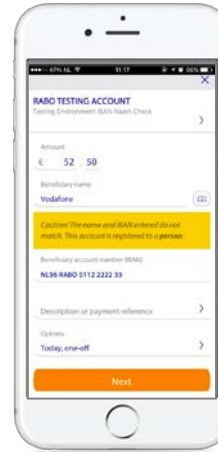
- Digital Identity Service provider
- Tellow
- IBAN-Name check
- Digital Trade Chain

## We support our customers in their innovation challenge

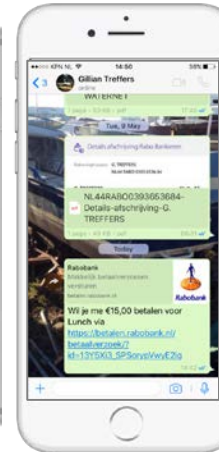
- Start-up Accelerator Terra for F&A
- Supporting 70+ Startup Hubs
- Rabo & Co: full roll-out



Smart contracts  
Digital Trade Chain



IBAN-Name check

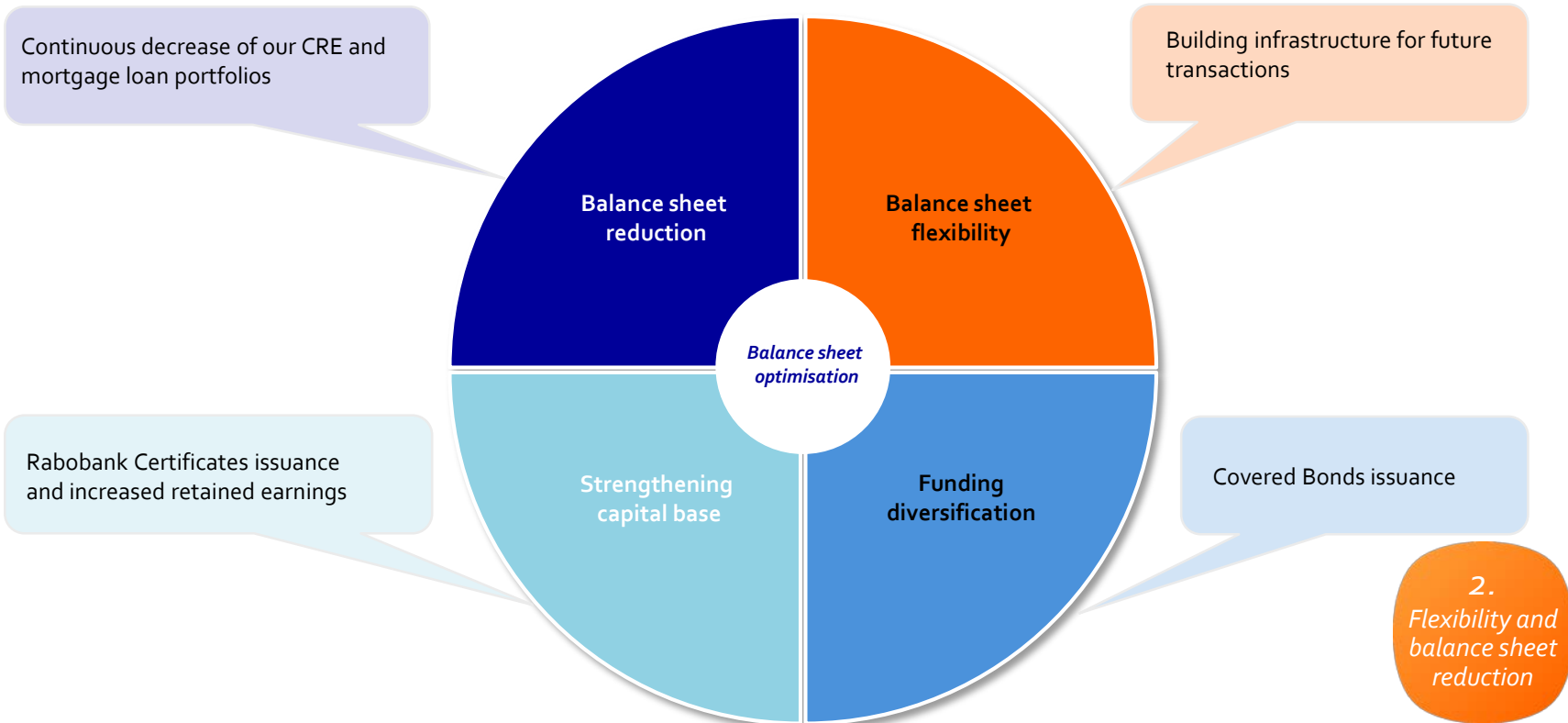


Payment request  
in WhatsApp



Invoices in Tellow

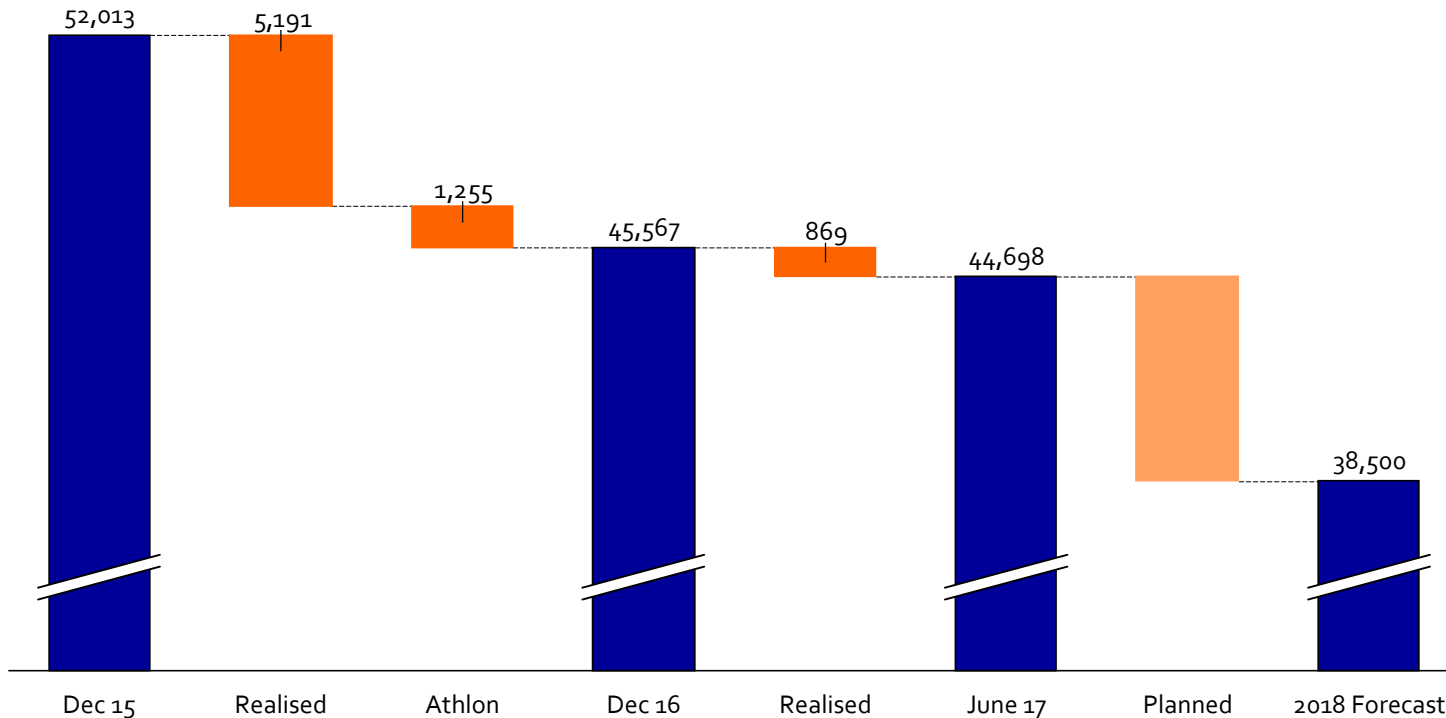
# Our balance sheet optimisation is on track



# Rabobank is continuing to rationalise its business



Number of staff (in FTEs, incl. external hires)



3.  
Improving  
performance

# Rabobank has met its 2020 capital targets; on track with profitability and funding ambitions



## Financial targets and realisation

		Actuals June 2016	Actuals Dec 2016	Actuals June 2017	Ambition 2020
Capital	CET1 ratio	13.4%	14.0%	15.0%	> 14%
	Total capital ratio	23.5%	25.0%	25.5%	> 25%
Profitability	ROIC	5.4%	5.2%	7.8%	> 8%
	C/I incl. reg. levies	76.6%	70.9%	67.6%	53%-54%
Funding & Liquidity	Wholesale funding	€ 201bn	€ 189bn	€ 171bn	< € 150bn

*The financial targets are set in the context of a more flexible and reduced balance sheet; ultimate reduction will be dependent on the final outcome of Basel IV*

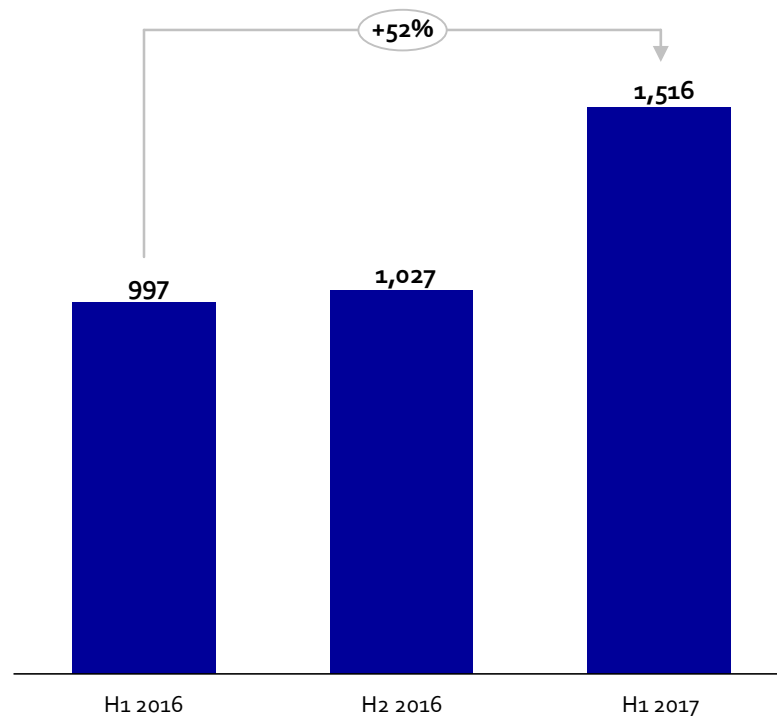


# Substantial increase in net profit

## Profit & Loss account

in € mn	H1 2016	H2 2016	H1 2017
Net interest income	4,375	4,368	4,454
Net fee & commission income	982	936	988
Other results	543	1,601	496
<b>Total income</b>	<b>5,900</b>	<b>6,905</b>	<b>5,938</b>
Operating expenses	-4,276	-4,318	-3,755
Regulatory levies	-246	-237	-258
Impairment Achmea	0	-700	0
Loan impairment charges	-148	-162	67
<b>Operating profit before tax</b>	<b>1,230</b>	<b>1,488</b>	<b>1,992</b>
Tax	-233	-461	-476
<b>Net profit</b>	<b>997</b>	<b>1,027</b>	<b>1,516</b>

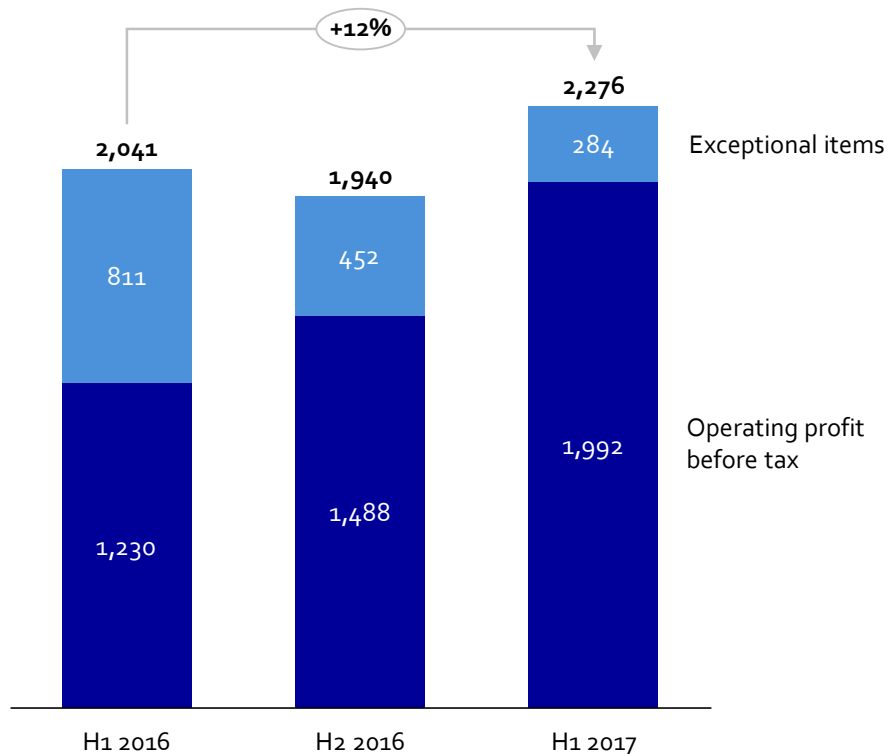
## Net profit (in € mn)



# Improved underlying performance



Underlying profit before tax (in € mn)



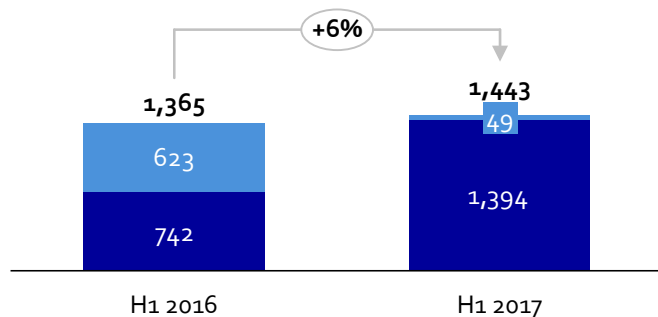
Exceptional items included in operating profit before tax

In € mn	H1 2016	H2 2016	H1 2017
Athlon	83	278	
Fair Value items	-190	295	-186
Derivatives Framework	-514		
Restructuring costs	-190	-325	-98
Impairment Achmea		-700	
<b>Total effect</b>	<b>-811</b>	<b>-452</b>	<b>-284</b>

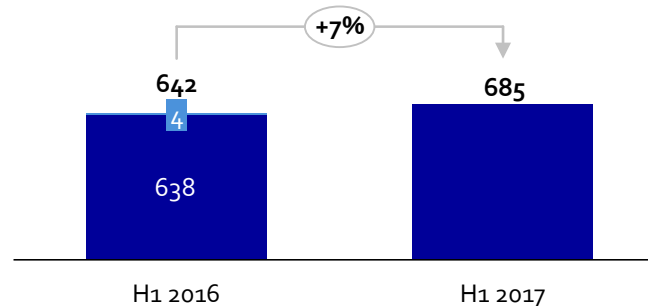
# Underlying performance by business segment



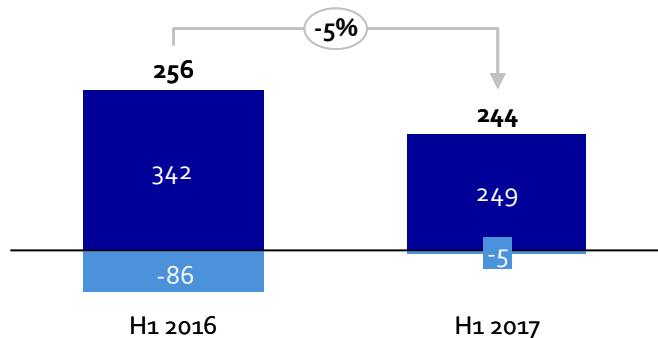
## Domestic Retail Banking



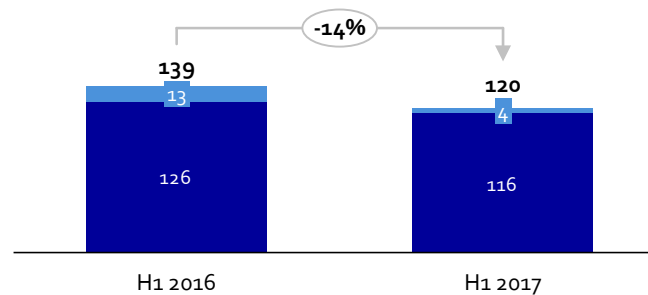
## Wholesale, Rural & Retail



## Leasing



## Real Estate

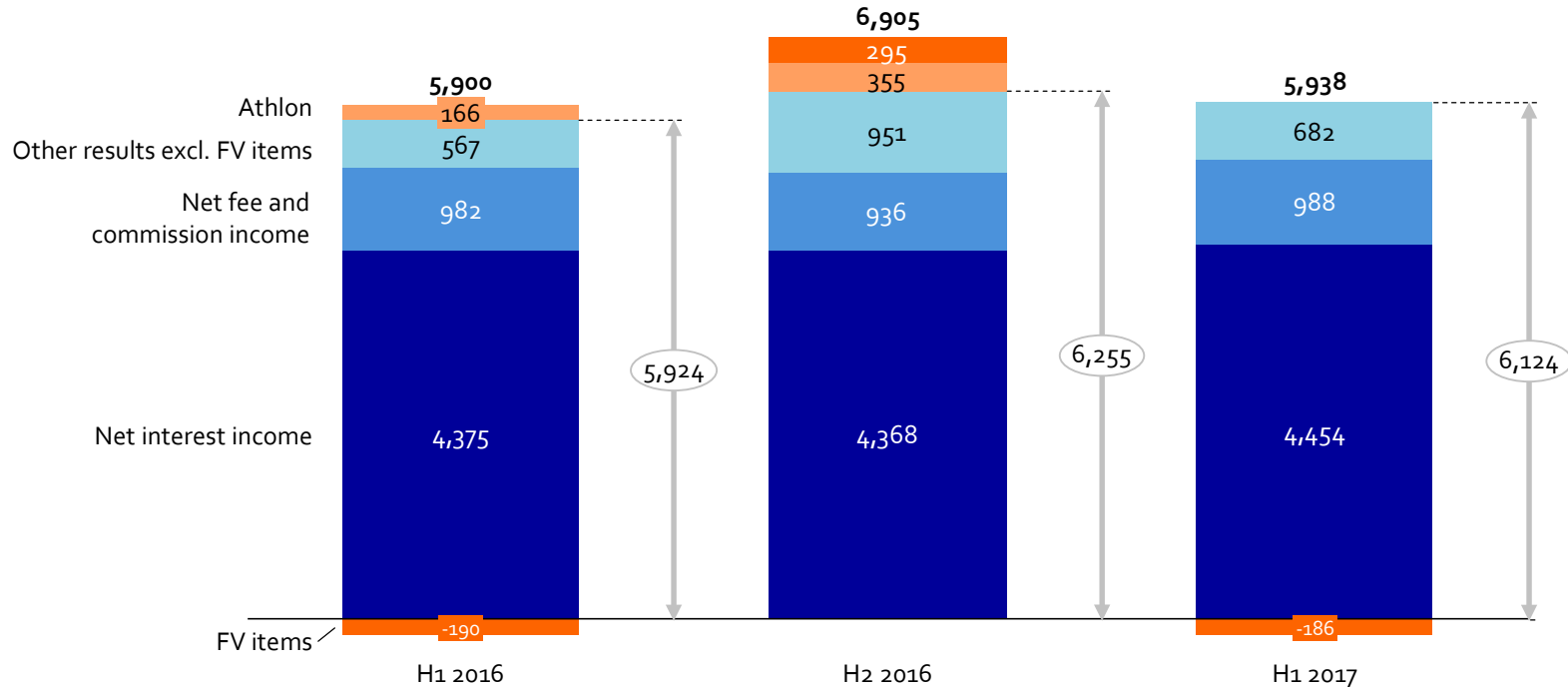


■ Exceptional items ■ Operating profit before tax

# Resilient total income



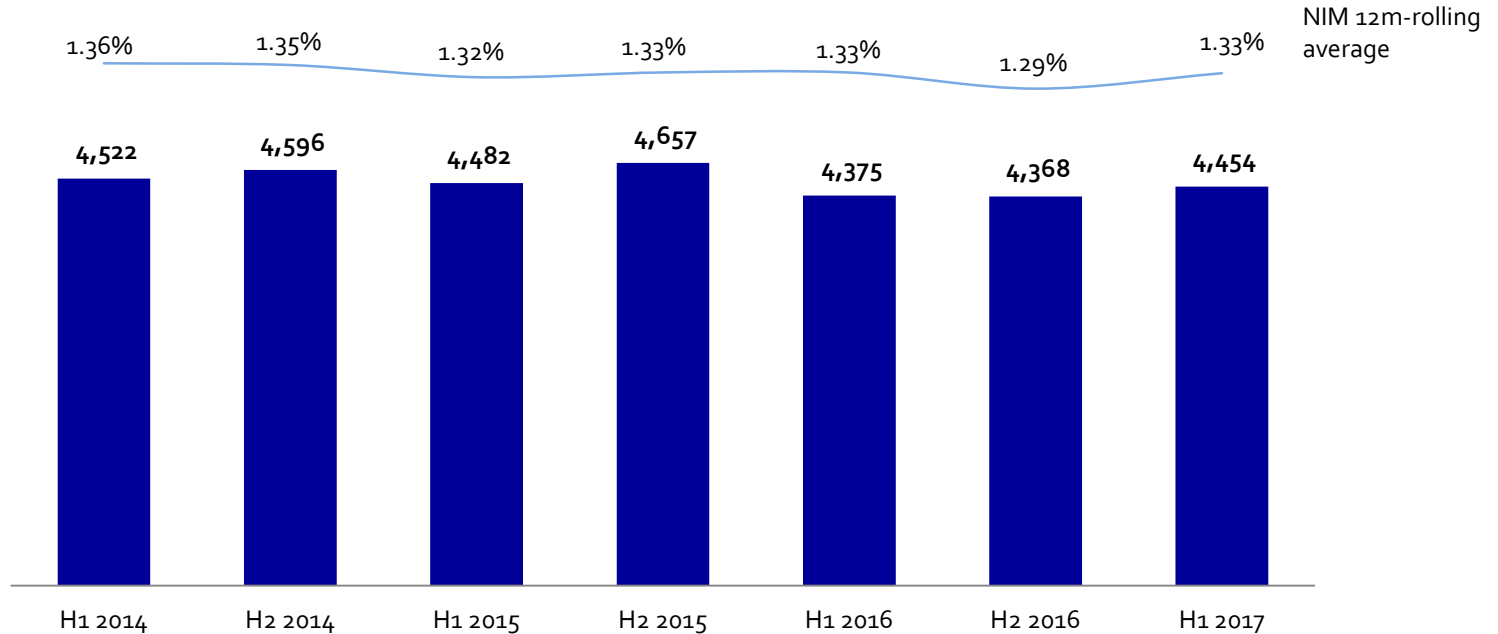
Total income (in € mn)



# Net interest income development



**Net interest income (in € mn) and Net interest margin**  
(in % of average balance sheet total)\*



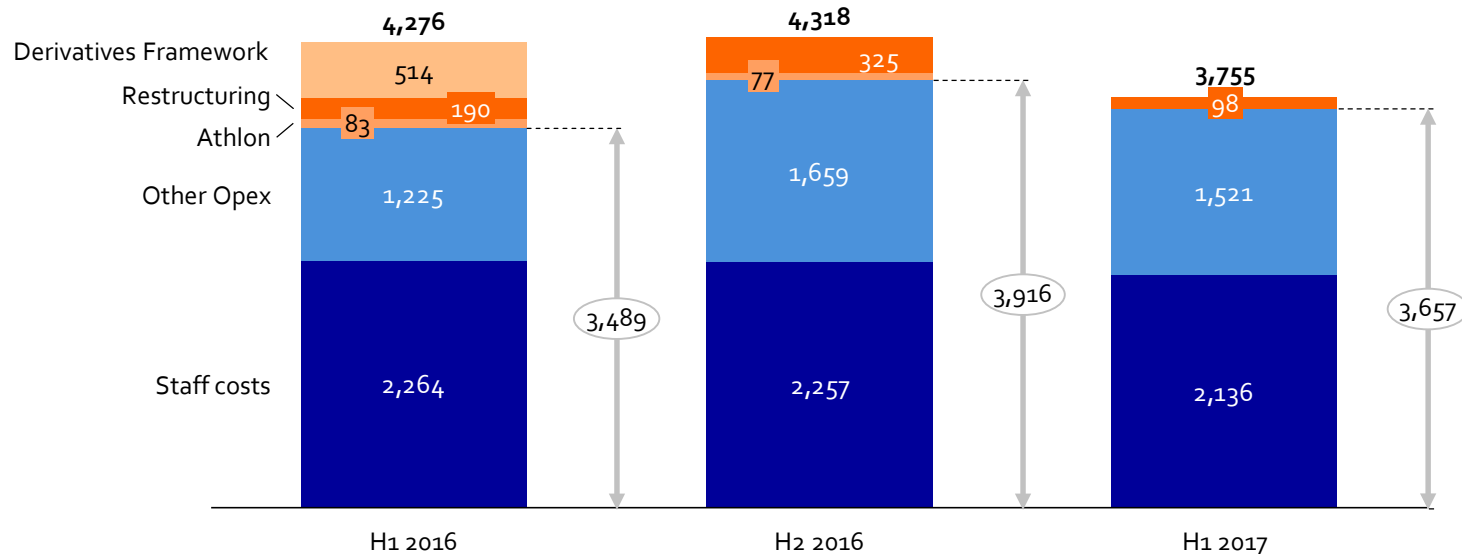
# Staff costs trending down as a result of restructuring programme



Operating expenses (in € mn)

*Development cost/income ratio incl. regulatory levies*

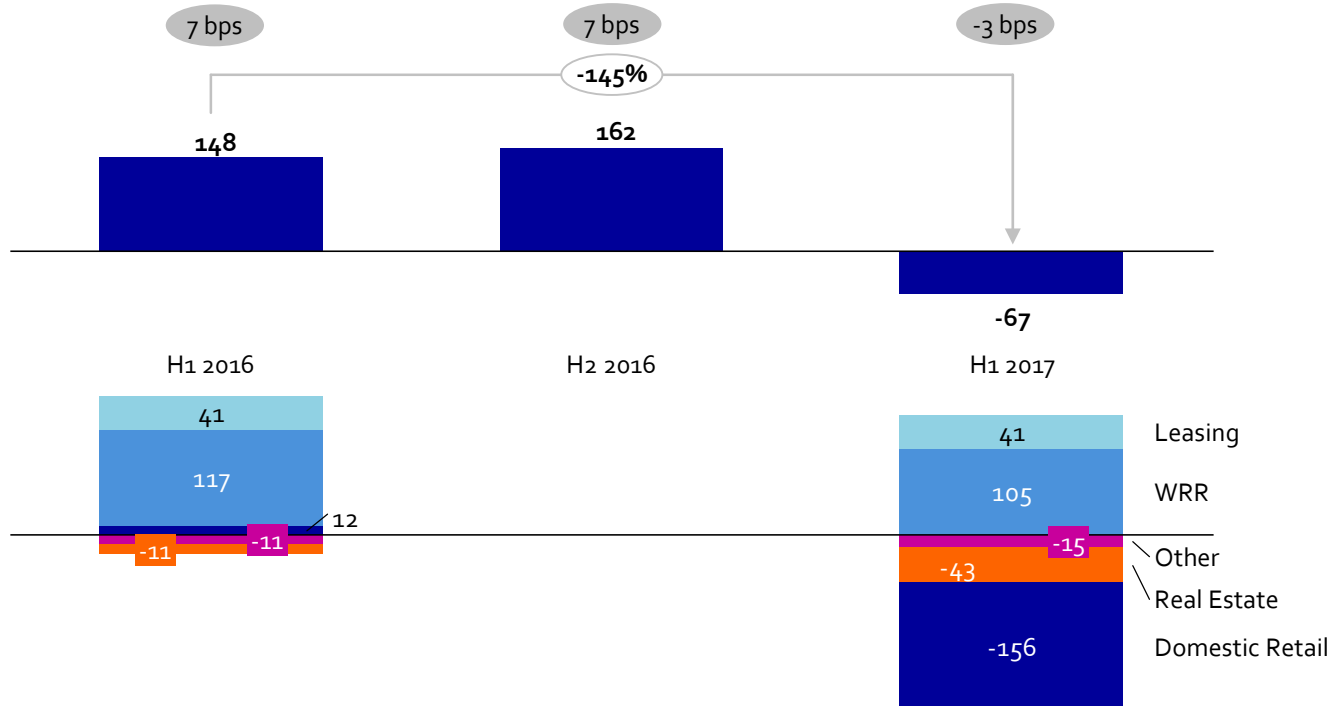
	H1 2016	H2 2016	H1 2017
C/I ratio	76.6%	66.0%	67.6%
Underlying C/I ratio	63.0%	66.4%	63.9%



# Asset quality further improved: extremely low loan impairment charges



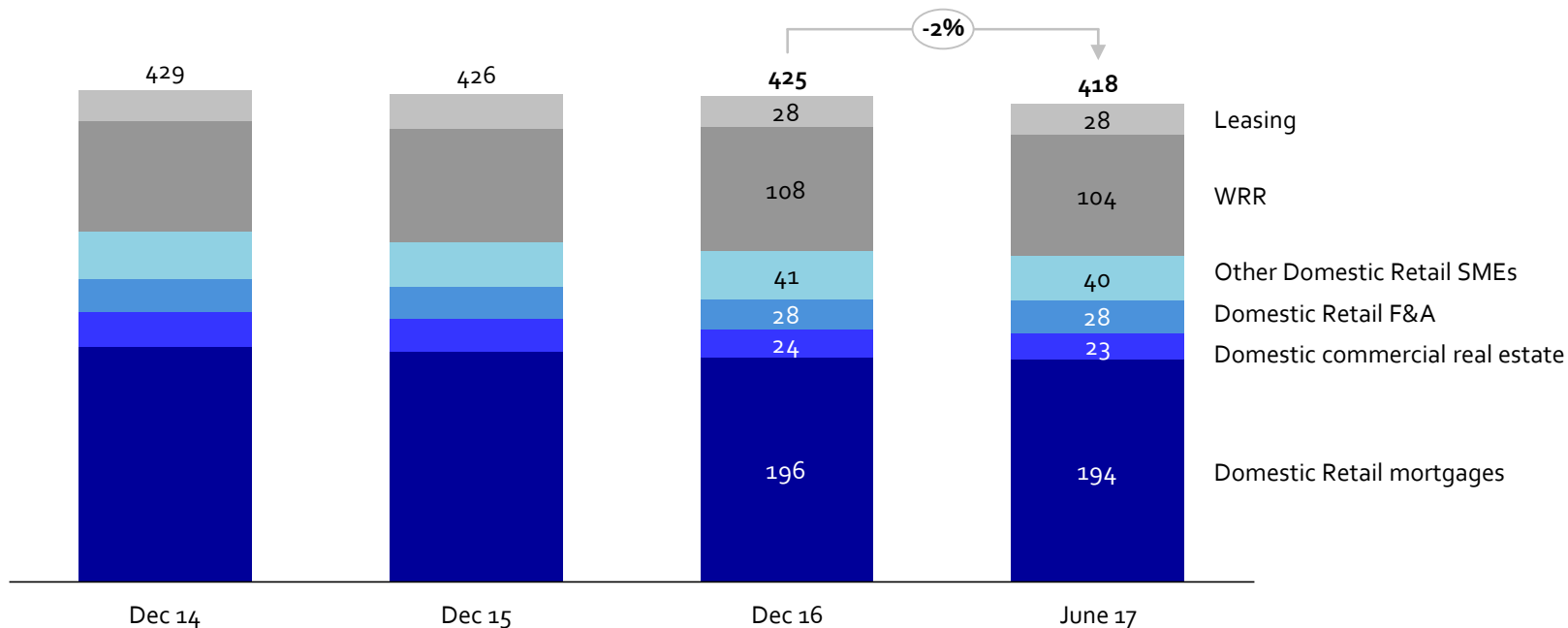
Loan impairment charges (LIC),  
(in € mn and in bps of average lending)



# Stable loan portfolio with focus on the Netherlands



Development of the loan portfolio (in € bn)

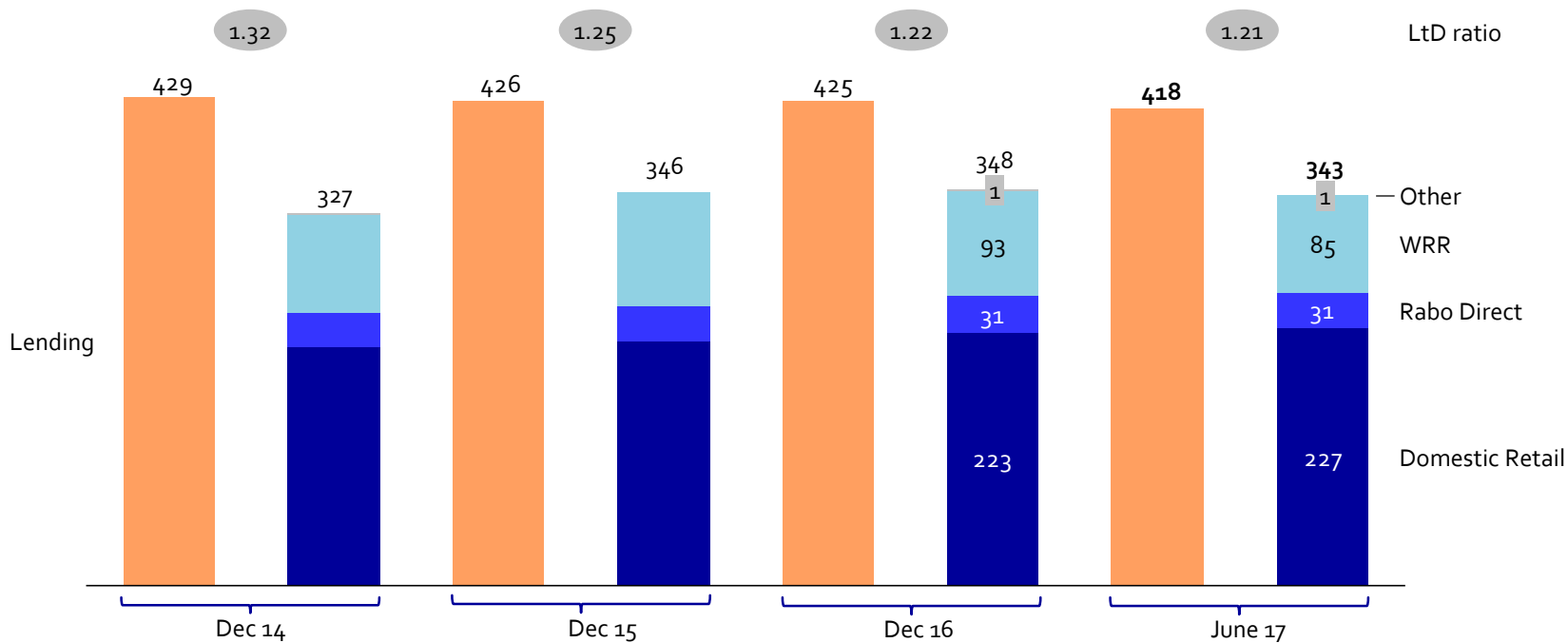




# Deposits from customers and LtD ratio



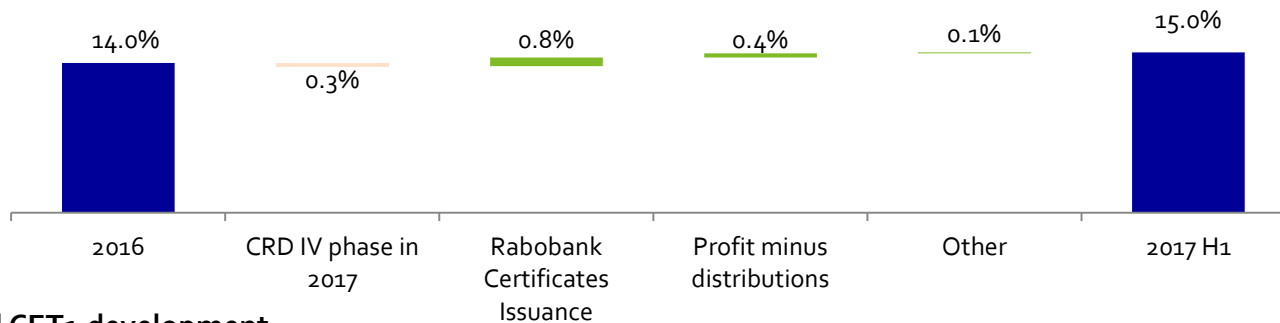
Deposits from customers and private sector lending (in € bn)



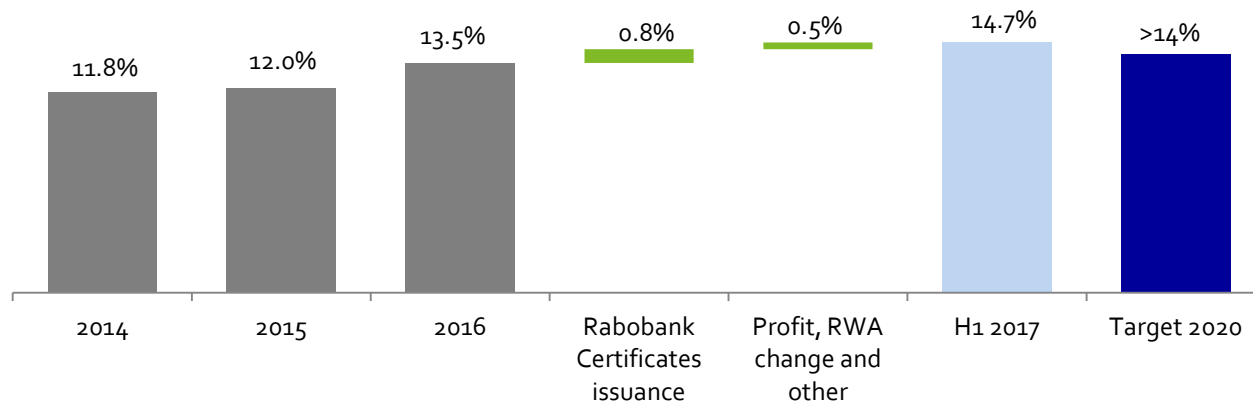
# Solid growth of common equity tier 1 ratio



## Transitional CET1 development



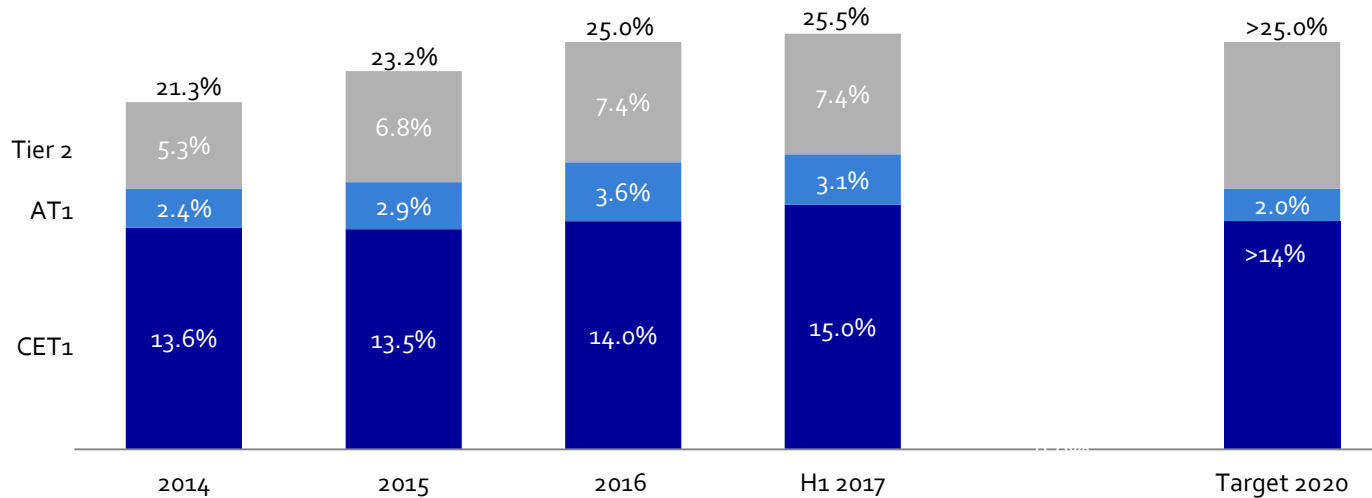
## Fully loaded CET1 development



# Rabobank already meets the > 25% total capital target



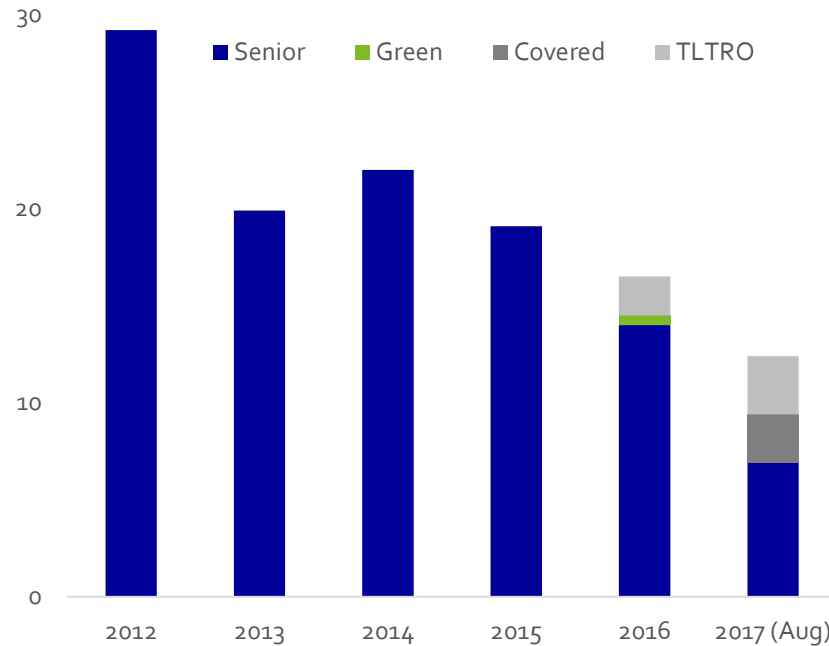
## Capital structure (in % of RWA)



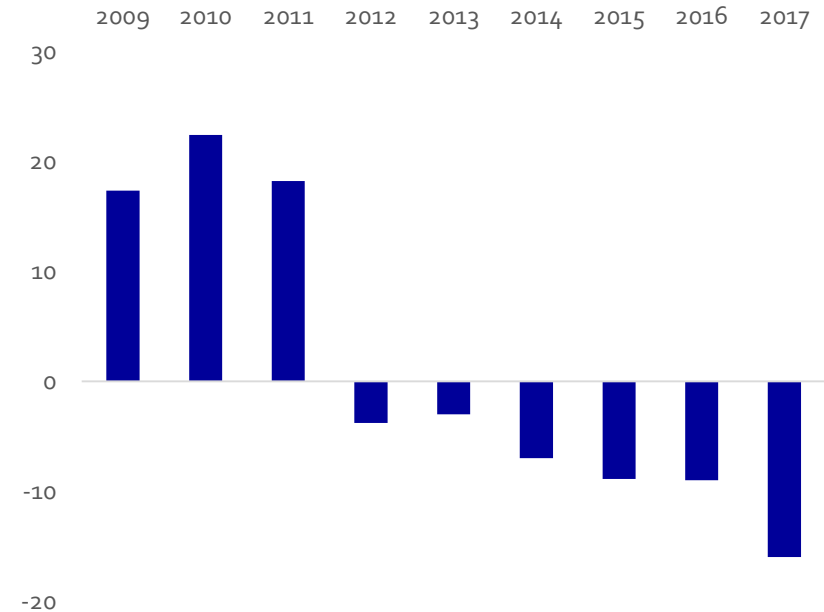
# Funding strategy: diversification in combination with lower needs



Investor base further diversified (in € bn)



Rabobank from net positive to net negative issuer (in € bn)





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## Q&A

### *More information*

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