



# Annual results 2013

*Press conference*

27 February 2014



**Rabobank**



# Annual results 2013

*Rinus Minderhoud, chairman of the Executive Board*

# 2013: a eventful year



- Difficult circumstances; more than EUR 2 billion net profit
- LIBOR-settlements : no tax set off
- Domestic banking: fewer loans, more savings and more repayments, increased use of mobile and internet banking, high value adjustments
- International banking: higher profits (excluding Libor settlements), lower value adjustments, agreement on the sale of BGZ
- 2014: continuing difficult market conditions with uncertain outlook
- Transformation Rabobank:
  - Vision 2016
  - Merging of activities RN and Rabobank International
  - Reorganisations and decrease in staff numbers
  - Increased legislation and regulation; strong buffers necessary
- Rabobank: Sound basis because of cooperative model, anchored in the community



# Annual results 2013 – analysis

*Bert Bruggink, CFO*

# Net profit

By business segment

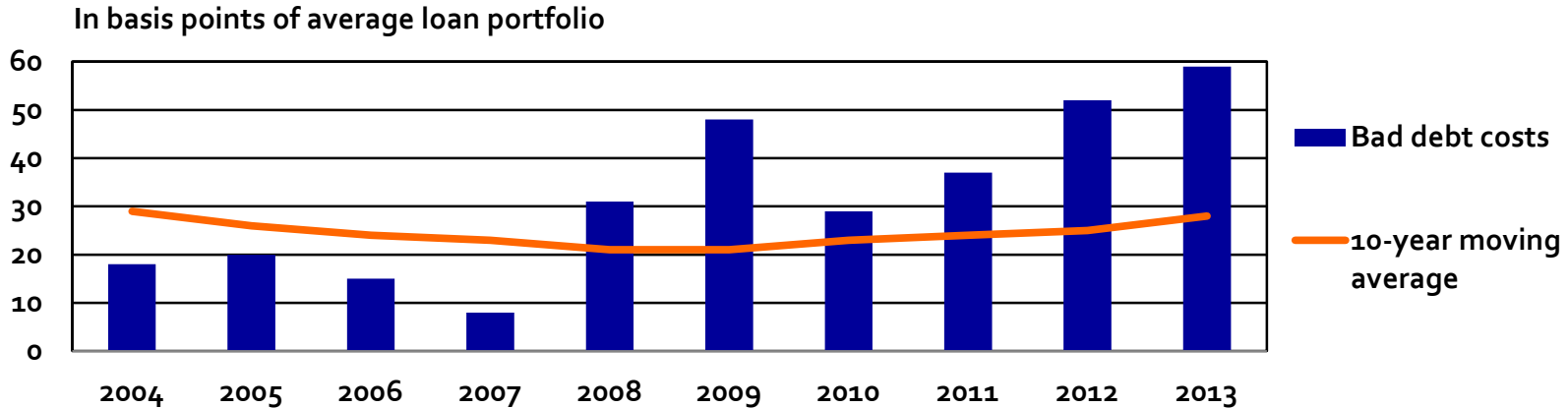


<i>In millions of euros</i>	<i>31-Dec-13</i>	<i>31-Dec-12</i>	<i>change</i>
Domestic retail banking	781	953*	-18%
Wholesale and international retail banking	52	704	-93%
Leasing	422	367	+15%
Rabo Real Estate Group	-817	-113	
Discontinued operations (Robeco) and other	1,574	147	
<b>Rabobank Group</b>	<b>2,012</b>	<b>2,058</b>	<b>-2%</b>

\* Net profit is adjusted for non-charged costs from Rabobank Nederland.

# Bad debt costs (1)

above multi-year average



- Bad debt costs 59 (52) bp; multi-year average 28 bp
- Increase mainly at Rabo Real Estate Group

# Bad debt costs (2)

By business segment



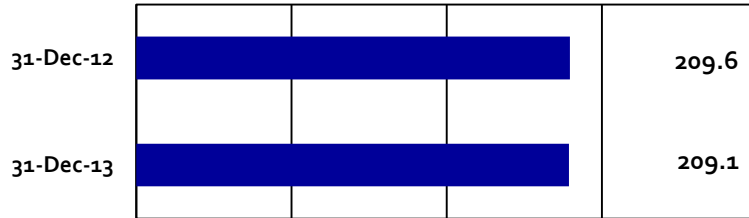
<i>In basis points</i>	<b>2013</b>	<b>2012</b>	<i>multi-year average</i>
Domestic retail banking	45	44	16
Wholesale and international retail banking	57	59	54
Leasing	59	53	68
Rabo Real Estate Group	278	124	49
<b>Rabobank Group</b>	<b>59</b>	<b>52</b>	<b>28</b>

# Residential mortgages in the Netherlands

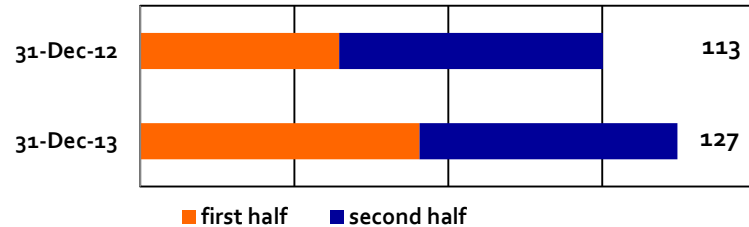
48% of lending; 5% of value adjustments



Residential mortgages in billions of euros



Value adjustments in millions of euros



## **Residential mortgages EUR 209.1 (209.6) billion**

- Extra repayments of EUR 3.6 billion; EUR 1.3 billion higher than in 2012
- 20% (19)% of portfolio financed with NHG mortgage guarantee scheme
- Loan-to-value 81% (81)%

## **Bad debt costs 6 (6) basis points**

- Around 6,600 or 0.55% of customers have payment arrears of 90 days or more
- Recovery is no longer possible in the case of approximately 3,400 or 0.28% of customers

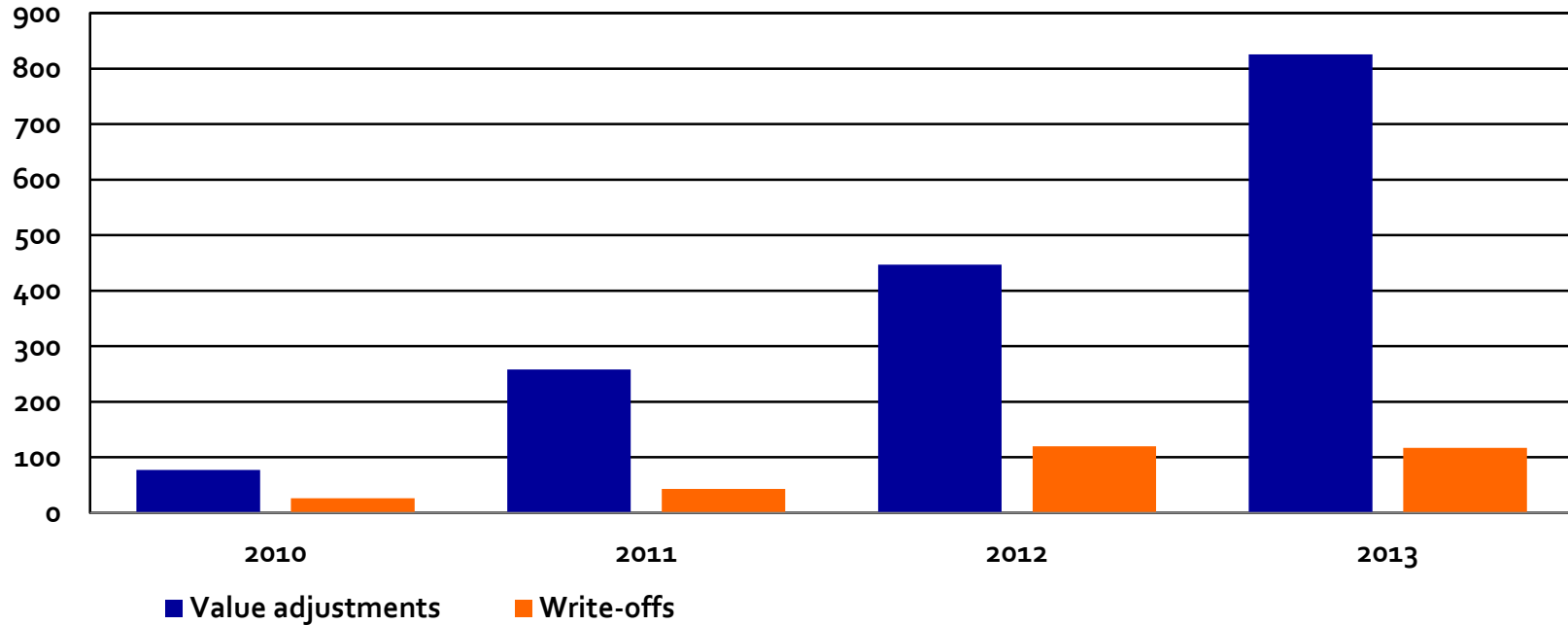


# Lending in commercial real estate in the Netherlands

## Write-offs versus value adjustments



In millions of euros

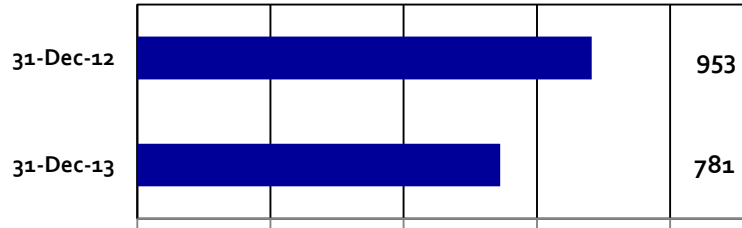


# Domestic retail banking

Net profit EUR 781 million; -18%

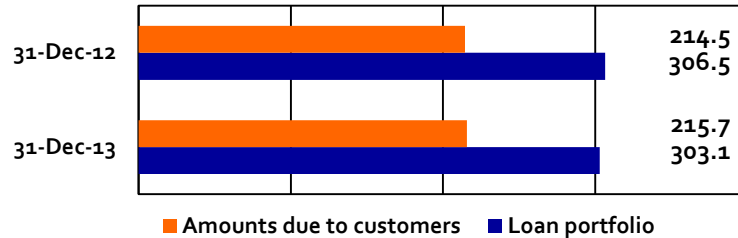


Net profit in millions of euros



- Allowance for reorganisation
- Bad debt costs above multi-year average

In billions of euros



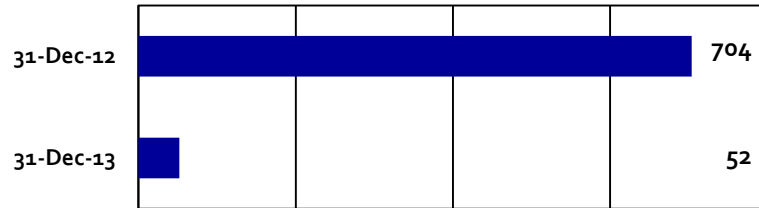
- Loan portfolio EUR 303.1 billion; -1%
- More repayments on mortgages
- Amounts due to customers EUR 215.7 billion; +1%

# Wholesale and international retail

Net profit EUR 52 million; -93%



Net profit in millions of euros



In billions of euros



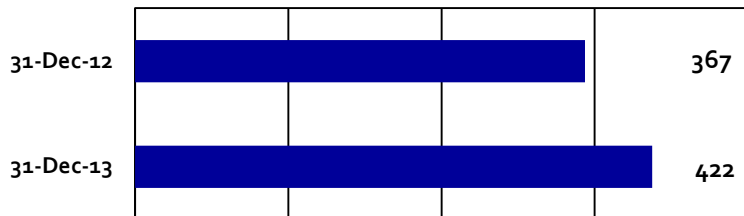
- Settlements relating to Libor investigations
- Phase down of Equity Derivatives and ACC Bank
- Lower bad debt costs
- Loan portfolio EUR 92.1 billion; -14% of which Bank BGZ EUR 6.3 billion
- Share of food and agri in portfolio 54% (50%)
- Amounts due to customers EUR 111.6 billion; -5% of which Bank BGZ EUR 6.4 billion
- RaboDirect savings deposits EUR 29.1 billion; +23%

# Leasing

Net profit EUR 422 million; +15%

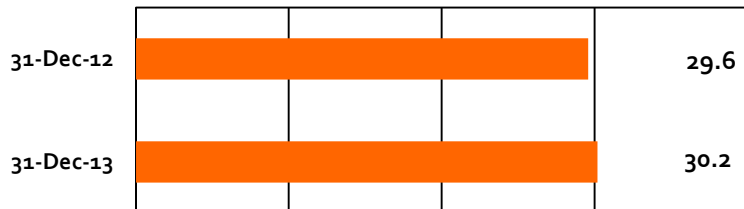


Net profit in millions of euros



- Increase in interest income
- Decrease in operating expenses
- Bad debt costs below multi-year average

Lease portfolio in billions of euros



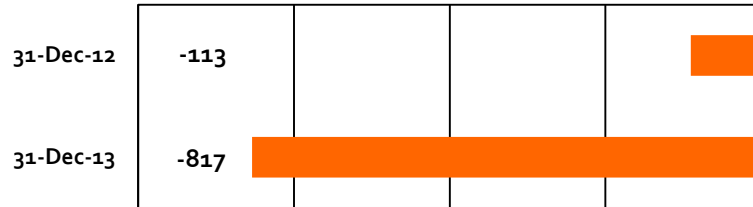
- Lease portfolio EUR 30.2 billion; +2%
- Food and agri comprises 30% (29%) of the portfolio

# Real Estate

Net loss Rabo Real Estate Group EUR 817 million

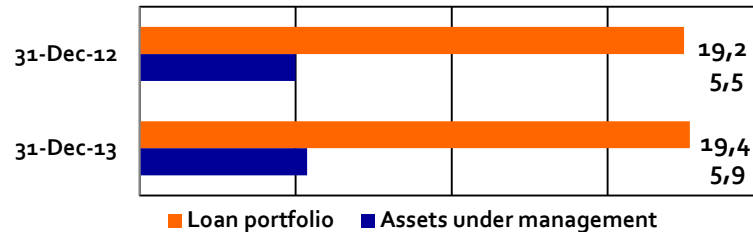


Net loss Rabo Real Estate Group in millions of euros



- Impairments on land positions and revaluation of land operations
- Impairments of commercial real estate positions
- Increase in bad debt costs

In billions of euros



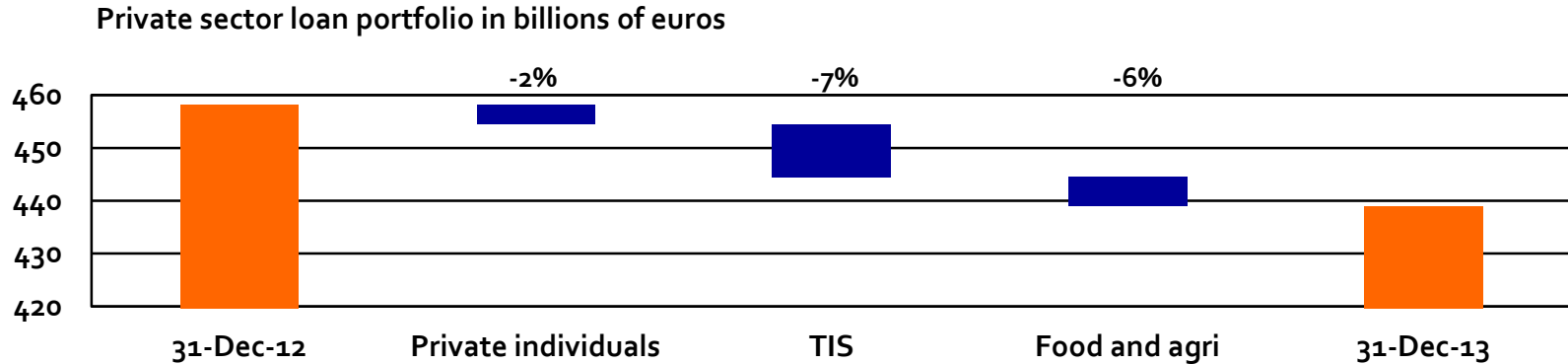
- Number of homes sold 5,169; -18%
- Loan portfolio EUR 19.4 billion; +1%
- Assets under management EUR 5.9 billion; +7%

# Balance sheet



<i>In billions of euros</i>	<i>31-Dec-13</i>	<i>31-Dec-12</i>		<i>31-Dec-13</i>	<i>31-Dec-12</i>
Cash and cash equivalents	43.0	68.1	Due to customers	329.4	334.3
Loans to customers	460.2	485.3	Debt securities in issue	195.4	223.3
Financial assets	56.7	62.7	Due to other banks	15.5	27.1
Due from other banks	40.8	35.4	Derivative financial instruments and other trade liabilities	50.2	74.8
Derivative financial instruments	39.7	65.4	Other liabilities	43.7	49.1
Other assets	33.8	33.7	Equity	40.0	42.1
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<b>Total assets</b>	<b>674.1</b>	<b>750.7</b>	<b>Total liabilities</b>	<b>674.1</b>	<b>750.7</b>

# Lending

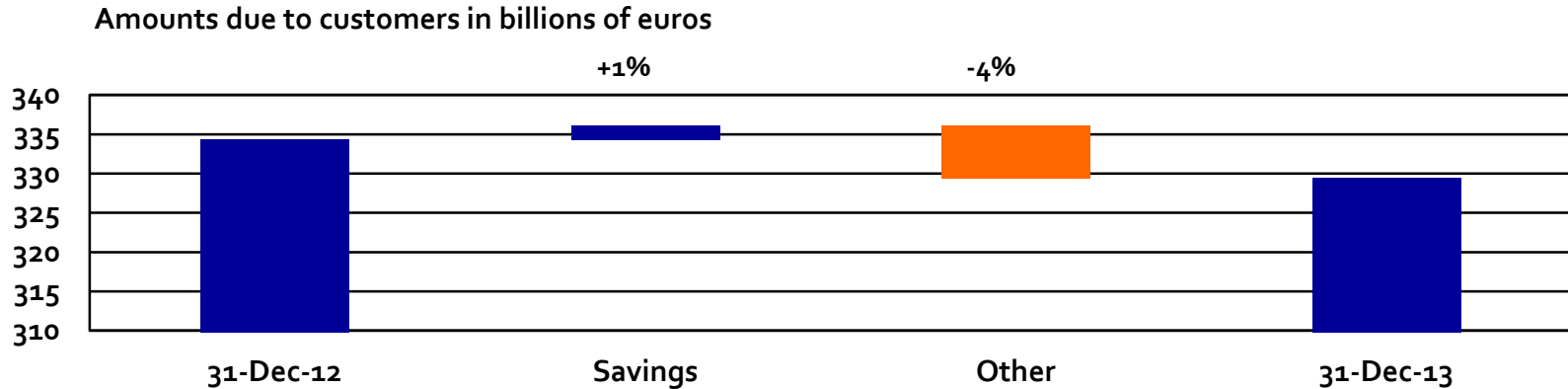


## ***Loan portfolio EUR 439.0 billion; -4%***

- Contraction at local Rabobanks and Rabobank International
- Virtually stable at De Lage Landen and FGH Bank and moderate growth at Obvion

# Funding (1)

## Amounts due to customers and liquidity ratios



### ***Amounts due to customers EUR 329.4 billion; -1%***

- Customer savings deposits EUR 151.5 billion; +1%
- Loan-to-deposit ratio 1.35 (1.39)
- Net stable funding ratio; NSFR 102% (102%) and 114% on basis of new proposals
- Liquidity coverage ratio; LCR 126% (145%)



# Funding (2)

Comfortable liquidity position



<i>In billions of euros</i>	<i>31-Dec-13</i>	<i>31-Dec-12</i>	<i>Change</i>
Domestic retail banking	215.7	214.5	+1.2
Wholesale and international retail banking	111.6	117.9	-6.3
Other entities	2.1	1.9	+0.2
<b>Amounts due to customers</b>	<b>329.4</b>	<b>334.3</b>	<b>-4.9</b>
<b>Debt securities in issue</b>	<b>195.4</b>	<b>223.3</b>	<b>-27.9</b>
<b>Liquidity position</b>	<b>121</b>	<b>157</b>	<b>-36</b>

# Equity

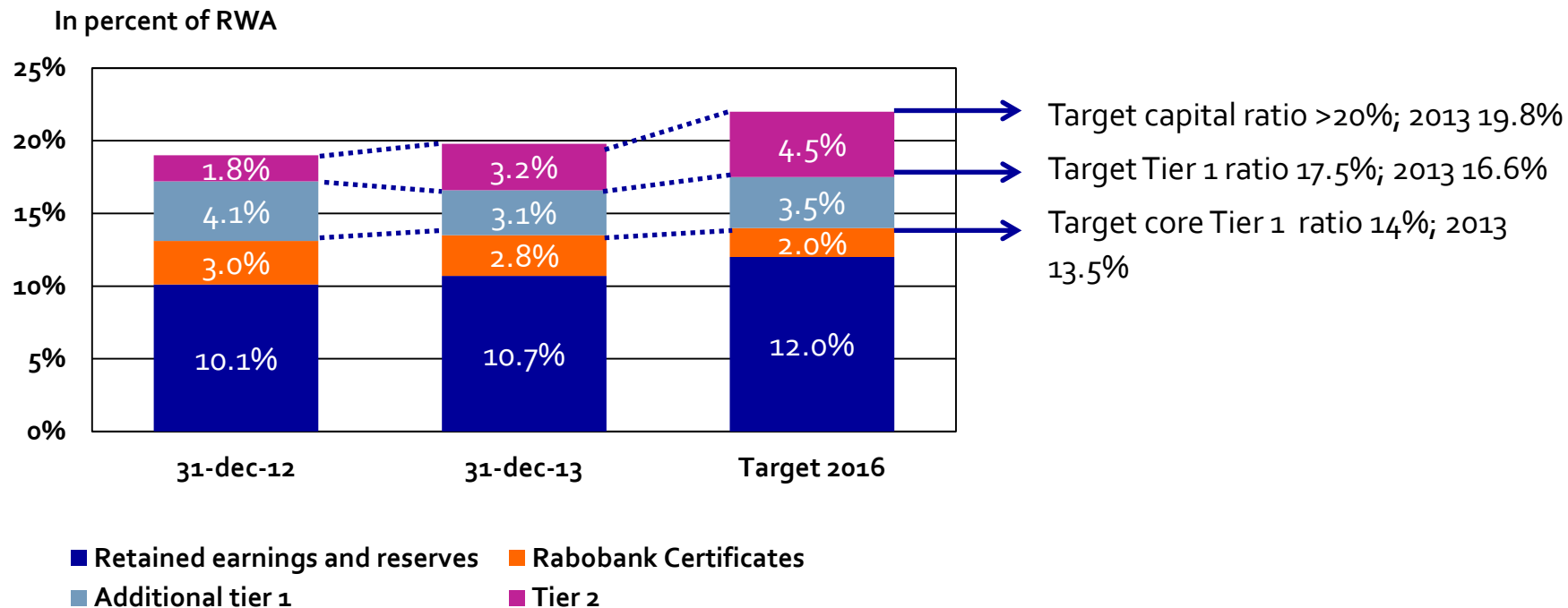


*In billions of euros*

<b>Equity as at 31-Dec-12</b>	<b>42.1</b>
Net profit	2.0
Payments on Member Certificates and hybrid capital	-1.0
Reserve capacity	1.0
Revaluations	-1.3
Change to Rabobank Member Certificates	-0.8
Change in non-controlling interests	-0.5
Repayments of hybrid capital	-0.1
Other changes	-0.4
<b>Equity as at 31-Dec-13</b>	<b>40.0</b>

# Capital (1)

## Strategy



# Capital (2)

## Improved capital position



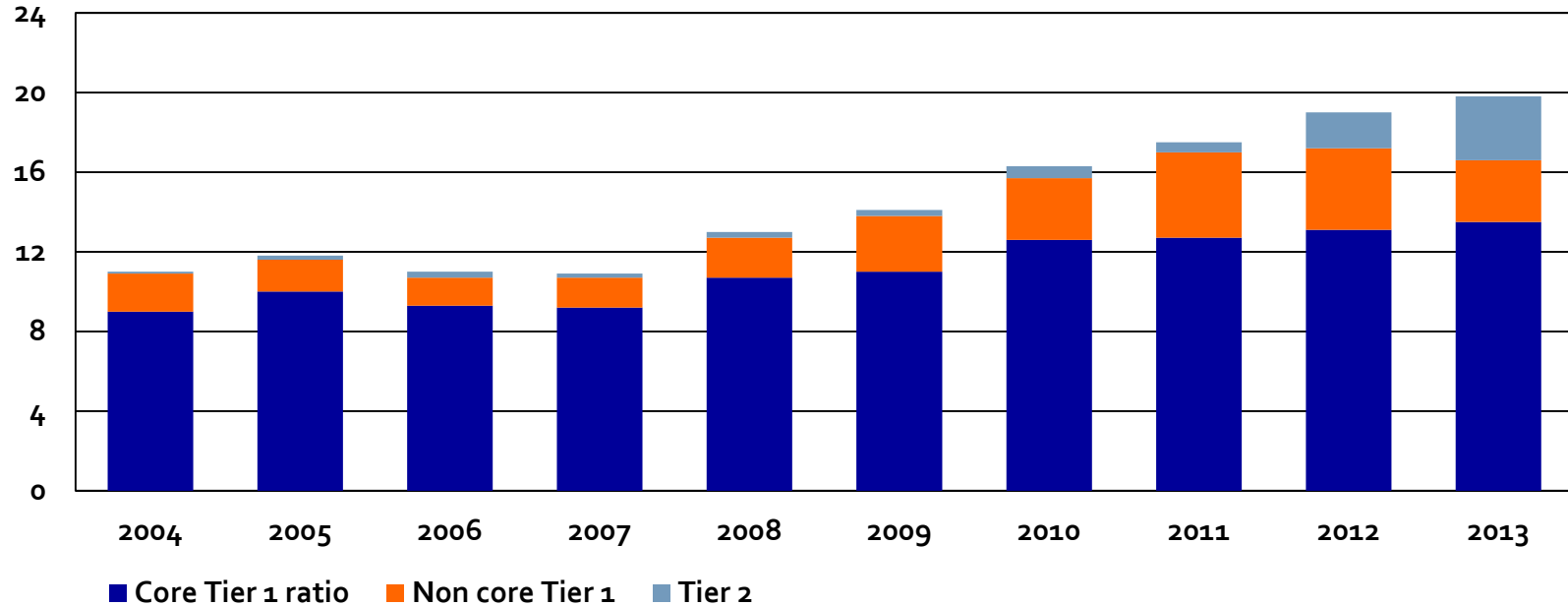
- Rabobank Member Certificates converted into Rabobank Certificates
- Amount of Tier 2 capital increased
- Transition to new pension scheme
- Sale of subsidiaries
- Stricter regulatory requirements - CRD IV

# Change in capital ratios

Continued improvement of ratios in 2013



Capital ratios in percent



A photograph of three young women sitting at a table in a cafe or restaurant. They are all smiling and looking towards the camera. The woman on the left has dark curly hair and is wearing a teal top. The woman in the middle has curly brown hair and is wearing a light-colored top. The woman on the right has long brown hair and is wearing a grey top. In the background, there is a menu board and other people working behind the counter.

Thank you for your attention



**Rabobank**

Annual results 2013

