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TRANSCRIPT H1 2018 RESULTS ANALYST MEETING

16 AUGUST 2018



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Pauline Bianchi – IR&RA Rabobank: Welcome everybody to the webcast and conference call on Rabobank's interim results 218. As mentioned, my name is Pauline Bianchi. I am heading the Investor Relations and Rating Agencies department.

This afternoon Wiebe Draijer, our CEO, and Bas Brouwers, our CFO, will present an overview of our results.

The presentation will take about 30 minutes and afterwards you will have the opportunity to ask questions.

I would now like to hand over the presentation to Mr. Wiebe Draijer.

Strategy overview

Focus on 20 top priorities for 2018-2020



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Wiebe Draijer – CEO Rabobank: Thank you Pauline. Welcome and thank you for joining. What I would like to do is shortly introduce the progress we made in the first half of 2018 on our strategic priorities and then quickly move over to Bas to talk about the financial aspects of them. On page 2 you see the overview of our strategy framework, our mission 'Growing a better world together', the two priorities Banking for the Netherlands and Banking for food and under that, the four pillars: excellent customer focus, meaningful cooperative, Rock-solid bank



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and Empowered employees. All our actions, priorities and all our focus lie with fulfilling the ten strategic top priorities that are underlined there. So, I would not so much like to repeat that strategy but give you a vignette, a couple of illustrations of the progress we have made in the last half year on the four pillars that you see. I will do that with a couple of examples and not with the full story.

Highlights H1 2018 (I)



Excellent customer focus



- ✓ **Growth deposit base & loan book**
 - Growth loanbook by €3.8bn
 - Deposit base increased by €1.2bn



- ✓ **Most customer-friendly bank**
 - 1st place by consumers as the most customer-friendly bank in the Netherlands (Consumer First Award)
 - Sustained increase in our Net Promoter Score



- ✓ **Strong progress in innovation**
 - Rabobank Innovation SurePay (Blockchain) rolled out our non-asset Dutch banks and insurance companies
 - 1st Dutch bank to utilize 3rd party payment initiation
 - Customers can check account balance or send payment using their mobile via Google Assistant



- ✓ **Client-focused operating model**
 - New client focused operating model for local Rabobanks in the Netherlands as the foundation for a more efficient and effective banking operation

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Meaningful cooperative



- ✓ **Industry leading in sustainability**
 - Sustainability score: ESG awarded ESG Industry leader
 - Oekom Prime awarded Industry leader in 2017
 - RaboSAM score B+ (1st worldwide)



- ✓ **First to launch 'ESG Leader' program**
 - Rabobank was first to launch ESG Leader CPD program
 - Delivered Rabobank's ESG Industry Leader status
 - Rabobank issues their own funding labelled as ESG Investment



- ✓ **3rd Kickstart program launched (Food)**
 - Launched Kickstart Waasland food-to-energie reduction, from stimulating innovation to financial support for farmers to improve replanting, lighting and storage



- ✓ **Driving energy efficient housing**
 - Proprietors use an additional 10% to help mortgage loans
 - Identified 1000+ buildings for improvement in their homes
 - Introduced Green Depot, a 100% interest-free deposit to finance sustainable home improvements

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Page 3 shows them for the first two pillars, the excellent customer focus and the meaningful cooperative. We are very happy with the progress we have made and with the results in the last half year, both in terms of – obviously – the financial results that we will talk about later, but also the appreciation our clients are giving us, which again improved in the last half in terms of NPS. We have seen that not only reflected in NPS's but also in for example the first place in a customer-first award ranking. That shows that we have really made progress on customer orientation, both by our increased digital service levels but also by our direct advice through our advisors.

In the last half year we have also seen growth in our loan book and in our deposit base. Both are signs of a vibrant role that we play in our customers' environment. We have done that to a large degree also by large investments and actions on the innovations' side. Let me give a few



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examples. One is the introduction of Surepay, which was launched for our clients already last year but has been rolled out to all or most Dutch banks and their customers this year. This illustrates that Rabobank is also leading in a number of areas in terms of innovation and digitisation.

We are also the first Dutch bank to facilitate third-party payments on our platform, on our PSD2. That is the future of the world that we see. We experimented with that in our app.

Recently, we have launched an interesting additional service that you can check your account via Google Assistant, using voice-operated assignments.

All these examples are illustrations of our continuous focus on excellent customer focus and the results that we are seeing are reflected in our NPS and bigger digital support.

On the meaningful cooperative side, we are seeing our commitment in sustainability and a footprint on food and on sustainability in the Netherlands, reflected in a number of international scoring agencies that have scored us very high on the ESG front. ESG stands for – as you might know – Environment, Social and Governance, which is the umbrella-term for all sustainability indicators. There are at least a couple, Sustainalytics, Oekom Prime, and RobecoSam that have scored us very high in their rankings, certainly the highest of the Dutch banks but also internationally speaking. We have used that rating and that scoring also to launch the first – what we call – ESG leader program, where we have gone through a CP/CD program with an umbrella of 5 billion and a first-launch this year where we use the sustainability footprint and commitment to also get dedicated funding. This time it is short-term funding.

Materially speaking, we have also launched the Kickstart Waste effort, which aims to make a material impact on the waste issue in the food supply chain. Allow me two minutes to explain. Food has about 30% share in the global CO₂ emissions and waste is again one third of that. If you really boil down about 8% of the total CO₂ footprint is lost in food waste. We have launched this effort to attack food waste with our clients across the supply chain, both at the production site in Africa where we are investing with our foundation in all sorts of storage facilities so that less food is lost at the production site, but also through efforts in the Netherlands, for example with the 'verspillingsfabriek', where we are looking at ways to re-use



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food at the end of the supply chain. It is an illustration of our commitment to making the food supply of the world sustainable through real actions with our clients.

Highlights H1 2018 (I)



Rock-solid bank

- +12.0%** (€ 2.7bn) ✓ **Strong net profit**
 - H1 net profit of € 2.7bn (+12%) supported by favorable economic environment
- CET1 15.8%** ✓ **Comfortable capital position**
 - Well positioned to absorb future Basel IV and MREL requirements (10.45%)
 - Expanded Non-Prudential Senior Leverage Ratio to 0.18
- FGHbank** ✓ **Continued strategic focus**
 - Non-core domestic CRE portfolio divested with FGH Bank portfolio sale
 - Repositioned BPD with focus on Dutch and German market by divesting BPD France (operated during Q1)
- 64.6%** ✓ **Improved efficiency**
 - Compliance costs improved as a result of further cost reduction remaining a point of attention

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Empowered employees

- #1 Employer in the Netherlands** ✓
 - Rabobank awarded #1 favorite employer in 2018 by talent (university & Higher vocational education)
- Diversity strong and improving** ✓
 - Women well-represented in senior management portfolio (11% overall, 10% In Managing Board)
 - Strong cultural diversity in our young talent pool (10%)
- 235 New start-up ideas generated** ✓
 - Employees from 17 countries generated 235 ideas for start-ups through our innovation incubator program
 - Involve in 68 start-up communities and organized 670 innovation events with FoodTerra and Terra
- High employee mobility** ✓
 - 81% of the employees had no longer found a job within 45 months, 14% still above average for the banking sector in the Netherlands

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Let me give some highlights of the Rock-solid bank progress. There, Bas will take most of the time to go through the financials but on a high level our profit has grown 12% to EUR 1.7 billion. Our CET ratios are up again and they are now in the very solid range of 15.8%. The total capital ratio is in the 26.1-range. We have also continued our focus in terms of optimising our balance sheet towards those activities that made strategic sense through two smaller lay-offs or reductions of our balance sheet in our portfolio, non-core activities in the CRE portfolio and some development activities in France. Both help to focus the balance sheet to where it matters most. We have also made progress on our cost/income ratio in the last half year. Bas will probably say some more about the underlying numbers there.

The final area I would like to talk about in terms of the pillars is 'Empowered employees'. We have seen progress on the motivation of our people through internal surveys but we have also seen external recognition of Rabobank being the o. 1 attractive employer of the country, based on a survey among top talent.



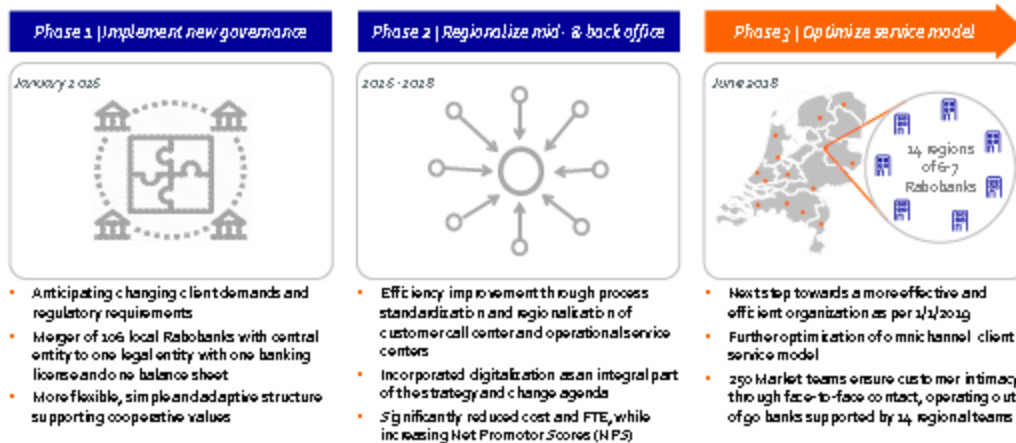
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We are also making material progress – again – on diversity. We already had made significant steps in terms of the women representation at the top of the bank: 33% overall and 40% in the managing board. But we are also particularly proud that we are making steps on our related priority on cultural diversity, where our young talent pool is now for 30% consisting of a culturally diverse talent pool to strengthen us.

Also, we have engaged our employees and our professionals in innovation. We have done that through a net start-up idea-generation competition, where 235 ideas have been launched by our own employees on real business ideas that can make a difference in the world, but this is more in the context of our innovation effort where we continue to launch and serve innovation and digitisation, both of ourselves, our direct service to our clients and through better service through own new ventures but also helping our clients to innovate.

Ongoing successful transformation in the Netherlands...

Ready for the next phase



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One area is worthwhile to explore a little bit further beyond these four pillars and that is what we are doing with the transformation of the Dutch retail business. There, we have gone through a significant governance change about two years ago, where we merged all local member banks into one bank balance sheet, while preserving the local governance structure of local banks serving local communities.



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We have gone through a second phase in the last two years, where we regionalised many activities that lend themselves to scale advantages and went through a significant improvement and reduction of staffing on those activities. Right now, we have support of our General Members Council for another transformation of our local banking activities, where we optimise the service model to make sure that we still stay close by the local communities but combine all activities that are non-client related and some of the client-service areas that require real skills in 14 regions where we, again, capture scale and benefits.

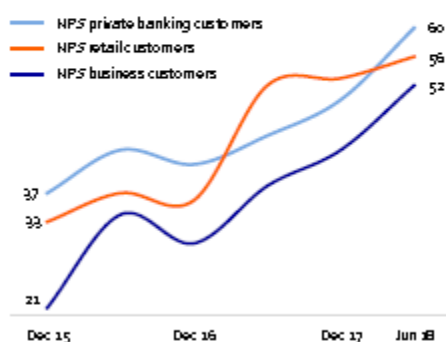
These three waves and steps are part of our overall strategic plan to deliver a reduction of staffing of the bank as a whole of 12,000 FTEs. More importantly, this model helps us to continue to serve our clients nearby with digital services but also with advice nearby in the local communities.

So, I think we have made a robust next step and that is now in the process of being implemented and part of our continuous improvement in the context of our strategy.

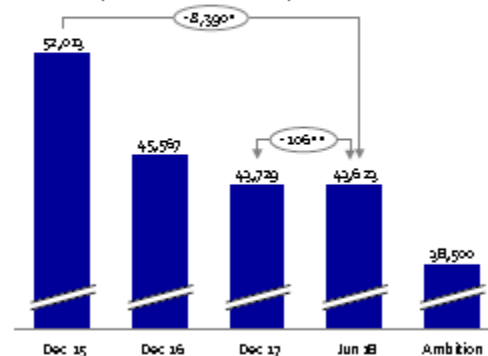
...resulting in higher client appreciation and efficiency



Net Promotor Score (domestic market)



FTE development Rabobank Group



* Including 1,200 FTEs due to the Affinity 1010-016
** This is the source of 270 FTEs for ORB (of which 100 FTEs from former Raiffeisen control organization and 160 FTEs of the other business segments)

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The result of this is underway in two dimensions. One is that you can see the NPS, the representation of how clients think of us when they work with us. That is only one indicator of client appreciation but it is a consistently measured indication that shows strong and continued



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progress. The second is that the total staffing levels continue to go down. The net reduction in the last half year is a little bit less than in the previous year, because of on the one hand underlying reductions and on the other hand some additions because of investments in digitisation and innovation. Net-net it is still a reduction but further reductions are to come with the new operating model of the Dutch retail operations.

Optimization of Rabobank's balance sheet is on track

Creating room for further growth of the core operations of the bank



Non-exhaustive selection of balance sheet initiatives

	2016 - 2017	H1 2018
<p>Funding diversification</p> <ul style="list-style-type: none"> Further diversification of our funding base (covered bonds, DTL asset backed securities, TLTRO, etc.) Decreasing funding costs via our preferred lending 	<p>1st green Covered Bond</p> <p>Green STORV asset securitisation</p> <p>Launch of our Green Covered Bond programme</p> <p>2nd green asset backed securities</p>	<p>3rd green asset backed securities</p> <p>our 1st Green STORV and 2nd green Covered Bond</p>
<p>Balance sheet flexibility</p> <ul style="list-style-type: none"> Creating flexibility for new lending and sales to be financed by investor participation This will help change the commercial relationship of our clients with Rabobank 	<p>our 1st mortgage portfolio sale</p> <p>our 1st RMB Purple STORV transaction</p> <p>our 1st capital relief transaction</p> <p>our 1st mortgage portfolio sale</p>	<p>our 1st capital relief transaction</p>
<p>Balance sheet reduction</p> <ul style="list-style-type: none"> Focusing on the core of our strategy: Banking for the Netherlands and Banking for Food Reduction of non-core activities 	<p>our 1st sale of Ardian Car Lease</p> <p>Sale of remaining Rabobank lease</p> <p>Sale of Van Lanschot lease</p> <p>Sale of Citigroup lease*</p>	<p>Sale of substantial parts of Bouwfonds**</p> <p>Sale of our CRE portfolio</p>
<p>Strengthening capital base</p> <ul style="list-style-type: none"> Building and preserving our strong capital position 	<p>our 1st perp AT1 securities (2017)</p> <p>our 1st 30-year Tier 1 notes</p> <p>our 1st Rabobank Card House</p> <p>our 1st 30-year Tier 1 notes</p>	

* Citigroup will remain an important one-to-one financial partner for Rabobank ** Substantial portion of Bouwfonds sold in Q1 2018

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Before I hand over to Bas, I want to make a stop at our continued effort to optimise Rabobank's balance sheet. Last year, we highlighted the four levers that we use for that: funding diversification, balance sheet flexibility initiatives, the net reduction of balance sheet efforts, and the capital base strengthening effort. We have continued to do transactions and made steps to improve that in the first half of 2018. This program is continuing and has helped us to diversify our funding, to improve our capital ratios and to optimise our balance sheet, geared more towards the core of our strategy.



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Valuable progress on our financial targets



Financial targets and results

		Jun 2017	Dec 2017	Jun 2018	Ambition 2020
Capital	Fully loaded CET1 ratio	14.7%	15.5%	15.8%	> 14%
	Total capital ratio	25.5%	26.2%	26.1%	> 25%
Profitability	ROIC	7.8%	6.9%	8.8%	> 8%
	C/I ratio	67.6%	71.2%	64.6%	53-54%
	Underlying C/I ratio	69.9%	65.3%	62.9%	
Funding	Wholesale funding	€ 171 bn	€ 160 bn	€ 164 bn	c € 150 bn

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Net-net that has delivered results that in our view are very nice and strong results. Bas will go through them in more detail.

Bas Brouwers – CFO Rabobank: Thank you, Wiebe.

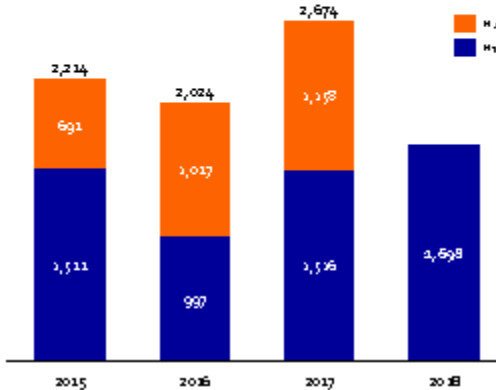
Positive net profit development



Profit & Loss account

In € mn	H1 2017	H2 2017	H1 2018
Net interest income	4,454	4,389	4,374
Net fee & commission income	988	927	981
Other results	496	747	774
Total income	5,938	6,063	6,029
Operating expenses	3,755	4,209	3,611
Regulatory levies	298	247	284
Impairment charges	-67	-123	-37
Operating profit before tax	1,992	1,640	2,171
Tax	476	482	473
Net profit	1,516	1,158	1,698

Net profit (in € mn)



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Let me start with our net profit development. At the bottom of the page you see the net result of EUR 1.7 billion that Wiebe referred to already. This is an increase of 12% and in euro-terms an increase of nearly EUR 200 million.

Let me first summarise how we came to this figure. If we look at our total income we see it is slightly up, close to EUR 100 million up, where other results are compensating for a somewhat lower interest income. I will come back on the latter in a minute.

In our expenses we see somewhat higher regulatory levies that are more than compensated by lower operational expenses, so over EUR 100 million lower cost base compared to the same period last year.

For the third consecutive time we show negative credit losses where we fully benefit from the positive economic climate. Of course, we should keep in mind that those numbers are not sustainable going forward. But for today, we can benefit from this development.

We see a stable tax line, which means that we are benefitting from a lower effective tax rates as the profit is higher. That comes from the US tax reform leading to – as I said – a flat amount of taxes to be paid.

All in all, as I said, 12% increase in net profit. If we would correct for the appreciation of the euro against the Australian and the US dollar, the increase would have been 14%. Out of this EUR 1.7 billion we can retain EUR 1.2 billion and that compares to EUR 0.9 billion in the same period last year and that is not only because of the higher profit number but also because we could redeem a couple of our expensive Tier 1 instruments since July 2017.

All in all, as Wiebe already mentioned, from a financial perspective, a profit perspective we have a relatively good year and that is what you also see on the right-hand side where we show our profit development in a historical perspective over the last three years. It is the highest profit number for the first half year compared to the previous years.



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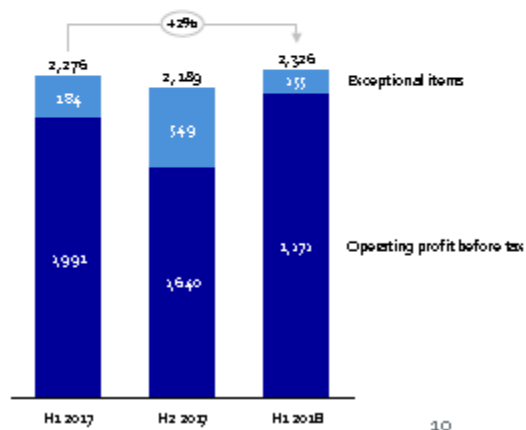
Continued strong underlying performance



Exceptional items included in operating profit before tax

In € mn	H1 2017	H2 2017	H1 2018
Fairvalue items	-186	-127	-103
Restructuring costs	-98	-61	-22
Provision RMA	0	-330	0
Derivatives framework	0	-51	0
Total effect	-284	-549	-155

Underlying profit before tax (in € mn)



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On this slide, we take a look at the development of our underlying profit before tax. There, we adjust for the exceptional items that you will probably recognise from our previous disclosures. They are visualised in light blue in the graph and you see the specification in the table on the left. All in all, you can conclude that we could match or came out higher than the result of 2017. If we look at the contributors to that, we see that all our four commercial business lines – domestic retail banking, our wholesale and rural business but also leasing and real estate – contributed to this positive development.

When you look at the specification of the different items, let me say a few words about the derivatives framework. You see that we did not add to the provision that we built to compensate our clients. That number was zero for the first half of this year. However, in spite of the underlying results the related project expenses to handle this case were relatively high and in that sense negatively impacting the underlying profit development.

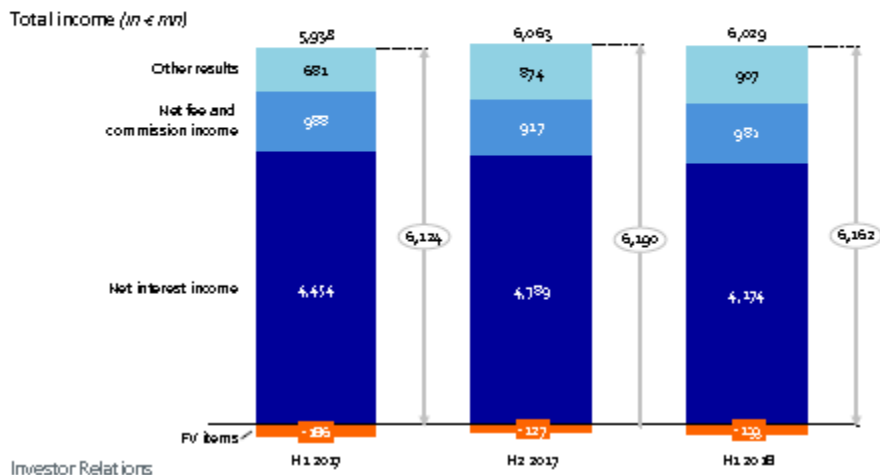
What also impacted the underlying profit development is the lower relief from credit losses. As I said, in all three periods the credit losses had a positive number but the positive contribution was somewhat smaller compared to the previous periods.



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These two small negative items are more than compensated by some favourable items that we account for in our 'Other results'. One has to do with the sale of a final part of our commercial real estate portfolio, which we deem as non-strategic, as it was the final sale of the part that was left at the FDH Bank. We also had a positive revaluation of our commercial real estate book in Ireland.

Total income slightly up despite challenging interest rate environment



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On this slide, we see the total income development split in three items. Let's start with the 'Other results', which are clearly higher than in the previous two periods. One of the reasons is the two items I was just mentioning. Next to that, we see a very favourable development at Bouwfonds Property Development. That is our developer of residential areas and they are benefitting from a more active housing market and they could do 20% transactions compared to last year, which meant for them a significant increase in their profit contribution.

Secondly, also our private equity business had a very good half year, which explains the total increase in other results compared to the previous periods.

Net fee and commission income remained more or less stable but if we look deeper at what segments have contributed we see a small change. The contribution of our real estate segment is going down strongly but that is the reflection of the downscaling of our activities. I already



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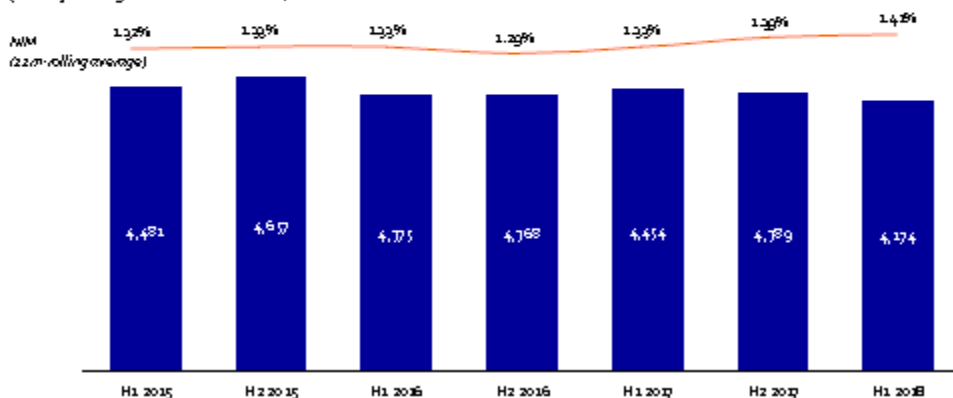
talked about the commercial real estate activities, but also Bouwfonds Investment Management was scaling down on their activities and they were active in funds and asset management. So, they brought down the total assets under management from 6 billion to 2 billion. As a result of that, we earn less fees on that business. But this decrease is compensated by a better performance of the domestic retail banking in this respect. Higher fees are being earned on the payments but also on the assets under management. Also for WRR we see a positive development, especially for our M&A division. They had a very strong year in assisting our clients in doing acquisitions and advisory services. Our markets division also performed well, however, they did not match the exceptional good result of the first half of 2017.

All in all, if we look at the wholesale business we see in euro-terms a slight decrease of their total net fee and commission income. Our leasing business did well; that increased more or less in line with the steady growth of their business model, so that was also a positive contributor to our net fee and commission income.

Net interest income impacted by prolonged low interest rate environment



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



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Let me say a bit more about our net interest income development. On page 12 you see the development of both the absolute level of net interest income but also the margin, which is the margin calculated over our total assets. In absolute terms interest income came down by 4%.



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Adjusted for FX effects this decrease would have been 2%, but still you see a higher net interest margin and that is because the contraction of our balance sheet was greater in the same period. Overall, our margin could increase to 141 bps.

The main reason for this lower absolute level of interest income is that first, on average terms we have a somewhat lower loan book despite the fact that we are growing our lending book in the first half of this year by EUR 7 billion but compared to the same period last year that contraction was EUR 10 billion. One of the reasons for that is the scaling down of our commercial real estate activities but also some sale transactions that we performed in the second half of 2017.

Also the low-rate environment – nothing new, I think – is not helping here. We see that the margins on our savings accounts and also our current accounts are decreasing because their re-pricing capacity is coming down and also the margins that we can earn on non-interest-bearing liabilities, for example our equity positions, are under pressure.

On the positive note, we see new-business margins on the lending business that we do in the Netherlands. For mortgages and SME-lending the new business margin is higher than the current portfolio margin. There, we are compensating a bit the effect I was just mentioning.

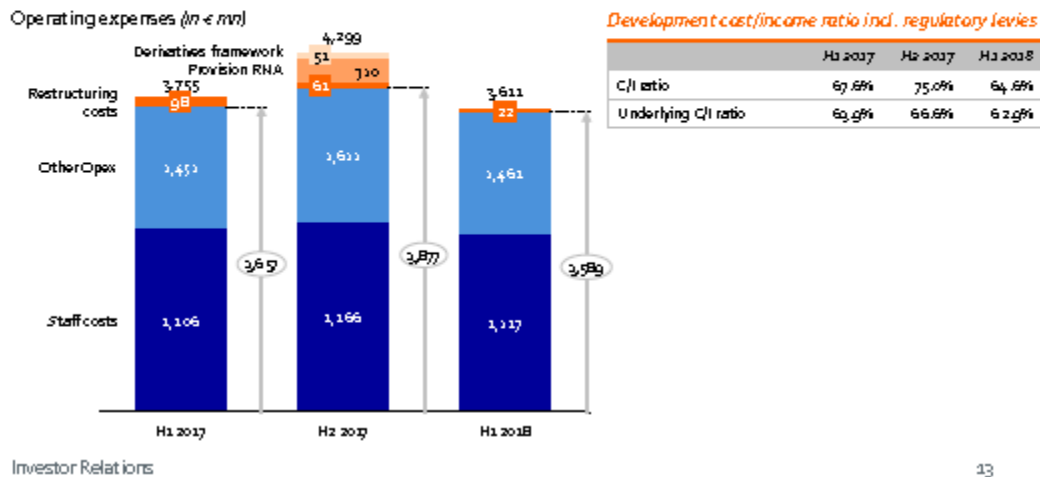
In the wholesale and rural business we see stable margins but there slowly we see the impact of higher lending volumes both in the US, the Netherlands and in Australia.

For the leasing business on the new business margins are somewhat under pressure because of a more competitive environment. However, their business is still in the range that we have for a sound business and therefore, we are happy with the growth that they write.



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Multi-year transformation program is paying off



A reflection of the continuous reduction of our workforce is visible when we look at our staff costs. On average, our workforce was down by 3% compared to last year and that is also more or less the number that you see back in this graph. So there, we have benefitted from the redundancies in the second half of 2017 because, as Wiebe mentioned, the redundancies for the first half of this year were much lower with a reduction of only 100.

The other operational expenses are stable at first sight. As I mentioned, for this year cost are impacted by higher project expenses on the SME-case and also, we are investing a little bit more in our digital and data infrastructure. Those increases are compensated by a positive FX impact this time.

A somewhat higher income base and a lower cost base of course result in a decrease in cost/income ratio, as you can see on the right-hand side of the picture. We are happy with the trends but we also see that we are lagging behind the roadmap that we set ourselves to achieve our cost/income target for 2020.

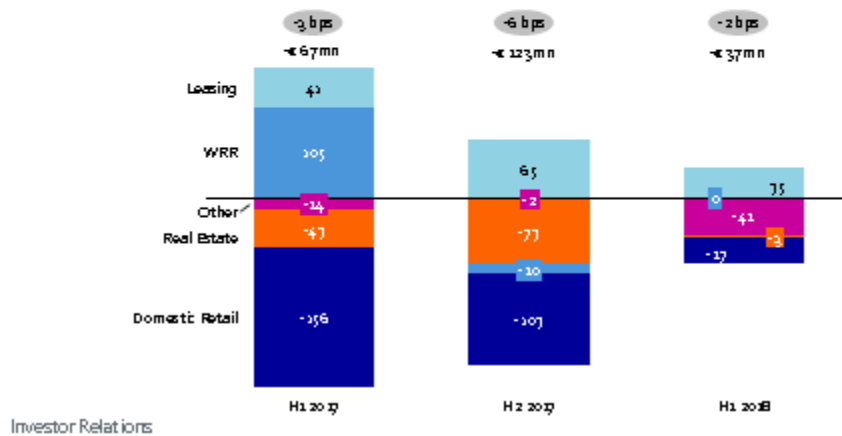


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Asset quality continues to benefit from economic tail wind



Impairment charges (in € mn and in bps of average lending)



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On page 14 we see the ‘special’ development of our credit losses, special because for the third time in a row we see a negative number here. Overall for our whole portfolio it is expressed as a percentage of the total lending book minus 2 bps to give you a little bit of flavour on what is historically normal: over the last ten years we wrote – on average – 35 bps of credit losses.

Looking at the different segments, you see that there actually is no segment that is not benefitting from this positive economic situation, especially in the Netherlands. You see again negative credit losses of EUR 27 million. The main part comes from the mortgage book: on a net basis a release of EUR 25 million, which is again, I think, evidencing the strength of our mortgage book. But also for the SME part there were no credit losses on a net basis to account for. That was actually visible over the different regions and over the different sections, so there was not one asking for specific attention at this point in time.

For our international business it is exactly zero. There was no new large default for specific clients, which we saw in 2017. All in all, we saw releases here of the levels that we built up in the past in all different regions and all different business lines. So you see that our international business does not only benefit from the global economy but that next to that they also benefit



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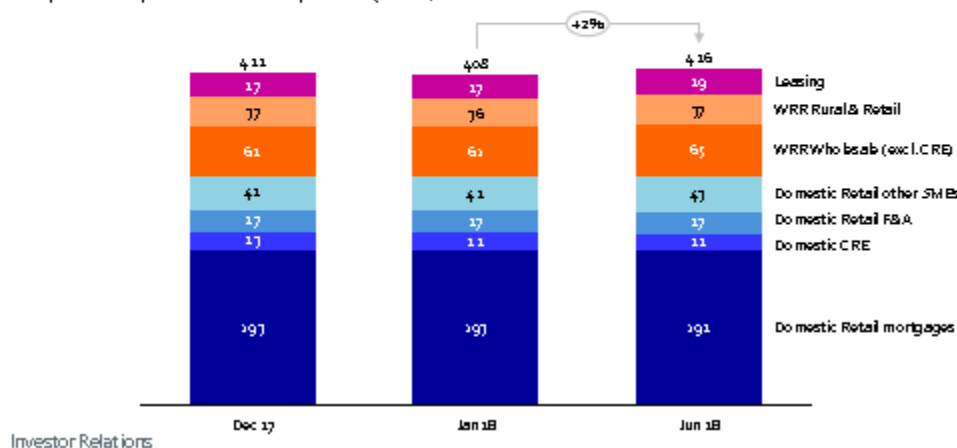
from, on average and compared to two years ago, higher commodity prices, which is beneficial considering the market sectors that we are active in.

The leasing business with EUR 35 million is compared to what you would expect in the normal economic cycle half of the average amount. In that sense that is also a positive number for leasing.

Loan portfolio increased after a few years of slight contraction



Composition of private sector loan portfolio (in € bn)



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Let me tell a little bit more about our lending book. There is one additional column in the middle and that is January 2018, which differs from the number at the end of last year. This change has to do with the transition to IFRS9. Because of the new classification and measurement rules two small parts of our portfolio have been reclassified from our lending book to financial assets at fair value. That is two times a commercial real estate portfolio. One is the portfolio I was already talking about and that has been sold in the meantime. Both portfolios were reclassified because our intention is not to help these assets to maturity, so we are in a pre-sales process. The other portfolio is the ACC portfolio, also commercial real estate that we still have in Ireland.

To make the right comparison we have to take January 2018 as the starting point and there you see that our domestic retail business, mainly consisting of the mortgages for our retail



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customers, is going down by EUR 1 billion. The story is more or less the same as last year. our new production level is at a very healthy basis, 20% market share. However, people are still repaying a relatively high part of the outstanding mortgage. Mostly people that move to a new house and that gives the possibility to repay their mortgage penalty-free.

The commercial real estate exposure went down by EUR 1 billion due to the sale, but that was already accounted for in the opening balance sheet due to the transition to IFRS9.

Then you see a small increase in the domestic SME business. It is only EUR 1 billion but it could be a turning point because it is the first time in a couple of years that we see growth in this market segment. So, not only with this but also the total market was showing signs of growth again for the first time.

The main part of our growth came from the wholesale and rural business. Wholesale is the biggest contributor with EUR 4 billion and the main countries or regions where we noticed growth were the Netherlands and the US. For the rural business growth was achieved in Australia and the US as well.

For leasing we have seen steady growth of the portfolio over the last couple of years. As you know, after the sale of Athlon we are purely focusing at the vendor leasing activities.

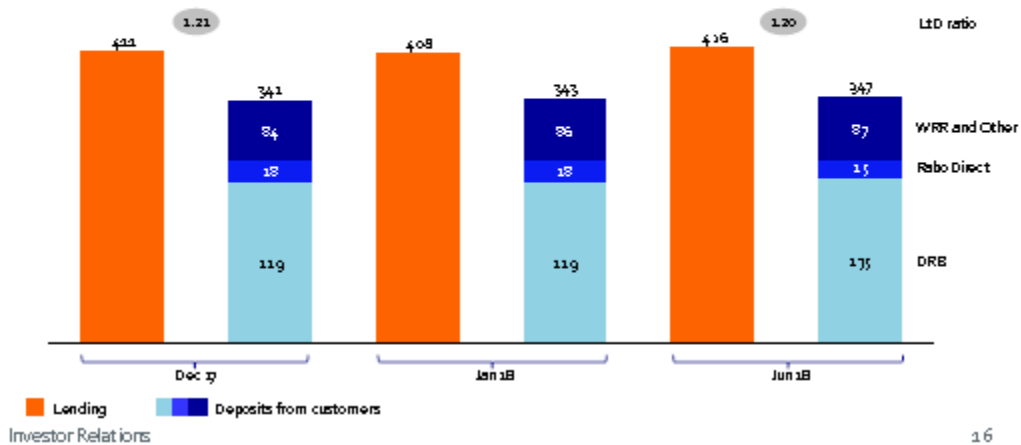


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Loan-to-deposit ratio slightly improved



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



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On this slide you see that part of this lending growth has been funded by an increase in our deposit base. The biggest chunk is in the Netherlands. There we see that the total market size grew by 7.5% on an annualised basis. This number is probably a little bit inflated because of holiday payments that are being out in May, and people will spend most of their money after June. So it could be, that at the end of the year the total market size of the deposit is decreasing a bit compared to June 2018. What you can see from this picture is that we took our fair share of the increased market size.

Let me say a few words about RaboDirect. There you see a decrease of EUR 3 billion. That is fully explainable by the run-down of our activities in Ireland. We had a book of EUR 3 billion and that has been brought down to merely zero. The reason for that is that we are withdrawing from the Irish market with our RaboDirect activities.

As a consequence, you see that our loan-to-deposit ratio ended at 1.2.

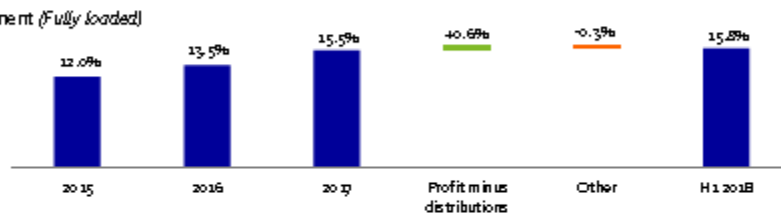


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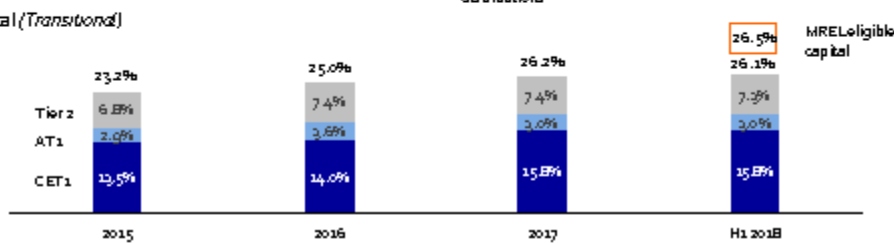
Capital position provides strong basis for regulatory developments



CET1 development (Fully loaded)



Total capital (Transitional)



Investor Relations

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The final slide is about the development of our capital ratios. Since the announcement of the strategic framework at the end of 2015 you see a considerable increase every year. Also the first six months of this year contributed with 30 bps. – 6 bps. due to the retained profit of EUR 1.2 billion that I referred to earlier – and we see a decrease and that also includes the IFRS9 transition impact. That number landed at 14 bps., so very close to the guidance of 15 bps. that we gave when we disclosed our annual numbers.

You also see 15.8%, a number that is clearly below our [MDA]-level of 10.4, in euro-terms EUR 10.7 billion. So in that sense we are very well positioned to prepare ourselves for Basel IV, which kick in as from 2022.

At the lower end of the picture you see the total capital development. Here you can conclude that we think we have a very good starting position, also to comply with the new MREL requirements. We had a [...] requirement of 30.96%, which means that we have to increase the total Own Funds and NPS outstanding, because we have already indicated that we would like to fulfil MREL requirements purely with our own funds and the NPS instrument. That gives



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us a nice opportunity to optimise our MREL stack, so next to Tier 2 we will use this instrument going forward but we will also make sure that we keep a very comfortable Tier 2 buffer.

Considering the starting positions, the expected issuance levels are relatively light to fulfil. We expect for the next couple of years to issue around EUR 3 billion to EUR 5 billion NPS and it is very probable, depending on the market situation of course, that we will test the market this year with our first NPS issuance.

This was the final picture. I would like to hand over to Wiebe for a final comment.

Wiebe Draijer – CEO Rabobank: Thank you Bas, maybe just one little correction. I think you said on slide 17 that we are clearly below the target but I think you meant we are above the target of 15.8. I guess everybody figured that one out. 15.8 is clearly above our target of 14%.

Overall, I just want to leave the message that we are on track with our strategy. We are confident with the steps that we have taken and we are looking forward to the changes that are still in the pipeline, also with the transition in the Dutch retail operation. We are confident that our mission is starting to work in terms of our impact on society and building and growing a better world together. We are very happy with the appreciation that we are getting from clients and our employees in the process. I think we are best off with questions from here on. Thank you very much!

QUESTIONS AND ANSWERS

1. Mortgage market. In one of the slides you mentioned that you have seen a pick-up in the NII from new business and mortgages. How do you see the market developing? Is competition increasing, is it stabilising? How do you expect that going forward?

2. Dutch SME lending. You see a nice pick-up in lending growth there. Do you expect this to continue? What has been the driver of this growth?



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3. Basel IV. One of your peers in Holland said that we can basically mitigate the Basel IV impact by roughly one third. Do you expect you can do the same? Are you having discussions internally on what you can do to mitigate the impact?

Wiebe Draijer – CEO Rabobank: Regarding the mortgage market, the market up until now for 2018 seems to develop a little bit in line with the development over 2017. The total market number of transactions is slowing down a bit, but from a volume perspective that is compensated by a strong increase in house prices which will land this year between expected 8% and 9%. This also means that our total new production that we achieved was around EUR 10 billion for the first six months and also the pricing levels from a margin perspective were in line with last year. The current, existing players including non-banks seem to be more or less happy with the volumes they take on board. It is maybe good to mention that our ambition is to be one of the major mortgage distributors in the Netherlands to keep that position, not per se via our own balance sheet. We also initiated the start of Vista, a new label distributed via intermediary. It does not run through our balance sheet but we are looking for international investors via Robeco.

Regarding SME, when you see the relatively small growth in that portfolio it is probably a bit too early to expect that this market will start to grow strongly as of now. So, there is not one specific sector that benefits the most. I would explain it as the total impact of the upturn of our economy. Export in the Netherlands is growing again, consumer spending is increasing so it is demand-driven. Of course, it depends a little bit on what the global economy will look like in the next couple of months, also considering the current tensions that we see in the world.

Basel IV and the mitigation. We indicated before that we expect an impact of 30% to 35% before management actions. Management actions can be that we improve our data for certain segments so that we can get a better qualification under Basel IV. We might also reprice part of our portfolio or take some balance sheet relief transactions. Many things are possible and we are very busy with making this analysis. We are of course also looking at each individual product segment to see what the consequences and the different specific



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initiatives are. I expect that we can mitigate a part of this 30% to 35% but for me it is too early to quantify that number.

As there are no more questions, thank you for your interest and time. We are happy to stay in dialogue in terms of our developments. We are happy with the results that we have achieved. We are on our way to deliver our strategy and we are happy with your interest in Rabobank and our half year results. We look forward to the dialogue.

Thank you very much for joining the call.

End of call



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