

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

10 April 2019

#### Update

 Rate this Research

#### RATINGS

##### Rabobank

Domicile	Amsterdam, Netherlands
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Rabobank

### Update to credit analysis

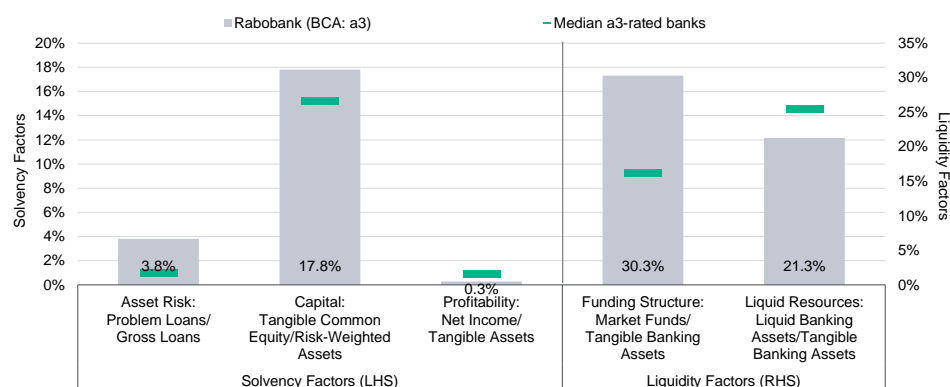
#### Summary

Rabobank's long-term deposit and senior debt ratings of Aa3, stable outlook, reflect (1) the bank's baseline credit assessment (BCA) of a3; (2) two notches of uplift from our Advanced Loss Given Failure (LGF) analysis; and (3) one notch of uplift resulting from a moderate probability of government support. Rabobank's short-term deposit and senior debt ratings are Prime-1.

Rabobank's BCA of a3 is supported by the bank's conservative business profile, as well as its strong financial fundamentals. The bank's leading position in the Dutch banking sector and strong position in the agribusiness sector worldwide are the primary drivers for a relatively stable, albeit modest earnings generation capacity. Despite a period (2012-2014) of lackluster results driven by losses in Dutch commercial real estate (CRE) and more recently by a few large one-off costs, we consider Rabobank's profitability resilient overall. The BCA is also underpinned by the bank's good asset quality and capitalization, which provides sound loss-absorption capacity. Rabobank relies heavily on wholesale funding, but this credit weakness is mitigated by the long duration of its debt issuance and sizeable liquidity buffers. The bank has also been reducing wholesale funding over the last years.

Exhibit 1

#### Rating Scorecard - Key Financial Ratios



Source: Moody's Financial Metrics

## Credit strengths

- » Leading market positions in the Netherlands offer pricing power and stable earnings generation
- » Asset quality is solid overall
- » Capitalization provides sound loss absorption capacity
- » The bank has large liquidity reserves and long duration of funding
- » Large volume of subordinated and hybrid debt results in very low loss-given-failure for senior unsecured debt and deposits
- » Moderate probability of government support

## Credit challenges

- » Low interest environment weighs on the bank's net interest revenues
- » Owing to its concentration on the Dutch retail and agribusiness sectors, Rabobank's asset quality is vulnerable to a deterioration in the domestic economy
- » Underlying profitability is modest and will only marginally improve in the coming years
- » Although declining, the bank has large and structural wholesale funding needs

## Rating outlook

The outlook on Rabobank's deposit and senior unsecured debt ratings is stable because its rating already reflects the bank's financial targets. Rabobank's strong capitalization and asset risk will continue to offset its modest profitability over the next 12-18 months.

## Factors that could lead to an upgrade

- » We could upgrade the BCA, and consequently the long-term deposit and senior unsecured debt ratings if (1) Rabobank improved its structural profitability beyond its current plans; (2) the bank's capital continued to steadily increase; and (3) asset risks remained very low.
- » In addition, the bank's long-term deposit and senior unsecured debt ratings could be upgraded if there was a lower loss-given-failure for senior debt and deposit holders due to higher levels of subordinated debt.

## Factors that could lead to a downgrade

- » The BCA could be downgraded if (1) the bank's profitability were to be significantly impaired; or (2) the asset quality were to deteriorate materially. Rabobank's long-term deposit and senior unsecured debt ratings would be downgraded as a consequence of a downgrade of the bank's BCA.
- » Rabobank's deposit and senior unsecured debt ratings could also be downgraded as a result of a higher loss-given-failure owing to lower volumes of these instruments and/or lower amounts of subordinated debt.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### Rabobank (Consolidated Financials) [1]

	12-18 <sup>2</sup>	12-17 <sup>2</sup>	12-16 <sup>2</sup>	12-15 <sup>2</sup>	12-14 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR million)	576,906	587,007	632,643	642,780	637,891	-2.5 <sup>4</sup>
Total Assets (USD million)	659,487	704,876	667,282	698,249	771,882	-3.9 <sup>4</sup>
Tangible Common Equity (EUR million)	37,329	34,802	35,143	34,848	32,160	3.8 <sup>4</sup>
Tangible Common Equity (USD million)	42,672	41,790	37,067	37,856	38,915	2.3 <sup>4</sup>
Problem Loans / Gross Loans (%)	3.8	3.8	3.6	3.8	3.9	3.8 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	18.6	17.6	16.6	16.4	15.2	16.9 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	40.4	41.5	38.9	41.8	44.7	41.5 <sup>5</sup>
Net Interest Margin (%)	1.4	1.4	1.3	1.4	1.4	1.4 <sup>5</sup>
PPI / Average RWA (%)	1.7	1.3	1.4	1.4	2.0	1.6 <sup>6</sup>
Net Income / Tangible Assets (%)	0.5	0.4	0.2	0.2	0.3	0.3 <sup>5</sup>
Cost / Income Ratio (%)	69.6	75.6	76.1	73.3	66.4	72.2 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	28.5	30.4	34.3	35.9	39.4	33.7 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	19.6	21.3	23.3	21.6	21.0	21.3 <sup>5</sup>
Gross Loans / Due to Customers (%)	126.9	128.6	132.5	137.2	144.4	133.9 <sup>5</sup>

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully-loaded or transitional phase-in; IFRS. [3] May include rounding differences due to scale of reported amounts. [4] Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5] Simple average of periods presented for the latest accounting regime. [6] Simple average of Basel III periods presented.

Source: Moody's Financial Metrics

## Profile

Rabobank is a Dutch cooperative bank with a leading position in the domestic retail banking and in the food and agribusiness market worldwide. The bank has a leading market position in the Netherlands with around 85% market share in food and agri-business financing, 20% in residential mortgage loans, and 33% in savings at end-December 2018.

Rabobank is an international, full-range financial services provider, offering retail and wholesale banking, leasing, and real estate products and services in 39 countries worldwide to almost 8.3 million customers. It operates major franchises in the domestic residential mortgage, savings account and trade, industry and services markets in the Netherlands.

Rabobank originated in 1898, following the establishment of two separate cooperative banks by farmers with only limited access to credit. The central organizations of the two groups of Coöperative banks merged in 1972 into Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (known as Rabobank). On 1 January 2016, the local Rabobanks merged with the central organization Rabobank Nederland. The merged legal entity was named Coöperatieve Rabobank UA. At year-end 2018, the 101 local banks had 1.9 million members, from a pool of around 7.3 million domestic customers.

## Detailed credit considerations

### Leading market positions in the Netherlands offer pricing power and stable earnings generation

Rabobank holds a leading position in domestic retail banking, which represented 68% of its revenues for FY2018, relatively stable from 2017 (71%). The bank also has a strong international presence focusing on the food and agribusiness sector. We consider that Rabobank's franchise is one of the most robust amongst Dutch peers, resulting in relatively stable earnings generation.

International operations support Dutch clients operating internationally via the foreign branch network and allow the bank to capitalise on its knowledge and experience in the food and agribusiness sector with clients outside the Netherlands. This strategy is being pursued through its "wholesale, rural and retail" entities in the Netherlands and in a selected number of countries. At end-December 2018, 29% of the private sector loan book is international, split as follows: Europe excluding the Netherlands (8%), North America (11%), Latin America (3%), Australia & New Zealand (5%) and Asia (2%).

### Asset quality is solid, yet vulnerable to deterioration in the domestic economy

We view Rabobank's asset quality as sound due to (1) its relatively conservative underwriting and investment policy and (2) its very limited exposure to countries in riskier parts of the euro area. Nevertheless, with 71% of its private sector lending in the Netherlands,

Rabobank is naturally exposed to a deterioration of the Dutch economy. Rabobank's exposure to domestic commercial real estate lending stood at €21.2 billion at end-2018. Following the 2012-2014 deterioration of the CRE sector, the bank has progressively brought down the size of its non-core CRE exposure, and, in March 2018, the remaining exposures in this non-core portfolio (€1.3 billion) were sold.

After a couple of years of balance sheet reduction, lending at Rabobank picked up again. The private sector loan portfolio rose by €7.9 billion to €416 billion, at the end of 2018, mainly driven by an increase in the wholesale, rural and retail portfolio (+9%). At the same date, the domestic retail banking segment represented 66% of the bank's private-sector lending. Impairment charges in this segment remained at historically low levels and represented negative 5 basis points (bps) of the average private sector loan portfolio (or a provision release worth €150 million). More particularly, the cost of risk in the residential real estate portfolio represented negative 2 basis points, reflecting the strong performance of the Dutch economy and the housing market. However, the mortgage portfolio still includes material high loan-to-value (LTV) exposures and some bullet (rather than amortising) loans, which makes it vulnerable to a scenario of severe macroeconomic deterioration. New mortgages now have the statutory obligation to amortise in order to benefit from the tax deductibility of interests.

The performance of other portfolios was also strong during 2018. Loan loss provisions amounted to 29 bps of the average private sector loan portfolio in the wholesale, rural and retail portfolio (to be compared to a long-term average of 58 bps).

Overall, although higher than in 2017, impairment charges remained low reflecting the continued favorable domestic economic environment. They represented a low 5 bps of average loans (negative 5 bps for FY2017). The bank's good asset quality is reflected in its a3 score.

### Capitalization provides sound loss absorption capacity

We consider Rabobank's strong loss absorption capacity to be a key credit strength. At end-2018, Rabobank's fully loaded CET1 ratio was 16%, which provides comfortable room above the minimum required CET1 ratio of 11.75% (excluding Pillar 2 guidance) for 2019<sup>1</sup>

In its Strategic Framework for 2016-2020, Rabobank targets a CET1 ratio above 14% and a total capital ratio above 25% by 2020. Rabobank is intentionally increasing capitalization well above the target of 14% because, based on pro-forma calculations, 'Basel IV' will indicatively increase RWAs by 30-35%, reducing the CET1 ratio by up to 4pp by 2027, other things being equal, under our calculations. Although 'Basel IV' estimated impact is generally an indication of higher perceived risks by regulators, it will also force Rabobank to progressively increase capital to continue to meet its internal target, other things being equal, a positive for creditors ultimately.

Rabobank's MREL (minimum requirement for own funds and eligible liabilities), was set<sup>2</sup> at 30.96% of RWAs to be compared with a MREL-eligible buffer of 28.5% at end-2018<sup>3</sup>. Rabobank intends to meet this requirement solely with CET1, capital instruments and non-preferred senior debt.

Rabobank's Tangible Common Equity was 17.8% of RWAs at end-June 2018, benefiting from approximately 1.4 percentage points of 'high-trigger' contingent capital instruments. Our assigned Capital score of aa3 reflects the bank's strong capitalization.

### Underlying profitability will start improving moderately

After a period of lackluster results between 2012 and 2014, Rabobank's net profitability rebounded on the back of improving macroeconomic conditions along with the better performance of Dutch CRE exposures. In 2018, Rabobank's net profit was up 12% to €3 billion, supported by stable revenues and lower operating expenses.

Net interest revenues, which were down 3% in 2018, will suffer from prolonged low interest rates and resulting pressure on asset yields, given that funding costs are unlikely to reduce further; interest rates paid on deposits are close to zero, leaving little room for further improvement. Interest revenues represent around 70% of the bank's net banking revenues. In addition, the bank's loan-loss charges are currently at record low levels thanks to provision reversals, which are now likely to diminish.

Operating expenses were down 8% to €7.4 billion partly driven by a decline in staff costs. Rabobank's reported cost-to-income ratio was 65.9% in 2018 (down from 71.3% in 2017), which is still significantly weaker than the bank's target of 53%-54% to be achieved by 2020. The bank indicated however that the cost-to-income target is unlikely to be met due to the low interest rate environment as well as investments in digitization and innovation.

Our ba1 assigned score for Profitability reflects the historical stability and quality of earnings of the bank, as well as expected improvements.

### **Structural reliance on wholesale funding is mitigated by ample liquidity reserves and long duration of funding**

Despite reliance on wholesale funding, Rabobank's funding structure is robust and high liquidity buffers mitigate this structural feature of the Dutch banking system.

At end-2018, the group disclosed a loan-to-deposit ratio of 121% (unchanged from end- 2017), and the customer funding deficit remained elevated at €74 billion. Rabobank is thus structurally reliant on wholesale funding (which totaled €153 billion at end-2018, as disclosed by the bank) and a portion (around 20%) of its deposits is derived from institutional and corporate investors, which brings funding diversification but may also prove less stable than retail deposits.

Nevertheless, we believe that Rabobank's reliance on wholesale funding, which is also the case for other Dutch banks, is largely mitigated by its conservative asset and liability management, based on the long duration of the bank's funding and a substantial liquidity portfolio. The bank has also actively reduced its reliance on wholesale funding, which went down to €153 billion from €216.5 in 2014. The bank has set an objective of around €150 billion for 2020.

To meet its MREL requirement, the bank announced that it will issue €3-5 billion of senior non-preferred bonds per year until 2021 and it has issued several tranches of senior non-preferred debt so far<sup>4</sup>.

At end-2018, the bank's liquidity buffer was robust at €121 billion and represented more than 300% of the bank's short term debt. The Basel 3 liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of Rabobank were 135% and 119% respectively at end-2018.

The assigned Combined Liquidity score of baa1 accounts for the favorable term structure of market funding, the quality of liquid assets and a low asset encumbrance.

## **Support and structural considerations**

### **Loss Given Failure analysis**

Rabobank is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, a proportion of junior deposits of 26% of total customer deposits and assign a 25% probability to deposits being preferred to senior unsecured debt. These assumptions are in keeping with our standard assumptions.

- » Our LGF analysis indicates very low loss-given-failure for deposits and senior unsecured debt, leading us to assign a two-notch uplift above the adjusted BCA.
- » Our LGF analysis indicates high loss-given-failure for junior debt securities, leading us to make a negative adjustment of one notch below the adjusted BCA. We also incorporate additional notching for junior subordinated and hybrid debt instruments reflecting the risk of coupon suspension ahead of the non-viability point.

In the rating table below (Exhibit 4), the Senior Unsecured debt rated Baa1 (hyb) designates Rabobank's Senior Contingent Notes.

### **Government support considerations**

Considering the systemic size of Rabobank for the Dutch economy, we believe there is a moderate probability of government support for deposits and debt, resulting in one notch of uplift for both the long-term deposits and senior unsecured debt of the bank.

For subordinated and other junior securities, we believe that the probability of government support is low and these ratings do not therefore include any uplift. Most junior securities also include additional downward notching from the BCA reflecting coupon suspension risk ahead of a potential failure.

### **Counterparty Risk Rating (CRR)**

Moody's CRRs are opinions of the ability of entities to honour the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically

relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralized portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

**Rabobank's CRR is positioned at Aa2/Prime-1.**

The CRR for Rabobank is four notches higher than the adjusted BCA of a3, based on the level of subordination to CRR liabilities in the bank's balance sheet, and assuming a nominal volume of such liabilities. The CRR also benefits from one notch of government support, in line with our support assumptions on deposits and senior unsecured debt.

**Counterparty Risk Assessment**

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

**Rabobank's CR Assessment is positioned at Aa2(cr)/Prime-1(cr).**

The CR Assessment is four notches above the adjusted BCA of a3, based on the cushion against default provided to the senior obligations represented by the CR Assessment by subordinated instruments and one notch of uplift from our assumption for a moderate probability of government support. The main difference with our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than expected loss, therefore we focus purely on subordination and take no account of the volume of the instrument class.

**About Moody's Bank Scorecard**

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 3

### Rabobank

#### Macro Factors

**Weighted Macro Profile**      **Strong +**      **100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	3.8%	a3	← →	a3	Quality of assets	Sector concentration
Capital						
TCE / RWA	17.8%	aa2	← →	aa3	Risk-weighted capitalisation	
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↓ ↓	ba1	Earnings quality	
Combined Solvency Score		a3		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	30.4%	ba1	← →	baa2	Term structure	Deposit quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	21.3%	baa1	← →	a3	Quality of liquid assets	Asset encumbrance
Combined Liquidity Score		baa3		baa1		
Financial Profile				a3		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint:				Aaa		
Scorecard Calculated BCA range				a2-baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		

Balance Sheet	in-scope (EUR million)	% in-scope	at-failure (EUR million)	% at-failure
Other liabilities	79,373	14.6%	114,122	21.0%
Deposits	340,682	62.8%	305,932	56.4%
Preferred deposits	252,105	46.4%	239,499	44.1%
Junior Deposits	88,577	16.3%	66,433	12.2%
Senior unsecured bank debt	85,450	15.7%	85,450	15.7%
Dated subordinated bank debt	17,420	3.2%	17,420	3.2%
Preference shares (bank)	3,569	0.7%	3,569	0.7%
Equity	16,283	3.0%	16,283	3.0%
Total Tangible Banking Assets	542,777	100%	542,777	100%

Debt class	De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional	Preliminary
	Instrument	Sub-	Instrument	Sub-	De Jure	De Facto	Notching	LGF	notching	Rating
	volume +	ordination	volume +	ordination			Guidance	notching		Assessment
	subordination	subordination	subordination	subordination			vs.			
							Adjusted			
							BCA			
Counterparty Risk Rating	34.8%	34.8%	34.8%	34.8%	3	3	3	3	0	aa3
Counterparty Risk Assessment	34.8%	34.8%	34.8%	34.8%	3	3	3	3	0	aa3 (cr)
Deposits	34.8%	6.9%	34.8%	22.6%	2	3	2	2	0	a1
Senior unsecured bank debt	34.8%	6.9%	22.6%	6.9%	2	2	2	2	0	a1 (hyb)
Junior senior unsecured bank debt	6.9%	6.9%	6.9%	6.9%	0	0	0	0	0	a3
Dated subordinated bank debt	6.9%	3.7%	6.9%	3.7%	-1	-1	-1	-1	0	baa1
Non-cumulative bank preference shares	3.7%	3.0%	3.7%	3.0%	-1	-1	-1	-1	-2	baa3 (hyb)

Instrument class	Loss Given		Additional	Preliminary Rating	Government	Local Currency	Foreign
	Failure	notching					
			Notching	Assessment	Support notching	Rating	Currency Rating
Counterparty Risk Rating	3		0	aa3	1	Aa2	Aa2
Counterparty Risk Assessment	3		0	aa3 (cr)	1	Aa2 (cr)	--
Deposits	2		0	a1	1	Aa3	Aa3
Senior unsecured bank debt	2		0	a1 (hyb)	1	Aa3 (hyb)	Aa3 (hyb)
Junior senior unsecured bank debt	0		0	a3	0	A3	A3
Dated subordinated bank debt	-1		0	baa1	0	Baa1	Baa1
Non-cumulative bank preference shares	-1		-2	baa3 (hyb)	0	Baa3 (hyb)	Baa3 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Financial Metrics

## Ratings

Exhibit 4

Category	Moody's Rating
<b>RABOBANK</b>	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa3
Senior Unsecured -Fgn Curr	Aa3
Senior Unsecured -Dom Curr	Baa1 (hyb)
Junior Senior Unsecured	A3
Junior Senior Unsecured MTN -Dom Curr	(P)A3
Subordinate	Baa1
Pref. Stock Non-cumulative	Baa3 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
<b>RABOBANK AUSTRALIA LIMITED</b>	
Outlook	Stable
Bkd Bank Deposits -Dom Curr	Aa3/P-1
<b>RABOBANK IRELAND PLC</b>	
Bkd Commercial Paper	P-1
<b>RABOBANK POLSKA SA</b>	
Bkd Commercial Paper -Dom Curr	P-1
<b>RABOBANK USA FINANCIAL CORPORATION</b>	
Bkd Commercial Paper	P-1
<b>RABOBANK, SINGAPORE BRANCH</b>	
Counterparty Risk Rating	Aa2/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Commercial Paper -Dom Curr	P-1



<b>RABOBANK, THE NETHERLANDS BRANCH</b>	
Counterparty Risk Rating	Aa2/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
<b>RABOBANK, NEW ZEALAND BRANCH</b>	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Senior Unsecured -Dom Curr	Aa3
Subordinate MTN	(P)Baa1
Commercial Paper	P-1
Other Short Term	(P)P-1
<b>RABOBANK, AUSTRALIA BRANCH</b>	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Deposit Note/CD Program	(P)Aa3/(P)P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Senior Unsecured -Dom Curr	Aa3
Subordinate MTN	(P)Baa1
Commercial Paper	P-1
Other Short Term	(P)P-1
<b>RABOBANK LONDON</b>	
Deposit Note/CD Program	(P)Aa3/(P)P-1
Commercial Paper	P-1
<b>RABOBANK, NEW YORK BRANCH</b>	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa3/(P)P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Senior Unsecured	Aa3
Commercial Paper	P-1
Other Short Term	(P)P-1
<b>RABOBANK, HONG KONG BRANCH</b>	
Counterparty Risk Rating	Aa2/P-1
Deposit Note/CD Program	(P)Aa3/(P)P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
<b>RABOBANK, PARIS BRANCH</b>	
Counterparty Risk Rating	Aa2/P-1
Deposit Note/CD Program -Dom Curr	--/P-1
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
<b>RABOBANK CAPITAL FUNDING TRUST IV</b>	
Pref. Stock Non-cumulative	Baa3 (hyb)
<b>RABO CAPITAL SECURITIES LIMITED</b>	
Pref. Stock Non-cumulative -Dom Curr	Baa3 (hyb)

Source: Moody's Investors Service

## Endnotes

- 1 This requirement is imposed by the European Central Bank through the Supervisory Review and Evaluation Process (SREP) and is made of a CET1 requirement of 4.5%, a Capital Conservation Buffer of 2.5% and a Pillar 2 Requirement of 1.75% and a 3% systemic risk buffer.
- 2 The requirement is based on full-year end 2016 figures and set at a consolidated level (Rabobank Group)
- 3 Rabobank defines this buffer as eligible capital plus the non-qualifying part of the grandfathered AT 1 instruments and the amortized part of tier 2 with a remaining maturity of at least one year. If senior eligible debt is included in the buffer up to the authorized limit, Rabobank would already be compliant with the requirement.
- 4 The bank issued €1 billion, \$1 billion and \$0.25 billion over the second half 2018. In 2019, the bank has so far issued €1.2 billion and ¥72 billion (circa € 575 million)

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