

Rabobank

Analyst webcast FY 2019

13 February 2020



Rabobank

Growing
a better world
together.

Strategic framework



Rabobank

Growing a better world together



Banking for the Netherlands

Banking for Food



*Excellent customer
focus*

*Meaningful
cooperative*

*Rock-solid
bank*

*Empowered
employees*

Brief look back on our achievements

Strategic Framework 2016 - 2020

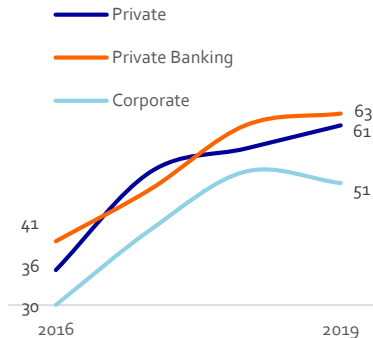


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Excellent customer focus

Improved customer satisfaction resulting from focus on digitalization and launch of innovative products

Increase in Net Promotor Score in all segments



Increased digital convenience

82% online active corporate customers



64% online active private customers

Launch of innovative products



Brief look back on our achievements

Strategic Framework 2016 - 2020



Meaningful
cooperative

As a cooperative bank we are committed to contribute to the major societal transformations

Implementing high-impact social
projects worldwide



Front-runner in sustainability
initiatives and financing



1st ESG Risk
Rating



Strengthening vital communities



In 2019 € 45mn out of net profit
to support local initiatives

Rabo ClubSupport

Samen vieren we de winst

Largest sponsor sports
and culture in NL

Brief look back on our achievements

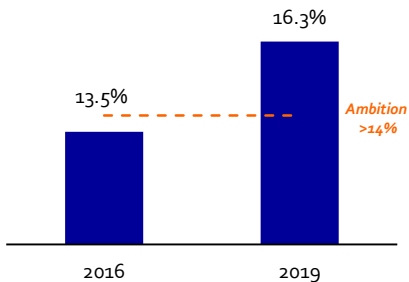
Strategic Framework 2016 - 2020



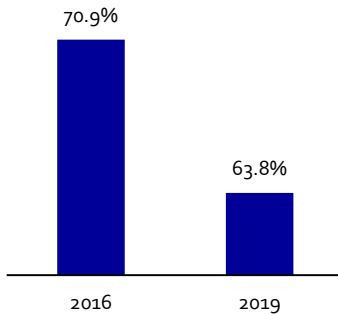
Rock-solid
bank

Stronger capital base and creating room for further growth of the core operations of the bank

Improved capital position: CET1 ratio well above 14% ambition



Decrease in C/I ratio resulting from improved efficiency



Divestment program completed

 Sale of Rabobank N.A.	 Sale of ACC loan portfolio
 Sale of Rabobank Indonesia	 Sale of EUR 1.3bn CRE portfolio

Brief look back on our achievements

Strategic Framework 2016 - 2020

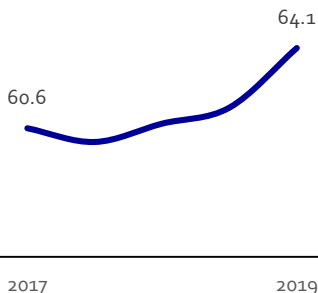


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Empowered employees

Our employees feel empowered to represent Rabobank and are inspired by our mission

Increase in engagement score shows our employees are happy



Strong focus on diversity visible in senior management positions



40% women in managing board

34% in first level below

Cultural diversity initiatives

Focus on people development and wellbeing

intermediair

op elk  in je carrière

Most attractive bank to work for in NL in IT

Vitality program



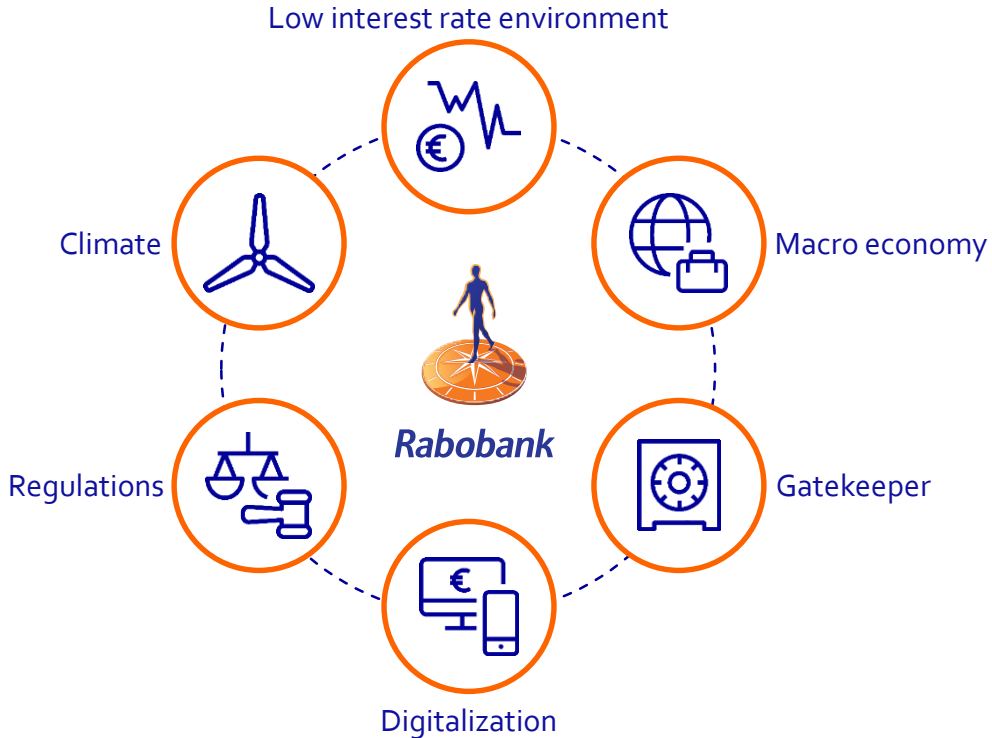
85% of our employees enjoy going to work

Banking industry is faced with multiple challenges

These impact future profitability but also offer opportunities



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Financial Ambitions

Shorter term C/I and RoE ratios impacted by current operating environment



Ambitions 2022

Longer term ambitions

CET 1 ratio

>14%

>14% (FL)

Cost/income ratio

low 60%

mid 50%

Return on Equity

6-7%

>8%

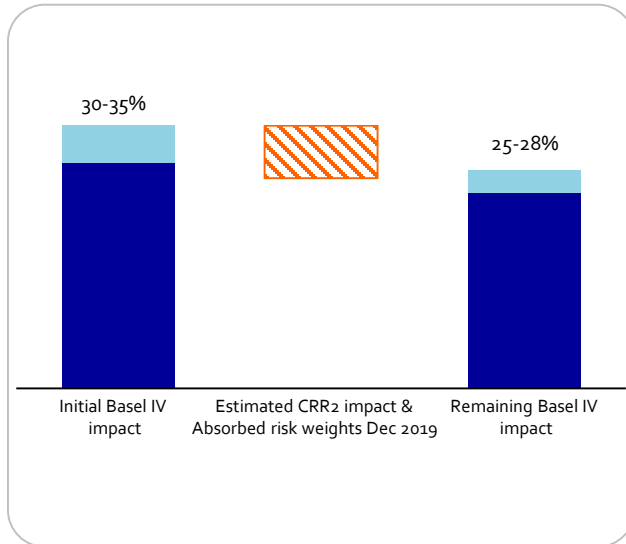
Well positioned to absorb impact of Basel IV

Remaining Basel IV impact lowered to 25-28% (before mitigation)

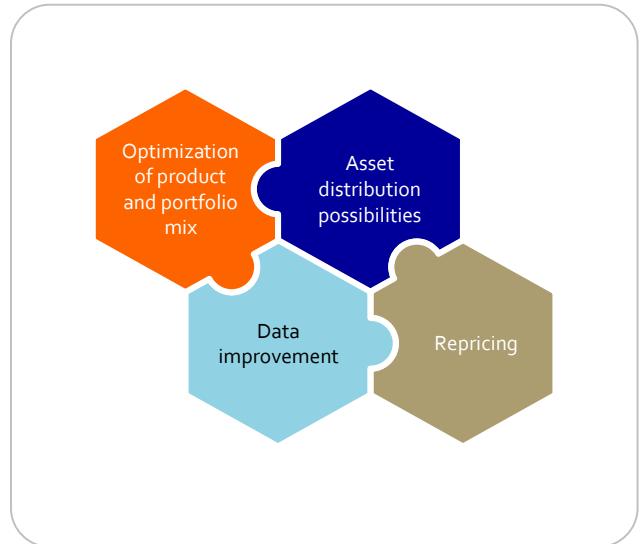


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Estimated RWA impact (before mitigation)



Key tools to mitigate Basel IV impact



Strong capital position

Shorter term C/I and RoE ratio ambitions reflect current operating environment



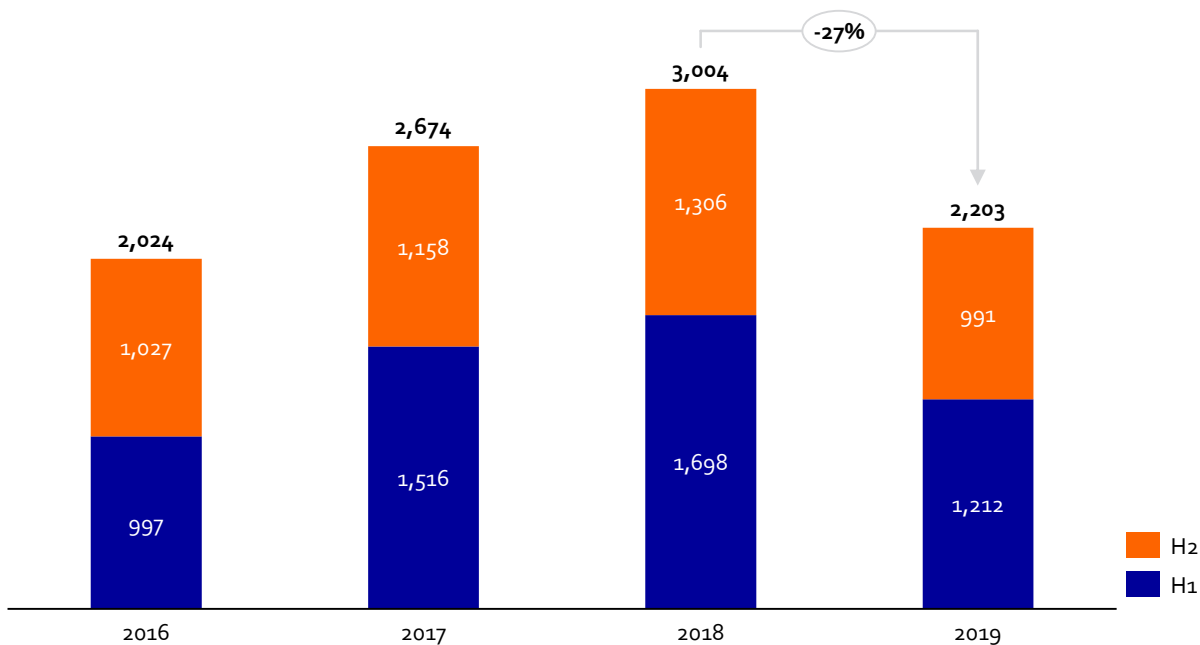
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	Dec 2018	Dec 2019	Ambitions 2022	Ambitions longer term
CET 1 ratio	16.0%	16.3%	>14%	>14% (FL)
Cost/income ratio (incl. regulatory levies)	65.9%	63.8%	low 60%	mid 50%
Return on Equity	7.3%	5.3%	6-7%	>8%

Net profit impacted by normalized impairment charges

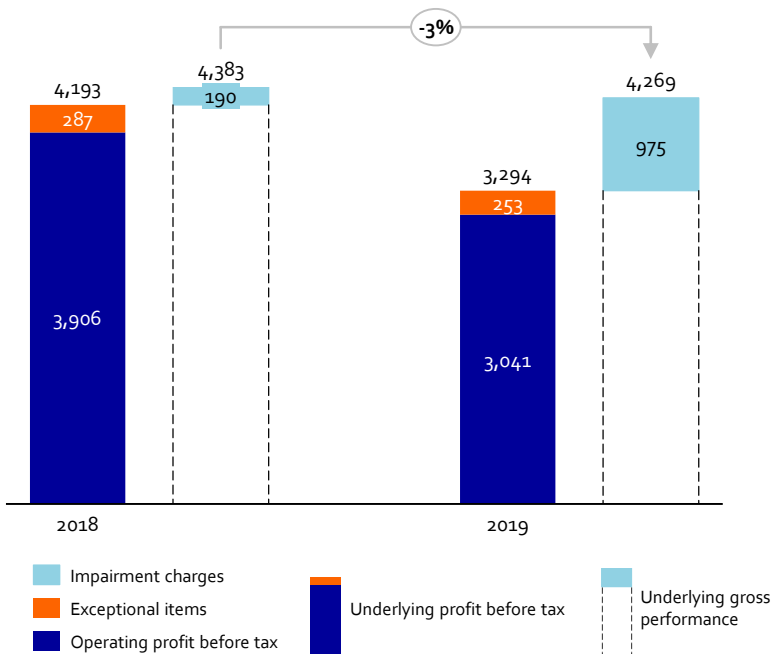


Net profit (€ mn)



Decrease in underlying profit before tax mainly result of higher impairment charges

Underlying profit before tax (€ mn)

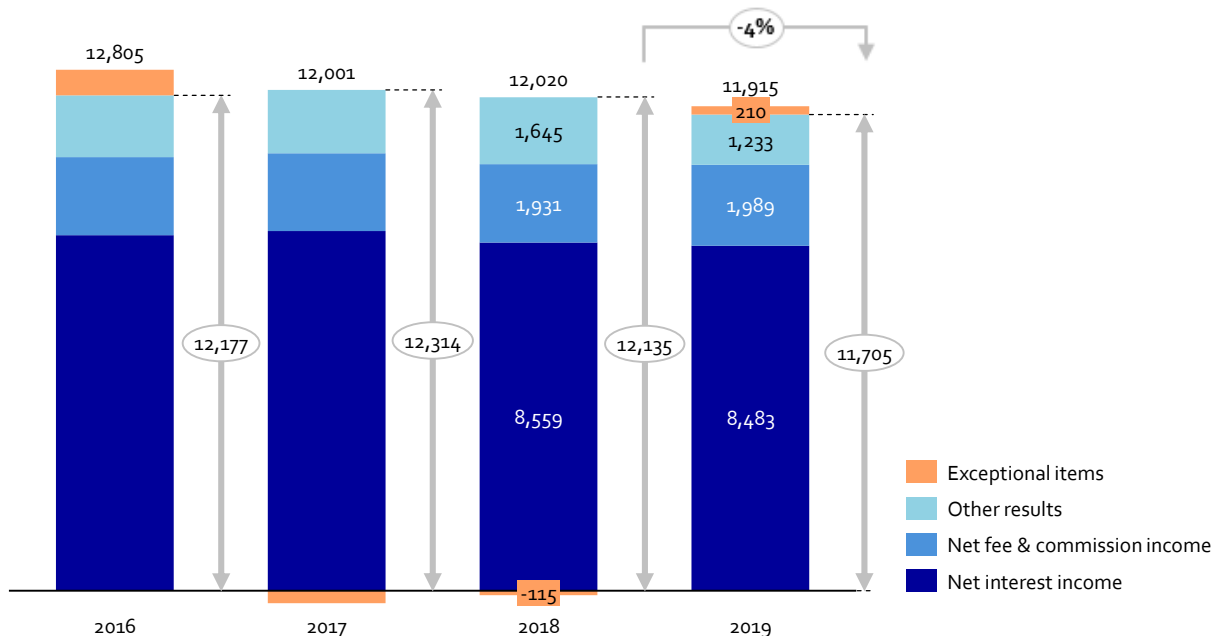


Exceptional items

in € mn	2018	2019
Fair value items	-115	-162
Sale RNA	0	342
Derivatives Framework	-52	-40
Restructuring costs	-120	-93
Impairment Achmea	0	-300
Total effect	-287	-253

Divestment of non-core assets affecting top line

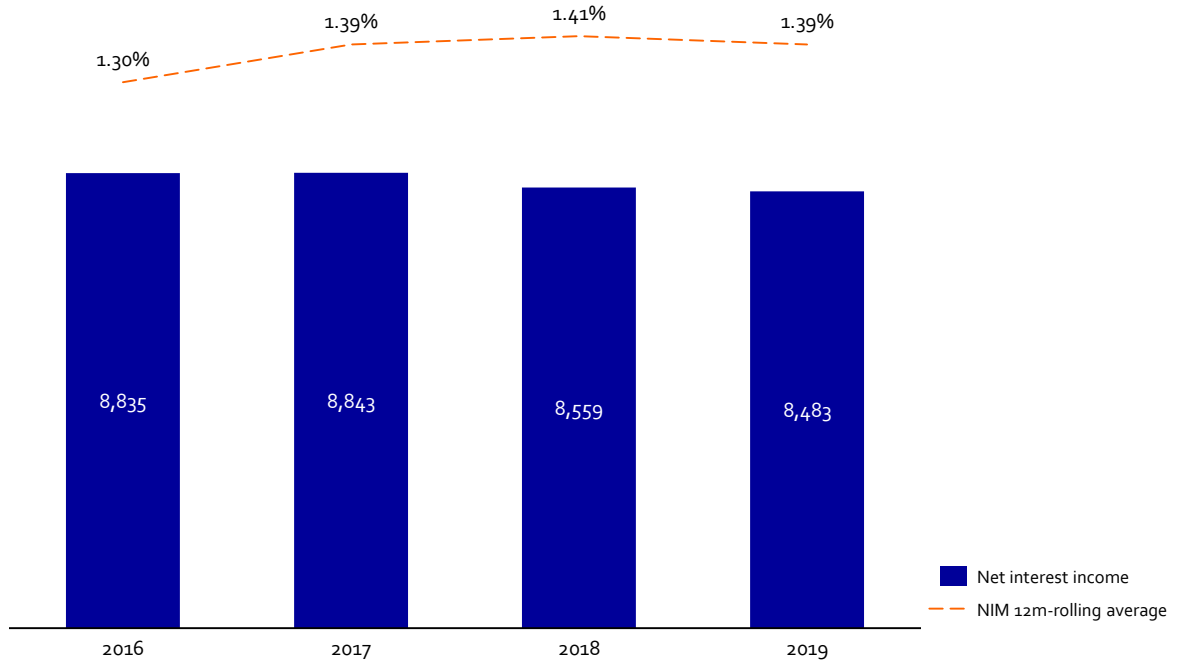
Underlying income (€ mn)



Resilient net interest income

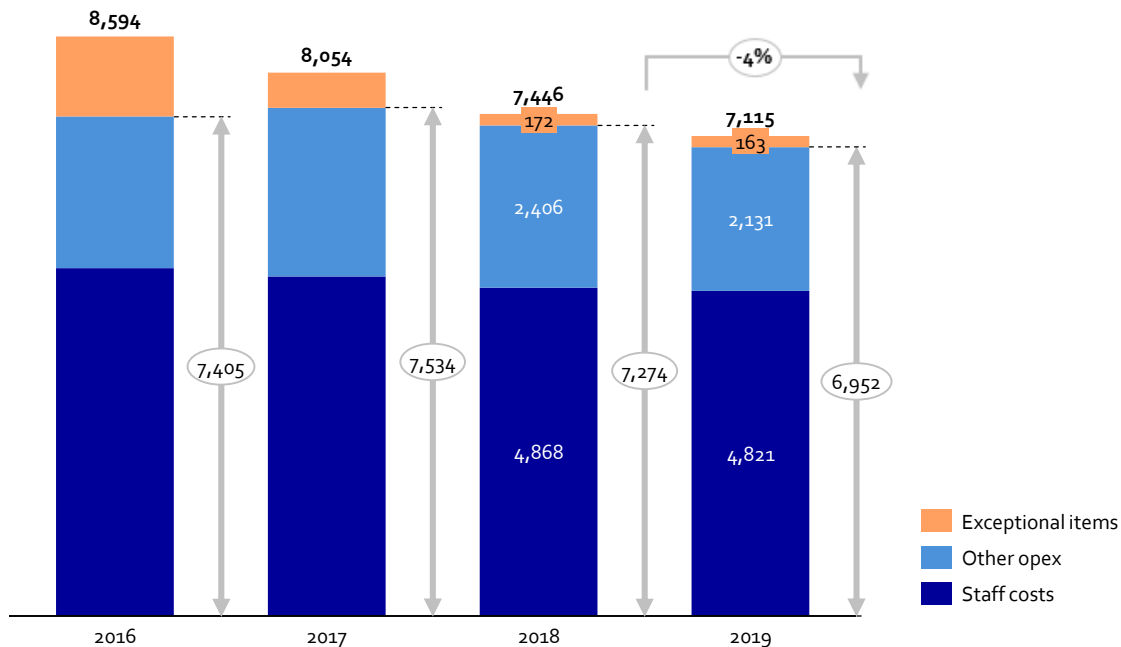


Net interest income (in € mn) and net interest margin (in % of average balance sheet total)



Continued progress in reducing underlying costs

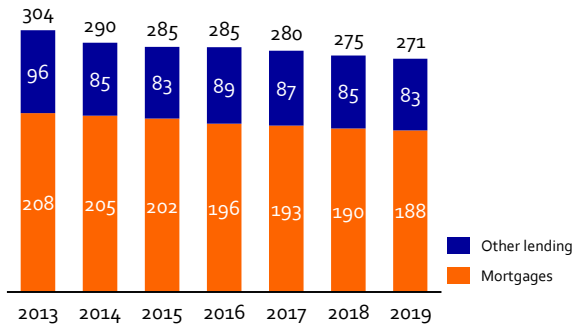
Underlying operating expenses (€ mn)



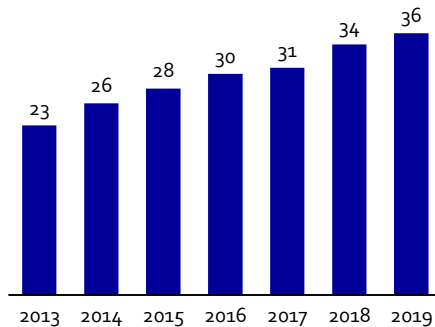
Growing our business in core activities



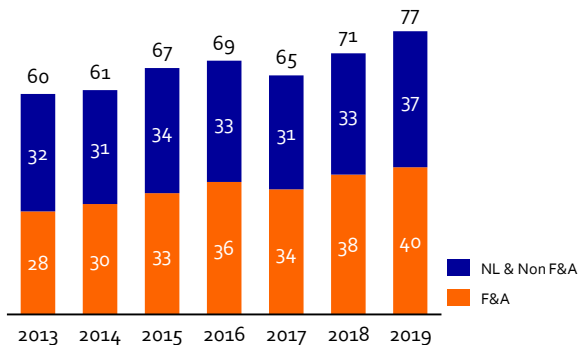
DRB portfolio (lending portfolio, € bn)



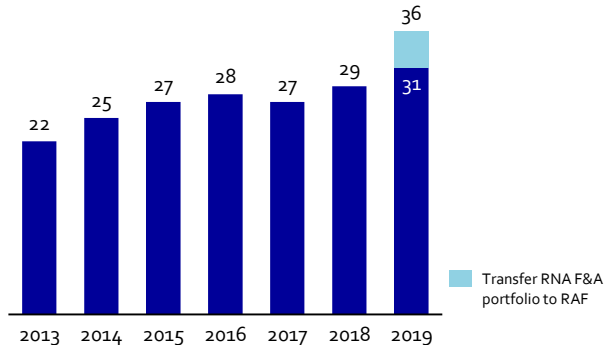
DLL portfolio (leasing portfolio, € bn)



Wholesale portfolio (lending portfolio, € bn)



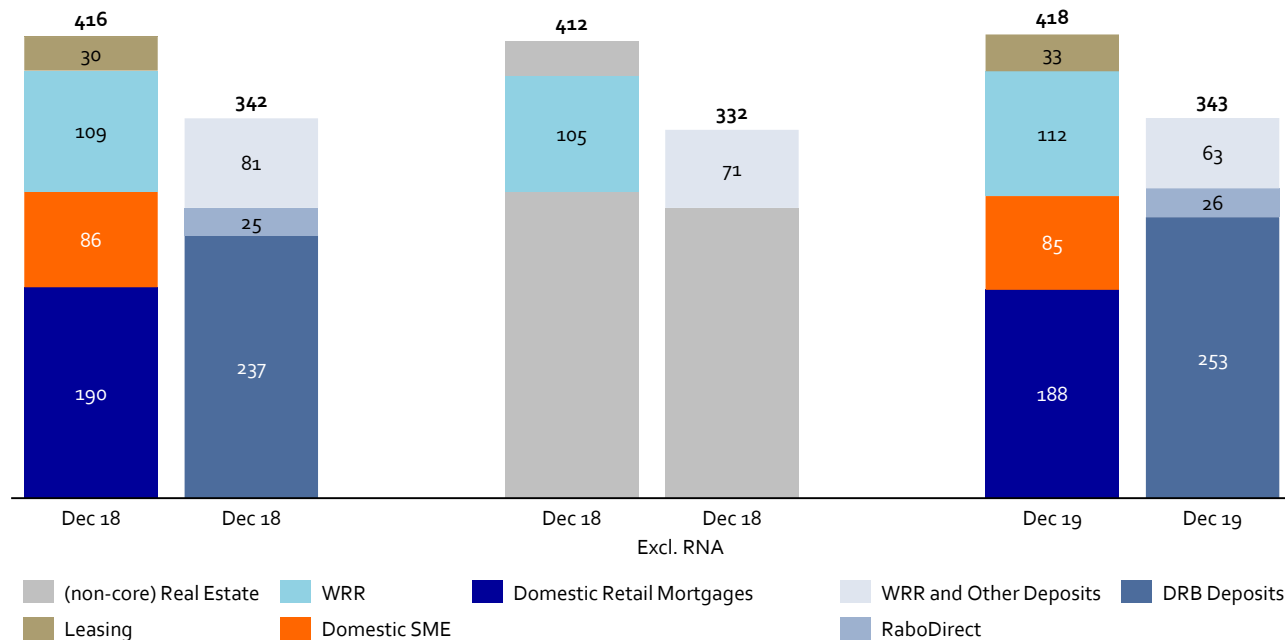
Rural portfolio (lending portfolio, € bn)



Volume growth in both loans and deposits



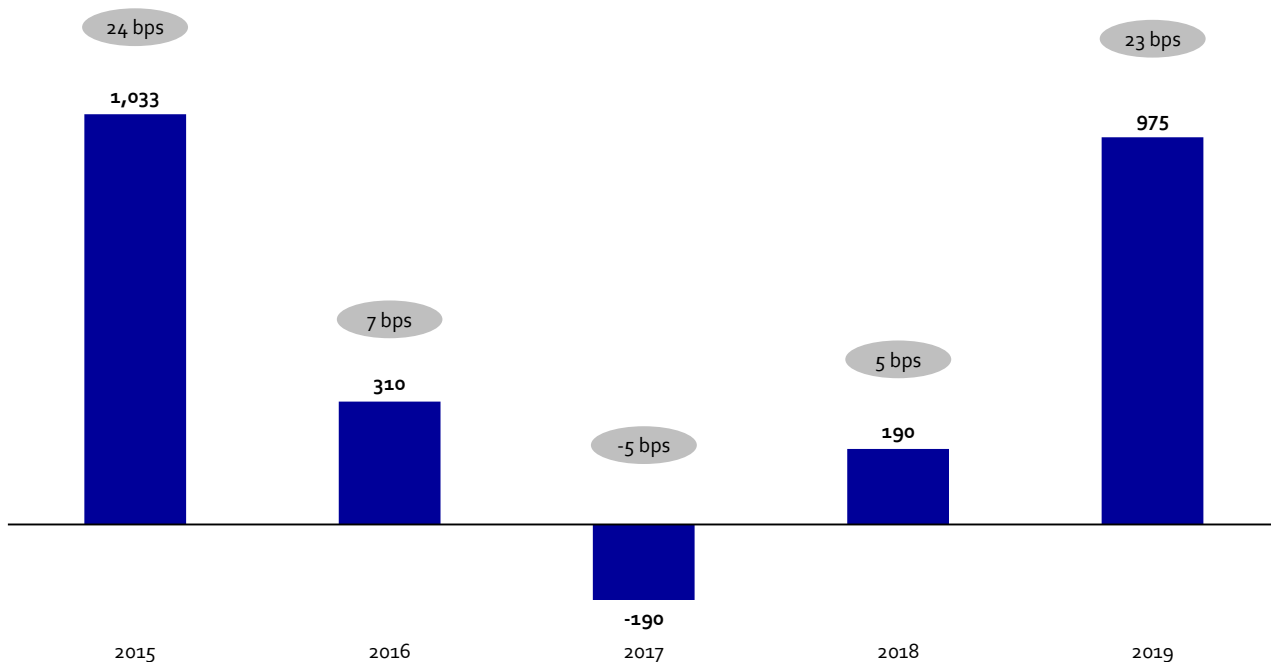
Private sector loan portfolio & deposits (€ bn)



Impairment charges returning to normalized level



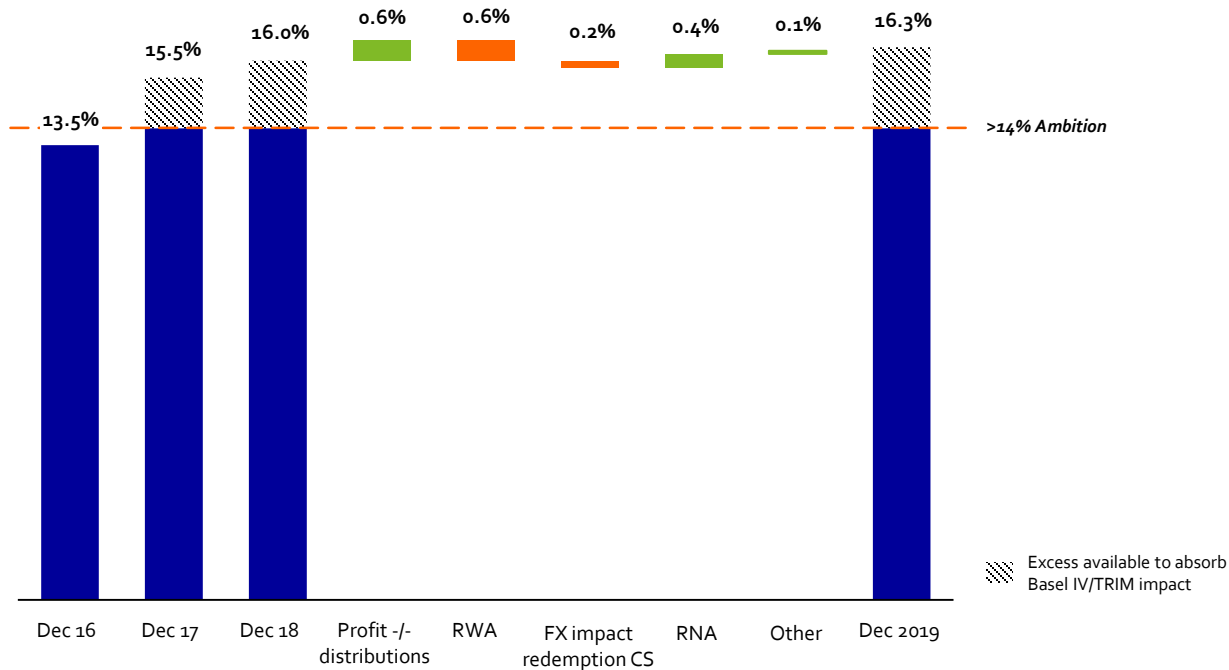
Impairment charges (€ mn and in bps of average lending)



CET1 ratio well above target and capital requirements



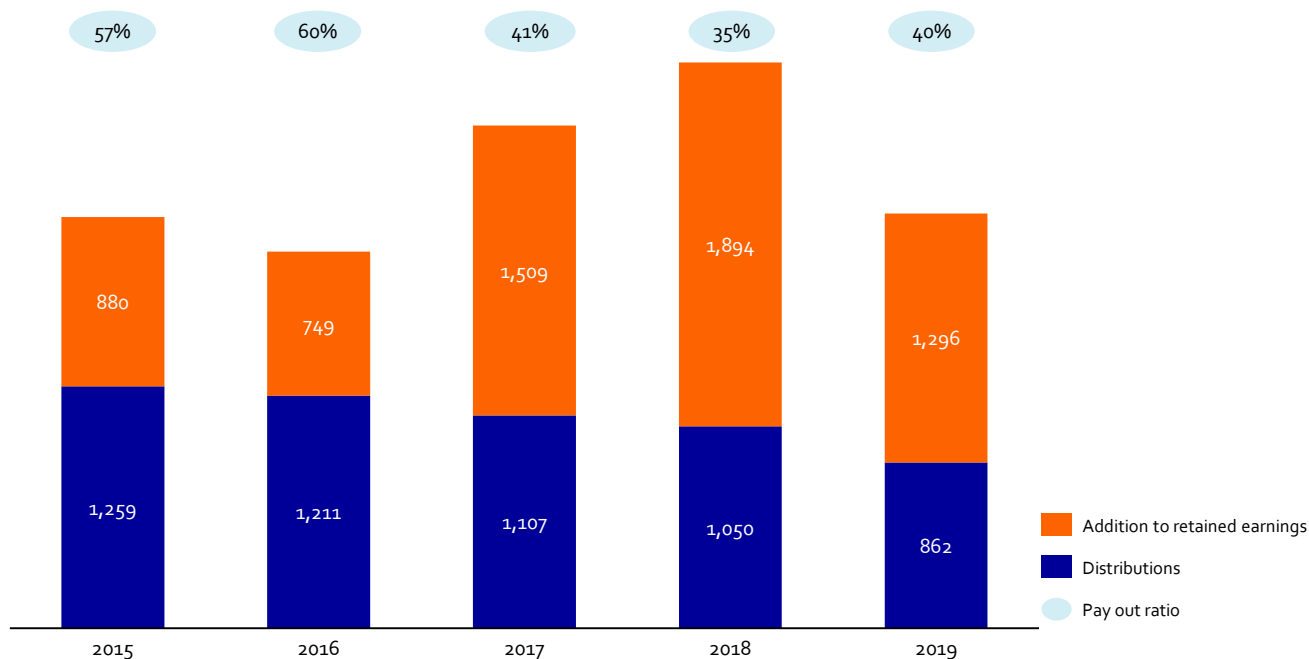
CET1 ratio development



Distributions came down due to redemptions of Capital Securities



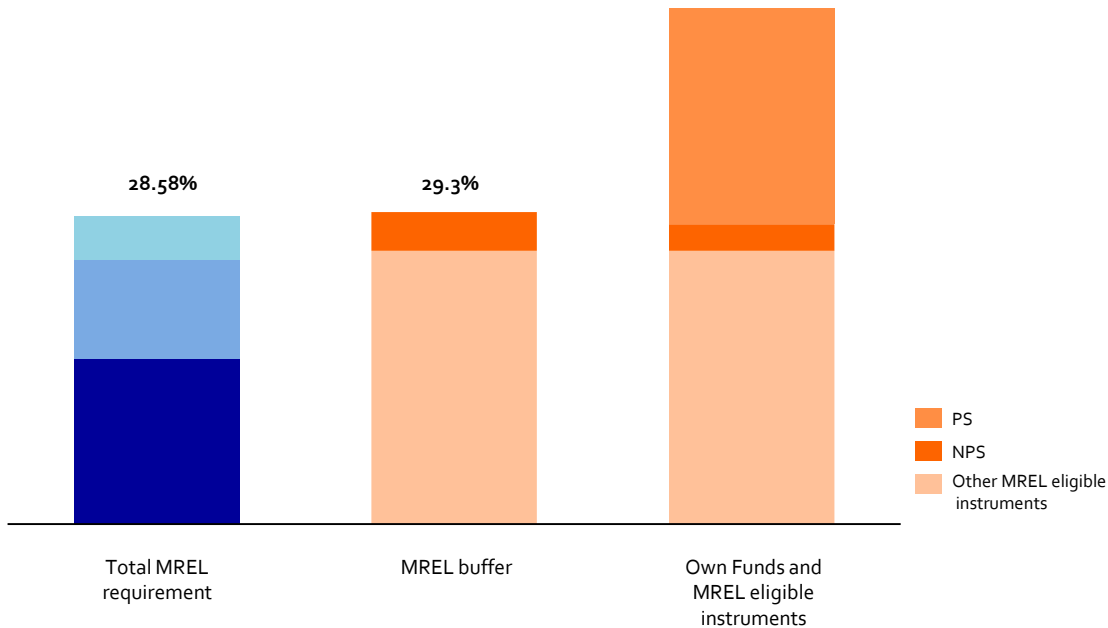
Breakdown Net profit into distributions & addition to retained earnings (€ mn)



Rabobank strongly positioned for MREL



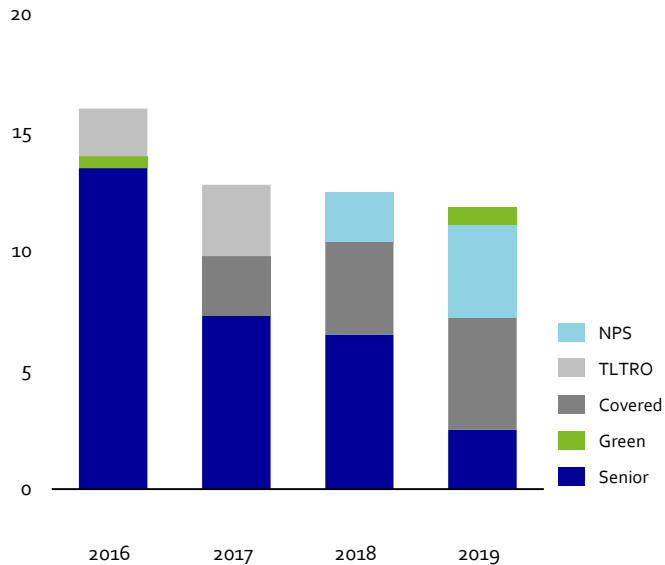
MREL calibration (in % of RWA)



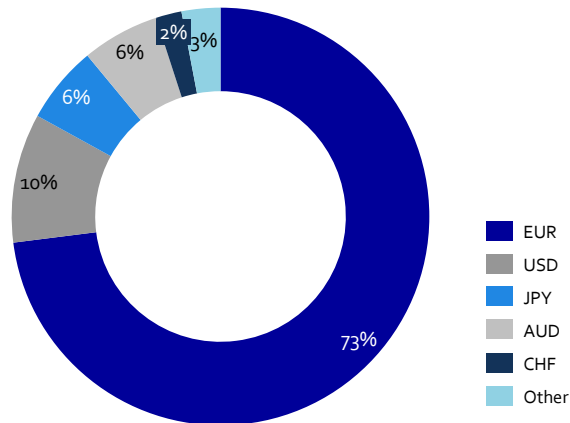
Funding strategy: optimization and diversification



Overview annual issuances per product type (in € bn)



Currency diversification



Wrap up



- Banking industry faced with multiple challenges which impact future profitability but also provide opportunities
- Net profit of € 2.2bn, decrease mainly result of normalized impairment charges
 - Stable NII (- 1%), 3% growth in Net Fee & Commission income
 - Operational efficiency increased, improved C/I ratio of 63.8%
 - Divestment of non-core assets impacting income
- Further improved capital position with CET1 ratio at 16.3%; remaining Basel IV impact lowered
- Loan portfolio increased by € 6bn and deposits from customers by € 11bn
- Divestment of non-core activities completed, providing space for growth in core activities

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