Creditreform Bank Rating

Coöperatieve Rabobank U.A. (Group)

Creditreform Rating

Rating Object	Rating Information
Coöperatieve Rabobank U.A. (Group) Creditreform ID: 400976778 Management: Wiebe Draijer (CEO) Bas Brouwers (CFO)	Long Term Issuer Rating / Outlook: **A+ / stable** Short Term: **L2** Type: Update / Unsolicited
Rating Date: **13 April 2022** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.1" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured: **A+** Non-Preferred Senior Unsecured: **A** Tier 2: **BBB+** Additional Tier 1: **BBB-**

Contents

Key Rating Driver

- \+ Globally diversified cooperative business model
- \+ One of the world's leading banks in the food and agriculture sector
- \+ Leading position in the domestic retail banking and considerable market share in domestic mortgage loans
- \+ Strong capitalization with a large capital buffer
- \+ Sound quality of assets with a steadily decreasing NPL ratio reaching a very low level as a result of the bank's NPL strategy
- +/- High proportion of operating income in the Netherlands
- \- Moderate intrinsic profitability, which is however improving in recent years
- \- High interest income dependency whereby the net interest income follows a negative trend leaving out the TLTRO III contribution
- \- Elevated potential problem loans (stage 2) following the Corona pandemic
- \- Moderate growth opportunities in its retails business in the Netherlands

Executive Summary

Creditreform Rating affirms the unsolicited long-term issuer rating of Coöperatieve Rabobank U.A. at A+ with a stable outlook. The affirmation of the rating and the outlook is a result of an only little impact of the Corona crisis on Rabobank's business and the sound performance of the bank already in 2021. Moreover, Rabobank benefits from its strong retail business in the economically strong Netherlands and its global role as one of the leading banks in the food & agri sector. In addition, Rabobank still maintains its strong capitalization. However, risks may arise from the run out of all government pandemic support measures in addition to the economic effects of the war in Ukraine.

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Company Overview

The cooperative bank Coöperatieve Rabobank U.A. (hereafter Rabobank or the bank) is a Dutch cooperative banking group headquartered in Utrecht. All local Rabobanks and the Rabobank Group Organization operate as one cooperative bank with one banking license and one set of financial statements. The roots of the Group go back to the year 1895. Rabobank was founded with the merger of the two head organizations Coöperatieve Centrale Raiffeisen-Bank in Utrecht and the Coöperatieve Centrale Boerenleenbank in Eindhoven in 1972. Today Rabobank Group is the second largest bank in the Netherlands in terms of total assets. With 43,361 employees (FTE's at year-end 2021), the Group serves more than 8.1 million private and 800,000 commercial customers in the Netherlands in addition to its 700,000 international customers.

As an international financial service provider, the bank operates in 37 countries and offers its clients a comprehensive range of financial products and services and is in particular active internationally as a financial services provider in the Food & Agri sector, where Rabobank is one of the world's leading banks. The bank is divided in the following business lines: domestic retail banking, wholesale & rural, leasing, property development and other segments.
Domestic Retail Banking mainly encompasses the activities of the local Rabobanks, the subsidiary Obvion (among other responsible for mortgages) and Financial Solutions. Wholesale and Rural (W&R) contains wholesale activities in the Netherlands and focuses on the Food & Agri sectors internationally. The Leasing segment is responsible for the global leasing activities and offers a wide range of leasing products. Property Development mainly encompasses the activities of Bouwfonds Property Development with its focus on the development of residential property. Other segments within Rabobank include mainly the financial results of investments in associates (in particular Achmea B.V.), Treasury and Head Office operations. See chart 1 for the contribution of each segments to the bank's net profit in the chapter profitability.

Rabobank's strategy is focused on following four pillars: "Excellent Customer Focus", "Meaningful Cooperative", "Empowered Employees" and "Rock-Solid Bank". Thereby Rabobanks strives among others to create value for its clients, for its members and society, for investors and for its employees. The output of this strategy aims among other a reduction of the cost to income ratio and convenient and innovative products and digital services.

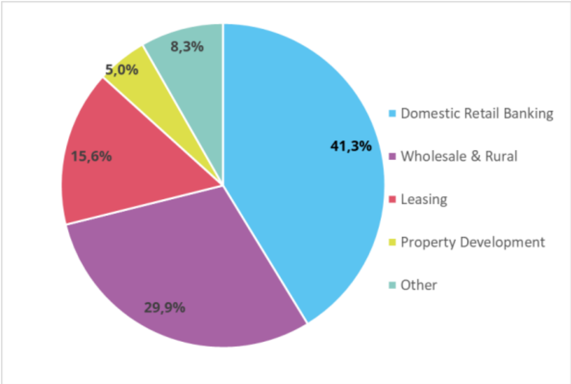
As a cooperative bank, Rabobank's owner are its members. Customers can demonstrate their involvement with the bank by becoming members. About 2.1 million customers are currently members of Rabobank. They have a voice in deciding the bank's course.

Business Development

Profitability

Rabobank's operating income amounted to €14.1 billion in 2021, increasing by about 12.3% in a year-over-year comparison. The share of the net profit of Rabobank by its business lines can be found in chart 1 below:

Chart 1: Net profit by business segments. | Source: Own presentation based on data of Annual Report 2021 of Rabobank.



Net interest income contributed the major share to operating income (59%), but decreased steadily over the last years. In 2021, Rabobank's net interest income was positively affected by the TLTRO III participation, which lead to a gain of about €602 million (incl. €334 million for the government grant) and results in the first increase of net interest income since years. However, TLTRO III gains are not considered to be a lasting effect. As other banks, Rabobank struggles with the low interest rate environment, which puts a significant pressure on its interest margins. As an additional measure, Rabobank introduced a negative interest rate on retail customer deposits in 2021. This measure enables Rabobank to counteract the decline of its net interest income. In addition, Rabobank's leading role in the food and agribusiness markets worldwide is a significant advantage. With regard to the war in Ukraine, the bank sees only a "relatively small impact" on its business activities. In addition, Rabobank announced to withdraw its business activities from Russia (as of 30.03.2022).

Fees and commissions as the second largest source of income increased YOY as well, mainly due to good performance of the event driven businesses and higher fees related to payment services and investments. Overall, a higher diversification of income sources would be beneficial to the bank to reduce its dependency on the interest income. Net trading income increased significantly following the rebound of the economy due to positive fair value effects among other related to the bank's equity participations as well as good performance of Rabo Investments' portfolio. In addition, this development is in line with our expectation due to the broad market recovery.

Operating expenses amounted to €9.7 billion in 2021, increasing the first time since years mostly due to additional provision needs. Additional provisions were necessary following a misconduct in relation with the adjustment of customer interest rates (€333 million) in addition to provisions to resolve backlogs in client due diligence and transaction monitoring (€249 million). However, we expect a rebound of this item to its lower level in the upcoming year.

By contrast, Personnel expenses as the major expense item lowered YOY despite the increased total staff number (2021: 43,361 FTE vs. 2020: 43,272 FTE). However, lower travel and hotel expense following the Corona pandemic in addition to lower other staff related costs lead to an overall reduction in this item. Moreover, the bank's depreciation and amortization expense normalized after the impairment on Rabobank's data centers in the previous year, which was rather a one-off effect. Other expense consist among others of regulatory expense (contributions to Deposit Guarantee Scheme of €227mn, local bank taxes of €214mn and the Single Resolution Fund of €272mn). In addition, the banks expenses from real estate activities (€1,233mn) as well as from lease activities (€719mn) are condensed in this item.

Rabobank's cost of risk dropped significantly to -17bp (52bp in 2020) as a result of significant reversal of impairments after the Corona crisis in 2020 where Rabobank recorded high impairment charges primarily as a result of the worsened economic outlook. This development is in line with our expectations and other banks, as actual write-downs are rather rare due to various government support measures. We expect Rabobank to reverse back to its natural level of impairment charges, comparable to the level of 2019 and its long-term average (2011-2020) of 31bp with regard to its cost of risk. After the significant impairment charges on its equity stake in Achmea B.V. (€213mn) and the impairment of goodwill on its leasing subsidiary De Lage Landen (DLL) in 2020, Rabobank did not record any additional impairments in 2021. Moreover, no goodwill related to the leasing subsidiary remained on Rabobank's balance sheet after the aforementioned impairment.

Overall, Rabobank achieved an outstanding net result in 2021 due to the aforementioned various individual drivers. However, a backdrop to the bank's natural level of profitability is likely in the upcoming years.

A detailed group income statement for the years of 2018 through 2021 can be found in Figure 1 below:

Figure 1: Group income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2021	%	2020	%	2019	%	2018
Income							
Net Interest Income	8.351	+4,4	7.997	-5,4	8.455	-1,2	8.559
Net Fee & Commission Income	2.008	+12,8	1.780	-4,2	1.858	-3,8	1.931
Net Insurance Income	-	-	-	-	-	-	-
Net Trading & Fair Value Income	685	> +100	120	-52,9	255	-28,0	354
Equity Accounted Results	334	+77,7	188	-2,1	192	-21,0	243
Dividends from Equity Instruments	-	-	-	-	-	-	-
Other Income	2.746	+10,2	2.492	+8,0	2.307	-17,0	2.778
Operating Income	**14.124**	**+12,3**	**12.577**	**-3,7**	**13.067**	**-5,8**	**13.865**
Expense							
Depreciation and Amortisation	408	-21,4	519	+24,8	416	-8,4	454
Personnel Expense	4.657	-0,6	4.684	-2,8	4.821	-1,0	4.868
Tech & Communications Expense	387	+6,0	365	-1,6	371	-12,9	426
Marketing and Promotion Expense	87	-5,4	92	-38,7	150	-0,7	151
Other Provisions	1.264	+89,2	668	> +100	163	-37,8	262
Other Expense	2.926	+13,6	2.576	-19,6	3.203	-14,1	3.727
Operating Expense	**9.729**	**+9,3**	**8.904**	**-2,4**	**9.124**	**-7,7**	**9.888**
Operating Profit & Impairment							
Operating Profit	**4.395**	**+19,7**	**3.673**	**-6,8**	**3.943**	**-0,9**	**3.977**
Cost of Risk / Impairment	-474	< -100	2.196	+72,2	1.275	> +100	190
Net Income							
Non-Recurring Income	8	-57,9	19	-94,9	373	> +100	119
Non-Recurring Expense	-	-	-	-	-	-	-
Pre-tax Profit	**4.877**	**> +100**	**1.496**	**-50,8**	**3.041**	**-22,1**	**3.906**
Income Tax Expense	1.185	> +100	400	-52,3	838	-7,1	902
Discontinued Operations	-	-	-	-	-	-	-
Net Profit	**3.692**	**> +100**	**1.096**	**-50,2**	**2.203**	**-26,7**	**3.004**
Attributable to minority interest (non-controlling interest)	96	> +100	41	-10,9	46	-23,3	60
Attributable to owners of the parent	3.596	> +100	1.055	-51,1	2.157	-26,7	2.944

After the Corona impact on the net result in 2020, Rabobank's earnings ratios significantly improved in 2021 and benefitted from some additional positive effects. The values for ROA, ROE and RoRWA before and after taxes reached a satisfactory level, however; we expect Rabobank to rebound to its previous decent level of profitability (pre Corona crisis level) in the upcoming years. In addition, Rabobank will likely reach its 2024 ambition to achieve a ROE of 6-7%. Rabobank's intrinsic profitability remained at a moderate level, which is indicated by the cost income ratio (own calculation) fluctuating at around 70% but with a declining trend. There is still a way to go to reach its own target of a CIR in the lower 60% range until 2024. By contrast, the bank's net financial margin is still at a considerable level, despite the low interest rate environment. Overall, we acknowledge the stable and resilient profitability of Rabobank but consider the high dependency on its interest rates to be critical. With regard to the upcoming years result, we expect a normalization to the pre Corona crisis level after the positive outlier in 2021 mostly due to significant reversals of impairments on loans.

A detailed overview of the income ratios for the years of 2018 through 2021 can be found in Figure 2 below:

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

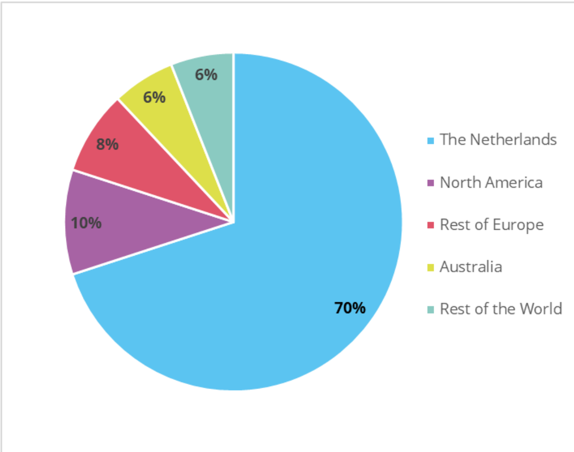
Figure 2: Group key earnings figures| Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	%	2019	%	2018
Cost Income Ratio (CIR)	68,88	-1,91	70,80	+0,97	69,82	-1,49	71,32
Cost Income Ratio ex. Trading (CIRex)	72,39	+0,92	71,48	+0,26	71,21	-1,97	73,18
Return on Assets (ROA)	0,58	+0,40	0,17	-0,20	0,37	-0,14	0,51
Return on Equity (ROE)	8,51	+5,81	2,70	-2,63	5,33	-1,78	7,11
Return on Assets before Taxes (ROAbT)	0,76	+0,53	0,24	-0,28	0,51	-0,15	0,66
Return on Equity before Taxes (ROEbT)	11,24	+7,55	3,68	-3,67	7,35	-1,89	9,25
Return on Risk-Weighted Assets (RORWA)	1,74	+1,21	0,53	-0,54	1,07	-0,43	1,50
Return on Risk-Weighted Assets before Taxes (RORWAbT)	2,30	+1,58	0,73	-0,75	1,48	-0,47	1,95
Net Financial Margin (NFM)	1,26	-0,01	1,27	-0,12	1,39	-0,16	1,55
Pre-Impairment Operating Profit / Assets	0,69	+0,11	0,58	-0,09	0,67	-0,01	0,67
Cost of Funds (COF)	0,84	-0,15	0,99	-0,43	1,42	-0,01	1,43
Change in %- Points							

Asset Situation and Asset Quality

Net loans to customers represent the largest share of Rabobank's assets, accounting for about 66% of total assets and increasing slightly but mostly due to exchange rate effects (about €5.3bn). See chart 2 below for the geographically distribution of Rabobank's private sector loan portfolio:

Chart 2: Geographical distribution of Rabobank's private sector loan portfolio year-end 2021 | Source: Own presentation based on data of the Annual Report 2021 of Rabobank.



In general, Rabobank struggles to increase its lending business over the past years despite the introduction of government loans following the Corona pandemic as a support measure. However, Rabobank remains market leader in the Dutch residential mortgage market (generally associated with a low risk profile) with a market share for new loans of 21%. Overall, the bank's loan portfolio is allocated with 49% to private individuals, 26% to trade, industry and services (of which 32% outside the Netherlands) and 25% to the food and agricultural sector (of which 65% outside the Netherlands). Loans to trade, industry and services and loans to the food and agricultural sectors are spread over a wide range of industries in many different countries. None of these individual sector shares represents more than 10% of the total private sector lending. In addition, the bank's loan portfolio is primarily allocated in the Netherlands with about 71%. Following the end to the pandemic government support measures, Rabobank has to be aware of potential negative effects related with the run-out. With

regard to the war in Ukraine, the bank sees only a “relatively small impact” on its business activities and announced to withdraw from its business activities in Russia.
Moreover, Rabobank further increased its cash balances at central banks; following the participation at ECB’s TLTRO III funding program whereby the bank increased the amount to about €55 billion (€40bn in 2020), which enables Rabobank very favorable funding conditions at currently negative interest rates. As a result, we expect Rabobank to increase (or at least maintain) its lending activities in the short run and benefit from the very favorable conditions over the next years, which has a significantly positive impact on the bank’s net interest income (see chapter profitability). However, as of now the bank’s excess liquidity increased the liquidity buffers of Rabobank far beyond the regulatory requirements, which shows a lack of investment opportunities. Other financial assets represent mostly Rabobank’s reverse repurchase loans with credit institutions.

A detailed look at the development of the asset side of the balance sheet for the years of 2018 through 2021 can be taken in Figure 3 below:

Figure 3: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	120.533	+11,1	108.466	63.086	73.335
Net Loans to Banks	5.475	-1,9	5.580	6.594	9.116
Net Loans to Customers	424.475	+0,9	420.719	428.473	425.698
Total Securities	16.622	-8,7	18.215	15.862	21.861
Total Derivative Assets	22.971	-22,5	29.638	23.584	22.660
Other Financial Assets	30.494	-8,0	33.158	36.256	21.672
Financial Assets	**620.570**	**+0,8**	**615.776**	**573.855**	**574.342**
Equity Accounted Investments	2.282	+4,5	2.183	2.308	2.374
Other Investments	438	-2,7	450	371	193
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	73	+40,4	52	435	268
Tangible and Intangible Assets	7.157	+3,1	6.942	7.727	7.115
Tax Assets	936	-5,0	985	1.102	1.408
Total Other Assets	8.119	+38,3	5.870	4.800	4.737
Total Assets	**639.575**	**+1,2**	**632.258**	**590.598**	**590.437**

Rabobank’s asset quality did not worsen in times of the Corona pandemic and even significantly improved in 2021. Rabobank reduced its NPL ratio to the low level of 1.6%, which is in line with the bank’s NPL strategy and the limited inflow of impaired loans. The result of the strategy is more than a halving of the bank’s NPL since 2018 and reaching a very low level, which is considerable also in comparison to other large European banks. In addition, the anticipated increase in inflow of NPL’s did not materialized. However, lower default rates are also related to several government support measures to mitigate the Corona pandemic impact.
The Stage 2 Loans / Net Loans to Customers ratio improved YOY and reached an average level but is still elevated in comparison to the pre-pandemic level. This development shows a significant reduction of potential problem loans following lower inflows. Rabobank’s stage 2 exposure decreased to about €29bn (2020: €34bn) in 2021. However, the run out of all government support measures might counteract the positive

development of 2021, which requires a close monitoring. In addition, the war in Ukraine might lead to an increase of NPL / Stage 2 Loans as well, which cannot be assessed as of now. The coverage ratio of Rabobank is at a low level with 38%, indicating a less prudent approach in comparison to other large European banks in this regard, which bears additional risk in case of significant default rates.

The net-write-offs in relation to risk-weighted assets as well as in relation to total assets of Rabobank were negative due to significant reversals of impairments in 2021 as the expected negative effects of the Corona pandemic did not materialize. We expect Rabobank to reach its previous pre pandemic level in this regard with the mentioned ratios in the mid-term, which are likely to be at an average level in comparison to other large European banks.

Rabobank's risk weighted asset ratio remained at its relatively low level and shows an overall noticeable continuity. Although the RWA amount increased to about €211.9 billion (2020: €205.8bn) driven by model changes, the absorption of the final TRIM impact and FX effects, Rabobank was able to offset this development by among others the increase in total assets following the TLTRO III participation.

A detailed overview of the asset quality for the years of 2018 through 2021 can be found in Figure 4 below:

Figure 4: Development of asset quality| Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	66,37	-0,17	66,54	72,55	72,10
Risk-weighted Assets/ Assets	33,12	+0,58	32,55	34,85	33,96
NPLs*/ Net Loans to Customers	1,60	-0,90	2,50	3,00	3,50
NPLs*/ Risk-weighted Assets	4,30	-2,26	6,56	7,33	7,98
Potential Problem Loans**/ Net Loans to Customers	6,90	-1,23	8,13	4,77	3,75
Reserves/ NPLs*	38,35	+3,56	34,80	26,11	23,35
Reserves/ Net Loans	0,82	-0,29	1,12	0,92	0,88
Cost of Risk/ Net Loans	-0,11	-0,63	0,52	0,30	0,04
Cost of Risk/ Risk-weighted Assets	-0,22	-1,29	1,07	0,62	0,09
Cost of Risk/ Total Assets	-0,07	-0,42	0,35	0,22	0,03
Change in %Points					

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

Refinancing, Capital Quality and Liquidity

Rabobank is primarily funded via deposits (62% of total liabilities), which are largely sourced through its wide branch network. The strong inflow at current and saving accounts in recent years is a result of the Corona pandemic and the following excess liquidity at the customer base. On one hand, customer deposits are a very favorable source of refinancing. On the other hand, due to the negative interest rate environment, Rabobank has to pay negative interest rates for its deposits at the ECB, which in turn burdens the bank. However, Rabobank counteracted this development by introducing negative interest rates for its customer deposits starting in 2021. Thus, Rabobank's income position will benefit by the introduction of this strategy.

Total debt, accounting for 20% of Rabobank's liabilities, decreased strongly YOY following the further crowding out effect of the TLTRO III funding program by the ECB.

This in turn increased the bank's liabilities to banks position and enables very favorable funding at a negative interest rate if the conditions are met. With regard to Rabobank's debt securities, the bank issued primarily long-term bonds with a balanced maturity profile.
The Group's total equity increased after the drop in the previous year (result of exchange losses) due to the significant net result of the year. After the run out of the ECB recommendation to refrain from dividend payments, Rabobank reverts to its regular payment policy, which can be considered as adequate given the bank's strong capitalization.

A detailed overview of the development of liabilities for the years of 2018 through 2021 can be found in Figure 5 below:

Figure 5: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2021	%	2020	2019	2018
Total Deposits from Banks	72.827	+19,9	60.723	23.722	19.306
Total Deposits from Customers	372.248	+3,0	361.271	339.240	342.397
Total Debt	121.662	-7,4	131.389	151.785	153.918
Derivative Liabilities	18.710	-34,1	28.402	24.074	23.927
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	2.127	+7,0	1.987	1.953	504
Total Financial Liabilities	**587.574**	**+0,7**	**583.772**	**540.774**	**540.052**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	91	-
Tax Liabilities	1.102	+87,4	588	768	681
Provisions	1.072	+73,2	619	783	1.126
Total Other Liabilities	6.425	-3,3	6.647	6.835	6.342
Total Liabilities	**596.173**	**+0,8**	**591.626**	**549.251**	**548.201**
Total Equity	**43.402**	**+6,8**	**40.632**	**41.347**	**42.236**
Total Liabilities and Equity	**639.575**	**+1,2**	**632.258**	**590.598**	**590.437**

Rabobank's CET1 ratio improved once again and remained at a strong level with 17.4%, following higher retained earnings. In addition, Rabobank's CET1 ratio is considerably higher than the ratios of other large European banks. In addition, Rabobank remained well above its targeted CET1 ratio of >14% and the required 10% of regulatory bodies with a large buffer. While the Group's Additional Tier 1 capital position remained relatively constant (the Tier 1 ratio was pushed by the CET1 increase), Rabobank's Total Capital ratio decreased significantly following some redeemed T2 capital, which is in line with the bank's strategy. Rabobank still reaches a very satisfactory level with both mentioned ratios and still records strong regulatory capital figures. A further decline of the Total capital ratio is expected, as the bank intends to reduce its total capital to about 20%, which would be still a satisfactory level. Rabobank's total equity / total increased slightly as a result of retained earnings and remained at a sufficient level. In addition, the increasing equity position even counteracted the increase in total assets in recent years, which is mostly a result of the TLTRO III participation and can be considered rather a technical issue. Moreover, Rabobank's development and level of its leverage ratio is in line with the bank's total equity ratio. However, the bank's leverage ratio benefits from the temporary exclusion of Central Bank exposures from the total balance sheet. Rabobank comfortably meets all regulatory requirements with its capital ratios and shows a strong capital buffer.

Overall, Rabobank's capital figures remain the best performers of all areas analyzed.

Rabobank's Net Stable Funding Ratio of 129.5% comfortably exceeds the required 100%. The Group's LCR decreased slightly but shows excess liquidity at a high level, which is in line with other the large European banks following the TLTRO III program. Overall, Rabobank comfortably meets the regulatory requirements with regard to its liquidity ratios.

The customer deposits in relation to its total funding ratio shows the Group's stable and favorable source of funding - the deposits of its customers – which remain at a very stable proportion at around 62%. However, considering the negative interest rate for deposits at the ECB, Rabobank faces the negative impact of its excess liquidity. Moreover, the Group relies more on customer deposits as source of funding than most other large European banks.

Rabobank shows a very high level of liquidity. In addition, we do not perceive any liquidity issues at the whole banking sector due to the ECB liquidity measures.

A detailed overview of the development of capital and liquidity ratios for the years of 2018 through 2021 can be found in Figure 6 below:

Figure 6: Development of capital and liquidity ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	6,79	+0,36	6,43	7,00	7,15
Leverage Ratio	7,30	+0,30	7,00	6,40	6,40
Common Equity Tier 1 Ratio (CET1)*	17,40	+0,60	16,80	16,30	16,00
Tier 1 Ratio (CET1 + AT1)*	19,20	+0,20	19,00	18,80	19,50
Total Capital Ratio (CET1 + AT1 + T2)*	22,60	-1,60	24,20	25,20	26,60
SREP/ CET1 Minimum Capital Requirements	10,00	+0,00	10,00	11,81	-
MREL / TLAC Ratio	29,90	-0,30	30,20	29,30	28,20
Net Loans/ Deposits (LTD)	114,03	-2,43	116,46	126,30	124,33
Net Stable Funding Ratio (NSFR)	129,50	+2,02	127,48	118,00	119,00
Liquidity Coverage Ratio (LCR)	184,00	-9,00	193,00	132,00	135,00

Change in %Points
* Fully-loaded where available

Due to Rabobank's bank capital and debt structure, the Group's Preferred Senior Unsecured Debt instruments have not been notched down in comparison to the long-term issuer rating. Due to the seniority structure, Rabobank's Non-Preferred Senior Unsecured debt has been notched down by one notch. Rabobank's Tier 2 capital rating is rated three notches below the long-term issuer rating based on the bank's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 capital is rated five notches below the long-term issuer rating, reflecting a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Rabobank has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the corporate governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to Rabobank's sound track record, its stable business model and the already implemented diverse ESG related policies.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated positive due to significant ESG related financing activities, Corporate Behaviour is rated neutral on one hand due to the bank's business activities, which are widely in accordance with the ideas and beliefs of the society, but on the other hand due some issues with the procedures in place regarding money laundering.

ESG Bank Score
3,7 / 5

Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Conclusion

Creditreform Rating affirms the rating of Coöperatieve Rabobank U.A. (Group) at 'A+' with a stable outlook.

Overall, Rabobank shows a considerable performance in 2021 after the drop in 2020 due to the Corona pandemic. The Group recorded significant reversal of impairments in 2021, as the Corona pandemic did not materialize as expected. Thus, Rabobank's profitability was pushed in 2021, but a normalization is expected in the upcoming years. However, Rabobank is highly dependent on its interest income and struggles with the low interest rate environment, which imposes a severe challenge for the bank. Having said this, the TLTRO III participation mitigates this issue through very favorable conditions, which pushes the bank's net interest income. In addition, the increase in interest rates might occur, which would be beneficial for the bank. A further diversification of its income sources would serve the Group well in order to maintain its level of profitably in the long-run. Independent of this, Rabobank benefits from its leading position in the domestic retail banking, the global diversification and its position as one of the leading banks in the food & agri sector.

In times of the Corona pandemic, Rabobank benefited from its sound asset quality and its predominantly strong retail business in an economically strong country, which was able to counteract the negative development by large stimulus measures of the government. The Group even recorded a decrease in the NPL ratio, which is in line with its strategy. However, the Group's potential problem loans exposure dropped already to an average level, but bears a risk once all government support measures run out. In addition, the war in Ukraine might have an adverse impact, which cannot be assessed as of now. The capitalization of Rabobank remained at a strong level. However, a further decline of the Total Capital ratio is expected following Rabobank's targeted ratio of about 20%. The Group complies with and exceeds all regulatory capital requirements comfortably with a considerable buffer. On the liabilities side, the Group records still significant inflows of customer deposits, but introduced negative interest rates to counteract the negative effects. Furthermore, the liquidity situation of the Group and the banking sector in general remains satisfactory.
Even though the final impact of the Corona pandemic and the uncertainty as a result of the war in Ukraine remains to be seen, we assume Rabobank will overcome this challenging environment with its domestic and global franchise and its clear strategic role.

Outlook

We affirmed the outlook of Rabobank's long-term issuer rating and its bank capital and debt instruments at stable. This reflects our view that the economic downturn due to the Corona pandemic did not materialize as expected as a result of significant government support measures. Instead, Rabobank recorded a stable performance and is likely to achieve its normalized level of profitability in the upcoming years. This expectation is underpinned by significant reversals of impairment charges already in 2021. In addition, Rabobank achieved a strong capitalization to absorb adverse effects. However, this expectation is based on the assumption of no significant economic worsening due the run out of all government support measures, an only small impact of the economies worldwide due to the war in Ukraine in addition to a stable political environment in the banks markets of operations.

Scenario Analysis

Best-case scenario: AA-

Worst-case scenario: A-

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach an "AA-" rating in the "best case" scenario and an "A-" rating in the "worst case" scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade Rabobank's long-term issuer credit rating and its bank capital and debt instruments if we see the Group achieving a higher level of higher intrinsic profitability while holding its strong capital ratios and the good asset quality figures at least constant.

By contrast, a downgrade of the Group`s long-term issuer credit rating and its bank capital and debt instruments is likely if we see a lasting decline of Rabobank's profitability and / or a reduction of the banks' capital ratios. In addition, we will observe the final impact of the Corona pandemic as well as the economic effects of the war in Ukraine on Rabobank's asset quality and its business activities in general.

Appendix

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **A+ / stable / L2**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured Debt (PSU): **A+**
Non-Preferred Senior Unsecured Debt (NPS): **A**
Tier 2 (T2): **BBB+**
Additional Tier 1 (AT1): **BBB-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 7: Rating History

Bank Issuer Rating	**Rating Date**	**Result**
LT / Outlook / Short-Term (Initial)	17.05.2017	A / stable / L2
Rating Update	06.11.2019	A+ / stable / L2
Monitoring	24.03.2020	A+ / NEW / L2
Rating Update	26.11.2020	A+ / negative / L2
Rating Update	23.09.2021	A+ / stable / L2
Rating Update	13.04.2022	A+ / stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	01.02.2018	A- / BBB- / BB+
PSU / NPS / T2 / AT1	06.11.2019	A+ / A / BBB+ / BBB-
PSU / NPS / T2 / AT1	24.03.2020	A+ / A / BBB+ / BBB- (NEW)
PSU / NPS / T2 / AT1	26.11.2020	A+ / A / BBB+ / BBB-
PSU / NPS / T2 / AT1	23.09.2021	A+ / A / BBB+ / BBB-
PSU / NPS / T2 / AT1	13.04.2022	A+ / A / BBB+ / BBB-

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings as (v3.1), the methodology for the rating of bank capital and unsecured debt instruments (v2.1) as well as the rating methodology for Environmental, Social and Governance Score for Banks (v1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (v1.3).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 13 April 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Coöperatieve Rabobank U.A. (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Coöperatieve Rabobank U.A. (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or in the „Basic data" information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

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